

Anti-Fraud and Corruption policy

Anti-Fraud and Corruption Policy

Why do we need a policy?

Lewes Town Council must remain alert to the risk of fraud and corruption, and to ensure that there are adequate means to prevent, detect and investigate irregularity of this kind. This document sets out the ways in which the Council will act against fraud and corruption to protect public funds.

What are fraud and corruption?

In simple terms, fraud is obtaining a financial or other gain by means of deception, dishonesty, or theft.

Similarly, corruption is the dishonest exercise of official duties or position in order to achieve financial or other gain, for example receiving gifts, rewards or favours from the misuse of information or influence.

What are the Council's expectations?

The Council expects that Councillors and staff will act with honesty and integrity in all aspects of their official duties, and will lead by example in ensuring observance of legal requirements, rules, regulations and procedures.

The Council expects that individuals and organisations with whom it comes into contact will act with the same honesty and integrity when dealing with the Council.

The Council expects that Councillors and staff will raise any concerns they have on these issues, and that these concerns will be treated in confidence, investigated properly and dealt with fairly.

How does this affect staff?

Recruitment procedures are a key component in addressing the risk of fraud or corruption, and it is Council policy to establish the previous record of staff in terms of their propriety and integrity by taking up references from previous employers.

Council staff are expected to follow any Code of Conduct related to their professional institute, where applicable, as well as upholding the Council's expected standards for employees. Standing Orders and individual contracts of employment cover areas such as personal conflicts of interest, and exclusive employment by the Council.

Staff are reminded that they must:

- Operate within Section 117 of the Local Government Act 1972 regarding the disclosure of pecuniary interests in contracts relating to the Council, and
- Disclose the acceptance of any fees or rewards whatsoever other than their proper remuneration.

The Council believes that fraud and corruption represent an abuse of trust. The Council has in place a disciplinary procedure for tackling cases of misconduct.

How does this affect Councillors?

Section 51 of the Local Government Act 2000 requires the Council to adopt a code as regards the conduct that is expected of Councillors and co-opted Councillors. Lewes Town Council adopted a Code of Conduct on 25th April 2002 (minute ref. FC8[ii]) and every Councillor has given a signed undertaking that in performing their functions they will observe the Code of Conduct. The details of the Code of Conduct, and further guidance on the code and its interpretation are given to each Member on election to office.

What control systems exist to help staff?

The Council's Standing Orders contain the procedures that guide the Council's affairs, including the key areas of Financial Administration, Contracts and Member-Officer protocol. In addition the Town Clerk has a duty under Section 151 of the Local Government Act 1972 to ensure that proper arrangements exist to manage and safeguard the Council's finances.



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The Council is committed to operating systems and procedures that incorporate effective internal controls. Internal controls are the means which ensure that systems and procedures work properly. Controls can include policies, plans, instructions, supervision, checking, review, reconciliations, performance monitoring, budgets and a sound organisational structure in which systems can operate as they should.

The effectiveness of these controls is monitored by an independent Internal Auditor, and the Council has nominated members to form an Audit Panel to test and sample their routine implementation.

How does the Council detect irregularities?

Many of the controls are in place specifically to prevent loss or fraud. They have been designed to give warning of possible fraudulent activity and may be sufficient in themselves to deter fraud. However, the duty remains for Council staff to remain alert to the risk of fraud, and it is often this alertness that enables detection. That said, fraud is often discovered by chance or as a result of a 'tip off.'

How should concerns about possible irregularities be reported to the Council?

Staff or Councillors with concerns about possible frauds or irregularities should report them to the Town Clerk. (*see Memorandum at Appendix A*)

Staff or Councillors with concerns about any suspected irregularity on the part of the Town Clerk should contact the Mayor.

In extreme circumstances, where neither the Town Clerk nor Mayor are appropriate or available, concerns may be reported direct to the Monitoring Officer at Lewes District Council, but this should be considered a "last resort"

How do these arrangements fit with the concept of "Whistle-blowing"?

The Council is keen to ensure that staff can raise concerns about their work or the activities of the Council generally. Staff are encouraged to raise serious concerns within the Council instead of overlooking them or raising them outside.

This attitude covers more than simply fraud and corruption, and the Council will investigate all reported concerns with the same thoroughness.

Councillors and staff are reminded of the protection afforded them in such circumstances by the Public Interest Disclosure Act 1998.

Can the public report concerns about fraud and corruption?

The public is also encouraged to report concerns through the Code of Practice for Handling Complaints, adopted on 9th October 2003 (minute ref. FC2003/39.1). That Code outlines the ways in which the majority of complaints can be handled, but the Council will follow the guidance in *this* policy if there is any indication that the complaint involves allegations of fraud or corruption.

What are the responsibilities of individuals in dealing with reported concerns?

The Town Clerk is responsible for taking the appropriate initial action to deal with cases in which there are suspicions or allegations of fraud or corruption, except in circumstances where he may be the subject of the allegations (in which instance: the Mayor or District Monitoring Officer). This will mean:

- Dealing with the matter promptly.
- Recording the detail and origins of the concern, allegation or complaint.
- Retention and safeguarding of all evidence received.
- Notify the District Solicitor of any allegation or complaint against a Councillor.
- Notify the Mayor of any irregularity concerning the financial or non-financial functions of the Council.



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How will the Council investigate reported concerns?

The Town Clerk (or Mayor or District Solicitor) will take any necessary steps to investigate the concern, and normally the first step in the investigation will be to notify the matter to the Audit Panel and, perhaps the Council's retained independent Internal Auditor. They will strive to ensure:

- Consistent approach and treatment of information.
- Proper investigation by parties unconnected with the complaint.
- Proper referencing for any issue related to disciplinary procedures.
- Protection of the Council's assets and interests.
- Compliance with the requirements of the Regulation of Investigatory Powers (RIPA) Act 2000 and related Orders.

What happens next?

In keeping with the Council's general approach, the person reporting the concern or irregularity will be told the outcome, or advised of progress in writing, as soon as appropriate.

What will be the outcome of any investigation?

We will strive to ensure that allegations are investigated thoroughly and properly. Disciplinary measures will be taken if the outcome of the investigation indicates impropriety. In such circumstances, the Police may be notified although referral will be dependent upon individual circumstances. Referral will not bar further action within the Council's powers.

The Council will deal swiftly and firmly with those who defraud the Council or who are corrupt. Whilst a robust approach must be taken, there is the need to ensure that any investigation process is not misused and any wilful and malicious allegation will be dealt with as a disciplinary matter. However, concerns or allegations raised in good faith, even if later found to be unfounded, will be treated with respect and no action will be taken against the person reporting the concern.

Which other bodies may be involved?

There may be a need to liaise with:

- The Police.
- Government agencies.
- Other Local Authorities.
- The Council's contracted External Auditors.

How are staff kept informed of matters involving the Anti-Fraud and Corruption Policy?

The Council recognises that the success of the policy will depend largely on the involvement and vigilance of its staff. The Council therefore supports training, particularly for those involved in internal control systems to ensure that their duties and responsibilities in this respect are highlighted and reinforced.

And finally.....

The Council has systems and procedures to protect its assets and services against fraud and corruption. The Council will maintain a regular review of these arrangements to ensure their continued effectiveness, in particular Standing Orders; Codes of Conduct; Financial Control Procedures and audit practices.

October 2004

Revised March 2015 (Adopted 9th April 2015 Resolution FC2014/113.2)

...continued

It is important to note that you should **not** discuss your suspicions with anyone else - this includes your line manager if you have one.

What happens next?

Once you have reported your suspicions, you should await acknowledgement. You should **not** discuss your suspicions with anyone in the meantime.

You may be requested to attend an interview, and this will be arranged in absolute privacy.

- Keep a copy of any report, notes, or item submitted. If you have not had any response within two weeks you should contact the Chairman of the Audit Panel.
- You should also contact the Chairman of the Audit Panel if you are not satisfied in any way with the initial response you have been given, for example if you are asked to do anything in connection with your suspicions which you consider improper or beyond the scope of your normal duties.
- Remember: you are **not** expected to form any judgment about your findings. The responsibility of every Councillor and employee is primarily to notify one (or more if you wish) of the contacts named above, who have the authority to take further steps as required.

The Legal Position

The Public Interest Disclosure Act 1998 gives statutory protection to any Member or employee who, with "reasonable belief", discloses information suggesting that a criminal offence has been committed or that there has been a failure to comply with any legal obligation, or that such facts are being deliberately concealed. The disclosure must be made to the "employer's representatives", as directed in this memorandum unless there are exceptional circumstances for not doing so.