



NORTHAM TOWN COUNCIL

ANTI FRAUD AND CORRUPTION POLICY

INTRODUCTION

- 1.1 Public accountability, a reputation for honest and efficient administration and the exposure of misconduct are key features of local government practice. The Council has in place a variety of rules and procedures to help ensure the highest standards of conduct are practised by its Members, employees and those that it deals with; these are contained within the Standing Orders of Northam Town Council and include Financial Procedure Rules and Contract Procedure Rules. However, errors, malfunctions and irregularities may occur in any system. Most can be explained or resolved by double-checking or by involving a more experienced colleague, yet any one of them might be the first warning sign of a fraud or financial irregularity. This policy sets out the procedures to be followed by any Member or officer following the identification of a suspected financial irregularity, which would include any act of theft, fraud or corruption against the Council or its clients. Refer to the appendix for more information regarding what constitutes a “financial irregularity.
- 1.2 In administering its responsibilities in relation to fraud and corruption whether it is attempted on Northam Town Council or from within it, Northam Town Council is committed to an effective anti-fraud and corruption policy designed to: -
- encourage prevention
 - promote detection
 - identify a clear pathway for investigation

Northam Town Council's expectation on propriety and accountability is that Members and staff at all levels will lead by example in ensuring adherence to rules, and that all procedures and practices are above reproach.

- 1.3 Northam Town Council also demands that individuals and organisations that it comes into contact with will act towards Northam Town Council with integrity and without thought or actions involving fraud or corruption.
- 1.4 Northam Town Council's Anti Fraud and Corruption Policy is based on a series of comprehensive and inter-related procedures designed to frustrate any attempted fraudulent or corrupt act. These cover: -

- Culture
- Prevention
- Detection and Investigation
- Training

1.5 The Council's affairs are open to scrutiny by a variety of external bodies and people including:-

- Local tax payers;
- Service users;
- Audit Commission;
- Government Departments and Inspectorates;
- HM Customs and Excise;
- Inland Revenue.

2. CULTURE

2.1 Northam Town Council is determined that the culture and tone of the organisation is one of honesty, and opposition to fraud and corruption.

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

Concerns of Staff

2.3 Northam Town Council's employees are an important element in its stance on fraud and corruption and they are positively encouraged to raise any concerns that they may have on these issues where they are associated with the Council's activity.

2.4 Officers can raise concerns in the knowledge that such concerns will be treated in confidence and properly investigated and are covered by the Council's whistleblowing policy.

2.5 While officers may discuss concerns with their line manager it is important that they should have another route for raising such concerns other than line management. The designated person responsible for receiving all fraud and corruption allegations and concerns and initiating investigations where appropriate is the Town Clerk.

2.6 If officers are unhappy or unwilling to use the internal procedure for raising a concern regarding fraud or corruption they may contact the Northam Town Council's external auditors – the Audit Commission.

Concerns of the Public

2.7 Members of the public are encouraged to report concerns through the Council's complaints procedure. A leaflet is available from the Council Office or on the Council's website.

Allegations of Fraud

2.8 The Town Clerk is responsible for following up any allegations of fraud or corruption received and will do so through clearly defined procedures as set out in the Fraud Response Plan such as:

- dealing promptly with the matter;
- recording all evidence received;
- ensuring that evidence is sound and adequately supported;
- ensuring security of all evidence collected;
- notifying the Chairman of the Council as relevant; and
- advising the Chairman of the Council if evidence suggests disciplinary procedures are appropriate;
- at all times having regard to the Council's obligations under the Human Rights Act 1998, the Regulation of Investigatory Powers Act 2000 and any other relevant legislation.

2.9 Any abuse of this process by raising unfounded malicious allegations is a serious disciplinary matter.

2.10 Northam Town Council can be expected to deal swiftly and thoroughly with any member of staff who attempts to defraud the Northam Town Council or who is corrupt. Northam Town Council should be considered as robust in dealing with financial malpractice.

3. PREVENTION

Staff

3.1 Northam Town Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff in terms of their propriety and integrity. Staff recruitment is therefore required to be in accordance with the procedures laid down in the Council's Recruitment Policy document, and in particular to obtain written references regarding known honesty and integrity of potential staff before the final employment offers are made.

3.2 Northam Town Council employees are expected to follow any Code of Conduct related to their professional institute or their professional qualification and also to abide by the National Code of Conduct.

3.3 The Council has an established Disciplinary Procedure.

3.4 The role that appropriate staff are expected to play in Northam Town Council's framework of internal control will feature in employee induction and training.

Members

3.5 Members are required to operate within:

- The revised Council's Code of Conduct adopted with effect from 2015.
- Northam Town Council's Standing Orders and Financial Regulations

These matters and other guidance are specifically brought to the attention of Members through induction training and specific training on the revised Code of Conduct.

Internal Control Systems

3.6 Northam Town Council's Standing Orders and Financial Regulations place a duty on all Members and employees to act in accordance with best practice when dealing with the affairs of Northam Town Council.

3.7 The Responsible Finance Officer has a statutory duty under section 151 of the Local Government Finance Act 1972 to make arrangements for the proper administration of the Council's financial affairs.

3.8 Internal Audit provides an independent appraisal function for the review of the internal control system of the Council. It is responsible for objectively examining, evaluating and reporting on the adequacy of internal controls as a contribution to the proper, economic, efficient and effective use of resources.

Gifts and Hospitality

3.9 As a general rule, all Councillors and employees are advised to refuse any offers of gifts or hospitality, which might be considered to be related to the performance of their duties in relation to the Council. The exceptions to the rule are modest items not exceeding £5 for employees and £25 for Members. All gifts or hospitality received by officers must be recorded in the Register of Gifts and Hospitality.

4. DETECTION AND INVESTIGATION

Basic Principles

- 4.1 Where financial impropriety is discovered the Council will call upon the Police and arrangements will be made, where appropriate, for the prosecution of offenders by the Crown Prosecution Service.
- 4.2 Referral to the Police will not prohibit action under Disciplinary Procedures.

Detection

- 4.3 The array of preventative systems, particularly internal control systems, within Northam Town Council has been designed to provide indicators of any fraudulent activity, although generally they should be sufficient in themselves to deter fraud.
- 4.4 It is the responsibility of the Town Clerk to prevent and detect fraud and corruption. However it is often the alertness of staff, Members, and the public that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may have been committed or is in progress.
- 4.5 Despite the best efforts of all, many frauds are discovered by chance or tip off, and Northam Town Council has in place arrangements for such information to be properly dealt with, as outlined in section 2.

Investigation

- 4.6 Depending on the nature and anticipated extent of the allegations, the Responsible Finance Officer will normally work closely with members and other agencies such as the Police to ensure that all allegations and evidence is properly investigated and reported upon.
- 4.7 Northam Town Council's Disciplinary Procedure will be used where the outcome of the Audit investigation indicates this is appropriate.
- 4.8 The procedures outlined at 2.8 above will be followed. In addition the Council's Insurance Officer will be notified if appropriate, and the external auditors.

5. TRAINING

- 5.1 Northam Town Council recognises that the continuing success of its Anti-Fraud and Corruption Policy and its general credibility will depend largely on the effectiveness of programmed training and responsiveness of staff throughout the organisation.
- 5.2 To facilitate this, the Northam Town Council supports the concept of induction and training particularly for staff involved in internal control systems to ensure

- 5.3 that their responsibilities and duties in this respect are regularly highlighted and reinforced.
- 5.4 The possibility of disciplinary action against staff who ignore such training and guidance is clear.

6. NATIONAL FRAUD INITIATIVE

- 6.1 The Council is required by law to protect the public funds it administers. It may share information provided to it with other bodies responsible for auditing or administering public funds, in order to prevent and detect fraud.
- 6.2 The Audit Commission has been appointed to audit the accounts of Northam Town Council

7. CONCLUSION

- 7.1 Northam Town Council has in place a clear network of systems and procedures to assist it in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.
- 7.2 To this end Northam Town Council will maintain a continuous overview of such arrangements through, in particular, its Section 151 Responsible Finance Officer, its Internal and External Auditors and the Audit Committee.

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What constitutes a financial irregularity?

- A financial irregularity in local government terms usually means any act or omission by an employee or a third party, which has or could result in a loss to the Council of its assets, or any other non-Council asset in the trust of an employee.
- Assets could include cash, stores, property, equipment, information, etc.
- It could also mean the unauthorised use of the Council's resources for personal gain without necessarily any direct loss to the Council; or, alternatively, any breach of Financial Regulations.
- For the purpose of this strategy document, the term “financial irregularity” should also include any theft of personal or other items, whilst held on Council premises.
- An irregularity could be the result of criminal or fraudulent activities or could be just sheer carelessness or incompetence on the part of an employee resulting in the records, stores, funds, etc. being in a state that either makes it difficult to determine whether all assets have been accounted for or makes it easy for someone else to misappropriate.

What is corruption?

The Audit Commission has provided the following definition of corruption:

Corruption is the offering, giving or soliciting or acceptance of an inducement or reward, which may influence the action of any person.