

Wimborne Minster Town Council Anti-Fraud and Corruption Policy

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1. Aim of Policy

- 1.1 Public trust and confidence in the way Wimborne Minster Town Council (the Town Council) conducts its business is vital in preserving its reputation as an organisation that operates with integrity and high standards as it strives to achieve its priorities.
- 1.2 Public confidence will be weakened if fraud and corruption occur and will be strengthened if positive action is taken to prevent, detect, and deal with fraudulent acts.
- 1.3 The purpose of this document is to:
 - highlight relevant legislation;
 - set out the Town Council's approach to countering fraud and corruption;
 - detail roles and responsibilities of employees and councillors, and
 - provide further detailed guidance for managers and employees.
- 1.4 This policy applies to:
 - any person who is currently employed, directly or indirectly by the Town Council;
 - elected or co-opted councillors, and
 - any other individual who undertakes activities on behalf of the Town Council including for example, volunteers, partners, contractors, etc.
- 1.5 Failure to comply with the procedures set out in this policy may lead to a criminal offence being committed and disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with the Town Council's Discipline Procedure.

2. Statement of commitment

The Town Clerk has primary responsibility for and is committed to developing, maintaining and implementing this Policy and the highest standard of corporate and financial governance and ethical behaviour throughout the Town Council's activities. The Town Council's Finance and Governance Committee is responsible for approving changes that affect any powers and / or responsibilities under this Policy.

The diverse nature of services provided by the Town Council means that there are many areas where we could be a target for fraud. The Town Council will aim to understand the main fraud and corruption risks we face and strive to ensure robust processes are in place to prevent fraud occurring in the first instance. We will also ensure that our counter-fraud measures continue to evolve to meet the changing challenges of potential fraudsters.

We recognise that fraud against the Town Council harms residents and taxpayers of Wimborne Minster and for that reason fraud and corruption will not be tolerated. We will deal openly and forcefully with councillors, employees, contractors, service

providers or the public who act dishonestly or with the intent to defraud the Town Council or our partners.

All councillors and employees have a personal responsibility to promote a culture of good governance by ensuring that effective measures are in place to prevent fraud, corruption and other irregularities and by promptly identifying and reporting potential instances for investigation.

3. Legislation and definitions

3.1 Fraud

The Chartered Institute of Public Finance defines fraud as “Any intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss”.

Please note, where this policy refers to ‘fraud’ this encompasses theft.

The Fraud Act 2006 created a general criminal offence of fraud and identified three main ways in which it can be committed:

- making false or misleading representations;
- failing to disclose to another person information which he/she is under a legal duty to disclose, and
- abuse of a position of trust.

3.2 Corruption

The Prevention of Corruption Act 1906 defines corruption as “offering, giving, soliciting or acceptance of an inducement or reward which may improperly influence the action of any person.”

3.3 Theft

The Theft Act 1968 defines theft as “a person is guilty of theft if they dishonestly appropriate property belonging to another with the intention of permanently depriving the other of it.”

3.4 Money laundering

Money Laundering is a process by which the illegal proceeds of crime are converted into assets which appear to have a legitimate origin so they can be retained permanently or recycled into further criminal enterprises.

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 require the Town Council to put in place best practice procedures and policies to prevent and protect their services from being used for potential money laundering activities (see Appendix C).

3.5 Bribery

The Bribery Act 2010 defines bribery as giving or receiving a financial or other advantage in connection with the "improper performance" of a position of trust, or a function that is expected to be performed impartially or in good faith (see Appendix D).

3.6 Whistleblowing

The Public Interest Disclosure Act 1998 aims to protect individuals who make certain disclosures of information in the public interest, to allow such individuals to bring action in respect of victimisation, and for connected purposes.

As the types of disclosures covered by the Public Interest Disclosure Act 1998 extend beyond fraud and corruption the Town Council maintains a separate Whistleblowing Policy.

3.7 Other relevant legislation

Please note there is other related fraud and corruption legislation not detailed here (e.g. Proceeds of Crime Act 2002).

4. The Town Council's responsibilities

The Town Council has a duty to make arrangements for the proper administration of their financial affairs and has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business. The Accounts and Audit Regulations (England) 2015 require the Town Council to have appropriate control measures in place to enable the prevention and detection of inaccuracies and fraud and we are committed to an effective anti-fraud approach designed to reduce losses by:

- acknowledging and understanding fraud risks faced;
- preventing fraud happening and detecting it when it does occur, and
- pursuing and punishing fraudsters and recovering losses.

All employees and councillors are expected to follow the 'Nolan' seven principles of public life which are the ethical standards expected of public office holders. The principles are: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Please see point 12 below for detailed roles and responsibilities in relation to fraud and corruption.

5. Fraud and corruption risks

The Town Council regularly reviews its exposure to the risk of fraud and corruption. Internal Audit supports the maintenance of a risk register of all Town Council fraud and corruption risks. The Town Clerk, as the Responsible Financial Officer (RFO), is responsible for ensuring that fraud and corruption risks are identified and appropriate mitigating actions are put in place.

All employees have a role in identifying and managing the risks of fraud and corruption within the Town Council. The risk of fraudulent or corrupt activity is assessed as part of the Town Council's overall risk management arrangements.

The Internal Audit process also provide specialist investigative resources to support management with some aspects of external fraud risks to the Town Council. Internal Auditors are also involved in a number of anti-fraud networks through which they are alerted to new and emerging risks.

6. Deterrence, prevention and detection

6.1 Deterrence

A strong anti-fraud culture is an effective deterrent to potential fraudsters, whether internal or external to the Town Council, who may be considering committing or attempting to commit fraudulent or corrupt acts.

The Town Council is committed to embedding an anti-fraud culture where employees at all levels regard fraud and corruption as unacceptable, are vigilant in the workplace to the indicators of fraud and corruption and are confident in the mechanisms for reporting and investigating fraud. Arrangements include HR policies and procedures, relevant training and the Town Council's Whistleblowing Policy which encourages individuals to raise concerns.

Acts of fraud and corruption by employees are considered to be gross misconduct which, if proven, will lead to dismissal. The Town Council will consider the full range of sanctions, including prosecution, and where appropriate cases will be referred to the Police for further investigation.

6.2 Prevention

The Town Council's Codes of Conduct, Financial Regulations, procurement guidance and Performance Management Policy (including recruitment) have all been designed to reduce the risk of fraud and corruption. The Town Clerk and managers have a responsibility to ensure that employees are aware of and comply with these and other relevant policies.

The Town Clerk and managers are responsible for assessing the potential risk exposure of fraud and corruption and for implementing strategies to reduce this risk. They are responsible for ensuring that soundly designed systems are in place which meet key control objectives and minimise the potential for fraud and corruption. They must regularly ensure that the controls within systems are appropriate and working as designed. They must also ensure that opportunities for fraud are identified and eliminated from systems at the earliest opportunity (see Appendix A).

Internal Audit provide advice to managers to ensure they are fully aware of the need to consider the preventative aspects of fraud and corruption work.

The recruitment of appropriate personnel to the organisation is essential in maintaining a strong anti-fraud culture. Procedures for recruitment include obtaining references, right to work and criminal record checks.

6.3 Detection

The implementation and review of robust systems of internal control are critical to detect irregularities. Important controls to detect potential fraud include regular checks, reconciliation processes and other financial reports. Internal audit carry out a

programme of fraud detection checks every year and report the outcome to the Finance and Governance Committee.

7. Reporting concerns

Employees, councillors, volunteers and contractors are responsible for:

- contacting the Police immediately if a crime is in progress or an emergency response is required;
- making an immediate note of the concerns (recording all relevant details, such as what was said in phone or other conversations, the date, the time and the names of anyone involved);

- promptly reporting the suspicions to the Town Clerk or your line manager or Internal Audit (see contact details below) - if the concern falls under the Town Council's Whistleblowing Policy the employee will be afforded protection from any detriment;
- not telling anyone else about the suspicions;
- not approaching or accusing individuals directly;
- not reporting the matter to the Police (unless under the circumstances above);
- not carrying out an investigation (as this may damage any subsequent investigation), and
- in cases of suspected money laundering, immediately advising the Town Clerk.

Concerns can be reported to the Town Clerk or Finance Manger via the following: telephone: 01202 022831 / 01202 022835; email: louise.harrison@wimborne.gov.uk and genny.singleton@wimborne.gov.uk

Managers are additionally responsible for ensuring any concerns raised with them are promptly notified to the Town Clerk. The investigation process will follow the Fraud Response Plan (see Appendix B).

8. Investigations and sanctions

The Town Clerk is responsible for determining the nature of any investigative work (in consultation with a manager if applicable) required in respect of any allegation of fraud or corruption.

Investigations will follow the procedures outlined in the Fraud Response Plan (see Appendix B).

Financial Regulations set out rights of access for the Internal Auditor and nominated representatives to enable an effective investigation to be undertaken.

Acts of fraud and corruption by employees are considered to be gross misconduct which, if proven, will lead to dismissal. The Town Council will consider the full range of sanctions, including prosecution, and where appropriate cases will be referred to the Police for further investigation.

The decision to refer cases to the Police will be taken by the Town Clerk and Finance and Governance Committee.

The RFO, via the Finance and Governance and HR Committees, can refer cases directly to the Police where it is considered that an internal inquiry would compromise the integrity of the investigation and/or otherwise prejudice the interests of the Town Council or the general public.

The Town Council will take all possible action to recover losses from fraud and corruption using criminal and civil law to the fullest economic extent.

9. Fraud awareness

Fraud awareness training will be made available for employees to reinforce key anti-fraud messages and ensure a consistent level of awareness across the organisation, especially for those areas identified as at risk from bribery or money laundering.

The Town Clerk and / or Finance Manager will issue fraud information and guidance to employees and councillors including examples of appropriate recent frauds.

The Town Council ensures that those undertaking anti-fraud work, including investigation and systems review, do so within ethical and professional frameworks and with appropriate training, accreditation and resources for the role.

10. Working with others

The Town Council works in partnership with other organisations including other local authorities and Dorset Police to share knowledge of fraud risks and specialist anti-fraud resources, and also to provide a co-ordinated response.

The Town Council is committed to exchanging information with other local and national agencies to identify and prevent fraud.

11. Monitoring

The Town Council’s arrangements for countering fraud and corruption are measured and reported upon in several ways:

- records are maintained of whistleblowing and fraud Investigations, including the outcome of police investigations, subsequent application of sanctions, and recovery of losses.
- aspire to continually improve resilience to fraud and internal control measures including Internal Auditor advice, the annual Joint Panel on Accountability and Governance Practitioners Guide and the CIPFA ‘Code of Practice on Managing the Risk of Fraud and Corruption’ tool <https://www.cipfa.org/policy-and-guidance/reports/code-of-practice-on-managing-the-risk-of-fraud-and-corruption>
- when applicable reporting to the Finance and Governance Committee covering the outcomes of all anti-fraud work and the effectiveness of the Whistleblowing Policy.

12. Responsibilities

Employees	<p>To uphold the highest standards of conduct, propriety and accountability by adherence to legal requirements, rules, procedures and practices including the ‘Nolan’ seven principles of public life.</p> <p>To be open, honest and politically neutral in their work.</p> <p>To comply with this Policy.</p> <p>To ensure that they are familiar with the Town Council’s Code of Conduct and its requirements to declare personal interests and record offers of gifts and hospitality.</p> <p>To be aware of the possibility of fraud and corruption both internally and externally.</p> <p>To report any concerns or suspicions regarding fraud, corruption or other irregularities via the Town councils appropriate policies and procedures (e.g. Whistleblowing Policy).</p> <p>To report any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Finance Manager.</p>
Managers	<p>To create an atmosphere where honesty and integrity are valued highly, and fraud, corruption and dishonesty are not tolerated.</p> <p>To comply with this Policy.</p> <p>To promote staff awareness and ensure staff understand their own responsibilities.</p> <p>To make available appropriate training to employees.</p> <p>To ensure that there are mechanisms in place within their service areas to assess</p>

	<p>the risk of fraud and corruption.</p> <p>To ensure that any systems under their control have been designed to minimise the likelihood of acts of fraud and corruption.</p> <p>To notify the Town Clerk immediately of any suspected fraud, irregularity, improper use or misappropriation of the Town Council's property and/or resources.</p> <p>Pending investigation and reporting, managers must take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.</p> <p>To act in accordance with the Whistleblowing Policy to support any councillors or staff who have 'blown the whistle'.</p> <p>To report any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer.</p> <p>To instigate the Town Council's Disciplinary Procedures where the outcome of an audit or special investigation indicates improper behaviour.</p>
Councillors	<p>To support and promote the development of a strong anti-fraud and corruption culture.</p> <p>To adopt high standards of conduct in order to uphold "General Principles of Conduct" and all other legal requirements, rules, procedures and practices.</p> <p>To immediately notify an appropriate officer of any suspicions of fraud or corruption.</p> <p>To report any suspected breach of the Code of Conduct by another member to the Monitoring Officer at Dorset Council.</p>
Town Clerk / RFO	<p>To support and promote the development of a strong anti-fraud and corruption culture.</p> <p>To advise councillors and officers on ethical issues, standards and powers to ensure that the Town Council operates within the law and statutory Codes of Practice.</p> <p>To develop, maintain and implement this Policy (and associated Whistleblowing Policy) that stipulates the arrangements to be followed for preventing, detecting, reporting and investigating suspected fraud and irregularity.</p> <p>To advise on the controls required for fraud prevention and detection.</p> <p>To appoint a Money Laundering Reporting Officer (Finance Manager) to ensure that systems are in place to counter opportunities for money laundering and that appropriate reports are made.</p> <p>To ensure that effective preventative measures are in place to reduce the opportunity for bribery occurring in accordance with statutory requirements of the Bribery Act 2010.</p> <p>To ensure rights and powers of internal auditors and fraud investigators are upheld at all times across the organisation.</p>
Finance and Governance Committee	<p>To consider arrangements for counter-fraud and corruption (including 'whistle-blowing'), review and approve this Policy and the outcomes of any investigations in relation to this Policy.</p>
Internal / External Auditors	<p>To establish an understanding of management processes in place to prevent and detect fraud.</p>

	<p>To establish an understanding of how the Town Council gains assurance from management over the identification and responding to risks of fraud.</p> <p>To respond to whistleblowing disclosures when acting as an external prescribed person or body.</p>
Partners, contractors, suppliers, public	To be aware of the possibility of fraud and corruption against the Town Council and report any genuine concerns or suspicions to the Town Clerk, Finance Manager or a councillor.

Appendix A

Why does fraud occur?

Three key elements exist in most acts of fraud and corruption and are shown in the diagram below:



Opportunity:

A fraudster will usually look for opportunities to commit fraud. They may have heard stories from others who have cheated an organisation in a certain way

before and may seek to copy this. Detailed knowledge of internal systems may make it easier for fraud to occur, particularly if the fraudster is aware of its weaknesses or has excessive control responsibility.

Weak internal controls make it easier for fraud to be successful and reduce the likelihood of it being identified. Managers are therefore responsible for ensuring that any systems under their control have been designed to minimise the likelihood of acts of fraud and corruption.

Pressure / Motive / Incentive:

A person who commits fraud may be pressured to or needs to commit fraud. It might be due to a financial need such as living beyond their means, debts, a desire for material goods, or to feed an addiction. The sense of beating the system may also act as a motivator.

Rationalisation:

A fraudster will often justify to themselves why they have committed fraud. They may see their act as revenge for inadequate pay or excessive workload. They

may convince themselves that they'll pay the money back one day; or that the organisation is so big it won't miss the small amount taken.

Almost all internal fraud involves the abuse of trust – reliance on trust and honesty in not a fraud control.

Warning signs of potential fraud

Supplier invoices:

- there is no record of an official order made;
- the invoice contains errors in detail such as officer's name and address;
- goods have not been received;
- stated website has limited contact information, and
- invoices and / or supporting documents appear inadequate / photocopied or obviously altered.

Customer applications and payments:

- gaps in information given;
- unable to supply identification;
- unable to provide original documents;
- unwilling to meet at their home;
- large transactions paid by cash, and
- overpayments made and refunds requested.

Internal:

- a person has a sudden change of lifestyle without apparent reason or unexplained and sudden wealth;
- noticeable personality or routine changes (e.g. continually works after hours, comes in frequently on weekends, insists on taking work home, requests for unusual patterns of overtime);
- possessiveness of job and records (e.g. reluctant to take holiday, go off sick or share responsibility);
- misfiled or missing documents such as receipts, estimates, correspondence;
- computer enquiries made which are not necessary / relevant to job role;
- suppliers and contractors insisting on dealing with a particular officer;
- unexplained budget pressures, and
- poor audit trails.

Some "key" controls that should ensure systems are robust are detailed below:

- pre-employment checks are carried out for all new staff;
- sound accounting processes, prompt financial reporting, budgets independently monitored, apparent discrepancies investigated, bank accounts promptly reconciled;
- supervision of high fraud risk areas like cash collection;
- independent monitoring and checking of data and supporting documentation;
- proper arrangements for the receipt, recording and checking of goods received or services rendered;
- responsibility for financial tasks clearly defined, documented and understood;

- adequate separation of duties ensuring that more than one employee is involved in tasks like income collection and payment processing;
- proper authorisation procedures which require approval of material transactions;
- physically securing and accounting for controlled stationery and cheques;
- payment only on production of original supporting documentation;
- processes to monitor compliance with these controls by (e.g. reviewing completion of control documents and reconciliations).

Reporting concerns – guidance for employees	
✓	✗
<ul style="list-style-type: none"> • raise the matter - the sooner the problem is raised and looked into the sooner any wrongdoing can be stopped • make an immediate note of your concerns - it is important that you make an immediate note of key details such as what caused your suspicion, when things happened and who was involved • do pass on your suspicions to someone in authority • do check the Town Council's Whistle-blowing Policy - this will give you more information on how you can safely raise a genuine suspicion within the Town Council and who you should talk to • do be responsive to staff concerns you need to encourage staff to be able to raise any genuine concerns with you. You should reassure them that if they raise concerns with you, they will be protected from victimisation or reprisal • do note details and get as much information as possible from the person raising the concern. If they have made notes or have documentary evidence, ask for copies of these • do evaluate the information objectively and consult - before you take the matter further, you need to decide whether the suspicions seem justified. Consider the facts as you have them and consult with Internal Audit about what should happen next • do deal with the matter promptly - the sooner the problem is passed on by you for investigation the sooner the potential fraud or corruption can be stopped • do advise the Internal Auditor who will advise on the appropriate course of action, in line with the Fraud Response Plan Appendix B 	<ul style="list-style-type: none"> • if you are worried that some wrongdoing is happening within the Town Council, please don't keep it to yourself. • don't be afraid to raise your concern - the Town Council's Whistle-blowing Policy will provide safeguards. • don't approach or accuse any individual directly • don't try to investigate the matter yourself - this could only make matters worse and prejudice the official investigation • don't ignore concerns raised with you - a manager you should reassure staff about raising concerns • don't approach or accuse any individuals directly - you may inadvertently tip off a fraudster before evidence has been collected • don't convey your suspicions to anyone other than those with the proper authority to investigate

Appendix B – Fraud response plan

Please note that this is intended as a guide and not all stages will be followed in all circumstances or necessarily in the order detailed below.

<p style="text-align: center;">Stage 1 – Commencing an Investigation</p> <p>Decisions to proceed with an investigation will be made by the Town Clerk (in liaison with a manager if appropriate). The Town Clerk will determine the involvement of other officers including the Finance Manager and the Town Council's external Human Resources support and the applicability of the Town Council's Whistleblowing Policy.</p>
<p style="text-align: center;">Stage 2 – Appointment of Investigating Officers</p> <p>For each investigation, the first step will be to appoint an Investigating Officer. This will usually be the Town Clerk (if the matter is in relation to the Town clerk an independent officer will be appointed) who will consult on the detailed investigation process with the Chairman of the Finance and Governance Committee (the Committee).</p>
<p style="text-align: center;">Stage 3 – Planning the Investigation</p> <p>The Investigating Officer will need to liaise with the Town Clerk (or independent officer) to ensure a plan of action is drawn up and as a matter of priority ensure all relevant evidence including documentary records pertaining to the investigation are immediately secured.</p>
<p style="text-align: center;">Stage 4 – Referral to Police</p> <p>If the investigation relates to a suspected criminal offence, the Chairman of the Committee will need to refer the matter to the Committee for consideration in conjunction with the Town Clerk, Finance Manager and Monitoring Officer, whether to inform the Police. If they decide that a formal police investigation is necessary, then liaison with the Police will normally be via the Town Clerk or (independent officer).</p>
<p style="text-align: center;">Stage 5 – Gathering Evidence</p> <p>The Investigating Officer will ensure, in conjunction with the Chairman of the Committee that all evidence of fraud or corruption relating to the investigation is gathered legally, objectively, systematically and in a well-documented manner. Where this is being carried out in conjunction with a Police investigation, the Chairman of the Committee will be responsible for preparing any required statement and assembling all evidence and exhibits and will keep the Investigating Officer fully informed of all developments with any Police investigation.</p>
<p style="text-align: center;">Stage 6 – Progress Reviews</p> <p>During the investigation, the Investigating Officer, Town Clerk and Chairman of the Committee will produce interim reports (which can be verbal reports) on progress and findings.</p>
<p style="text-align: center;">Stage 7 – Conclude Investigation and Improve System Controls</p> <p>The Investigating Officer/Town Clerk with the Chairman of the Committee will produce a final report that may be used by management as a basis for disciplinary action, where necessary, in liaison with the Town Council's external Human Resources support. An issues report will identify any system weaknesses that enabled the fraud to occur and improvements recommended.</p>
<p style="text-align: center;">Stage 8 – Recovering Losses</p> <p>The Investigating Officer and Chairman of the Committee will ensure that all opportunities are followed to obtain compensation for any losses incurred including insurance, voluntary restitution or compensation claims.</p>
<p style="text-align: center;">Stage 9 – Press Release</p> <p>The decision to issue press statements about fraud or corruption cases that have been investigated and proven by the Town Council will be made by the Investigating Officer, Town Clerk (or independent officer), Chairman of the Committee, and Monitoring Officer. They will take account of, on a case by case basis, any sensitive and legal issues involved and the need for confidentiality.</p>

Appendix C – Money laundering requirement

Introduction

What is money laundering?

Money laundering is a process by which the illegal proceeds of crime are converted into assets which appear to have a legitimate origin, so that they can be retained permanently or recycled into further criminal enterprises.

The source of money, either in cash, paper or electronic form (often referred to as “dirty money”) is disguised and is given the appearance of being clean funds. These are normally used to hide the proceeds of serious criminal activities such as but not limited to terrorism, drug smuggling, theft and fraud.

Legislation

- The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (“MLR”)
- The Proceeds of Crime Act 2002 (“POCA”) (as amended by the Serious Organised Crime and Police Act 2005)
- The Terrorism Act 2000 (“TA”) (as amended by the Anti-Terrorism and Security Act 2001 and the Terrorism Act 2006).

Money Laundering Regulations

The Town Council is not defined as a ‘regulated business’ under the regulations and therefore is not legally obligated to apply the provisions of all of the regulations. However, the Town Council is committed to complying with the spirit of the legislation and regulations as advocated by the Chartered Institute of Public Finance and Accountancy’s (CIPFA) guidance.

The money laundering legislation, regulations and this policy aim to provide preventative measures to reduce the risk of money laundering occurring and to aid identification of any money laundering activity that may occur.

While the risk to the Town Council of contravening the legislation is low, it is important that all employees are familiar with their responsibilities. Serious criminal sanctions may be imposed for breaches of the legislation.

The Town Council’s obligations under legislation and best practice guidance:

- appoint a Money Laundering Reporting Officer (“MLRO”) (Compliance and Nominated Officer) to receive disclosures from employees and members of money laundering activity;
- implement a procedure to enable the reporting of suspicions of money laundering;
- maintain client identification procedures (due diligence) where appropriate;
- maintain record keeping procedures;
- undertake an assessment of the money laundering risk that the Town Council is exposed to, and
- train relevant employees on their anti-money laundering responsibilities.

The employees’ obligations under legislation and best practice guidance:

- immediately report any suspected money laundering activity to the Money Laundering Reporting Officer (MLRO) as detailed in the Money Laundering Disclosure Procedure section below;

- not take any cash payment over £12,000 (please note this can be a single transaction or a series of related transactions) and formally report any attempt to do so to the MLRO;
- verbally report any cash transactions over £5,000 but lower than £12,000 to the MLRO (see Money Laundering Disclosure Procedure section below);
- not discuss money laundering suspicions with anyone other than the MLRO, and
- undertake customer due diligence wherever possible.

The Money Laundering Reporting Officer (MLRO) for the Town Council is the Finance Manager. The MLRO is responsible for receiving disclosures regarding suspicions of money laundering activity, evaluating the information provided and, determining whether to report suspicions of money laundering to the National Crime Agency.

Disclosures of suspected money laundering must be made to the MLRO using the Money Laundering Disclosure Procedure in paragraph 4 below.

Disclosure by an Employee

Numerous scenarios could occur where the Town Council employees in the course of their job become aware of potential money laundering activity. In order to prevent the risk of prosecution, employees need to be aware of the need to report these instances.

Where an employee knows or suspects that a money laundering activity is taking/has taken place or becomes concerned that their involvement in a matter may breach legislation, they must disclose this to the MLRO immediately.

The suspected money launderer must not be informed in any way that a report has been made against them.

The disclosure must include as much detail as possible and should include:

- names and addresses of persons involved (if a company/public body please include nature of business);
- nature, value and timing of activity involved, and
- suspicions regarding the activity.

Once the employee has reported the matter to the MLRO they must follow any directions they are given. The employee must not make any further enquiries into the matter.

Consideration of Disclosure by the Money Laundering Reporting Officer

Upon receipt of a disclosure, the MLRO must note the date and acknowledge it.

The MLRO will consider the disclosure and any other available internal information they think relevant. This may include:

- reviewing other transaction patterns and volumes;
- the length of any business relationship involved;
- the number of any one-off transactions and linked one-off transactions;
- clarification of events with the discloser, and

- any identification evidence held.

The MLRO will undertake such other reasonable enquiries they think appropriate in order to ensure that all available information is taken into account in deciding whether a report to the National Crime Agency (NCA) is required (such enquiries being made in such a way as to avoid any appearance of “tipping off” those involved).

Once the MLRO has evaluated the disclosure report and any other relevant information, they must make a timely determination as to whether:

- there is actual or suspected money laundering taking place;
- there are reasonable grounds to know or suspect that this is the case, and
- whether they need to seek consent from the NCA for a particular transaction to proceed.

The Town Council is not defined as a ‘regulated business’ under the regulations; however as the Town Council is committed to complying with the spirit of the regulations customer due diligence best practice should be followed wherever possible:

- identify the person seeking to form the business relationship or conduct the transaction (this could be an individual or a company);
- verify their identity using reliable, independent sources of information;
- identify who benefits from the transaction;
- monitor transactions to make sure they are consistent with what you understand about that person or company;
- understand the source of their funds, and
- ensure there is a logical reason why they would want to do business with the Town Council.

The Town Council will include an assessment of the risk of money laundering, terrorist financing and money laundering as part of its annual risk management record.

The Town Council will also:

- make all staff aware of the requirements and obligations placed on the Town Council and on themselves as individuals by the anti-money laundering legislation, and
- provide targeted training to those most likely to encounter money laundering (the broad definition of money laundering means that potentially anybody could contravene the money laundering regulations if they become aware of or suspect the existence of criminal property and continue to be involved in the matter without reporting their concerns).

Primary money laundering offences:

- concealing, disguising, converting, transferring criminal property or removing it from the UK

- entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
- acquiring, using or processing criminal property

Secondary money laundering offences:

- Failure to disclose any of the three primary offences
- “Tipping off” whereby somebody informs a person or persons who are, or who are suspected of being involved in money laundering, in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation

Failure to report suspicious money laundering activities or be involved in money laundering activities may lead to a criminal offence being committed and disciplinary or legal action being taken against you. Any internal disciplinary action will be dealt with in accordance with the Town Council's Disciplinary Policy and Procedure.

Practical guidance

The success of money laundering often depends upon a transaction appearing ‘normal’ however there are a number of ways to identify possible money laundering:

- potential transactions where the other party enters into transactions which make little or no financial sense;
- which go against normal practice or cancels transactions without good reason and requests a cheque for previously deposited funds or makes any large cash payments / deposits or makes large overpayments of fees or money on account;
- is happy to enter into an apparent bad deal for them or is unwilling to explain the purpose of a transaction or method of payment;
- refuses to provide information requested without reasonable explanation;
- suddenly changes their pattern of activity or method of payment or enters into arrangements beyond their apparent financial means;
- if the buyer or seller’s financial profile does not fit (particularly in relation to property transactions);
- unnecessarily routes funds through third party accounts;
- has overly complicated financial systems, and
- uses more than one solicitor / conveyancer in the sale or purchase of a property or land or if there is an unexplained and unusual geographic use of a solicitor in relation to a property’s location.

Similarly, you will need to be wary if information about the customer reveals criminality or association with criminality (e.g. previous benefit fraud or suspected benefit fraud).

Appendix D – Anti-bribery requirements

Introduction

This Policy is in place to ensure compliance with the Bribery Act 2010 and explains the process through which the Town Council intends to maintain high standards and to protect the organisation, employees, councillors and business partners against allegations of bribery and corruption.

The Town Council is committed to the highest possible standards of openness, probity and accountability and to conduct its business in an honest and open way, and without the use of corrupt practices or acts of bribery to obtain an unfair advantage.

Any breach of this Policy will be regarded as a serious matter and is likely to result in disciplinary action and possibly criminal prosecution.

What is bribery?

The Bribery Act 2010 (www.legislation.gov.uk) defines bribery as giving or receiving a financial or other advantage in connection with the "improper performance" of a position of trust, or a function that is expected to be performed impartially or in good faith.

The Bribery Act 2010 introduced the following criminal offences:

- (i) Bribing another person (section 1) - this can occur where a person offers, promises or gives a financial or other advantage to another individual to perform improperly a relevant function or activity, or to reward a person for the improper performance of such a function or activity. It is not an issue whether the person given the bribe is the same person who will perform the function or activity concerned.
- (ii) Being bribed (section 2) - this is where a person receives or accepts a financial or other advantage to perform a function or activity improperly. It does not matter whether the recipient of the bribe receives it directly or through a third party, or whether it is for the recipient's ultimate benefit or not.
- (iii) Bribery of a foreign public official (section 6) - this is where a person directly or through a third party offers, promises or gives any financial or other advantage to a foreign public official in an attempt to influence them as a public servant and to obtain or retain business, or any other related advantage in the conduct of business.
- (iv) Corporate offence of failure to prevent bribery (section 7) - a commercial organisation¹ could be guilty of bribery where a person associated with the organisation, such as an employee, agent or even a sub-contractor, bribes another person intending to obtain or retain business for the organisation or to obtain or retain an advantage in the conduct of business for the organisation.

Consequences of offences

An individual guilty of a criminal offence under sections 1, 2 or 6 of the Bribery Act, in addition to potential disciplinary action, is liable on conviction in:

- a magistrates court, to imprisonment for a maximum term of 12 months (six months in Northern Ireland), or to a fine not exceeding £5,000, or to both;

¹ The Town Council accepts that public bodies (in particular its commercial activities) may be classed as a "commercial organisation" in relation to the corporate offence of failing to prevent bribery.

- a crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both.

The Town Council, if convicted under sections 1,2, or 6 will also face the same level of fines and if guilty of an offence under section 7, is liable to an unlimited fine.

What do employees need to do?

- Be aware of the Bribery Act 2010 and this document
- Declare any conflicts of interests that could apply (Code of Conduct)
- Record any gifts or hospitality to the Town Clerk
- Maintain the separation of duties
- Comply with delegated authority limits for decisions
- Ensure transparency of all activities by retaining sufficient documentation for all transactions
- Complete fraud awareness training
- Speak up if you have any concerns

What has the Town Council put in place to prevent bribery occurring?

The Town Council has put in place robust arrangements which comply with Ministry of Justice Guidance which focuses on the six principles for bribery prevention (available from the Finance Manager):

1. Proportionate procedures that contribute towards prevention, detection and investigation of bribery including a scheme of delegation, Financial Regulations and internal controls, this Policy, Whistleblowing Policy, Risk Management Strategy and Assessment, Code of Conduct, Disciplinary Procedures.
2. Strategic commitment via a strong anti-fraud culture established and outlined in this Policy to which councillors, the Town Clerk and managers are committed to ensuring anti-bribery arrangements are robust and adequate.
3. Risk assessment via the Risk Management Strategy and Assessment annual process and when matters come to light and are reviewed.
4. Due diligence to ensure business partners are known and that business relationships are transparent and ethical.
5. Communication and training which is embedded in policies, procedures and training. Consistent and proportionate sanctions are applied in line with disciplinary policies and this Policy
6. Monitoring and reviews via the annual internal and external audit process and reviews of relevant policies and procedures.

[end]