



Lytham Town Council Supplier & Procurement Counter-Fraud Policy

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

1. Introduction

This Policy sets out Lytham Town Council's operational framework for preventing, detecting, and responding to fraud, corruption, and financial irregularity within all supplier and procurement activity.

This Policy forms part of the Council's wider governance framework and sits beneath the Counter Fraud and Corruption Strategy. It should be read in conjunction with:

- Lytham Town Council Counter Fraud and Corruption Strategy
- Financial Regulations
- Standing Orders
- Risk Register

2. Position Statement

The Council recognises the importance of supporting local businesses and suppliers within the community. Members and officers may have existing relationships with local suppliers, and such relationships are not inherently inappropriate.

However, these relationships must be managed transparently to ensure that procurement decisions are:

- Fair
- Transparent
- Evidence-based
- Free from actual or perceived conflicts of interest

This Policy ensures that local engagement can continue appropriately while safeguarding public funds and maintaining public trust.

3. Scope

This Policy applies to:

- All Councillors
- All employees of the Council
- Contractors, agents, and any third parties acting on behalf of the Council

It applies to all stages of procurement and supplier management, including:

- Supplier onboarding and approval
- Procurement and quotation processes
- Contract award and management
- Invoice processing and payments

4. Examples of Supplier and Procurement Fraud

Supplier and procurement fraud includes, but is not limited to:

- Creation of fictitious or duplicate suppliers
- Submission of false, inflated, or duplicate invoices
- Bank mandate fraud (unauthorised changes to supplier payment details)
- Collusion between suppliers or between suppliers and Council representatives
- Manipulation of procurement specifications or evaluation processes
- Payment for goods or services not received

5. Legal Basis

This Policy supports the Council's obligations under:

- Local Government Act 1972
- Local Audit and Accountability Act 2014
- Accounts and Audit Regulations 2015

The Council is required to maintain an adequate and effective system of internal control and to take reasonable steps to prevent and detect fraud and corruption.

This Policy also supports proper practice guidance issued to local councils, including governance expectations relating to transparency, financial control, and risk management.

6. Core 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.

7. 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

8. Procurement Controls

8.1 Purchase Order Control

All purchase orders must be raised by the Clerk / Responsible Financial Officer in accordance with the Council's Financial Regulations. This ensures consistent application of delegated authority, segregation of duties, and audit traceability.

8.2 Supplier Onboarding

The Council will ensure that all suppliers are subject to appropriate checks prior to engagement, including:

- Verification of identity and business details
- Confirmation of bank account details using appropriate verification methods
- Checks for duplicate or existing supplier records

8.3 Procurement Process

The Council will ensure that procurement decisions are:

- Based on value for money
- Supported by appropriate quotations or competitive process where required
- Properly documented with clear rationale for supplier selection

8.4 Conflicts of Interest

All Councillors and officers must declare any personal, financial, or other interest in relation to a supplier or procurement decision.

Declarations must be recorded and appropriate action taken to ensure transparency and fairness.

9. Payment Controls and Invoice Validation

The Council will ensure that:

- Invoices are matched to approved orders and/or authorised commitments
- Payments are only made for goods or services received
- Checks are undertaken to identify duplicate or suspicious invoices
- Changes to supplier bank details are independently verified before action
- Two independent Councillors must authorise any online payment prior to it being processed.

10. Fraud Prevention and Detection

The Council will proactively prevent and detect fraud through:

- Segregation of duties across procurement and payment processes
- Regular financial reconciliations and checks
- Review of supplier activity for anomalies
- Internal audit review and oversight

11. Reporting Concerns or Irregularities

Any suspicion of fraud, corruption, or financial irregularity must be reported immediately to the Clerk / RFO.

Where the Clerk / RFO identifies issues, they will report this immediately through the Chair to the Council

All concerns will be treated seriously, investigated appropriately, and handled in accordance with the Council's Counter Fraud and Corruption Strategy.

12. Alignment with Counter Fraud and Corruption Strategy

This Policy operationalises the principles set out in the Council's Counter Fraud and Corruption Strategy, including:

- Prevention of supplier and procurement fraud
- Management of conflicts of interest
- Protection of public funds
- Maintenance of strong internal controls

The Strategy provides the overarching governance framework, while this Policy defines the detailed operational controls.

14. Review of Policy

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

Version Control

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