

FRAUD & MALPRACTICE POLICY STATEMENT

Background

1. Glapwell Parish Council has a commitment to high legal, ethical and moral standards. All members of staff are expected to share this commitment. This policy is established to facilitate the development of procedures, which will aid in the investigation of fraud and related offences.
2. The Parish Council already has procedures in place that reduce the likelihood of fraud occurring. These include documented procedures and systems of internal control and risk assessment management. In addition, the PC tries to ensure that a risk (and fraud) awareness culture exists in this organisation.
3. This document, together with the Fraud & Malpractice Response Plan is intended to provide direction and help to those staff who find themselves having to deal with suspected cases of theft, fraud or corruption. These documents give a framework for a response and advice and information on various aspects and implications of an investigation. These documents are not intended to provide direction on prevention of fraud.

Fraud Policy

4. This policy applies to any irregularity, or suspected irregularity, involving employees as well as consultants, vendors, contractors, and/or any other parties with a business relationship with this organisation. Any investigative activity required will be conducted without regard to any person's relationship to this organisation, position or length of service.
5. Fraud & malpractice comprises both the use of deception to obtain an unjust or illegal financial advantage and intentional misrepresentations affecting any aspect of company activity by one or more individuals among councilors, staff or third parties.
6. All councilors and staff have a duty to familiarise themselves with the types of improprieties that might be expected to occur within their areas of responsibility and to be alert for any indications or irregularity.

The Glapwell Parish Council Policy

7. The Parish Council is absolutely committed to maintaining an honest, open and well-intentioned atmosphere within the organisation. It is therefore also committed to the elimination of any fraud and/or malpractice.
8. The Parish Council wishes to encourage anyone having reasonable suspicions of fraud or malpractice to report them. Therefore, it is also the council's policy, which will be rigorously enforced, that no employee will suffer in any way as a result of reporting reasonably held suspicions.
9. All members of staff can therefore be confident that they will not suffer in any way as a result of reporting reasonably held suspicions of fraud or malpractice. For these purposes reasonably held 'suspicions' shall mean any suspicions other than those, which are raised maliciously and found to be groundless. The organisation will deal with all occurrences in accordance with the Public Interest Disclosure Act.

Fraud & Malpractice Response Plan

The following paragraphs summarizes the actions to be taken following the discovery of fraud & malpractice or suspected fraud/malpractice

1. PURPOSE OF THE FRAUD & MALPRACTICE PLAN

The purpose of this plan is to ensure that timely and effective action is taken in the event of fraud/malpractice. The plan acts and increases the chances of a successful investigation.

The plan defines authority levels, responsibilities for action, and escalation in the event of a suspected fraud or malpractice. The plan acts as a checklist of actions and a guide to follow in the event of fraud/malpractice being suspected. The plan is designed to enable The Glapwell Parish Council to:

- a. prevent further loss
- b. establish and secure evidence necessary for criminal and/or disciplinary action
- c. notify the Parish Council immediately
- d. determine when and how to contact the police and establish Seniors of communication
- e. assign responsibility for investigating the incident
- f. minimise and recover losses
- g. review the reasons for the incident, the measures taken to prevent a recurrence, and determine any action needed to strengthen future responses to fraud or malpractice
- h. keep all personnel with a need to know suitably informed about the incident as the investigation develops
- i. help promote an anti-fraud culture by making it clear to employees and others that The Glapwell Parish Council will pursue all cases of fraud or malpractice vigorously taking appropriate legal and or disciplinary action in all cases where that is justified.

2. ACTION FOLLOWING DETECTION

When any member of staff suspects that a fraud has occurred, he/she must notify the Parish Clerk or Chair of the council immediately. Speed is of the essence and this initial report should be verbal and must be followed up within 24 hours by a written report which should cover:

- a. The amount/value if established.
- b. The position regarding recovery or company exposure.
- c. The period over which the irregularity occurred, if known.
- d. The date of discovery and how the suspected fraud/malpractice was discovered.
- e. The type of irregularity and what led to it i.e.:
 - was there a breakdown in the systems of internal control, or
 - Is there any inherent weakness in the system of internal control which allowed it to occur?
- f. Whether the person responsible has been identified.
- g. Whether any collusion with others is suspected.
- h. Details of any actions taken to date.
- i. Any other information or comments which might be useful

3. CONSULTATION

On verbal notification of a possible fraud the notified person immediately contacts his/her line manager. It is a matter for the Parish Council Finance Committee to decide whether there is prima facie evidence of fraud in which case the police should be notified immediately, normally by the Parish Clerk.

4. INITIAL ENQUIRIES

Before completing a report above it may be necessary for the Finance Committee to undertake an initial enquiry to ascertain the facts. This enquiry should be carried out as speedily as possible after suspicion has been aroused: **prompt action is essential**. The purpose of the initial enquiry is to confirm or repudiate, as far possible, the suspicions that have arisen so that, if necessary, disciplinary action including further and more detailed investigation (under internal disciplinary procedures and/or the police) may be instigated.

5. COUNCILORS' DUTY OF CARE

Councilors conducting initial enquiries must be conscious that internal disciplinary action and/or criminal prosecution may result. If such action is later taken then under proper procedure the member of staff concerned has a right to representation and may have the right to remain silent. Utmost care is therefore required from the outset in conducting enquiries and interviews.

In addition, in order to protect the Parish Council from further loss and destruction of evidence, it may be necessary to suspend the member of staff concerned immediately the allegation has been made or following the submission of the manager's initial verbal report. Specific advice should be sought from the full council before proceeding.

6. PROTECTION OF EVIDENCE

If the initial examination confirms the suspicion that a fraud or malpractice has been perpetrated, then to prevent the loss of evidence which may subsequently prove essential for disciplinary action or prosecution the council should:

- a. take steps to ensure that all original evidence is secured as soon as possible;
- b. be able to account for the security of the evidence at all times after it has been secured, including keeping a record of its movement and signatures of all persons to whom the evidence has been transferred. For this purpose, all items of evidence should be individually numbered and descriptively labeled;
- c. not alter or amend the evidence in any way;
- d. keep a note of when they came into possession of the evidence. This will be useful later if proceedings take place;
- e. remember that all memoranda relating to the investigation must be disclosed to the defense in the event of formal proceedings and so it is important to carefully consider what information needs to be recorded. Particular care must be taken with phrases such as "discrepancy" and "irregularity" when what is really meant is fraud or theft.

7. POLICE INVOLVEMENT

If the council is satisfied that there is prima facie evidence of fraud, then they must report the matter to the police. Consultation with the police at an early stage is beneficial allowing the police to examine the evidence available at that time and make decisions on whether there is sufficient evidence to support a criminal prosecution or if a police investigation is appropriate. Alternatively, the police may recommend that the council conducts further investigations and, generally, they will provide useful advice and guidance on how the case should be taken forward.