

# ***Calne Town Council***

## **FRAUD AND ETHICS POLICY**

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**1. INTRODUCTION**

- 1.1 This strategy has been developed in response to the acknowledged need to formalise procedures regarding corporate governance.
- 1.2 Calne Town Council, its councillors and employees, are committed to the highest standards of personal and corporate ethics and compliance with laws and regulations. Integrity and effort are valued, not just in financial performance, in all dealings with staff, customers and suppliers. The objective is to be open and honest in all dealings, internal and external.
- 1.3 This policy applies at every level regardless of seniority. Non-compliance is considered to be a disciplinary offence and would be dealt with accordingly.
- 1.4 The Council has adopted the Model Code of Conduct and is committed to sound corporate governance. It supports the Nolan Committee's "Seven principles of Public Life" for the conduct of Council Members and employees, namely:
- Selflessness;  
Integrity;  
Objectivity;  
Accountability;  
Openness;  
Honesty; and  
Leadership
- 1.5 This Fraud and Ethics Policy is designed to encompass all of these areas as well as protect the Town Council against fraud and corruption both from within the Town Council and from outside. The Town Council is committed to an effective Fraud and Ethics Policy designed to:
- Encourage prevention;  
Promote detection; and  
Identify a clear pathway for investigation
- 1.6 The Town Council expects Members and employees at all levels to lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

- 1.7 The Town Council also expects that individuals and organisations (e.g. suppliers, contractors and service providers) that it comes into contact with, will act with integrity and without thought or actions involving fraud or corruption.
- 1.8 This Fraud and Ethics Policy is based upon a series of procedures designed to frustrate any attempted fraudulent or corrupt act. These cover:

Culture;  
Prevention;  
Detection and investigation; and  
Training

## **2. CULTURE**

- 2.1 The Town Council is determined that the culture and tone of the organisation is one of honesty and integrity and opposition to fraud and corruption.
- 2.2 There is an expectation and requirement that all individuals and organisations associated in what ever way with the Town Council will act with integrity, and that Town Council employees at all times will lead by example in these matters.
- 2.3 The Town Council 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 associated with the Town Council's activity.
- 2.4 They can do this in the knowledge that such concerns will be treated in confidence and will be properly investigated. Reporting should be through one of the persons listed>

Town Clerk  
Responsible Financial Officer  
Deputy Town Clerk  
Internal Auditor  
External Audit

Members of the public and third parties are also encouraged to report concerns.

- 2.5 The Town Clerk will be responsible for following up any allegation of fraud or corruption received and will do so through clearly defined procedures set out in this document.
- 2.6 The Town Clerk is expected to deal swiftly and firmly with those who defraud or are corrupt. The Town Council, including Members, will be robust in dealing with financial malpractice.

- 2.7 There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as raising unfounded malicious allegations) may be dealt with as a disciplinary matter.
- 2.8 The Town Council has introduced a formal “Whistleblowing Policy”, which will improve the system in terms of procedures relating to the reporting of such concerns. This will be designed to reassure individuals that they will not suffer repercussions, and indeed will be encouraged to voice their legitimate concerns. Where a report is made in good faith, the employee making the report is protected in law by the Public Interest Disclosure Act 1998. The “Whistleblowing Policy” is attached at Appendix B.

### **3. PREVENTION**

- 3.1 Prevention will be achieved via:

Staffing policies  
Making Members aware of their responsibilities  
Internal control systems  
Working in partnership

#### **3.2 Employees**

- 3.2.1 As an employer, the Town Council is entitled to expect, and obliged to maintain, high standards of conduct among its employees to ensure that public confidence in their integrity and impartiality is not undermined. The public is entitled to demand conduct of the highest standard and that employees work honestly and without bias in order to achieve the Town Council’s objectives. Employees are expected to maintain the duty of confidentiality. Information obtained in the course of their duties should not be disclosed to a third party, and should not be used for the employee’s own benefit or that of others.
- 3.2.2 The 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 propriety and integrity of potential employees. In this regard temporary and contract employees are treated in the same manner as permanent employees.
- 3.2.3 The Town Clerk should ensure that recruitment procedures are followed and, in particular, written references must be obtained regarding the known honesty and integrity of potential employees before employment commences. Where the post so demands, appropriate Criminal Records Bureau (CRB) clearance must be obtained.

3.2.4 Employees of the Town Council will be expected to follow the Town Council's Officer's Code of Conduct.

### 3.3 Councillors

3.3.1 Councillors are expected to operate honestly and without bias. Their conduct is governed by:

National Code of Local Government Conduct  
Sections 94-96 of the Local Government Act, 1972  
Local Authorities Members' Interests Regulations, 1992  
Calne Town Council's Standing Orders  
Calne Town Council's Financial Regulations

3.3.2 These matters and other guidance are specifically brought to the attention of Councillors. Councillors are specifically required under the Model Code of Conduct to be alert to and have regard for the need to register potential areas of conflict between Town Councillors' duties and responsibilities, and any other areas of their personal, or professional lives.

3.3.3 These codes and regulations are subject to review, Councillors will be closely involved in the process, and will be fully advised as to their responsibilities.

### 3.4 Internal Control System

3.4.1 The internal control system comprises the whole network of financial, operation and managerial systems established within the Town Council to ensure that its objectives are achieved in the most economic and efficient manner. The Financial Regulations of the Town Council provide the framework for financial control. Under Financial Regulations, the RFO is required to ensure that:

- Arrangements, guidelines and procedures for the proper administration of financial affairs are operated in accordance with Financial Regulations.
- The Town Clerk to be informed where there has been a failure to comply with Financial Regulations, or where amendment or revision of a regulation is considered necessary.
- The Town Clerk to be informed as soon as possible of any matters involving, or suspected of involving, irregularity in the use of Town Council resources or assets.

3.4.2 The Town Council has developed, and is committed to continuing with, systems and procedures which incorporate efficient and effective internal controls. The existence, appropriateness and effectiveness of these internal controls are independently monitored by the Town Council's independent Internal Auditor.

### 3.5 Working in Partnership

3.5.1 Calne Town Council encourages the exchange of information between the Town Council and other agencies on national and local fraud corruption activity.

3.2 With the rapid increase in recent years of frauds perpetrated against a variety of local authorities and benefit agencies, usually involving fraudsters having multiple identities and addresses, the necessity to liaise between organisations has become paramount. The Town Council has existing liaison arrangements with:

- Police
- Internal Auditor
- External Auditor

## 4. DETECTION AND INVESTIGATION

4.1 When fraud and corruption occur, systems should assist in revealing the occurrences, and people should be encouraged to do likewise. They must then be investigated in a fair and impartial manner.

4.2 At Appendix A, we set out guidance on the processes for employees who wish to notify suspicions and how the Council's officers should respond.

### 4.3 Detection

4.3.1 The array of preventative systems, particularly internal control systems and Audit, within the Town Council generally should be sufficient in themselves to deter fraud, but they have also been designed to provide indications of any fraudulent activity.

4.3.2 It is often the alertness of employees and 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 process.

4.3.3 Despite the best efforts of managers and auditors, many frauds are discovered by chance or "tip off", and the Town Council has developed a "whistle-blowing" policy to formalise such arrangements to enable such information to be properly dealt with and this is attached at Appendix B.

### 4.4 Investigation

4.4.1 Depending on the nature and the anticipated extent of the allegations, the Internal Auditor will normally work closely with the Town Clerk and other agencies, such as the Police, to ensure that all the allegations are properly investigated and reported and where appropriate, maximum recoveries are made

for the Town Council. The follow up of any allegation of fraud and corruption received will be through agreed procedures, which ensure that:

- Matters are dealt with promptly;
- All evidence is reported;
- Evidence is sound and adequately supported;
- All evidence is securely held;
- Where appropriate, the Police and the Town Council's Insurers are informed;
- The Town Council's Disciplinary Procedures are implemented
- The rules of natural justice are incorporated

4.4.2 The procedures and reporting lines are an integral part of the Town Council's Fraud Policy which ensures:

- Consistent treatment of information about fraud and corruption;
- Proper investigation;
- Restitution or compensation;
- The optimum protection of the Town Council's interests.

4.4.3 Where financial impropriety is discovered, referral to the Police is a matter for the Town Clerk. In deciding whether to recommend referral, the following factors are 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;
- How strong the evidence is.

4.4.4 The Town Council's Disciplinary Procedure will be used as appropriate, irrespective of Police involvement or not.

## **5. TRAINING**

5.1 The Town Council recognises that the continuing success of its Fraud and Ethics Policy and its general credibility, will depend largely upon the effectiveness of its training programmes and the responsiveness of employees throughout the organisation.

5.2 To facilitate this, the Town Council supports the concept of induction training and continuous personal development training (particularly for employees involved in internal control systems) to ensure that their responsibilities and duties are regularly highlighted and reinforced.

5.3 The Town Council has in place a Disciplinary Procedure for all categories of its employees who are fully aware of the consequences of disregarding it.

## **6. CONTINUOUS REVIEW OF STRATEGY**

- 6.1 The 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 deduction techniques regarding fraudulent or corporate activity that may affect its operation.
- 6.2 The Council will maintain a continuous review of such arrangements through the Town Clerk, Members, Internal and External Auditors, and will update the arrangements as required.