

Date: 24 November 2009

Report: ANTI FRAUD AND CORRUPTION POLICY

Purpose of report

1. To present a revised policy on Anti Fraud and Corruption, for Members' approval.

Strategic Planning Framework

2. The content of this report is consistent with the Authority's statutory purposes and approved strategic planning framework, and specifically objective number 20 of the 2009/10 Corporate Plan, to "Ensure the Authority has developed its corporate governance and financial arrangements to ensure the highest public standards are in place" and action 158, to "undertake the programmed review of the Anti-Fraud and Corruption Policy".

Background

3. The Authority undertakes a programme of rolling reviews for all its policies and strategies. The review of the Anti Fraud and Corruption Policy is timetabled for 2009. This policy applies to both Members and employees of the Authority, so it is appropriate that the revised policy is put before the full Authority.

4. A proposed revision to the Policy is attached at **Appendix A**; the previous version is attached at **Appendix B**. Earlier drafts of this revision have been considered by the Member Champion for Corporate Management, the Senior Management Team, the Treasurer and the Internal Auditor, and by Unison. Comments from these sources were included in the final version presented here.

5. The proposed new version of this policy has some new content (identified as shaded text), which has its source in current best practice in this area, together with some minor but useful additions identified from a review of similar policies operated by other National Park Authorities. This revision also addresses comments made by members of the Authority's Standards Committee, which included requests to heighten the emphasis on anti corruption and on the importance of the more general 'culture' in managing the issues covered by the policy, and also to include the Monitoring Officer in the reporting and investigating processes.

RECOMMENDATION

6. Members are recommended to approve the revised policy in **Appendix A**.

Richard Burnett
Head of Finance & Resources
3 November 2009

Background Documents: None

ANTI FRAUD AND CORRUPTION POLICY (PROPOSED)

Key Points

- The Yorkshire Dales National Park Authority ('the Authority') is committed to fighting fraud and corruption in relation to any of its work or activities;
- The Authority will not tolerate fraud, corruption or other wrongdoing in the provision of its services;
- This policy is designed to encourage prevention, promote detection and investigation and show that all appropriate sanctions will be taken where fraud or corruption has been found;
- The Authority's expectation is that Members and officers at all levels will lead by example in ensuring adherence to our standards of behaviour, legal requirements, rules, procedures and practices;
- The Authority has in place a clear network of systems and procedures to assist it to guard against fraud and corruption;
- A Confidential Reporting Policy is in place in order to encourage officers to report any concerns.

Introduction

1. This document sets out the Authority's anti-fraud and corruption policy and forms part of the continuing drive to improve our corporate governance and to ensure that it meets the highest standards of probity and accountability in discharging our duties. This policy is designed to encourage the prevention and detection of fraud, and to allow effective investigations into alleged or suspected fraud.

2. Every member of staff should be aware of this policy. It forms a part of the Authority's induction programme for new Members and new staff, and is accessible to all staff via the intranet.

Definitions

3. This policy covers all financial irregularities, including theft, fraud and corruption.

- **Theft** is the dishonest taking of property belonging to another person (*including the Authority*) with the intention of permanently depriving the owner of its possession.
- **Fraud** is the intentional distortion of financial statements or other records by a person internal or external to the Authority which is carried out to conceal the misappropriation of assets or otherwise for gain
- **Corruption** is the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of another person.

4. All Members and Officers should be aware of the potential impact on the reputation of the Authority of any of the irregularities covered by these definitions, and of the difficulties such would cause in our work with partners, local communities and other agencies.

Culture

5. The culture of the Authority is one of honesty, openness, integrity and accountability. The prevention and detection of fraud and corruption and the protection of the public purse is everyone's responsibility.

6. The Authority's Members and staff play an important role in creating and maintaining this culture. Managers should strive to create an environment in which their staff feel that they can raise any concerns they may have about suspected irregularities. Anonymity will be respected (where requested) and staff can be assured that there will be no victimisation, and it will not affect their current employment situation or future prospects with the Authority.

7. There is an expectation and requirement that individuals and organisations associated in whatever way with the Authority will act with integrity and that Members and Officers, at all levels, will lead by example. The Authority will not tolerate fraud, corruption or other wrongdoing in the provision of its services, regardless of the perpetrator, and is prepared to take vigorous action when this is identified.

8. Three of the Authority's core values in particular underpin its approach to corporate governance and to the implementation of this policy:

- **Integrity** encompasses straightforward dealing as well as being based upon honesty, selflessness and objectivity. High standards of propriety and probity in the stewardship of public funds and management of the Authority's affairs are expected. Integrity is dependent upon the effectiveness of the control framework and on the personal standards and professionalism of Members and officers.
- **Accountability**, by which Members and officers take responsibility for their decisions and actions, including their stewardship of public funds and all aspects of performance, and submit themselves to appropriate external scrutiny. It is achieved by all parties having a clear understanding of those responsibilities and having clearly defined roles.
- **Involvement**, and in particular openness is required to ensure that stakeholders can have confidence in the Authority's decision-making and management processes and in the approach of the individuals within them. Being open, through genuine consultation with stakeholders and providing access to full, accurate and clear information lends itself to necessary scrutiny.

Responsibilities

9. All Members and staff of the Authority have a responsibility to play their part in seeking to prevent fraud and corruption, and to report any suspicions they may have. Managers have a particular responsibility in this regard for stewardship of the Authority's assets and reputation. The Authority's "Section 151 Officer" (who is the Director of Financial Services of NYCC) has an overriding statutory responsibility to ensure that there are adequate and effective financial procedures in place. This policy, and the other relevant documents referred to at the end, constitute a set of interrelated procedures designed to minimise as far as practicable the potential for any attempted fraudulent or corrupt act.

Principles of Conduct

10. Members and staff are expected to observe the following principles of conduct in all aspects of carrying out day to day activity for and on behalf of the Authority.

11. Effective fraud prevention starts with the recruitment process, which should establish, as far as practical, the previous record of potential employees, in terms of their propriety and integrity. Written references will be sought for all external appointments, with referees being asked to comment on honesty and integrity.

12. All decisions must be taken solely in terms of the Authority's interests. Personal relationships, friendship, family links or personal advantage must not influence decisions. Similarly, Members and staff must not place themselves under any financial or other obligation to outside individuals or organisations which might influence them in the performance of their Authority duties. Any conflict of interest in these respects must be declared in accordance with the guidance on declaration of interests. Where the conflict of interest is judged to be material (in the case of Members, "prejudicial"), an individual with such an interest should not take part in the decision-making process. Further guidance is available in the respective codes of conduct for Members and for staff, and in the **Guidance for Staff on Personal Interests**.

13. All members and staff have a responsibility to protect the assets and integrity of the National Park Authority, and are expected to take all reasonable steps to safeguard and protect these assets, including cash and equipment.

14. Equipment and other facilities should not be used for personal advantage, but in accordance with policy and procedure as laid down in Standing Orders and Financial Regulations.

15. Members and staff should be aware that it is a serious criminal offence for them corruptly to receive or give any gift, reward or favour for doing (or refrain from doing) anything in their official capacity. They should be aware of and follow the provisions of the relevant Code of Conduct and the Guidance for Staff on Personal interests.

16. Members and staff must at all times comply with Financial Regulations and arrangements for the delegated exercise of powers. Standing Orders. In particular, members of the Senior Management Team and others responsible for financial management must ensure that there is proper separation of duties (an integral element of financial control), and that staff who play key roles in purchasing and other financial transactions understand and comply with Financial Regulations.

17. Members and staff are accountable for their part in any financial or related transactions and in any case must be as open as possible about all the decisions and actions that they take, being prepared to give reasons for their decisions. In particular, staff should be aware that in certifying an invoice for payment, they take responsibility for that transaction.

18. The processes for reporting suspected financial misconduct and for investigating these allegations are described in **Appendix A1** and **Appendix A2** respectively.

Training

19. The Authority recognises that the success of this policy and its credibility will depend on how it is communicated throughout the Authority. To facilitate this, all managers are responsible for ensuring that this policy and the related Confidential Reporting Policy are communicated to their staff in order to promote greater awareness of fraud and corruption.

20. Managers should ensure that positive and appropriate training provision is made for all officers involved in key internal control systems to so that their responsibilities and duties in this respect are regularly highlighted and reinforced.

Queries about this policy

21. If you have any queries about this policy, please contact the Head of Finance & Resources, the Monitoring Officer or the Chief Executive.

Other relevant documents

Staff Code of Conduct
Members' code of conduct
Guidance for Staff on Personal Interests
Declaration of interests form
Confidential Reporting Policy

Where located

Personnel Guidance notes, Intranet
Members' Handbook
Secretariat documents, Intranet
Secretariat documents, Intranet
Secretariat documents, Intranet

This policy was introduced in 1999, and has been reviewed every three years, most recently in November 2009; it will be reviewed again in 2012.

Approved by the Authority, 24 November 2009 (*provisional*)

Reporting suspected financial misconduct

1. The Authority recognises that it is rarely easy for anyone to report suspected financial misconduct. It recognises, for example, that a person suspecting financial misconduct might be reluctant to take steps which could lead to disciplinary or legal action being taken against a close colleague. Similarly, the Authority recognises that staff suspecting financial misconduct might be deterred from reporting it by fear that they might be victimised, especially where a senior officer is suspected of impropriety.
2. However the Authority is committed to taking all reasonable measures to protect the integrity of its business and other activities, and it must therefore be given the opportunity to investigate any suspected instance of financial misconduct. It might be that the allegation proves to be unfounded, but it is in everyone's interest – and in the interests of the Authority as a whole – that all allegations are investigated and properly resolved.
3. Against this background, all Members and staff have a role to play in protecting the integrity of the Authority's business and other activities, and all staff are under an obligation and an instruction to report any suspected financial misconduct.
4. Financial misconduct in this context should be taken to cover fraud, corruption, theft, dishonesty or deceit, whether at the expense of the Authority, other employees, Members or any other body or organisation, as well as actions or inactions which fall below the standards of probity expected in public life.
5. If there is suspected financial misconduct, this should be reported to the Head of Finance & Resources (HoFR) who will inform the Treasurer and the Monitoring Officer. If there is a legitimate and exceptional reason for doing so, the matter may be referred direct to the Internal Audit service under the Confidential Reporting Policy (this allows for so-called "Whistleblowing"). If the suspected misconduct involves the Head of Finance & Resources, please refer to the Confidential Reporting Policy.
6. All allegations will be taken seriously and investigated carefully in accordance with procedure set out below. Meanwhile, the HoFR will ensure that any evidence is kept safely and securely, and will notify the Authority's insurers where necessary.
7. If a Member or officer reports suspected financial misconduct, the Authority will take every possible step to protect him/her from any form of victimisation; this process is set out in more detail within the Confidential Reporting Policy. The Authority does however have a duty to protect employees from malicious complaints. Employees should be aware that disciplinary action might be taken against them if it is found that they have acted maliciously in bringing forward an unfounded allegation; any such action by a Member would be likely to be a breach of the code of conduct.

Investigating allegations of financial misconduct

1. All allegations of financial misconduct will be investigated and resolved in accordance with the procedure summarised below. In cases of financial irregularity it will be a joint decision between the Chief Executive, the Treasurer and the Monitoring Officer as to whether it will be necessary to inform the Police.

2. Upon being notified of a report, the HoFR will meet the individual who raised the matter to establish the basis of concern. The Chief Executive, Section 151 Officer, Monitoring Officer and Internal Auditors will be informed. Until the facts have been determined, discretion will be observed by all involved.

3. After establishing the basis of concern, the HoFR will review the allegations and establish the apparent position. The decision on whether a formal investigation should be undertaken will be agreed with the Treasurer.

4. If the HoFR reaches the conclusion that there does not appear to be an irregularity, and that the allegation appears unfounded, he will prepare a full report on the case for consideration by Internal Audit and the Monitoring Officer. Unless the internal auditors and the Monitoring Officer disagree with the conclusion reached by the HoFR, the case will be regarded as closed (except to the extent that Internal Audit determines that some refinement of financial control procedures is needed) on this basis. Otherwise, Internal Audit will carry out a full and detailed investigation into the case.

5. Any investigation will be carried out in accordance with the principles of natural justice, and with due regard to the legal rights of all individuals involved in the case. Internal Audit will take all reasonable steps to ensure that an investigation is concluded as quickly as possible.

6. When the case is sufficiently serious, a member of staff who is accused of financial misconduct may be suspended while an investigation is under way, in accordance with the Authority's Disciplinary Procedure.

7. On completion of an investigation a formal report will be submitted to the Audit and Review Committee, who will review the report and the actions taken to resolve the issue and may request further actions or require a further report to satisfy itself that the matter has been fully resolved.

8. Action may be taken under the Authority's Disciplinary Procedure against any employee found guilty of financial misconduct; where an officer is a member of a professional body the Authority will report the known impropriety to the relevant institution for them to consider appropriate disciplinary action in relation to that membership. Any apparent breach by a Member of the Authority's code of conduct will be reported to the Standards Committee, and any proven cases of breach of the code may lead that committee to decide to suspend the Member concerned from membership of the Authority. Any such person may also be subject to criminal charges, as well as civil legal action for the recovery of any monies misappropriated from the Authority.

9. When an allegation of fraud or corruption is upheld, the Finance and Resources Committee will review financial control procedures to identify whether any improvements can be made to reduce the likelihood of recurrence.

ANTI FRAUD AND CORRUPTION POLICY (CURRENT)

This document sets out the Yorkshire Dales National Park Authority's anti-fraud and corruption policy.

The policy is part of the Authority's continuing drive to improve its corporate governance and to ensure that it meets the highest standards of probity and accountability in discharging its duties. This policy is designed to encourage the prevention and detection of fraud, and to allow effective investigations into alleged or suspected fraud.

Every member of staff should be aware of this policy. It forms a part of the Authority's induction programme for new Members and new staff, and is accessible to all staff via the intranet.

Responsibilities

All Members and staff of the Yorkshire Dales National Park Authority have a responsibility to play their part in seeking to prevent fraud and corruption, and to report any suspicions they may have. Managers have a particular responsibility in this regard for stewardship of the Authority's assets and reputation. The Authority's "Section 151 Officer" (who is the Director of Financial Services of NYCC) has an overriding statutory responsibility to ensure that there are adequate and effective financial procedures in place. This policy, and the other relevant documents referred to at the end, constitute a set of interrelated procedures designed to frustrate any attempted fraudulent or corrupt act.

Principles of Conduct

Members and staff are expected to observe the following principles of conduct in all aspects of carrying out day to day activity for and on behalf of the Authority.

Effective fraud prevention starts with the recruitment process, which should establish, as far as practical, the previous record of potential employees, in terms of their propriety and integrity. Written references will be sought for all external appointments, with referees being asked to comment on the issues of known honesty and integrity.

All decisions must be taken solely in terms of the Authority's interests. Personal relationships, friendship, family links or personal advantage must not influence decisions. Similarly, Members and staff must not place themselves under any financial or other obligation to outside individuals or organisations which might influence them in the performance of their Authority duties. Any conflict of interest in these respects must be declared in accordance with the guidance on declaration of interests. Where the conflict of interest is judged to be material (in the case of Members, "prejudicial"), an individual with such an interest should not take part in the decision-making process. Further guidance is available in the respective codes of conduct for Members and for staff.

Value for money must always be a prime criterion in any procurement. This does not mean that price is the only criteria for purchasing decisions. Other factors such as quality and suitability for purpose are also relevant considerations. However all purchases must be in accordance with the Authority's standing orders and financial regulations.

All members and staff have a responsibility to protect the assets and integrity of the National Park Authority, and are expected to take all reasonable steps to safeguard and protect its physical assets including cash and equipment.

Equipment and other facilities should not be used for personal advantage, but in accordance with policy and procedure as laid down in Standing Orders and Financial Regulations.

Members and staff should be aware that it is a serious criminal offence for them corruptly to receive or give any gift, reward or favour for doing anything in their official capacity. They should be aware of and follow the provisions of the Authority's policy on gifts and hospitality, and of the relevant Code of Conduct.

Members and staff must at all times comply with Financial Regulations and Standing Orders. In particular, members of the Senior Management Team and others responsible for financial management must ensure that there is proper separation of duties (an integral element of financial control), and that staff who play key roles in purchasing and other financial transactions understand and comply with Financial Regulations.

Members and staff are accountable for their part in any financial or related transactions and in any case must be as open as possible about all the decisions and actions that they take, being prepared to give reasons for their decisions. In particular, staff should be aware that in certifying an invoice for payment, they take responsibility for that transaction.

Reporting suspected financial misconduct

The Authority recognises that it is rarely easy for anyone to report suspected financial misconduct. It recognises, for example, that a person suspecting financial misconduct might be reluctant to take steps which could lead to disciplinary or legal action being taken against a close colleague. Similarly, the Authority recognises that staff suspecting financial misconduct might be deterred from reporting it by fear that they might be victimised, especially where a senior officer is suspected of impropriety.

However the Authority is committed to taking all reasonable measures to protect the integrity of its business and other activities, and it must therefore be given the opportunity to investigate any suspected instance of financial misconduct. It might be that the allegation proves to be unfounded, but it is in everyone's interest – and in the interests of the Authority as a whole – that all allegations are investigated and properly resolved.

Against this background, all Members and staff have a role to play in protecting the integrity of the Authority's business and other activities, and all staff are under an obligation and an instruction to report any suspected financial misconduct.

Financial misconduct in this context should be taken to cover fraud, corruption, theft, dishonesty or deceit, whether at the expense of the Authority, other employees, Members or any other body or organisation, as well as actions or inactions which fall below the standards of probity expected in public life.

If there is suspected financial misconduct, this should be reported to the Head of Finance and Resources who will inform the Treasurer. If there is a legitimate and exceptional reason for doing so, the matter may be referred direct to the Internal Audit service under the Confidential Reporting Policy (this allows for so-called "Whistleblowing").

All allegations will be taken seriously and investigated carefully in accordance with procedure set out below. Meanwhile, the Head of Finance and Resources will ensure that any evidence is kept safely and securely, and will notify the Authority's insurers where necessary.

If a member or officer reports suspected financial misconduct, the Authority will take every possible step to protect him/her from any form of victimisation. The Authority does however have a duty to protect employees from malicious complaints. Employees should be aware that disciplinary action might be taken against them if it is found that they have acted maliciously in bringing forward an unfounded allegation; and any such action by a member would be likely to be a breach of the code of conduct.

Investigating allegations of financial misconduct

All allegations of financial misconduct will be investigated and resolved in accordance with the procedure summarised below.

Upon being notified of a report, the Head of Finance and Resources will meet the individual who raised the matter to establish the basis of concern. The Chief Executive, Section 151 Officer, Monitoring Officer and Internal Auditors will be informed. Until the facts have been determined, discretion will be observed by all involved.

After establishing the basis of concern, the Head of Finance and Resources will review the allegations and establish the apparent position. The decision on whether a formal investigation should be undertaken will be agreed with the Treasurer.

If the Head of Finance and Resources reaches the conclusion that there does not appear to be an irregularity, and that the allegation appears unfounded, he will prepare a full report on the case for consideration by Internal Audit. Unless the internal auditors disagree with the conclusion reached by the Head of Finance and Resources, the case will be regarded as closed (except to the extent that internal audit determines that some refinement of financial control procedures is needed) on this basis. Otherwise, Internal Audit will carry out a full and detailed investigation into the case.

Any investigation will be carried out in accordance with the principles of natural justice, and with due regard to statutory rights of all individuals involved in the case. Internal Audit will take all reasonable steps to ensure that an investigation is concluded as quickly as possible.

When the case is sufficiently serious, a member of staff who is accused of financial misconduct may be suspended while an investigation is under way, in accordance with the Authority's disciplinary and dismissal procedures.

On completion of an investigation a formal report will be submitted to the Audit and Review Committee, who will review the report and the actions taken to resolve the issue and may request further actions or require a further report to satisfy itself that the matter has been fully resolved.

In cases of financial irregularity it will be a joint decision between the Chief Executive and the Treasurer as to whether it will be necessary to inform the Police, and/or any relevant professional body.

Action may be taken under the Authority's disciplinary and dismissal procedures against any employee found guilty of financial misconduct. Any apparent breach by a Member of the Authority's code of conduct may be reported to the Standards Board. Any such person may also be subject to criminal charges, as well as civil legal action for the recovery of any monies misappropriated from the Authority.

When an allegation of financial misconduct is upheld, the Finance and Resources Committee will ensure that financial control procedures are improved as necessary to reduce the likelihood of recurrence.

Queries about this policy

If you have any queries about this policy, contact either Richard Burnett or David Butterworth.

Other relevant documents

Where located

Staff Code of Conduct	Personnel Guidance notes on the Intranet
Members' code of conduct	Members' Handbook
Staff guidance on declaration of Interests	Secretariat documents on the Intranet
Declaration of interests form	Secretariat documents on the Intranet
Confidential reporting policy	Secretariat documents on the Intranet

This policy was introduced in 1999, updated in September 2006, and will be reviewed again in 2009.

Approved by the Authority, 28th November 2006