

NEW FOREST NATIONAL PARK AUTHORITY

AUTHORITY MEETING - 28 MARCH 2007

ANTI FRAUD AND CORRUPTION POLICY

Report by : Pat Higgins, Chief Finance Officer

1 Purpose

- 1.1 To secure Authority approval for the attached draft Anti Fraud and Corruption policy (**Annex 1**), approved by Resources and Performance Committee on 16 March 2007.
- 1.2 A policy on Anti Fraud and Corruption, together with the Authority's Whistle Blowing policy, is part of the suite of policies and procedures which comprise the Authority's corporate governance framework. The preparation of the Anti Fraud policy completes the list of outstanding documents identified by the District Auditor. The Whistle Blowing policy is being progressed alongside the development of the other Human Resource policies that will be subject to staff consultation in the spring.
- 1.3 The policy aims to demonstrate that the Authority is firmly committed to dealing with fraud and corruption and has put in place the appropriate mechanisms both to deter fraud and corruption and to deal with it in the event that it arises.

Recommendation

That the Authority approves, subject to points raised in discussion, the Anti Fraud and Corruption policy in Annex 1.

Resources: Continuing staff and consultant involvement until May 2007.

Papers:

NFNPA 170/07: Cover paper

NFNPA 170/07: Annex 1: Anti Fraud and Corruption Policy

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1 Introduction

1.1 Good Corporate Governance requires that the Authority demonstrates clearly that it is firmly committed to dealing with fraud and corruption and will deal equally with perpetrators from inside (members and staff) and outside the Authority. There will be no distinction made in investigation and action between cases that generate financial benefits and those that do not. This policy statement, however, will not compromise the Authority's commitment to Equal Opportunities, the requirements of the Human Rights Act 1998 or other relevant statutory provisions.

1.2 This policy statement embodies a series of measures designed to prevent, deter and detect fraud and corruption and the steps to be taken if such action occurs.

1.3 The Authority is aware of the external scrutiny of its affairs by bodies such as the Audit Commission, the Local Government Ombudsman, the National Standards Board and HM Customs and Revenues. These bodies are important in highlighting any areas where improvements can be made.

1.4 Fraud and corruption are defined by the Audit Commission as :

Fraud – *“the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain”*.

In addition, fraud can also be defined as *“the intentional distortion of financial statements or other records by persons internal or external to the authority, which is carried out to mislead or misrepresent”*.

Corruption – *“the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”*.

1.5 In addition, this policy statement also covers *“the failure to disclose an interest in order to gain financial or other pecuniary benefit.”*

2 Principles

- 2.1 The Authority's values include *Integrity* and *Openness* and consistent with these values the Authority will not condone any form of fraud or corruption.
- 2.2 The prevention and detection of fraud and corruption and the protection of the public purse are the responsibility of everyone, both internal and external to the organisation.
- 2.3 The Authority's members and staff play an important role in ensuring that its values are upheld and are positively encouraged to raise concerns regarding fraud and corruption, irrespective of seniority, rank or status, in the knowledge that such concerns will wherever possible be treated in confidence. Staff can raise concerns with their line manager, or through the Authority's Whistle Blowing Policy. The public also has a role to play in this process and should inform the Authority if they feel that fraud or corruption may have occurred.
- 2.4 The Authority will ensure that any allegations received in any way, including by anonymous letters or telephone calls, will be taken seriously and investigated in an appropriate manner.
- 2.5 The Authority will take firm action where there has been financial malpractice, and with those who defraud it or who are corrupt. There is, nevertheless, a need to ensure that any investigation process is not misused and any abuse (such as staff/members raising malicious allegations) may be dealt with as a disciplinary matter (for staff) or through the Authority's procedures for complaints against members.
- 2.6 When fraud and corruption has occurred due to a breakdown in the Authority's systems or procedures, managers will ensure that appropriate improvements in systems of control are implemented in order to prevent a re-occurrence.

3 Prevention

3.1 Responsibilities of Members

- 3.1.1 All members of the Authority have a duty to the general public to protect the Authority and public money from any acts of fraud and corruption.
- 3.1.2 This is done by ensuring that an effective framework of corporate governance is in place. Key elements of this include Codes of Conduct for members and staff, Financial Regulations and Standing Orders and relevant legislation.

3.1.3 Members must maintain the highest standards of accountability and probity and therefore will comply at all times with the Authority's Code of Conduct for Members.

3.2 Responsibilities of staff

3.2.1 All staff are issued with and governed in their work by the Authority's Standing Orders and Financial Regulations, Code of Conduct for staff and other relevant policies such as the Acceptable Use of IT, the Member / Officer Protocol and the Local Protocol for those dealing with Planning matters, which include guidance on Gifts and Hospitality and conflicts of interest.

3.2.2 Staff are responsible for ensuring that they follow the instructions given to them by management, particularly in relation to the safekeeping of the assets of the Authority.

3.2.3 Staff are expected always to be aware of the possibility that fraud, corruption and theft may exist in the workplace and be able to share their concerns with management. The Authority has in place a Whistle Blowing policy which outlines how staff may report issues of concern.

3.3 Responsibilities of contractors, partners and voluntary organisations

3.3.1 Contractors, partners and voluntary organisations in receipt of grant aid shall operate adequate systems of control to ensure the prevention and detection of fraud and corruption in relation to activities undertaken in connection with the Authority.

3.4 The role of the Chief Finance Officer (Section 151 Officer)

3.4.1 The role and responsibilities of the Section 151 Officer are set out in the Local Government Act 1972. The Act requires that every local authority (including National Park Authorities) in England and Wales should: *"make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility for the administration of those affairs"*.

3.4.2 In the context of the Act, such 'proper administration' encompasses all aspects of financial management, including:

- compliance with the statutory requirements for accounting and internal audit;
- responsibility for ensuring proper administration of its financial affairs;

- proper exercise of a wide range of delegated powers both formal and informal.

3.4.3 Under these statutory responsibilities the Section 151 Officer contributes to the anti-fraud and corruption framework of the Authority.

3.5 The role of the Monitoring Officer

3.5.1 The Authority's Monitoring Officer is a statutory appointment arising from the Housing and Finance Act 1989; the duties relate to probity and the ethical framework relating to members.

3.5.2 If a member is suspected of committing fraud or being engaged in corruption, this should be immediately brought to the attention of the Chief Executive, Monitoring Officer or the Chief Finance Officer. Where appropriate, the matter may then be handled in accordance with the Authority's procedures for breach of a Local Protocol.

3.6 Role of Internal Audit

3.6.1 Internal Audit plays a vital preventative role in trying to ensure that systems and procedures are in place to prevent and deter fraud and corruption. Internal Audit is responsible for investigating any suspected financial irregularity, fraud or corruption within the Authority.

3.6.2 The Authority's Financial Regulations empower Internal Audit to:

- enter at all reasonable times premises or land owned or used by the Authority;
- have access to all records, documentation and correspondence relating to any financial and other transactions as considered necessary;
- have access to records belonging to third parties such as contractors when required;
- seek such explanations as are regarded necessary concerning any matter under examination;
- require any employee of the Authority to account for cash, stores or any other property under his/her control or possession.

3.6.3 Internal Audit will liaise with management to recommend changes in procedures to reduce risks and prevent losses to the Authority.

3.7 The role of the Chief Executive, Directors and Managers

- 3.7.1 Managers at all levels are responsible for the communication and implementation of this policy in their work area. They are also responsible for ensuring that their staff are aware of the Authority's Financial Regulations and Standing Orders and any other relevant policies, and that the requirements of each are being met in their everyday business activities.
- 3.7.2 Managers are expected to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities.
- 3.7.3 Special arrangements may be applied from time to time for example where staff are responsible for cash handling or are in charge of financial systems and systems that generate payments; relevant training will support these procedures.
- 3.7.4 The Authority recognises that a key preventative measure in dealing with fraud and corruption is for managers to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts and agency staff. The Authority's formal recruitment procedure contains appropriate safeguards.

3.8 The role of the Audit Commission

- 3.8.1 Independent external audit is an essential safeguard of the stewardship of public money. This is currently carried out by the Audit Commission through specific reviews that are designed to test (amongst other things) the adequacy of the Authority's financial systems and arrangements for preventing and detecting fraud and corruption.
- 3.8.2 It is not the external auditors' function to prevent fraud and irregularities, but the integrity of public funds is at all times a matter of general concern. External auditors are always alert to the possibility of fraud and irregularity, and will act without undue delay if grounds for suspicion come to their notice.
- 3.8.3 The external auditor has a responsibility to review the Authority's arrangements for preventing and detecting fraud and irregularities, and arrangements designed to limit the opportunity for corrupt practices.
- 3.8.4 Where External Audit is required to undertake an investigation they will operate within legislation and their codes of conduct.

3.9 The role of the Public

- 3.9.1 Although this policy is primarily aimed at those within or associated with the Authority, concerns raised by the public will to be investigated, as appropriate, by the relevant person in a proper manner.

3.9.2 The Authority's Complaints Procedures set out how members of the public may report their concerns.

3.10 Official guidance

3.10.1 In addition to the Authority documents identified in the preceding sections, due regard will be had to recommendations made by external bodies and to professional Codes of Practice.

4 Deterrence

4.1 Prosecution

4.1.1 The Authority will prosecute offenders in appropriate circumstances; it will endeavor to ensure consistency in its actions and seek to deter others from committing offences against it.

4.1.2 Individual cases will be referred to the police by the Chief Executive in consultation with the Monitoring Officer or Section 151 Officer as appropriate, or by the Chairman in consultation with the Monitoring Officer or Section 151 Officer as appropriate in any case involving the Chief Executive.

4.2 Disciplinary action

4.2.1 Theft, fraud and corruption are serious offences which may constitute gross misconduct against the Authority and staff will face disciplinary action if there is evidence that they have been involved in these activities. Disciplinary action will be taken in addition to, or instead of, criminal proceedings depending on the circumstances of each individual case.

4.2.2 Members will face appropriate action under this policy if they are found to have been involved in theft, fraud and corruption against the Authority. Action will be taken in addition to, or instead of criminal proceedings, depending on the circumstances of each individual case.

4.3 Publicity

4.3.1 The Authority, as a general principle, will publicise anti-fraud and corruption activity, actions taken and policies adopted within the organisation.

4.4 Remedies for loss

- 4.4.1 In all cases where the Authority has suffered a financial loss as a result of actions by staff or members, the Authority will consider the recovery of or financial compensation for the loss.

5 Detection and investigation

- 5.1 Where fraud or other issues of concern are reported by a member of staff or member, the Authority will ensure that such information is properly dealt with within its Whistle Blowing policy.
- 5.2 Internal Audit play an important role in the detection of fraud and corruption through a cycle of reviews of system controls (including financial controls) and specific fraud and corruption tests, spot checks and unannounced visits.
- 5.3 In addition to Internal Audit, there are numerous systems and management controls in place to deter fraud and corruption. However often the vigilance of staff and members of the public identify and aid the detection of fraudulent practices or corruption.

6 Awareness and training

- 6.1 The Authority recognises that the continuing success of this policy and its general credibility will depend in part on the effectiveness of training and awareness for members and employees.

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