

ANTI-FRAUD AND CORRUPTION POLICY

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1. Introduction

- 1.1. Middlewich Town Council has a responsibility for the provision of effective and efficient services to clients and stakeholders in a manner that seeks to ensure the best possible protection of the public purse in its delivery arrangements.
- 1.2. This Anti-Fraud and Corruption Policy sets out the Council's framework for preventing and detecting fraud and corruption and the procedure for the reporting, investigation and prosecution of occurrences of fraud and corruption.
- 1.3. In carrying out its functions and responsibilities Middlewich Town Council will promote a culture of honesty, openness and fairness and requires all Members and Employees to support and conduct themselves in accordance with the Nolan Committees Seven Principles of Public Life as contained within the Relevant Authorities (General Principle) Order 2001. (Appendix A)
- 1.4. All Members of the Town Council are required to conduct themselves in accordance with the Members Code of Conduct.
- 1.5. The work of all Members and officers of the Town Council are also governed by legal requirements, Standing Orders, Financial Regulations and Council policies and national legislation.
- 1.6. Individuals and organisations external to the Council e.g. suppliers, contractors and services providers, will also be expected to act with integrity and without thought or actions involving fraud and corruption.
- 1.7. The Council recognises that failure to implement effective anti-fraud measures can undermine the standards of public service that the Council is attempting to achieve, reduce the level of resources and services available for the residents of Middlewich and result in catastrophic consequences which reduce public confidence in the Council.

2. Anti Fraud and Corruption Policy Statement

- 2.1. The Council is dedicated to fostering a culture characterized by honesty, transparency, and fairness. This policy emphasizes the importance of evaluating and managing all risks related to fraud and corruption, including their prevention, detection, and investigation. Furthermore, the Council is committed to actively pursuing the necessary disciplinary, civil, or criminal actions as appropriate.

3. Definition of Fraud and Corruption

- 3.1. Fraud is defined as the intentional distortion of financial statements, accounts or other records by persons internal or external to the authority, which is carried out to conceal the misappropriation of assets or otherwise for gain or to mislead or misrepresent.
- 3.2. Corruption is the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person to act against the interests of an organisation, or the deliberate failure to disclose an interest in order to obtain a financial or other pecuniary gain for oneself or another.

4. Scope of the Policy

4.1. The Anti-Fraud and Corruption Policy is designed to protect the Town Council against fraud and corruption either from within or external to the Council.

4.2. The aims of the Policy are as follows:

- Promote a culture of honesty and integrity, and opposition to fraud and corruption;
- To assess and manage the risk of fraud and corruption;
- Encourage prevention of fraud and corruption through openness and honesty in all dealings, internal and external;
- Investigate thoroughly any allegation of fraud and corruption received;
- To ensure that appropriate enforcement action is taken to address any incident of fraud and corruption.

4.3. This Policy identifies a series of measures designed to:

- identify and assess the risk of fraud and corruption
- to prevent and detect fraud and corruption

5. Implementation

5.1. To ensure that this policy is implemented effectively the Council will:

- Identify and include fraud and corruption risks within its risk management framework;
- Encourage a culture of prevention and deterrence;
- Ensure that responsibilities are clearly defined and communicated at all levels;
- Encourage everyone to be vigilant and report any genuine suspicions of fraudulent activity;
- Develop and maintain cost effective controls to reduce the risk of fraud and corruption;
- Ensure that sound financial standards are adopted and that financial systems incorporate good controls to reduce the risk of fraud;
- Work with its partners to strengthen and continuously improve its arrangements to counter fraud and corruption;
- Ensure that appropriate disciplinary and legal action is taken in all cases;
- Comply with best practice.

6. Detection, Investigation and Reporting

6.1. The Council's systems of governance, as set out in the Standing Orders and Financial Regulations, and specifically the internal financial control system will incorporate checks, reconciliations, analytical review and internal audit procedures to deter fraudulent and corrupt activity along with a management reporting and monitoring regime which will highlight by exception any unplanned, unexpected or potentially fraudulent activity.

6.2. The Council has formal arrangements in place via the Whistle-Blowing and Complaints Policy to enable information provided by and the suspicions and concerns of members, officers and the general public to be dealt with confidentially, properly and promptly.

- 6.3. The Council employs a range of preventative systems, and in particular the internal control systems, along with the work of the internal auditor and the implementation of the annual audit plan, should be sufficient in themselves to deter fraud, but they have also been designed to provide indications of any fraudulent activity.
- 6.4. When fraud and corruption does occur, these systems, controls and internal audit activity should, in the majority of cases, assist in revealing the occurrences.
- 6.5. However, it is often the alertness of Members, officers or members of the public to such indicators that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may be in progress.
- 6.6. As such, sometimes, despite the best efforts of managers and auditors, frauds are discovered by chance remark or 'tip off'.
- 6.7. The Council's Whistle-Blowing and Complaints Policy also encourages Members, officers and members of the public to raise any suspicions and concerns as and when they occur.

7. Reporting of Fraud and Corruption

- 7.1. Council Members and employees are an important element in its stand against fraud and corruption. Concerns that they have will be treated in confidence and will be properly investigated. The Town Clerk will usually be the first contact for an employee to raise a concern, but if further investigation is deemed necessary, other staff and partners may need to become involved, including the:
- Internal Auditor;
 - External Auditor
 - Council Members [If concerns are reported from the Town Clerk]
- 7.2. Staff are expected to report to an appropriate person any potential control weaknesses that come to their attention. If necessary it may be helpful to read the Council's Whistle Blowing policy.
- 7.3. The Town Clerk will be responsible for following up any allegation of fraud or corruption received and will do so through clearly defined procedures. The Council will be robust in dealing with financial malpractice and will deal swiftly and firmly with those who defraud or are corrupt.
- 7.4. There is a need to ensure that any investigation process is not misused and, therefore, any abuse such as raising unfounded malicious or vexatious allegations may be dealt with as a disciplinary matter.
- 7.5. The Anti-Fraud and Corruption Policy should be read alongside the Council's Whistle-Blowing Policy which formally sets out the procedures relating to the reporting of such concerns, reassures individuals that they will not suffer repercussions, and encourages those with legitimate concerns to voice them.

- 7.6. Members of the Public are also welcome to report concerns, either as a formal complaint or by speaking or writing to any officer or Councillor. The Council's Whistle Blowing and Complaints Policy and Procedure apply in such cases.
- 7.7. Where a "tip-off" or concern or an implied "tip-off" or concern is received from a member of the public by a Member or officer, it must be reported without delay to the Town Clerk.
- 7.8. In cases where the allegation of fraud or corruption involves the Town Clerk it must be reported without delay to the Town Mayor or Deputy Town Mayor of the Council.

8. Investigation of Fraud and Corruption

- 8.1. Depending on the nature and the anticipated extent of the allegations, the Town Clerk and Internal Auditor will normally work closely other agencies, such as the Police, to ensure that all the allegations are properly investigated, reported and where appropriate, maximum recoveries are achieved.
- 8.2. The follow up of any allegation of fraud and corruption received either from Members, employees or members of the public will be through the Fraud and Corruption Reporting and Investigation Procedure, which will ensure that:
- Concerns are dealt with promptly and consistently
 - All evidence is recorded and the rules of evidence followed
 - Evidence is sound and adequately supported
 - All evidence is securely held
 - Where appropriate the Council's insurers and the police are informed
 - The Council's disciplinary procedures are implemented
- 8.3. Where financial impropriety is discovered, referral to the Police is a matter for the Town Clerk in consultation with the Town Mayor of the Council. In deciding whether to recommend referral the following factors may be taken into account:
- The amount of loss and duration of the offence
 - The suspect's physical and mental condition
 - Voluntary disclosure and arrangement for restitution
 - Strength of evidence
- 8.4. The Council will seek to recover the losses incurred as a result of Fraud, Bribery and Corruption. Where appropriate the Council's Insurers will be informed as soon as possible of any potential loss. Details of the case should also be given together with an indication of what recovery action is being attempted.
- 8.5. If anyone under investigation offers money in settlement of any losses to the Council, it should be made clear that any monies offered will be accepted.
- without prejudice to any other action the Council may wish to take.
 - that acceptance is only in respect of losses identified to date.
 - and that the Council reserves the right to seek recovery of any further losses that may come to light in the future.

8.6. Claims under the Council's insurance arrangements in fraud and corruption cases should be regarded as a "last resort" and will only be instigated once all appropriate avenues of recovery have been proportionately explored.

9. Training and Awareness

9.1. Middlewich Town Council recognises that the continuing success of its Anti-Fraud, and Corruption Policy and its general credibility, will depend largely upon the effectiveness of its training programmes and the responsiveness of members and employees throughout the organisation. To facilitate this, the Council supports training and continuous professional development, for members and employees involved in internal control systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.

9.2. Induction training and development programmes will help to keep members and employees up to date with their obligations.

10. Monitoring and Review

The Council shall have 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 corporate activity that may affect its operation.

APPENDIX 1 - THE SEVEN PRINCIPLES OF PUBLIC LIFE

- 1) Selflessness**
Members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person and act solely in terms of the public interest.
- 2) Integrity**
Members should not place themselves in situations where their integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour. Members must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- 3) Objectivity**
Members must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias, including the processes of making appointments, awarding contracts, or recommending individuals for rewards or benefits.
- 4) Accountability**
Members are accountable to the public for their decisions and actions and the manner in which they carry out their responsibilities and must co-operate and submit themselves to the scrutiny necessary to ensure this.
- 5) Openness**
Members should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- 6) Honesty**
Members should not place themselves in situations where their honesty may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour and should always be truthful.
- 7) Leadership**
Members should promote and support these principles by leadership, and by example, and should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.