

## Fraud & Anti-Corruption Policy

### 1. INTRODUCTION

The purpose of this document is to make clear to Councillors, employees and other external parties, Trowbridge Town Council's ("the Council") firm stance against theft, fraud and corruption.

The culture of the Council encourages honesty and integrity in both the provision of its services and its opposition to fraud and corruption. It promotes fair treatment of service users, employees and volunteers through its equal opportunities policy.

### 2. DEFINITIONS

**Fraud** - *"the intentional distortions of financial statements and accounting records and/or misappropriation of assets"* <sup>(1)</sup>

**Corruption** - *"the offering, giving, soliciting or acceptance of an inducement or reward, which may influence a person to act against the interests of the organisation"* <sup>(1)</sup>

### 3. COUNCIL POLICY STATEMENT

Trowbridge Town Council will;

- a) Investigate all reported suspicions of fraud promptly, work with the police if needed and ensure that offenders are dealt with appropriately.
- b) Encourage people to report suspicions of fraud. Individuals may remain anonymous during investigations and will receive support if required. Attempts to victimise or stop these people will not be tolerated nor will attempts to abuse the system by making false accusations
- c) Prevent fraud and corruption by developing and maintaining rigorous controls within policies and procedures e.g. standing orders, financial regulations, codes of conduct
- d) Promote both internal and external audits and act promptly on advice received
- e) Take appropriate steps to recover all losses it incurs due to fraud and corruption
- f) Ensure that all Councillors and employees are made aware of this document and any future amendments to it

### 4. RESPONSIBILITIES

Any individual involved with the Council is expected to act with integrity. This particularly applies to those involved with the Council's financial aspects e.g. accounts, budgets.

#### 4.1 Councillors

On becoming a member, Councillors receive information and training from the Council, in particular from the Town Clerk, to help them with their role. As well as the guidance they receive they should also work within;

- Council Standing Orders
- The Code of Conduct
- Sections 94 – 96 of the Local Government Act 1972
- Section 27 of the Localism Act 2011
- Councillors are encouraged to report suspicions of fraud to the Town Mayor or the Town Clerk, who in turn should be receptive to any concerns raised, whether they are suspicious of fraud or have ideas to prevent it

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<sup>(1)</sup> Ref. Audit Commission

## 4.2 Employees (including volunteers)

All employees:

- Are encouraged to report suspicions of fraud to their manager or any other senior manager, Councillor or auditor. They may prefer to remain anonymous and if so their identity will be protected and not released at any time during the investigation. Managers should always be open to any concerns raised by employees whether they are suspicious of fraud or have ideas to prevent it.
- Are reminded that malicious allegations will be dealt with through the disciplinary procedure and as such should be aware of that procedure.
- Should work to the Council's Employee Interests & Integrity Procedure which sets out guidelines to maintain and improve standards
- Must record all gifts and hospitality in accordance with the Employee Interests & Integrity Procedure except those gifts under the value of £25
- Should work to the code of conduct for any professional bodies they belong to

### 4.2.1 Managers

As well as following the guidelines for all employees, managers should:

- Set an example for staff to follow
- Promote the existence of this policy to their direct staff members
- Consider the controls listed in Appendix I of this document during the set up or change to a system
- Deal promptly with any allegations of fraud or corruption, referring to the guidance notes in Appendix 2

### 4.2.2 Human Resources (HR)

Under direction from the Head of Service / Town Clerk the HR department should;

- Take up references on all prospective new employees. In particular, obtain information on their honesty and integrity. This should include casual, temporary or permanent employees and volunteers
- Assist in dealing swiftly and firmly with employees and others who defraud the Council or are corrupt, with reference to the guidance notes in Appendix 2
- Implement the Council's disciplinary procedure if the outcome of an investigation indicates improper behaviour by an employee

## 5. INTERNAL AUDITS

The Council employs the services of audit specialists who undertake internal audits on a regular basis. The internal auditor checks the Council's accounting records and control systems before reporting their findings to the Head of Service, the Council's Responsible Finance Officer and the Town Clerk.

## 6. EXTERNAL CONTACTS

The Council welcomes scrutiny of its affairs by people and organisations including:

- The Local Government Ombudsman
- External Audit
- H M Customs and Excise
- The Department of Work & Pensions
- The public

Individuals are encouraged to raise concerns through the Council's complaints procedure.

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**APPENDICES**

**Appendix 1**  
**Appendix 2**

**System Controls**  
**Guidance Notes**

**Lance Allan – Town Clerk & Proper Officer**

Signed .....

Dated .....

*This document was approved at a meeting of the Policy & Resources Committee on 26<sup>th</sup> June 2018. And will be reviewed as a result of legislative change, as and when the size and nature of the council changes or every four years. The scheduled date of the next review is therefore June 2022.*

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## **APPENDIX I**

### **Example controls which assist in the prevention and detection of fraud and corruption**

#### **Policies and Procedures**

- ✓ Systems to define and communicate policies and procedures
- ✓ Targets and standards

#### **Standards/Guidance/Documentation**

- ✓ Financial regulations, standing orders, procedure guides
- ✓ Codes of practice, conduct and integrity, professional standards

#### **Organisational Structures**

- ✓ Organisation of work to ensure communication and efficiency
- ✓ Staff development framework encouraging commitment to the Council

#### **Accounting**

- ✓ Procedures, standards, balancing and reconciliation.

#### **Budgetary Systems**

- ✓ Budget holders for each cost centre with controls on spending

#### **Authorisation and Approval**

- ✓ Certification, checks, documentation and clear management (audit) trails

#### **Physical Safeguards**

- ✓ Limited access to assets, systems and records, e.g. password protection, minimum key holders
- ✓ Backup systems, e.g. the person signing a payment slip, should not process the payment

#### **Personnel Arrangements**

- ✓ Procedures and policies to employ appropriate staff and treat them fairly
- ✓ Discipline and appraisal procedures

#### **Supervision**

- ✓ Procedures to ensure that errors are prevented and detected through checks

#### **Management Review and Monitoring**

- ✓ To check that people understand procedures, reconciliations and systems
- ✓ To prevent, detect and investigate fraud, errors and abuse

#### **Information Systems**

- ✓ Secure operating systems and procedures

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## **APPENDIX 2**

### **Fraud and Corruption Guidance**

#### **When a Manager / Councillor is informed of, or suspects, fraud**

Check the details without alerting the possible suspects. If the suspicions appear to have a sound basis they should inform the Town Clerk, or if the suspect is the Town Clerk, the Town Mayor.

#### **Contact with the Police**

If a criminal event is believed to have happened then the police should, if not already, be advised; this ensures that the internal investigation follows the correct procedure and does not compromise any police action.

If the police decide to formally investigate, their enquiries should be co-ordinated with the internal investigation and all employee should co-operate fully with both enquiries and recommendations.

The final decision on when to involve the Police will be made by the Town Clerk or the Town Mayor.

#### **External Auditors**

The Council is required to inform its external auditors of all suspected frauds; the Head of Corporate Services must ensure that this happens promptly.

#### **Publicity**

Under no circumstance should an employee or volunteer, other than the Town Clerk or the Town Mayor, speak to the newspapers, radio, television or other third party.

#### **Investigations**

The Head of Corporate Services, or if considered more appropriate, an appointed auditor, will open a file and carry out an initial investigation. The final decision on who undertakes the investigation will be made by the Town Clerk or the Town Mayor.

The interests of the Council must be protected, as should those of the suspect(s), as a suspicion should not be viewed with guilt until proven. Work should be indexed and filed in date order with all details recorded even if they appear to be trivial.

Evidence should be collected and kept in a suitable place. Information should include

- Details of telephone conversations and face to face discussions
- Written statements
- Circumstantial evidence and gossip
- Prime documents and certified copies
- Physical items
- Tests carried out and results

Interviews must be carried out correctly, paying particular attention to the requirements of the police and Criminal Evidence Act.

#### **Access to Information**

To assist in the investigations of fraud the police and/or the investigatory panel may require any member or employee to:

- Produce financial records or other documents that they believe are necessary for an audit
- Give explanations and provide information that they believe is necessary for an audit