



**MALVERN TOWN COUNCIL**

# **ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY**

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## MALVERN TOWN COUNCIL

### ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY

#### 1. Principles

- 1.1. Malvern Town Council (hereafter known as 'the Council') has a duty to protect the public funds under its control against fraud, bribery and corruption, both from within the Council and from external sources. This Policy is part of the Council's commitment to protect public funds.
- 1.2. The Council seeks firstly to prevent fraud, bribery and corruption, but will take all action necessary to identify these acts if suspected and take appropriate action against those responsible.
- 1.3. The Council promotes a culture of honesty, transparency and fairness and is committed to sound corporate governance. It is essential that elected members, employees and volunteers conduct themselves in accordance with the principles laid down by The Relevant Authorities (General Principles) Order 2001, as set out in Appendix 1, during their term of office or employment with the Town Council. Members should also follow the terms of the Code of Conduct.
- 1.4. The Town Council will not tolerate fraud and corruption in the administration of its responsibilities and, as it requires external suppliers, contractors and service providers also to act with integrity, will deal equally with offenders whether from inside or outside the Town Council. The Council takes a 'zero tolerance' stance on any form of fraud, bribery or corruption.
- 1.5. Throughout this policy the term 'Fraud' is used generically and includes bribery, theft and corruption.

#### 2. Definitions

- **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. The criminal act is the attempt to deceive, and attempted fraud is therefore treated as seriously as accomplished fraud.
- **Theft** is dishonestly acquiring, using or disposing of funds, physical or intellectual property belonging to the Council or to individual members of the organisation. Deliberately misusing materials or equipment belonging to the Council for financial or material benefit.

- **Bribery** is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.
- **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 hereby defined to also include the deliberate failure to disclose an interest to obtain a financial or other pecuniary gain for oneself or another.

### 3. Culture

- 3.1. 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. 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 reoccurrence.

### 4. Prevention

#### Role of Elected Members

- 4.1. 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, Financial Regulations and other relevant legislation. 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.

#### Role of Employees

- 4.2. 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. The Council is expected to strive to create an environment in which employees feel able to approach them with any concerns they may have regarding suspected irregularities.

- 4.3. 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. 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.
- 4.4. Special arrangements will apply where employees are responsible for cash handling or are responsible for financial systems and systems that generate payments. Checks are carried out on a regular basis to ensure that adequate financial controls are in place and adhered to in order to protect those employees.
- 4.5. The Council recognises 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.
- 4.6. This includes obtaining written references. In addition, appropriate checks will be made for employees should they be required to work with children or vulnerable people.

#### Conflicts of Interest

- 4.7. 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.

#### Role of Internal Audit

- 4.8. The Town Clerk and Responsible Financial Officer are 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 will work with management to identify the procedural changes necessary to prevent the Council from exposure to losses. Internal audit will also investigate cases of suspected irregularity or fraud. 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.
- 4.9. The Town Council has an internal audit committee which undertakes an annual programme of work. It also employs an independent and competent person as the "appointed internal auditor" to carry out internal audit duties as part of the Annual Return.

## Role of External Audit

- 4.10. The external auditor has a responsibility to review the Council's arrangements for preventing and detecting any 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.

## **5. Deterrence**

- 5.1. Fraud, bribery and corruption are serious offences against the Council and will be regarded as gross misconduct. Employees will face disciplinary action if there is evidence that they have been knowingly or recklessly involved in these activities. Disciplinary action will be taken in addition to, or instead of, criminal proceedings depending on the circumstances of each individual case, but in a consistent manner.
- 5.2. Members will face appropriate action under this Policy if they are found to have been involved in fraud against the Council. Action will be taken in addition to, or instead of, criminal proceedings, depending on the circumstances of each individual case, but in a consistent manner. If the matter is a breach of the Code of Conduct for Members, then it will also be referred to the Monitoring Officer, which has the option of referring the matter to the Standards Board for England (a government body established to help maintain high standards in local democracy). 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. 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.

## **6. Investigation and Detection**

- 6.1. Systems of internal control have been established together with Financial Regulations and Standing Orders to deter fraud and corruption. These are complemented by the work undertaken by Internal Audit in the review of systems and financial controls.
- 6.2. 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.
- 6.3. If an employee makes an allegation of fraud, corruption or theft in good faith which is not confirmed in an ensuing investigation no action will be taken against that employee. However, if an employee makes malicious or vexatious allegations disciplinary action may follow. Frauds are in some cases discovered by chance or 'tip-off' and the Council's policy is to follow up any such information. The Council recognises that it is essential that there

is a consistent treatment of information received suggesting the possibility of fraud, corruption, or theft.

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

### **Awareness and Training**

- 6.5. The Council recognises 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 organisation. 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.

## **7. Review and action**

- 7.1. The Council recognises that it is important to review this policy regularly to ensure that it reflects up to date legislation and best practice.
- 7.2. A review of the Anti-fraud, Bribery and Corruption Policy will be carried out at least once every council term as a minimum and any necessary actions taken.

## **APPENDIX 1 to Anti-Fraud, Bribery and Corruption Policy**

### **The General Principles of the Order**

#### Selflessness

Members should serve the public interest and should never improperly confer an advantage or disadvantage on any person.

#### Honesty and Integrity

Members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.

#### Objectivity

Members should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.

#### Accountability

Members should be accountable to the public for their actions and the manner in which they carry out their responsibilities and should co-operate fully and honestly with any scrutiny appropriate to their particular office.

#### Openness

Members should be as open as possible about their actions and those of their authority and should be prepared to give reasons for those actions.

#### Personal Judgement

Members should take account of the views of others but should reach their own conclusions on the issues before them and should act in accordance with those conclusions.

#### Respect for Others

Members should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation, or gender disability. They should respect the impartiality and integrity of the authority's statutory officers and its other employees.

#### Duty to uphold the law

Members should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.

#### Stewardship

Members should do whatever they are able to do to ensure that their authority uses its resources prudently and in accordance with the law.

## Leadership

Members should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.