

## ANTI FRAUD AND CORRUPTION POLICY

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

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and suitability for purpose are also relevant considerations. However all purchases must be in accordance with the Authority's standing orders and financial regulations.

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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.

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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.

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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.

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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.

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### Reporting suspected financial misconduct

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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.

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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.

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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.

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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

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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.

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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.

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### **Investigating allegations of financial misconduct**

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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.

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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.

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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.

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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**

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

<b>Other relevant documents</b>	<b>Where located</b>
<a href="#">Staff Code of Conduct</a>	<a href="#">Personnel Guidance notes on the Intranet</a>
<a href="#">Members' code of conduct</a>	<a href="#">Members' Handbook</a>
<a href="#">Staff guidance on declaration of Interests</a>	<a href="#">Secretariat documents on the Intranet</a>
<a href="#">Declaration of interests form</a>	<a href="#">Secretariat documents on the Intranet</a>
<a href="#">Confidential reporting policy</a>	<a href="#">Secretariat documents on the Intranet</a>

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[This policy was introduced in 1999, updated in September 2006, and will be reviewed again in 2009.](#)

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### Background to the Anti-fraud and corruption policy

Fraud and corruption in local government continue to attract significant media attention, and probity issues have rarely had a higher profile than at present. Where public funds are concerned, the need for confidence in the proper handling of administration and accountability is paramount. Any dishonest act will often reflect adversely on the Authority specifically, and on the integrity of local government in general.

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The potential damage of a fraudulent or corrupt act to a local authority reputation and image can often far exceed the significance or value of the sums involved. The uncovering of an instance of fraud or corruption is often interpreted by the public as evidence of general weakness or inefficiency, though this should not prevent such problems being identified and tackled in an open and determined manner.

In December 1993, the Audit Commission published a report entitled 'Protecting the Public Purse' on the extent of fraud and corruption suffered by local government. The report gave examples of good practice for the prevention and detection, and identified key requirements for local authorities to deal effectively with fraud and corruption issues. These are summarised as:

- A positive attitude and strategy at Member and Chief Officer level
- A strong anti-fraud culture within the Authority
- Appropriate arrangements for concerns to be expressed
- Effective and well documented internal controls
- Internal and External Auditors regularly reviewing and testing the controls designed to prevent and detect fraud and corruption
- Effective use of new technology to combat fraud and corruption
- Strong recruitment and disciplinary procedures
- Well managed investigations
- Good liaison with the police
- A process of constructive interchange with other authorities and agencies

The report showed that within the public sector, local government suffers around 54,000 identified instances of fraud and corruption a year involving losses totalling £25 million.

Since 1993 there have been annual updates to 'Protecting the Public Purse'. The most recent update reports that probity in local government is generally in good order, and that although the number of identified frauds has been rising, this is primarily due to improved detection methods used by authorities.

The primary responsibility for ensuring that proper arrangements exist to detect and prevent fraud and corruption lies with management. The role of the auditor, both internal and external, is to review and test the adequacy and effectiveness of those arrangements. Management and auditors must be clear as to their respective responsibilities if the risks of fraud and corruption are to be minimised.

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## YORKSHIRE DALES NATIONAL PARK AUTHORITY

28<sup>th</sup> November 2006**ANTI-FRAUD AND CORRUPTION POLICY****Purpose of Report**

To invite the Authority to consider the recommendation of the Audit and Review Committee that some amendments be made to the Authority's anti-fraud and corruption policy.

**Strategic Planning Framework**

**Core Value:** Integrity

**Best Value Performance Plan Action:** Review current arrangements for asset management and procurement, and identify the most appropriate approach to future management.

**Background**

The Authority adopted an Anti-fraud and corruption policy in November 1999, on the recommendation of the Audit & Review Committee. The policy was then widely distributed within the organisation, with all (then) members of staff being required to sign a document stating that they had read and understood it.

Six years on a review of the policy is timely, especially given the current work on corporate governance, and the introduction of related policies and guidance, particularly the Confidential Reporting Policy and the guidance on declarations of personal interests by staff. This is not an area, however, where internal or external auditors have expressed concern about current arrangements.

It is certainly the case that the anti-fraud and corruption policy is not as well known as it was in 2000, and the current review is an opportunity to increase levels of awareness of its existence and content.

**Review of the Policy**

The review of the policy has comprised:

- Updating to bring procedures in the policy into line with other Authority policies;
- Comparison of the policy with North Yorkshire County Council's equivalent;
- Consultation with Senior Management Team colleagues and with the Treasurer;
- Suggesting other changes which I believe to be appropriate;
- Consideration of a revised draft policy by the Audit & Review Committee.

Overall, the essential elements of the policy seem still to be appropriate, and only limited changes to it are suggested. These are as follows:

- Applying the policy to Members as well as to Officers;
- Being clear at the outset about the purposes of the policy, and responsibilities under it;

- Including reference to recruitment as an important element of fraud prevention;
- Including reference to the importance of keeping evidence secure;
- Changes to reporting lines, to bring this policy into line with the Confidential Reporting Policy;
- Adding a provision to the effect that any relevant professional body will be informed of any financial irregularity which is discovered;
- Delete the Annex to the policy, which now “looks its age”; and
- Including a list of relevant associated documents.

A member of the Audit and Review Committee further suggested that a Criminal Records Bureau (CRB) check should be undertaken in relation to all existing and new members of staff, but officers advise against this. The Authority has a policy statement (as required by the CRB), and under it CRB checks are done for the following posts: any post that involves dealing with vulnerable people, all posts in Personnel, the Head of Finance and Resources and the Senior Finance Officer. This is in accordance with CRB guidance, which states that a disclosure should "only be requested after a thorough risk assessment has indicated that one is both proportionate and relevant to the position concerned". CRB will turn down general blanket requests, and they also maintain a list of the types of posts where CRB disclosure can be sought: this does not include most of the positions with the Authority. CRB checks on any member of staff who might commit fraud or corruption would require virtually everyone to be checked, at a cost of about £5000 (assuming CRB would accept the requests in the first place), and with consequent delay in being able to confirm appointments. There are a range of other financial controls such as authorisation checks, reconciliations, budget performance, and the work of Internal Audit (whose staff are CRB checked), which aim to give as much assurance as possible over Authority systems.

Attached to this report is the text of the existing policy, with proposed amendments indicated.

The Treasurer was consulted on the proposed changes, and is of the opinion that the policy as revised will be fit for purpose. The point was made that “comprehensive performance assessment” for local authorities tends to require a more proactive approach of looking for fraud even if there are no overt reasons to suspect it, but for a smaller organisation such as YDNPA, this proposed policy is considered appropriate.

## **RECOMMENDATION**

That the Authority be recommended to adopt the amended policy, and that steps then be taken to ensure that all staff are aware of it.

RICHARD DALY  
Solicitor / Monitoring Officer

27<sup>th</sup> September 2006