

**Document 6.10**

**ANTI CORRUPTION POLICY**

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## **INTRODUCTION**

In administering its responsibilities, the Council is set against fraud and corruption, whether it is attempted on the Council from outside or inside sources, and is committed to an anti fraud and anti corruption strategy designed to maximise prevention, promote detection and identify a clear pathway for investigation and action.

Council Tax payers have the right to expect the highest possible standards of honesty and integrity from the Council, its Officers and the individual Members and to expect actions of these persons to be free from fraud and corruption. Equally, the Council expects all individuals and organisations with which it conducts business to act with integrity and without thought or action involving fraud and corruption.

Like all local authorities, Hertford Town Council operates within a statutory framework that governs the behaviour of elected members and officers, in addition to which it has a well established framework of guidance laid down in its Financial Regulations, Standing Orders and the Code of Conduct for Members.

The aim of this document is, therefore, a policy statement of the Council's strategy for combating and dealing with fraud and corruption both within and against the Council. The policy is presented in six areas as follow:

- Section 1 – Statement of Intent
- Section 2 -Culture
- Section 3 -Prevention
- Section 4 -Deterrence
- Section 5 – Detection and Investigation
- Section 6 – Awareness and Training

### **1. Statement of Intent**

- 1.1 In carrying out its functions and responsibilities the Town Council will promote a culture of honesty, openness and fairness and requires elected members and employees at all levels to conduct themselves in accordance with the principles contained in Code of Conduct throughout their term of office and employment with the Town Council. The principles contained in the Code are detailed in Appendix 'A'. Consequently, the Town Council recognises and accepts the need for an Anti-Fraud and Corruption Policy.

The Town Council will not tolerate fraud and corruption in the administration of its responsibilities and will deal equally with offenders whether from inside or outside the Town Council.

- 1.2 Fraud and corruption are defined as follows:

Fraud is the intentional distortion of financial statements, accounts or other records by persons internal 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, giving, soliciting or acceptance of an inducement or reward that may influence the action of any person to act against the interests of an organisation.

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

This policy identifies a series of measures designed to frustrate any attempted fraudulent or corrupt acts and the steps to be taken if such action occurs.

## 2. **Culture**

- 2.1 The Town Council promotes a culture of honesty, openness and fairness that 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 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.

- 2.2 The Town Council will ensure that any allegations received will be taken seriously and investigated in an appropriate manner. Those who defraud the Town Council, who are corrupt, or who instigate financial malpractice will be dealt with firmly. There is however a need to ensure that any investigation process is not misused and, therefore any abuse may, where appropriate, be dealt with as a disciplinary matter.
- 2.3 Where fraud and corruption has occurred due to a breakdown in systems or procedures, arrangements will be made to ensure that the appropriate improvements in systems of control are implemented to prevent a re-occurrence.

## 3. **Prevention**

- 3.1 Role of Members

As elected representatives, all 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.

When they take 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. In addition, Members are given the opportunity to attend periodic update sessions on matters of conduct and standards provided by the District Council's Monitoring Officer.

### 3.2 **Role of Managers and Employees**

#### 3.2.1 Managers

Managers are responsible for the communication and implementation of this policy in their respective work areas. They are also responsible for ensuring that their 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.

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 communicated by managers to the Town Clerk.

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 by the Finance Manager to ensure that proper procedures are being followed.

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. The Council has a recruitment procedure, which contains appropriate safeguards on matters such as written references and verification of qualifications held. In addition, where appropriate the relevant Criminal Records Bureau checks will be undertaken for employees who will be required to work with children or vulnerable people.

#### 3.2.2 Officers

The work of officers is governed by the Council's Standing Orders, Financial Regulations, and other relevant policies i.e. Health and Safety etc.

In addition to the above officers are responsible for ensuring that they follow the instructions given to them by their manager particularly with regard to the safekeeping of the Council's assets.

Officers 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 with management. Concerns must be raised in the first instance directly with their immediate supervisor.

### 3.3 Conflicts of Interest

Members and officers 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 based on impartial advice and therefore avoid questions regarding improper disclosure of confidential information. The Council has produced a Protocol on Member/Officer Relations that provides advice on this related issue.

### 3.4 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 provisions of the relevant Accounts and Audit Regulations. Internal audit plays a preventative role in ensuring that the relevant systems deter fraud and corruption 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 Town Clerk will ensure that the results of the Internal Audit are presented to Council regularly and that a review of the effectiveness of the audit is carried out periodically (at least every three years)

### 3.5 Role of External Audit

The external auditor has a responsibility to review the Council's arrangements for preventing and detecting fraud and irregularities and arrangements designed to limit the opportunity for corrupt practices. This responsibility is satisfied by undertaking a number of specific reviews and test of the relevant financial systems and other arrangements for the protection and detection of fraud. The outcomes of these reviews and tests are reported each year in the Annual Audit report, which is presented to Members by the external auditor.

## 4. **Deterrence**

- 4.1 Fraud, corruption and theft are considered serious offences against the Council and officers will face a disciplinary investigation if there is an allegation that they have been involved in any of these activities. Where necessary, disciplinary action will be taken in addition to, or instead of,

criminal proceedings depending on circumstances of each individual case.

- 4.2 Similarly any Member will face appropriate action, such as referral to the police and/or Monitoring Officer, under this policy if it is shown that they have been involved in fraud, corruption or theft against the Council or have otherwise acted illegally.
- 4.3 The Council will not seek to cover up cases of fraud and corruption but conversely will try to ensure that the results of any action taken, including prosecutions, are notified to the media.
- 4.4 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 consider publicising the fact.
- 4.5 All anti-fraud and corruption activities, including the adoption of this policy, will be publicised to make officers and the public aware of the Council's commitment to taking appropriate action on fraud and corruption when it occurs.

## 5. **Detection and Investigation**

- 5.1 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.
- 5.2 In addition it is often the vigilance of officers and members of the public that aids detection. Officers are encouraged to raise their concerns without the fear of recrimination and the Council's Whistleblowing procedure has been designed specifically to address this matter.
- 5.3 Frauds are, in some cases, discovered by chance or 'tip-off' and arrangements are in place to enable such information to be properly dealt with.
- 5.4 All suspected irregularities should be reported directly, or via an intermediary, to the Town Clerk. This is essential to ensure the consistent treatment of information regarding fraud and corruption and will facilitate a proper and thorough investigation. Where the concern raised relates to the Town Clerk, the matter should be reported to the Mayor and/or the Leader of the Council.
- 5.5 Investigations will normally be conducted by the Council's internal audit and reported to the Town Clerk who will determine whether referral to the Police is appropriate. The outcome of all investigations where loss has been suffered will be reported to the Council's external auditor. In all

cases, whether referred or not, the results of the internal auditor's report will be presented to the Council.

- 5.6 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.
- 5.7 Where necessary, following the investigation, the Council's disciplinary procedures will be applied to any employee found to be guilty of improper behaviour.

6. **Awareness and Training**

- 6.1 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 elected Members and officers throughout the organisation.
- 6.2 Officers will be made aware of their responsibilities and the procedures to be followed for the safekeeping of Council's assets and will be advised that failure to adhere to the specified procedures may lead to disciplinary action being taken.

7. **Conclusion**

The Council has in place a network of 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 has day to day responsibility for the successful operations of the relevant systems supported by internal and external audit and will ensure that this policy is reviewed annually in order to satisfied that the Council's exposure to potential fraud and corruption is minimised

## **Appendix 'A'**

### **THE GENERAL PRINCIPLES**

#### **Selflessness**

Members should only 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, including their political groups, but should reach their own conclusions on the issues before them and 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 authorities use their 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.

