

MALVERN TOWN COUNCIL ANTI FRAUD AND CORRUPTION POLICY

Malvern Town Council is committed to sound corporate governance and is determined to prevent and eradicate fraud and corruption whether it is attempted from outside or from within the Council. The Council seeks firstly to prevent any fraud and corruption but will take all steps necessary to identify suspected fraud and corruption, and pledges to pursue the recovery of any losses and the suitable punishment of those responsible.

1. Introduction

- 1.1. In administering its responsibilities the Council is committed to the highest ethical standards. It expects all its members and staff to lead by example in ensuring adherence to rules, procedures and recommended practices whilst maintaining conduct of the highest standards such that public confidence in their integrity is maintained.
- 1.2. Fraud and corruption cheats the local tax-payer and undermines the aims of the Authority to provide value for money services in an open, honest and accountable way. Members and Officers should ensure they adhere to all rules, legal requirements and all Council procedures and recommended practices. The Council requires compliance with policies relating to information security and confidentiality.
- 1.3. The Council expects that individuals and organisations (eg suppliers and contractors) that it comes into contact with, will act towards the Council with integrity and without thought or actions involving fraud or corruption.
- 1.4. The Council's Anti Fraud and Corruption Policy is based on a series of comprehensive and inter-related procedures designed to frustrate any fraudulent or corrupt act. The policy covers:
 - Culture
 - Prevention – internal control systems
 - Detection and Investigation – combining with others
 - Awareness

2. Aims and Scope of this Policy

- 2.1. This policy is a commitment that the Council will minimise the risk of fraud and corruption whilst maximizing the likelihood of detection as soon as possible and ensures any instances are fully investigated.

3. Definitions

- 3.1. Fraud
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Any illegal acts characterized by deceit, concealment or violation of trust. These acts are not dependent upon the application of threat of violence or of physical force. Frauds are perpetrated by parties and organisations to obtain money, property or services; to avoid payment or loss of services; or to secure personal or business advantage, eg:

- Theft of money
- Theft of goods
- Obtaining a benefit or rebate to which a person is not entitled

3.2. Corruption

The promising, requesting, offering, giving or accepting, directly or indirectly, of an inducement or reward thereof that distorts the proper performance of any duty or behaviour required of the recipient of the offer or bribe, eg:

- The taking or giving of a bribe to secure favourable treatment in the granting of a Council service or contract
- The undue use of influence to procure a Council service or contract

4. Culture

4.1. The Council has determined that the culture and tone of the organisation will be one of honesty and opposition to fraud and corruption. The Council will not tolerate malpractice or wrongdoing in the provision of its services and is prepared to take vigorous action to stamp out any instances of this kind of activity. The fight against fraud and corruption can only be truly effective where these acts are seen as anti-social, unacceptable behaviour and whistle blowing is perceived as a public-spirited action.

4.2. There is an expectation and requirement that all individuals and organisations associated in whatever way with the Council will act with integrity and that Council staff and members at all levels will lead by example in these matters.

4.3. The Council's employees and elected members are positively encouraged to raise any concerns they may have on these issues where they are associated with the Council's activity. They can do this in the knowledge that such concerns will be treated in the utmost confidence and properly investigated.

4.4. The Council appreciates that there are employees, elected members and members of the public who would fear recrimination, victimization or harassment if it were known that they were making a complaint and, therefore, the Council offers its full protection under its Whistleblowing Policy to those persons who voice their concern over any matter affecting the provision of the Council's services.

- 4.5. Members of the public are also encouraged to report any concerns they may have about Council staff or members via the Council's Complaints system or via their Councillor.
- 4.6. Where either Council staff or members are implicated, the Town Clerk must be informed immediately (unless it is possible that we may also be implicated). Any subsequent investigation into members' conduct will be conducted under the procedures set out by the Standards Board for England under the Local Government Act 2000 through national Ethical Standards Officers.

5. Prevention

- 5.1. The Town Clerk has responsibility for the prevention of fraud and corruption throughout the council. It is essential that managers understand the importance of soundly designed systems which meet key control objectives and minimise opportunities for fraud and corruption. They are responsible for assessing the potential for fraud and corruption within their council's activities and for implementing appropriate strategies to reduce this risk. To this end Internal Audit provide advice to departmental managers to ensure that they are fully aware of the need to give sufficient emphasis to the preventative aspects of fraud and corruption work.
- 5.2. Malvern Town Council is determined to frustrate the potential fraudster and to introduce a robust prevention methodology, which will involve everyone including:
- Staff
 - Members
 - Internal Control Procedures
 - Information and Communications Technology measures
 - External Agencies
 - The Public
 - Individuals and Bodies dealing with the Council

6. Staff

- 6.1. The Council is obliged to maintain, and is entitled to expect, a high standard of conduct among its employees to ensure that public confidence in their integrity and impartiality is not undermined. The public are entitled to demand conduct of the highest standard and that staff are working honestly and without bias in order to achieve the Council's objectives.
- 6.2. Staff are expected to follow the Council's Staff Code of Conduct which sets out the conduct expected of all employees in the performance of their jobs. Copies of the Staff Code of Conduct will be issued to all new employees at the commencement of their
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employment. The Council will invoke the appropriate disciplinary procedure for breaches of code of conduct.

- 6.3. Staff are required to operate within the Council's Standing Orders and Financial Regulations. They must also operate within Section 117 of the Local Government Act 1972, regarding the disclosure of pecuniary interests in contracts relating to the Authority or fees or rewards other than proper remuneration. Staff are required to declare to the Town Clerk and register with the monitoring officer any potential areas of conflict between their duties and responsibilities whilst acting on behalf of the Council and any other areas of their personal or professional lives.

7. Members

- 7.1. Members of the Council are expected to operate honestly and without bias within both a regulatory and advisory framework. Their Conduct is governed by:

- Code of Conduct for Members
- National Code of Local Government Conduct
- Local Authorities Members' Interest Regulations 1992
- Sections 94-96 of the Local Government Act 1972
- Council Standing Orders and Financial Regulations
- Local Government Act 2000: Part III

- 7.2. These matters are specifically brought to the attention of Members in the Member's Handbook and include the declaration and formal registration with the Director of Central Services and Enforcement of potential areas of conflict between Members' council duties and responsibilities and any other areas of their personal or professional lives.

8. Internal Control Systems

- 8.1. Malvern Town Council has Standing Orders, Financial Regulations and Procedures in place which act as the framework for financial control within the Authority. All staff are required to act in accordance with these rules and regulations when carrying out their duties. The Rules of Procedure, Codes and Protocols are part of the Council's published Constitution.

- 8.2. The Town Clerk, as the responsible financial officer, has a statutory responsibility under Section 151 of Local Government Act 1972 to ensure the proper arrangements of the Council's financial affairs and has adopted Financial Codes of Practice and Accounting and requires service managers to ensure that departmental procedure instructions exist in relation to the Council's activities.
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- 8.3. The Council has developed and is committed to continuing with systems and procedures, which incorporate efficient and effective internal controls, adequate separation of duties wherever possible and risk and performance management.

9. Internal Audit

- 9.1. A continuous internal audit, under the overall direction of the Town Clerk, is maintained to review accounting, financial and all high-risk operations of the Council. Such review is carried out to:

- Ensure financial controls are effective
- Prevent the opportunity for fraud
- Detect occurrences of fraud
- Ensure the Council's services are operating in an effective, efficient and economic manner

- 9.2. In order to carry out their work the Council supports the fact that Internal Audit shall have access and authority to:

- Enter at any reasonable times any premises or land in occupation or possession of the Council
- Examine all manual and computerised documents, accounts, statements, records and correspondence relating to any financial or other transactions of the Council
- Examine information and data held on personal computers and other hardware, file servers and software
- Require any employee of the council and any other organisation or person in possession of council resources to produce cash, stores, records or any other council property under their/his/her control
- Apply any reasonable tests or checks that might be considered necessary
- Require and receive any explanations as are necessary concerning any matter under examination

- 9.3. Depending on the nature of the allegations, the Internal Audit Section will normally work closely with council staff and other agencies such as the Police to ensure that all allegations and evidence are properly investigated and reported upon.

10. External Audit

- 10.1. An external auditor appointed by the Audit Commission also audits the Council. This is a statutory requirement and the role of the external auditor covers:

- The financial standing of the Council
 - Statements of Account
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- Legality of transactions
- Performance indicators for Council services
- Fraud and corruption arrangements review
- Accuracy and effectiveness of all financial systems
- Value for money studies on Council services

11. Disciplinary Procedures

11.1. All staff should be aware that, as a result of any fraudulent action, the Authority will deal with such matters in accordance with the approved Disciplinary Procedures. The Council will normally wish the police to be made aware of and to independently prosecute offenders where financial impropriety is discovered.

12. Prosecution and Sanction Policy

12.1. The Council has approved a Housing and Council Tax Benefit Prosecution and Sanction Policy, which it requires its officers to apply to all cases of fraud and abuse, which occur to the Authority.

12.2. This policy clearly states:

- That Malvern Town Council is committed to protecting public funds through its action on fraud
- The circumstances which will be considered when deciding whether it is in the public interest to pursue a prosecution; and
- The criteria for the use of cautions and/or administrative penalty, in appropriate circumstances

13. A Balanced Approach to Enforcement

13.1. The main purpose of anti-fraud and corruption activity is to protect the public purse, the public and legitimate businesses by making sure that legal requirements are met and that everyone acts/operates within Council Policy and the law. It does not just mean taking formal action, such as prosecution, but includes a wide range of actions and measures to make sure that things are as they should be and provide help or advice to prevent inappropriate activity. We will make policy and standards available to individuals to inform them of their ethical obligations.

13.2. We recognise that most employees, members and the public want to comply with the law and thereby operate legitimately and responsibly. We will help and advise wherever possible but will take firm action against those who ignore legal and policy requirements or act irresponsibly.

13.3. To achieve this we will:

- Make available information and advice on Policy and regulation in electronic and printed formats
- Provide awareness training
- Distribute relevant codes of practice and handbooks at the induction of new employees and members
- Talk to witnesses and obtain witness statements where appropriate
- Conduct interviews to investigate offences and obtain the facts

13.4. Guiding Principles

- **Consistency:** We will carry out our duties in fair and consistent ways. To achieve consistency we have documented procedures in place and regular refresher training for investigative officers
 - **Suitable Action:** Every case is unique and must be considered on its own facts and merits. When making decisions on the actions to take, we will always take account of the Council's policy and regulations
 - **Human Rights:** We will have regard to fairness and individual's human rights in all our prevention, detection and investigation activity and conform to the European Convention on Human Rights (as implemented by the Human Rights Act 1998)
 - **Equal Opportunities and Diversity:** We believe in openness and equality in the way we provide services and that every individual is entitled to dignity and respect. When taking prevention, investigatory and detection action we aim to ensure that there will be no discrimination against any individual on the basis of culture, ethnic or national origins, gender, disability, age, sexual orientation, political or religious beliefs, socio-economic status, or previous criminal conviction or caution which is not relevant to the current issue
 - **Vulnerable People:** We will have regard to the particular circumstances of breaches involving young people and the elderly and we will deal with them in a manner that is appropriate
 - **Individual needs:** We understand that some members of the community may have specific difficulties or special needs, which will need extra advice and assistance. Careful explanation will be given and if necessary the services of an interpreter or translation of documents will be provided. Appropriate translated material will be provided where necessary and practical help provided for people with impaired hearing, vision or other impairment
 - **Complaints:** All complaints will be tracked via the Council's formal complaints or grievance procedure
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14. Awareness

- 14.1. The Council is committed to raising the profile of its anti-fraud and corruption work and this Policy.

15. Management system

- 15.1. The Council will maintain activity records to monitor the quality and nature of investigations and detection activities undertaken, so as to ensure independent authorisation and review.
- 15.2. Compliance with appropriate Statute, regulation, professional body guidance and Council Policy will be ensured via refresher training and regular review and update of procedural guidance. All officers undertaking investigation activities will be suitably trained and qualified to ensure that they are fully competent to undertake such duties.

16. February 2008
