CHILTON TOWN COUNCIL

ANTI FRAUD & CORRUPTION POLICY

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1.0 Introduction and Executive Summary of the Policy

1.1 Chilton Town Council is governed and served by the dedicated and hardworking members and officers who consistently demonstrate high levels of integrity and honesty.

1.2 However, the Town Council is aware there remains a risk of fraud and corruption, and recognises its key responsibilities to properly look after and account for public money. As such it is important the Council has in place an effective Anti-Fraud and Corruption Policy.

1.3 The Council has a gross budget of over £250,000 a year and employs 4 staff. The Council also manages property investments and other assets.

1.4 Fraud and corruption cheats the local tax payer and undermines the Council's aim of providing value for money services to the local community in an open, honest and accountable way.

1.5 The Council is therefore determined to protect itself from the risk of fraud and corruption both from within and outside the organisation and as such this policy advocates a zero tolerance approach.

1.6 This policy has been designed in a way that encourages the prevention and deterrence of fraud in the first place, whilst also promoting detection where fraud does occur. Its aim is to make it absolutely clear that the Council will not tolerate fraud.

1.7 The Council encourages anyone with a possible concern regarding fraud to report the matter immediately so that the Council can investigate. Where any instances of fraud or corruption are discovered, the Council will take all action as is necessary to hold the perpetrators to account and reduce losses to an absolute minimum.

1.8 As such, the Council has a responsibility for promoting a culture of good governance and must put in place measures and earmark resources to help prevent fraud corruption and other irregularities and promptly identify potential instances for investigation.

1.9 The Anti-Fraud and Corruption Policy therefore sets out in more detail the Council's framework for the prevention and detection of fraud and corruption, and the procedures for the reporting and investigation of any occurrences of fraud and corruption.

1.10 All members and Officers, including temporary and agency staff, must comply with the requirements of the Anti-Fraud Corruption Policy.

1.11 In conjunction with this policy, the Council also requires all Members and Officers of the Council to conduct themselves in accordance with the Members and Officers Codes of Conduct.

1.12 The work of all Members and Officers of the Council is also governed by all relevant legal and statutory requirements, as well as the Council's approved Financial Regulations and Standing Orders, and all other relevant policies of the Council.

1.13 Responsibility for the implementation and monitoring of this policy lies with Town Clerk / Responsible Financial Officer assisted by the Internal Auditor, who will ensure that the policy is properly followed, regularly reviewed and updated where relevant.

1.14 Individuals and organisations external to the Council such as service users, residents, consultants, suppliers, contractors and service providers, will also be expected to act with integrity in their dealings with the Council and with thought or actions involving fraud and corruption.

1.15 The Anti-Fraud and Corruption Policy is broken down into the following key sections:

- Definitions of Fraud and Corruption
- Anti-Fraud Culture
- Prevention of Fraud
- Deterrence of Fraud
- Detection of Fraud
- Reporting of Fraud
- Investigation of Fraud
- Prosecution
- Recovery of Losses
- Awareness and Training

2.0 Definitions of Fraud and Corruption

2.1 The Fraud Act 2006 describes fraud as the intention to make gain or cause loss under three main headings:-

- Fraud by false representation
- Fraud by failing to disclose information; and
- Fraud by abuse of position.

There are further subheadings of fraud described including possessions of articles for use in fraud, making or supplying articles for use in frauds, participating in fraudulent business, and obtaining services dishonestly.

2.2 Corruption is defined as the offering, giving, soliciting or acceptance of an inducement or reward, or showing any favour or disfavour which may influence any person to act improperly or the deliberate failure to disclose an interest in order to obtain a financial or other pecuniary gain for oneself or another.

2.3 The Bribery Act 2010 came into force on 1 July 2011. Bribery is defined in the Act “as giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward a person for having already done so, in order to gain personal, commercial, regulatory or contractual advantage”. Bribery is the most common form or corruption.

2.4 The following list provides some common examples of what constitutes fraud and corruption although the list is not exhaustive:-

- Intentional distortion of financial or other records;

- Theft of Council assets;
- Unauthorised use of public funds;
- Forgery or deliberate alterations of any document e.g. cheque;
- Destruction or removal or records;
- Falsifying of expense claims;
- Blackmail, conspiracy, concealment of material facts, collusion or disclosing confidential information to outside parties without authority for personal gain;
- Computer misuse;
- Misuse of intellectual property;
- Conduct which is offence or a breach of law;
- Disclosures related to miscarriage of justice;
- Health and safety risks, including risk to the public;
- Damage to the environment;
- Other unethical conduct;
- Unauthorised use of Council vehicles, equipment, tools, etc.

3.0 Anti-Fraud and Corruption Policy Statement

3.1 Chilton Town Council has adopted the following Anti-Fraud and Corruption Policy Statement:-

"It is the policy of the Council to promote a culture of honest, openness and fairness, which is committed to the prevention and detection of fraud and corruption; to ensure that all instances of fraud and corruption are investigated properly and thoroughly; and to actively pursue the appropriate level of disciplinary action".

3.2 This policy should be read in conjunction with the Council's approved Financial Regulations, which set out the overall framework for the proper management of the Council's financial affairs.

4.0 Links to Strategic Aims

4.1 This policy contributes to the Council's Strategic Aim: "To manage the Council's finance and assets in a responsible manner".

5.0 Aims of the Policy

5.1 The Anti- Fraud and Corruption Policy is designed to protect the Council against the risk of fraud and corruption either from within or outside the organisation.

5.2 The aims of the Anti-Fraud and Corruption Policy are as follows:-

- Promote a culture of honesty and integrity, and a zero tolerance approach to fraud and corruption;
- Encourage prevention and deterrence of fraud and corruption by ensuring openness, transparency and honesty in the provision of all services and the undertaking of Council business both internally and externally;
- Ensure effective systems of internal control including segregation of duties, financial procedures and sound management controls are in place to help to prevent fraud;

- Promote detection of fraud by ensuring compliance with internal control systems and financial procedures supported by regular monitoring and review by internal audit;
- Ensure formal reporting systems are in place and are being used to support and give confidence to members, employees, members of the public or third parties who may wish to raise concerns they have, associated with the Town Council's activity;
- Investigate thoroughly and effectively any allegation of fraud and corruption received;
- Identify a clear procedure for investigation that is understood and that will respond sensitively and efficiently to any concerns raised; and
- Set out the policy and procedure for the recovery of any losses associated with fraud.

6.0 Anti-Fraud and Corruption Culture

6.1 The Council is committed to promoting a culture of honesty, openness and fairness, and a zero tolerance approach to fraud and corruption.

6.2 This Anti-Fraud and Corruption Policy, supported by Members and Officers Codes of Conduct, the Financial Regulations and other relevant financial policies aim to promote a strong anti-fraud culture.

6.3 Members and Officers of the Council are encouraged to take responsibility of the prevention and detection of fraud and corruption and the proper use of public money and positively encouraged to raise any concerns regarding fraud and corruption in the knowledge that such concerns will be treated seriously and in strict confidence.

6.4 Those who defraud the Council, who are proven to be corrupt, or who instigate financial malpractice can except to be dealt with swiftly and firmly and with the appropriate level of disciplinary action.

6.5 Where fraud and corruption have occurred due to a breakdown in an element of this culture, internal audit arrangements are in place, to ensure that the appropriate improvements in policies, procedures or systems of internal control are implemented in order to prevent a reoccurrence, and ensure a lasting change in culture.

7.0 Prevention of Fraud and Corruption

7.1 Whilst absolute guarantees that fraud and corruption can or will be prevented, cannot be given, there are ranges of measures and internal controls in place already, which are designed to minimise this risk.

7.2 These can be broadly categorised into the following broad areas:-

- Employees obligations
- Member obligations
- Financial policies, internal control systems and internal audit
- Working with partners

Employee Obligations

7.3 The Council recognises that its employees are often the first line of defence in preventing fraud.

7.4 The Council is entitled to expect, and is obliged to maintain, high standards of conduct among its employees to ensure that public confidence in their integrity, honesty and impartially is not undermined.

7.5 The 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 previous record and integrity of all potential employees, including temporary and casual staff.

7.6 The Council will ensure that formal recruitment procedures are followed, and will obtain written reference in respect of all potential employees, ideally before employment offers are made.

7.7 Some posts, due to the nature of the work and the potential of working with vulnerable people may also require a Disclosure and Barring Service (DBS) before employment offers are made.

7.8 Job descriptions and person specifications will also be put in place for all employees that clearly define duties, responsibilities and lines of communication.

7.9 The Council will ensure that formal contracts of employment have been issued to all staff, setting our start dates, remuneration, hours of work, probationary periods, holidays, sickness rules, notice periods, pension information and reference to key employment policies.

7.10 All employees will also be required to work in accordance with the requirements of this policy, as well as the Councils Financial Regulations and Standing Orders, the Officers Code of Conduct and all other relevant policies of the Council.

7.11 The Council will ensure that all employees are aware of their responsibilities in relation to the prevention and deterrence of fraud and corruption and copies of this policy will be made available to all existing employees, and will also be distributed to all new employees during the induction process.

7.12 The staff induction process, staff meetings and the training and development programme will be used to remind employees of their obligations and keep them up to date with any changes.

7.13 Employees must comply with Section 117 of the Local Government Act 1972, regarding the disclosure of the financial interests in contracts relating to the Council, or the acceptance of any fees, gifts, hospitality or any other events other than proper remuneration.

7.14 The Bribery Act 2010 makes it an offence to request, agree to receive, or accept a bribe. It is also an offence to offer, promise or give a bribe.

7.15 The Officers' Code of Conduct sets the acceptable conduct for employees, with regard to personal interests and the receiving and giving of gifts and hospitality. Non-compliance by an employee may result in disciplinary action being taken.

7.16 The Council recognises that the responsiveness of employees is important to the prevention of fraud, and employees should therefore be alert to the possibility of fraud and report any concerns. The Council has a Whistleblowing Policy in place to assist employees in reporting their concerns about fraud or any other issues, without fear of harassment or victimisation.

7.17 The Council also has in place a Disciplinary Policy and Procedure for all employees. Those found to have breached the Officers' Code of Conduct will be dealt with in accordance with this policy. Where criminal activity is suspected or found, the matter will be referred to the police for investigation and possible prosecution, in accordance with the Fraud and Corruption Reporting and Investigation Procedure.

Members Obligations

7.18 All members are expected to operate honestly and without bias and their conduct should be governed by:-

- The Members' Code of Conduct
- Council Constitution, Standing Orders and Financial Regulations

7.19 These matters and any other appropriate requirements will be brought to the attention of members during the induction process, and supplemented by the Member Training Programme where necessary. This will include information and training on Council policies, expected levels of conduct, member and officer relations, declaration of interests, hospitality disclosures, and eligibility to allowances.

7.20 The Local Government Act 2000 requires all members to give written undertaking to comply with Members' Code of Conduct if they are to remain on the Council.

7.21 Copies of all relevant information such as policies are also provided to all new members as part of the members' information packs.

7.22 The Councils' committee structure includes a Policy and Resources Committee where issues such as policies and procedures, financial issues, performance management and service delivery issues will be regularly considered.

7.23 As part of the ongoing financial monitoring, the Council considers reports from the Council's Internal Auditor on the Council's system of internal control, and which would consider any reported issues of fraud.

7.24 Members will be specifically required to record their financial and other interests and record any receipt of offering of gifts of hospitality in accordance with the requirements set out in the Councils' Members Code of Conduct.

7.25 Members must also disclose any such interests in the matters under discussion at any meeting or Committee of the Council.

Financial Policies, Internal Control Systems and Internal Audit

7.26 The Responsible Financial Officer has a statutory responsibility under Section 151 of the Local Government Act 1972, to ensure proper arrangements are made for the management of the Council's financial affairs. In addition, under the Accounts and Audit (England) Regulations 2011, the Council is required to maintain an adequate and effective system of internal control and internal audit.

7.27 The Council's Financial Regulations provide the framework for the management of the Council's financial affairs and officers and members should act in accordance with the Financial Regulations at all times in managing and governing the Council.

7.28 Significant emphasis is also placed on the development, implementation of various financial policies, systems and procedures in support of the overall Financial Regulations and these are regularly reviewed to ensure they are up to date.

7.29 Taken together these financial policies help to ensure a high level of financial integrity across all of the Council's services and activities.

7.30 The Responsible Financial Officer, supported by the Internal Auditor and service managers are charged with the responsibility of ensuring that proper internal controls are in place within each service area and for reviewing regularly the effectiveness and appropriateness of such controls especially in relation to the deterrence and detection of fraud and the monitoring and control of high risk areas.

7.31 The adequacy and appropriateness of the Council's financial systems and controls are independently monitored and reviewed by both internal and external audit.

7.32 In order to ensure the effective use of the Council's internal audit resources, the Full Council's approves an Annual Internal Audit Plan setting out the planned audit activity for the year.

7.33 Quarterly reports are submitted to the Policy and Resources Committee on the progress of audit work and any weaknesses or issues requiring attention are highlighted. Action plans are put in place to ensure that any required improvements to internal controls are implemented if required.

7.34 Specific attention is drawn to the following key areas of internal control which will be regularly reviewed by the Internal Auditor:

- Segregation and rotation of duties;
- Effective management and supervision of staff;
- Handling and security of cash;
- Security of assets;
- Stock control and checking;
- Keeping of accounting and financial records;
- Regular reconciliation processes;
- Budget monitoring and control;
- Appropriate levels of delegated authority;
- Ordering of goods and tendering for contracts;
- Certification of purchase orders and expenditure; and
- Any other high risk areas identified by Internal Audit.

Working with Partners

7.35 The Council expects all individuals and organisations to act honestly in their dealings with it and may undertake relevant financial checks in support of the aim.

7.36 The Council works with a variety of organisations and these partnerships provide an essential element in preventing fraud and corruption through exchange of information, advice, training etc.

7.37 The Council will continue to liaise with numerous organisations including, but not restricted to:-

- Audit Commission and the External Auditor's;
- National Association of Local Councils (NALC);
- Society of Local Council Clerks (SLCC);
- Durham County Council;
- Other town and parish councils;
- Government departments such as HM Revenues and Customs and the Department for Work and Pensions;
- Professional associations such as the Chartered Institute for Public Finance and Accountancy (CIPFA);
- The public, business community and media; and
- Suppliers, contractors and service providers.

8.0 Deterrence of Fraud and Corruption

8.1 There are a number of ways in which the Council can deter the potential of fraudulent or corrupt acts being committed or attempted, whether they are inside or outside of the Town Council. These include:-

- Publicising this policy and promoting the message that the Town Council will not tolerate fraud, corruption or bribery;
- Acting quickly, efficiently, and decisively when fraud, corruption or bribery is suspected and proven;
- Taking action to recoup the maximum recoveries (including losses and costs) for the Council;
- Having in place sound internal control systems that minimise the potential risk for fraud, corruption and bribery;
- Regular and effective internal and external audit; and
- The Council's Confidential Reporting Policy;

8.2 It is the responsibility of service managers to communicate the existence of the Anti-Fraud and Corruption Policy to all employees to promote greater awareness out of the risk of fraud within their service areas, and to encourage any member of staff with a concern, to report the matter immediately.

9.0 Detection of Fraud and Corruption

9.1 The Council's systems of governance and financial management, as set out in the Constitution, Standing Orders and Financial Regulations, as well as the various supporting policies and procedures and the system of internal control, all help to ensure that

appropriate controls, reconciliations, and internal audit checks are in place to detect any indications of any actual fraudulent or corrupt activity.

9.2 It is the responsibility of the Town Clerk / Responsible Financial Officer to maintain good control systems and procedures, and to ensure that all employees comply with the instructions contained within them.

9.3 This should be supported by a system of supervision and management that ensures monitoring and control of staff and helps to identify any unplanned, unexpected or potentially fraudulent or corrupt activity.

9.4 The system of internal control and the work of the Internal Auditor are a crucial part of the Council's fraud detection system.

9.5 Within the scope of their work, the Internal Auditor will endeavour to reveal serious defects in the internal controls which may lead to the perpetration of fraud, be alert to the possibility of malpractice, take nothing for granted, and be aware of the possible conclusion.

9.6 Therefore, when actual fraudulent or corrupt activity does occur, the systems of internal control and the work of the Internal Auditor should in the vast majority of cases, assist in revealing occurrences.

9.7 Having said that, the alertness of Councillors, employees and members of the public are also essential in the detection of any possible fraudulent activities, and it is often this alertness that enables detection to occur or provides evidence that fraud or corruption may be in progress.

9.8 As such, sometimes, despite the best efforts of managers and auditors, frauds are sometimes discovered by a chance remark or "tip off".

9.9 The Council has put in place a formal Fraud and Corruption Reporting and Investigation Procedure as part of this policy to enable such information to be reported and properly dealt with appendix 1 provides further details of this procedure.

9.10 In addition, the Council's Whistleblowing Policy and Complaints Policy and Procedure also encourages members, officers, and members of the public to raise any suspicions and concerns as and when they occur, and ensures that any concerns are dealt with confidentially, properly and promptly.

10.0 Reporting of Fraud and Corruption

10.1 As highlighted earlier, Council members and officers are an essential element in the Council's approach to preventing and detecting fraud and corruption, and are positively encouraged to raise any suspicions and concerns as and when they occur.

10.2 This policy requires the Council to ensure that any concerns that are reported are treated in strict confidence and properly investigated.

10.3 The Town Clerk will usually be the first contact for an employee to raise a concern, but if further investigation is deemed necessary, other agencies may need to become involved, including the:

- Internal Auditor; and
- External Auditor

10.4 The Town Clerk will be responsible for following up an allegation of fraud or corruption received and will do so through a clearly defined fraud investigation procedure.

10.5 However, there is a need to ensure that any investigation process is fair and is not misused and, therefore, any abuse of this procedure, such as raising unfounded malicious or vexatious allegations, may be dealt with as a disciplinary matter.

10.6 The Anti-Fraud and Corruption Policy should be read alongside the Council's Public Interest Disclosure 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.

10.7 Members of the public are also welcome to report concerns, either as a formal complaint or by seeking or writing to any Officer or Councillor. The Council's Complaints Policy and Procedure applies in such cases.

10.8 Where a tip-off or concern is 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 or Internal Auditor.

10.9 A formal Fraud and Corruption Reporting and Investigation Procedure has been developed that provides guidance on the process to be followed when employees or members of the public report their concerns or suspicions. This procedure is attached in appendix 1.

11.0 Investigation of Fraud and Corruption

11.1 Depending on the nature and the anticipated extent of the allegations, the Town Clerk and Internal Auditor will normally work closely with management and other agencies, such as the police to ensure that all the allegations are properly investigated, reported and where appropriate, prosecution is secured and maximum recoveries are achieved.

11.2 The investigation of any allegation of fraud and corruption received either from a member, officer or member of the public will be undertaken through the agreed procedures of 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 that the Council's insurers and the police are informed;
- That the Council's disciplinary procedures are implemented where necessary.

12. Prosecution

12.1 Where financial impropriety is discovered, referral to the police is a matter for the Town Clerk in consultation with the Internal Auditor and the Chair of the Policy and Resources Committee.

12.2 In deciding whether to recommend referral to the police, the following factors will be taken into account;

- The amount of loss and duration of the offence;
- The suspects physical and mental condition
- Whether there has been a voluntary disclosure and arrangement made for reimbursement;
- How strong the evidence is.

12.3 The Town Council's Disciplinary Policy will be used as appropriate, irrespective of whether there is police involvement or not.

13. Recovery of Losses

13.1 The Council will seek to recover all losses incurred as a result of fraud and corruption from the individual(s) involved.

13.2 The Council's insurance policy does include employee dishonesty cover which provides cover against instances of fraud and corruption up to a value of £250,000 for all Members and Officers of the Council.

13.3 However, 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 other appropriate avenues of recovery have been explored and exhausted.

13.4 Potential claims under the insurance policy should still be notified to the Council's insurers as soon as possible following any loss. Full details of the case should also be provided, together with an indication of what recovery action is being attempted, and the likelihood of success.

13.5 If anyone under investigation for fraud offers money in settlement for losses to the Council, it should be made clear that any monies offered will only be accepted:

- Without prejudice to any other disciplinary action the Council may wish to take;
- That acceptance is only in respect of losses identified to date;
- That the Council reserves the right to see recovery of any further losses that may come to light in the future.

14. Training and Awareness

14.1 It is recognised that the success and credibility of the Anti-Fraud and Corruption Policy is dependent on how effectively it is communicated throughout the Council.

14.2 The Policy will be reported to the Policy and Resources Committee for approval every time it is updated, and will be published on the Council's website for the public and other stakeholders to view.

14.3 The Policy will also be made available to all members of staff through the One Drive and via the Policy Folder in reception. It will also be incorporated into the induction pack for new members of staff and Members.

14.4 The success and credibility of the policy will also be reliant upon the effectiveness of the Council's training and development programmes in ensuring that all staff are appropriately training to undertake their jobs effectively, understand their responsibilities and duties, and properly follow Council policies and procedures. This is particularly important for employees involved in internal control systems and the Internal Auditor.

14.5 The Council will aim to ensure that all officers are supported in their training and development needs, including the provision of appropriate induction training, access to relevant training opportunities, appraisals and the regular review of learning and development needs.

14.6 However, the possibility of disciplinary action will also be made clear to any officers who ignore training and procedures, or do not undertake their duties and responsibilities effectively.

15. Review of the Policy

15.1 It is considered that this Policy is relevant to the current requirements of the Council in relation to the prevention and detection of fraud and corruption and that the Council has in place a clear network of systems, internal controls and procedures to assist it in the prevention and detection of fraud and corruption.

15.2 However, it is important that these arrangements keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.

15.3 It is also recognised that the development of information technology progresses at speed. However, it is considered that the spirit of this policy would apply to any new and innovative technology or processes used as part of any fraud and corruption against the Council.

15.4 The Town Clerk will undertake an annual review of the Council's anti-fraud and corruption arrangements and will update the policy as required. Any amendments will be reported to the Policy and Resources Committee.

Appendix 1

Fraud and Corruption Reporting and Investigation Procedure

1. Introduction

1.1 Chilton Town Council operates a zero tolerance attitude to fraud and corruption. We positively encourage any Member, officer, employee or member of the public who has a concern, to report it immediately so that the Council can investigate the matter

1.2 This procedure sets out the process for reporting any suspicions of fraud and corruption and also explains how the Council will then respond and investigate.

1.3 This procedure should be read in conjunction with the Council's Whistleblowing Policy which sets out the process for confidentially reporting any other serious concerns about the Council without fear of harassment or victimisation.

1.4 The Whistleblowing Policy covers concerns such as breaches of the law, health and safety concerns, poor standards of service, breaches of Council polices, improper conduct, and physical or mental abuse, and is relevant in many ways to the reporting of concerns relating to fraud and corruption covered by this policy.

2. Actions Constituting Corruption Fraud

2.1 To help you determine whether your concern or suspicion may involve fraud or corruption, the following list provides some common examples of what constitutes fraud and corruption:

- Theft of Council property
- Unauthorised use of Council and public money
- Intentional distortion of financial or other records
- Forgery or deliberate alteration of any document e.g. a cheque
- Destruction or removal of records
- Falsifying of expense claims
- Blackmail, conspiracy, or collusion
- Concealment of material facts
- Disclosing confidential information to outside parties, without authority, for personal gain
- Computer misuse for personal gain
- Conduct which is an offence or a breach of the law
- Disclosures related to miscarriages of justice
- Other unethical conduct

2.2 However, fraud and corruption can constitute many types of unacceptable behaviour and the above list is not exhaustive. Therefore, if in doubt, please do not hesitate to raise your concern or suspicion using this procedure or the Whistleblowing Policy.

3. Reporting Suspected Fraud

3.1 Suspected fraud can be discovered in a number of ways but in all cases it is important that Members, officers and the general public feel able to confidentially report their concerns and are also aware of the means by which they are able to do so.

3.2 If a member of staff discovers a suspected fraud, then it must be reported, as a matter of urgency, either in person or in writing, to the Town Clerk. However, if for whatever reason, you do not feel able to report the matter to the Town Clerk, then you may report your suspicion, in confidence, the Chair of the Council.

3.3 If a Member of the Council or member of the public discovers a suspected fraud, then it must be reported, as a matter of urgency, either in person or in writing, directly to the Town Clerk, or Internal Auditor.

3.4 It is crucial that the notifying person does not feel threatened in any way in notifying the suspected fraud. As far as possible the Council undertakes to protect the identity of such persons and not to release the source of notification at any time during the subsequent investigation. At the appropriate time, however, you may need to come forward as a witness. Please refer to the Whistleblowing Policy for further details.

3.5 Whenever the Town Clerk receives a report of a suspected fraud they will aim to establish as many of the details and facts as possible, via discussion with the notifying member of staff. The Town Clerk, in conjunction with the Internal Auditor if required, will determine what further action needs to be taken.

3.6 The Town Clerk is ultimately responsible for all operations of the Council.

3.7 The Internal Auditor may also be contacted directly if you have concerns of a financial nature. If financial fraud is suspected, then Internal Auditor will be notified of the incident by the Town Clerk.

4. Investigation Process

4.1 Once fraud is suspected, it is crucial that any investigation is conducted in a professional and prompt manner aimed at ensuring that the current and future interests of both the Council and the suspected individual(s) are protected. The latter is equally important as a suspicion should not be seen as guilty until proved.

4.2 The Council's Internal Auditor is responsible for reviewing and reporting on the adequacy of the Council's internal systems, controls and procedures. As part of this responsibility, the Internal Auditor is also, therefore, the usual means of assisting in the investigation of cases of suspected fraud.

4.3 For each notified suspicion, the Town Clerk, the Internal Auditor, in consultation with the Chair of Resources Policy and Committee will co-ordinate the investigation, as the Fraud Investigation Group.

4.4 The above Fraud Investigation Group, in consultation with a qualified Human Resources Consultant if required, must initially assess whether there is a need for any employee to be suspended. Any such decision should be kept under review at all stages of the investigation.

4.5 The group will first identify an action plan for the management of the investigation i.e. what needs to be done, by whom, the timetable, the reporting process and the need to ensure that strict confidentiality is maintained at all times.

4.6 The Internal Auditor will usually carry out any further investigative work and evidence gathering on a day-to-day basis. The Internal Auditor will open a file to record chronologically:

- Telephone conversations
- Face to face discussions and interviews
- Evidence received and reviewed
- Records and documents reviewed
- Tests undertaken and results of those tests
- Conclusions of the investigation.

The file should be indexed and all details recorded no matter how insignificant they initially appear.

4.7 The Internal Auditor will ensure that the correct form of evidence is obtained and appropriately retained, witnessed and corroborated that may include:

- Prime documents
- Certified copies
- Physical items
- Secondary evidence
- Circumstantial evidence
- Hearsay

4.8 The Internal Auditor will also ensure that all interviews are conducted in the right manner and in particular that the requirements of the Police and Criminal Evidence Act are complied with when undertaking any interviews with suspects.

5. Liaison with External Audit and the Police External Audit

5.1 The Council's external auditors have a responsibility, by law, to review, in accordance with the Code of Audit Practice for Local Authorities in England and Wales, the arrangements made by the Council to prevent and detect fraud. The external auditors may also review the adequacy of measures taken by the Council to limit the possibility of corrupt practices.

5.2 As such the external auditor will investigate any concerns that are brought to their attention in respect of fraudulent or corrupt activity.

5.3 All local authorities have a duty to report all suspected frauds to its external auditors. This will be notified by the Town Clerk or the Internal Auditor at the earliest opportunity.

5.4 The police are the real experts at investigating fraud and they will also advise on the likely outcome of any intended prosecution.

5.5 Initial contact with the police should only be undertaken following consultation between the Town Clerk, or the Internal Auditor, and the Chair of the Policy and Resources Committee.

5.6 If the police decide a formal investigation is necessary, all employees should co-operate fully with any subsequent requests or recommendations. All contact with the police following

their initial involvement will usually be via the Town Clerk, although if the allegation is against the Town Clerk it should be the Deputy Town Clerk.

5.7 Where the police decide to formally investigate this will not prejudice any internal disciplinary procedures and these should continue as normal. However, the internal investigation and that of the police will be co-ordinated to make maximum use of resources and information.

6. Formal Reporting Investigations of Fraud

6.1 At the end of the investigation, a report should be produced which will set out the findings of the investigation, conclusions drawn from those findings, and will be the definitive document on which management (in a disciplinary situation) and possibly the police (in a criminal situation) will base their initial decisions.

6.2 The format of the final report will not always be the same as each case is unique, but will frequently set out the following information:

- How the investigation arose
- Who the suspects are
- The suspects' position in the Council
- How the investigation was undertaken
- The facts and evidence that were identified
- Summary of findings and recommendations
- Additional work required on system or internal control weaknesses identified during the investigation

6.3 All reports must be supported by the strongest evidence and avoid contents that could be considered to be defamatory in the event of the report being made public.

6.4 The Council will give staff as much feedback and information about the final outcome of the investigation as it properly can.

Please note, however, that it may not be able to give details about the precise action taken where this would infringe a duty of confidence owed by it to someone else, or where the case is subject to any legal constraints.