



# Lytham Town Council Counter Fraud and Corruption Strategy

(Adopted: xx/0x/2026, Review due: xx/0x/2027)

## 1. Introduction

Lytham Town Council is committed to the highest standards of governance, accountability and transparency. The Council recognises that fraud and corruption present a significant and growing risk to public funds, service delivery and reputation.

Across local government, fraud, particularly supplier and procurement-related fraud, is increasing in scale and sophistication. This includes risks such as invoice fraud, mandate fraud (where supplier bank details are changed), and manipulation of procurement processes.

Even smaller councils are not immune, as they are often specifically targeted due to perceived lower levels of control.

The Council acknowledges that the introduction of additional controls and governance measures may be perceived as increased bureaucracy. However, these measures are necessary, proportionate, and designed to protect public money, ensure accountability, and maintain public trust. Effective counter-fraud arrangements are a fundamental part of good governance and are increasingly expected by auditors and regulators.

This Strategy establishes a clear framework for preventing, detecting and responding to fraud and corruption, and supports the Council's Financial Regulations and overall governance framework.

## 2. Purpose

The purpose of this Strategy is to:

- Protect public funds and assets.
- Ensure robust systems of internal control.

- Promote a culture of honesty and integrity.
- Provide a clear framework for managing fraud risks.
- Support compliance with audit and governance expectations.

### **3. Scope**

This Strategy applies to:

- All Council Members
- All employees
- Contractors, suppliers and partners

It covers all Council activities, including:

- Financial management
- Procurement and contract management
- Payroll and staffing.
- Grants and payments
- Asset management

### **4. Legal Context**

This Strategy is underpinned by a range of statutory duties and governance requirements that collectively require the Council to safeguard public funds and maintain effective systems of internal control.

#### **4.1 Primary Legislation**

Lytham Town Council operates within the framework of the:  
Local Government Act 1972

Local Audit and Accountability Act 2014

These Acts establish the Council's responsibilities for the proper administration of its financial affairs and the stewardship of public resources.

#### **4.2 Accounts and Audit Regulations**

Under the Accounts and Audit Regulations 2015, the Council is required to:

Maintain an adequate and effective system of internal control.

Conduct a review of the effectiveness of that system annually.

Ensure that public money is protected from fraud, loss and misuse.

This Strategy forms part of the Council's framework for meeting those obligations.

#### **4.3 Role of the Responsible Financial Officer (RFO)**

The Council is required to appoint an officer responsible for the proper administration of its financial affairs.

The Clerk, acting as Responsible Financial Officer, has a statutory duty to:

- Ensure proper financial management.
- Maintain effective internal controls.
- Report concerning financial irregularity.

This Strategy supports the RFO in fulfilling those duties.

#### **4.4 Governance and Audit Expectations**

External audit and proper practice guidance (including guidance issued by sector bodies such as NALC) expect councils to:

- Actively identify and manage fraud risks.

- Maintain appropriate counter-fraud arrangements.
- Demonstrate transparency and accountability in decision-making.
- Failure to do so may result in audit findings, reputational damage, or financial loss.

#### 4.5 Financial Regulations and Standing Orders

This Strategy operates alongside, and does not replace:

- The Council's Financial Regulations
- The Council's Standing Orders

These documents provide detailed rules and procedures governing financial management and procurement.

This Strategy provides the overarching framework within which those controls operate.

#### 4.6 Proportionality

In applying this legal framework, the Council will ensure that:

Controls are proportionate to the scale and complexity of its activities.

Governance arrangements remain practical and appropriate for a town council environment.

Controls will be proportionate to the scale and complexity of the Council's activities, avoiding unnecessary bureaucracy while ensuring appropriate protection of public funds

### 5. Definition of Fraud or Corruption

Fraud is defined as any intentional act of deception carried out for personal gain or to cause loss to another party.

This includes (but is not limited to):

- Theft of funds or assets
- False accounting
- Procurement or supplier fraud
- Bribery and corruption
- Abuse of position

### 6. Strategic Principles

The Council adopts the following core principles:

- 1) **Zero Tolerance** - The Council operates a zero-tolerance approach to fraud and corruption.
- 2) **Accountability** - All Members and officers are responsible for safeguarding public funds.
- 3) **Transparency** - Decisions and processes will be open and capable of scrutiny.
- 4) **Prevention First** - Strong controls and governance are the primary defence.
- 5) **Proportionate Response** - All allegations will be assessed and investigated appropriately.

**NB:** The Council operates within a close-knit community where Members and officers may have knowledge of, or relationships with, local suppliers. Such relationships are not

inherently inappropriate; however, they must be managed transparently through declaration of interests, appropriate decision-making processes, and adherence to the Council's Financial Regulations and Standing Orders.

## 7. Fraud Risk Management

The Council will maintain an embedded approach to fraud risk management through:

- Inclusion of fraud risks within the Risk Register
- Regular review of emerging threats (including supplier fraud and cyber-enabled fraud)
- Integration with internal audit processes

Key risk areas include:

- Procurement and supplier fraud
- Financial and payment fraud
- Payroll fraud
- Cyber-enabled fraud

## 8. Roles and responsibilities

### Council

- Approves this Strategy
- Provides overall governance oversight

### Clerk / Responsible Financial Officer (RFO)

- Leads implementation of this Strategy
- Maintains fraud risk controls
- Reports concerns to Council

### Members

- Maintain high standards of conduct
- Declare interests appropriately

### Employees (if different from the Clerk / RFO)

- Comply with procedures and controls
- Report suspicions of fraud

## 9. Prevention

The Council will implement strong preventative measures, including:

- Financial Regulations and Standing Orders.
- In accordance with the Financial Regulations (5.2) The RFO should verify the lawful nature of any proposed purchase before it is made and in the case of new or infrequent purchases, should ensure that the legal power being used is identified
- Segregation of duties
- Robust procurement procedures
- Supplier verification processes
- Clear authorisation and approval limits

## 10. Detection

The Council will actively seek to detect fraud through:

- Regular reconciliations and checks

- Internal audit reviews
- Data checking (e.g. duplicate payments)
- Maintaining separation between online payment creation and authorisation
- Monitoring of high-risk areas such as procurement

## 11. Reporting Mechanism

All suspected fraud must be reported immediately to the Clerk/RFO.

Where the Clerk/RFO identifies concerns they will report it immediately to Council.

The Council will ensure:

- Clear reporting routes
- Confidential handling of concerns
- Protection for whistleblowers where appropriate

## 12. Investigation and Response

The Council will:

- Investigate all allegations proportionately.
- Maintain appropriate records.
- Seek recovery of losses where possible.
- Refer matters to external agencies where necessary.

## 13. Training and Awareness

The Council will ensure that:

- Members and Staff are aware of fraud risks and controls.
- Relevant training is provided.
- Emerging risks are communicated.

## 14. Review of Policy

This policy will be reviewed annually to ensure it remains effective, proportionate, and aligned with county and national guidance.

## 15. Related Documents

This Strategy should be read alongside:

- Financial Regulations
- Standing Orders
- Risk Register
- Code of Conduct
- Supplier and Procurement Counter-Fraud Policy

Detailed controls relating to procurement and supplier fraud are set out in the Council's Supplier and Procurement Counter-Fraud Policy.

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### Version Control

Version	Date	Description of Change	Author
V1 DRAFT	14/04/2026	Strategy Document written in DRAFT format	Clerk / RFO