



# IVYBRIDGE TOWN COUNCIL

## ANTI-FRAUD AND CORRUPTION POLICY

Issued January 2021

### Preamble

Ivybridge Town Council (the Council) has a duty to ensure that it safeguards the public money for which it is responsible, and has adopted an anti-fraud and corruption policy which in line with its other policies is subject to regular review. **This policy should be read in conjunction with the Council risks assessment and associated policies set out in 2.5.2 (below).**

### 1. Introduction

This policy incorporates relevant sections of the CIPFA Code of Practice 2014 on Managing the Risk of Fraud and Corruption, the five principles of which are to:

- Acknowledge the responsibility of the Council for countering fraud and corruption
- Identify the fraud and corruption risks
- Develop an appropriate counter fraud and corruption strategy
- Provide resources to implement the strategy.
- Take action in response to fraud and corruption

**Fraud and Corruption** have been defined as:

- Fraud is 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.
- Corruption is the offering, soliciting or acceptance of an inducement or reward which may influence the action of any person to act against the interests of an organization.

In addition, corruption is defined to also include the deliberate failure to disclose an interest to obtain a financial or other pecuniary gain for oneself or another.

The Council promotes a culture of integrity, honesty, transparency and fairness which supports its opposition to fraud and corruption. The prevention and detection of fraud and corruption and the protection of the public purse are the responsibility of everyone.

The elected members and employees play an important role in creating and maintaining this culture. All are positively encouraged to raise concerns regarding fraud and corruption in the knowledge that such concerns will wherever possible be treated in confidence.

## **2. The Policy**

### **2.1 Acknowledgement of responsibility**

- 2.1.1 The Council acknowledges its responsibility for ensuring that the risks associated with fraud and corruption are managed effectively across all parts of the organisation.
- 2.1.2 The Council acknowledges the threats of fraud and corruption and the harm they can bring to the organisation, its aims and objectives and to its service users.
- 2.1.3 The Council acknowledges the importance of a culture that is resilient to the threats of fraud and corruption and aligns to the principles of good governance.
- 2.1.4 The Council acknowledges its responsibility for ensuring the management of its fraud and corruption risks and will be accountable for the action it takes through its governance reports.

### **2.2 Identification of risks**

- 2.2.1 Fraud risk identification is essential to understand specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the Council and its service users.
- 2.2.2 Fraud risks are routinely considered as part of risk management and review assessments.
- 2.2.3 The Council identifies the risks of corruption and the importance of behaving with integrity in its governance framework.

### **2.3 Developing a strategy**

- 2.3.1. The Council through its policies has identified a counter fraud and corruption strategy to address the identified risks and align with its acknowledged responsibilities.
- 2.3.2 Risks are also managed in partnership with the internal auditor, external accountants and software suppliers. Established Lloyds Bank systems, password controlled, are used for the payment of suppliers by electronic means.
- 2.3.3 The strategy includes both proactive and reactive components as set out below.

Proactive includes:

- Developing a counter-fraud culture
- Installing appropriate internal controls and security measures
- Publicising the anti-fraud and corruption policy and its actions against fraudsters

Responsive includes:

- Implementing effective whistleblowing arrangements
- Investigating fraud allegations  
Applying appropriate sanctions including disciplinary measures or referring the matter to the police
- Seeking redress – recovery of money or assets where appropriate

## 2.4 Providing resources

2.4.1 The Council will ensure that sufficient resources are made available to ensure that this policy is adhered to and any allegation of fraud or corruption is properly investigated.

2.4.2 Should it be necessary for the Council to work in partnership with another organisation to investigate fraud or corruption or an allegation of fraud or corruption affecting the Council it will apply the appropriate resources.

## 2.5 Taking action

2.5.1 The Council has put in place the policies and procedures to support the counter fraud and corruption strategy and takes action to prevent, detect and investigate fraud.

2.5.2 The policy framework includes:

- Anti-fraud and corruption policy
- Risk Assessment
- Whistleblowing policy
- Anti-bribery statement
- Gifts and hospitality rules and register
- Pecuniary interest and conflict of interest regulations and register
- Code of Conduct
- Standing Orders
- Financial Regulations
- General Data Protection Regulations
- Procurement Policy

- 2.5.3 Providing for independent assurance over fraud risk by the internal auditor and external accountants.
- 2.5.4 Where fraud and corruption has occurred as a result of existing procedures, arrangements will be made to ensure that the appropriate improvements are introduced in order to prevent a re-occurrence.
- 2.5.5 Fraud, corruption and theft are considered to be serious offences against the Council and employees will face investigation under the Council's Whistleblowing policy if there is an allegation that they have been involved in any of these activities.
- 2.5.6 Similarly any elected Member will face appropriate action under this policy if it is shown that they have been involved in fraud, corruption or theft against the Council or have acted otherwise illegally.
- 2.5.7 The Council will not seek to cover up cases of fraud and corruption and will seek to ensure where appropriate that the results of any external action taken, including prosecutions, are notified to the media.
- 2.5.8 In all proven cases where financial loss has occurred and it is in the public's interest to do so the Council will seek to recover such loss and will give consideration to publicising the fact.

### **3. Role of Elected Members**

- 3.1 As elected representatives, members of the Council have a duty on behalf of their electorate to protect the Council from all forms of fraud and corruption. This is reflected through the adoption of this Policy and compliance with the Code of Conduct for members, The Council's Standing Orders and other relevant legislation and policies as set out in 2.5.2 (above).
- 3.2 On taking office Members are required to sign to the effect that they have read and understood the Code of Conduct. The Code requires Members, inter alia, to declare and register interests and to register receipt of gifts and hospitality.

### **4. The Role of the Town Clerk and Managers**

- 4.1 The Town Clerk is responsible for the communication and implementation of this Policy and ensuring that employees are aware of the Council's Financial Regulations and Standing Orders, and that the relevant requirements of each are being met in the day to day conduct of Council business.
- 4.2 Managers are expected to strive to create an environment in which employees feel able to approach them with any concerns they may have regarding

suspected irregularities. All such concerns must be passed to the Town Clerk or Town Mayor in accordance with the Council's Whistleblowing Policy.

- 4.3 The Council is aware of the responsibilities of staff handling cash, particularly within the Watermark and ensure that adequate financial controls are in place and adhered to in order to protect those employees.
- 4.4 The Council recognizes that a key preventative measure in dealing with fraud and corruption is ensuring that effective steps are taken at the recruitment stage to establish as far as possible, the honesty and integrity of potential employees whether for permanent, temporary or casual posts. This includes obtaining written references. In addition, Criminal Records Bureau checks will be made for employees should they be required to work with children or vulnerable people.

## **5. Employees**

- 5.1 The work of employees is governed by the Council's Standing Orders and Financial Regulations and other relevant policies, i.e. Health and Safety etc. and those set out in 2.5.2 (above).
- 5.2 In addition to the above, employees are responsible for ensuring that they follow the instructions given to them by their Manager including directions on the safekeeping of the Council's assets.
- 5.3 Employees are bound by section 117 of the Local Government Act 1972 regarding the disclosure of pecuniary interests in contracts relating to the Town Council, and the non-acceptance of any fees or rewards whatsoever other than their proper remuneration.
- 5.4 Employees are expected to be aware of the possibility that fraud, corruption and theft may occur in the workplace and consequently must feel able to share their concerns in accordance with the Council's Whistleblowing Policy.

## **6. Conflicts of Interest**

Elected Members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Effective role separation will ensure that decisions made are seen to be made based on impartial advice and therefore avoid questions regarding improper disclosure of confidential information.

## **7. Role of Internal Audit**

The Town Clerk is responsible for ensuring that there is an adequate and effective system of internal audit of the Council's accounting, financial and other systems in accordance with the relevant Accounts and Audit Regulations.

Internal audit plays a significant preventative role in ensuring that the relevant systems deter fraud and corruption and will work with management to identify any procedural changes necessary to prevent the Council from exposure to losses. The actions of the internal audit include the undertaking of a number of specific reviews and tests of the relevant financial systems and other arrangements for the protection and detection of fraud.

## **8. Role of External Audit**

The external auditor has a responsibility to review the Council's arrangements for preventing and detecting irregularities, and arrangements designed to limit the opportunity for corrupt practices. The outcome of these reviews is reported each year in the Annual Audit Letter which is presented to elected Members by the external auditor.

## **9. Investigation and Detection**

- 9.1 Systems of internal control have been established together with Financial Regulations, Standing Orders and other policies to deter fraud and corruption. These are complemented by the work undertaken by Internal Audit in the review of systems and financial controls.
- 9.2 In addition it is often the vigilance of employees, elected Members and members of the public that aids detection. Employees are to be encouraged to raise any concerns they may have without fear of recrimination and the Council's Whistleblowing procedures have been designed specifically to address this matter.
- 9.3 If an employee makes an allegation of fraud, corruption or theft in good faith which is not confirmed in an ensuing allegation no action will be taken against that employee. However, if an employee makes malicious or vexatious allegations disciplinary action may follow.
- 9.4 Frauds are in some cases discovered by chance or 'tip-off' and the Council's policy is to follow up any such information
- 9.5 The Council recognizes that it is essential that there is a consistent treatment of information received suggesting the possibility of fraud, corruption or theft and that the actions laid out in the Whistleblowing policy are adhered to
- 9.6 Following the completion of an investigation, the circumstances will be assessed to determine the need for procedural and system changes to ensure that future risks are eliminated.

9.7 Where necessary, following an investigation, the Council's disciplinary procedures will be applied to any employee found to be guilty of improper behaviour.

## **10. Awareness and Training**

10.1 The Council recognizes that the sustained success of this policy and its general credibility will depend upon the effectiveness of its training programmes and awareness on the part of Members and employees throughout the organization

10.2 Employees will be made aware of their responsibilities and the procedures to be followed for the safekeeping of the Council's assets and will be advised that failure to adhere to the specified procedures may lead to disciplinary action being taken.

## **11. Conclusion**

The Council has put in place systems and procedures to assist in the prevention and detection of fraud and corruption. The Council is determined to ensure that these arrangements will keep pace with future developments in prevention and detection techniques regarding fraudulent or corrupt activity that may affect its operations

The Town Clerk, who is also the Responsible Finance Officer, has day to day responsibility for the successful operation of the relevant systems supported by internal and external audit and will ensure that this policy is reviewed annually in order to be satisfied that the Council's exposure to potential fraud and corruption is minimised.

## **APPENDIX 1**

### **The General Principles of Public Life including the Nolan Principles:**

#### **1. Selflessness**

Holders of public office should act solely in terms of the public interest.

#### **2. Integrity**

Holders of public office 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**

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

#### **4. Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

#### **5. Openness**

Holders of public office 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 doing so.

#### **6. Honesty**

Holders of public office should be truthful.

#### **7. Leadership**

Holders of public office 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.

Cllr Phillip Dredge  
06.01.20 Revised 15.01.21