

North York Moors National Park Authority Finance, Risk, Audit and Standards Committee

19 November 2018

Counter Fraud and Corruption Policy

1. Purpose of the Report

- 1.1 To seek Members' approval for the draft Counter Fraud and Corruption Policy.

2. Background

- 2.1 As members will be aware one of the long standing actions of the previous and current Fraud and Corruption strategic risk was to revise the Authority's Counter Fraud and Corruption Policy. For a variety of operational reasons, this piece of work was not completed as planned until now.
- 2.2 Overall responsibility for the Authority's counter fraud arrangements rests with the s151 Officer and she has overseen the review of the policy which was written by Ian Morton, Audit Manager from our internal auditors, Veritau.

3. Scope of the Policy

- 3.1 The draft policy is attached as **Appendix 1**. It outlines responsibilities and describes the counter fraud arrangements that are in place. The draft policy commits the Authority to a number of actions in terms of publicising the policy and providing awareness training to specific groups of staff.
- 3.2 Officers believe that this draft policy is consistent with other public sector bodies of a similar size and proportionate to the Authority's levels of risk.
- 3.3 Members comments on any aspect of the draft policy are welcome.

4. Financial, Legal and Staffing Implications

- 4.1 Adoption of the report will ensure that the Authority complies with its moral and legal obligations to ensure that tax-payers money is used appropriately and that adequate arrangements are in place to ensure that this happens.

5. Recommendation

- 5.1 That:

Members comment on the draft Counter Fraud and Corruption Policy and, subject to any changes that they wish to make, adopt the Policy.

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Counter Fraud and Corruption Policy

1. Introduction

- 1.1 All organisations are at increasing risk of fraud and corruption. Some commentators estimate that annual fraud losses to the public sector in the UK could be £43 billion. It is therefore a risk that the authority cannot and should not ignore.
- 1.2 Any fraud committed against the authority constitutes a theft of taxpayer's money. It is unlawful and deprives the Authority of resources which should be available to provide services to residents and visitors to the park. By putting in place effective measures to counter the risk of fraud and corruption the authority can minimise any potential losses which could impact on service delivery as a contribution to the achievement of overall Authority priorities.
- 1.3 This document sets out the Authority's policy in relation to fraud and corruption perpetrated against it, and its overall arrangements for preventing and detecting fraud. It forms part of the Authority's overall policy framework for combating fraud and corruption and should be read in conjunction with the members' handbook, financial regulations, contract procedure rules, the whistleblowing policy, codes of conduct, and disciplinary procedures.

2. Definitions and Scope

- 2.1 For the purpose of this policy, the term fraud is used broadly to encompass:
- acts which would fall under the definition in the Fraud Act (2006)
 - anything which may be deemed fraudulent in accordance with the generally held view of fraud as causing loss or making a gain at the expense of someone by deception and dishonest means
 - any act of bribery or corruption including specific offences covered by the Bribery Act (2010)
 - acts of theft
 - any other irregularity which is to the detriment of the authority whether financially or otherwise, or by which someone gains benefit they are not entitled to.
- 2.2 This policy does not cover fraud or corruption against third parties, except where there may be an impact on the service provided by the authority. In addition, it does not cover other acts – for example offences involving violence - which may affect the authority, and which should in most cases be reported directly to the police.

3. Principles

- 3.1 The Authority will not tolerate fraud or corruption in the administration of its responsibilities, whether perpetrated by members, officers, customers of its services, third party organisations contracting with it to provide goods and/or services, or other agencies with which it has any business dealings. There is a basic expectation that members, employees, and contractors' staff will act with integrity and with due regard to matters of probity and propriety, the requirement to act lawfully and comply with all rules, procedures and practices set out in legislation, the member's handbook, the authority's policy framework, and all relevant professional and other codes of practice.
- 3.2 The Authority will seek to assess its exposure to risks of fraud and corruption. It will prioritise resources available to prevent and deter fraud in order to minimise this risk.

- 3.3 The Authority will consider any allegation or suspicion of fraud seriously, from whatever source, and if appropriate will undertake an investigation to confirm whether fraud has occurred and determine the appropriate outcome. Any investigation will be proportionate. The Authority may refer any incident of suspected fraud to the police or other agencies for investigation, if appropriate.
- 3.4 To act as a deterrent, the Authority will take action in all cases where fraud (or an attempt to commit fraud) is proved, in proportion to the act committed. This may include supporting a prosecution, application of internal disciplinary procedures, or any other action deemed appropriate to the offence (for example referral to a professional body).
- 3.5 As a further deterrent, and to minimise losses, the Authority will attempt to recover any losses incurred through civil or legal action.

4. Responsibilities

- 4.1 Overall responsibility for counter fraud arrangements rests with the section 151 officer on behalf of the Authority. The section 151 officer has a professional responsibility for ensuring the Authority has appropriate measures for the prevention and detection of fraud and corruption, which are reflected in legislation.
- 4.2 The Finance, Risk, Audit and Standards Committee has responsibility to consider the effectiveness of counter fraud and anti-corruption arrangements at the Authority. This includes monitoring of Authority policies on raising concerns at work and counter fraud and corruption.
- 4.3 The Senior Leadership Team are collectively responsible for ensuring that the Authority has effective counter fraud and corruption procedures embedded across the organisation that comply with best practice and good governance standards and requirements.
- 4.4 The Monitoring Officer will be aware of any ongoing investigations relating to fraud within the authority and is responsible for reviewing subsequent investigative reports alongside Internal Audit. The Monitoring Officer is also the Authority's Whistleblowing Officer and should be consulted if the reporting of fraud might constitute whistleblowing.
- 4.5 The Head of Corporate Services is responsible for reviewing the Authority's counter fraud and corruption policies on a regular basis and recommending any required changes to those policies.
- 4.6 All senior managers have a responsibility for preventing and detecting fraud within their service areas. This includes maintenance of effective systems of internal control and ensuring that any weaknesses identified through the work of internal audit or by other means are addressed promptly.
- 4.7 All staff have a general responsibility to be aware of the possibility of fraud and corruption, and to report any suspicions that they may have to the Head of Corporate Services. Where appropriate, staff may use the whistleblowing policy to raise concerns anonymously.

5. Overall Counter Fraud Arrangements

Introduction

- 5.1 The purpose of this section is to set out the Authority's overall framework for countering the risk of fraud and corruption. While the Authority aims to follow best practice in relation to counter fraud activity¹, it recognises that new and emerging fraud risks will require a dynamic approach to fraud prevention and detection.

Culture

- 5.2 The Authority will promote a culture whereby all staff, members, service users, and contractors are aware that fraud or corruption in any form is unacceptable. To do this, it will:

- ensure that there are clear arrangements in place for reporting suspicions about potential fraud or corruption, whether that be by staff, Authority members, partners, stakeholders, contractors or members of the public;
- investigate reported suspicions and where evidence of fraud or corruption is found will support prosecution where appropriate and take any other action necessary in accordance with the financial regulations, contract procedure rules, disciplinary procedures, code of conduct, or any relevant legislation or guidance;
- ensure that the consequences of committing fraud and/or partaking in corrupt practices are widely publicised.

Prevention and Detection

Controls

- 5.3 As part of its ongoing operating procedures, the Authority seeks to ensure that proper systems of internal control are in place. This includes controls to directly prevent and detect fraud, such as separation of duties and management review, along with other procedures such as vetting as part of recruitment processes and systems for declaration of interests and gifts and hospitality. The effectiveness of systems of control are monitored and a formal report is made as part of the process for preparing the annual governance statement. The Authority maintains a system of internal audit to provide independent review of control systems on an ongoing basis, in accordance with a risk assessment.

Relationships

- 5.4 The Authority has established relationships with a number of other agencies. It will continue to develop these relationships and develop new ones to further the prevention and detection of fraud. Organisations which the Authority will work with include:

- the police
- local authorities
- community groups

Fraud Awareness

- 5.5 The Authority will provide targeted fraud awareness training to specific groups of staff on a regular basis to ensure fraud is detected and reported.

¹ For example the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

- 5.6 This policy will form a part of the Authority's induction programme for new Members and staff, and will be accessible to all staff via the intranet.

Investigation

- 5.7 All suspected cases of fraud, corruption, theft or other irregularity will be investigated. The nature of an investigation will depend on the circumstances of the case. The Head of Corporate Services will act as a first port of call for any suspected fraud and he/she will consult with the CEO to determine how any investigation should proceed. The authority can refer suspected fraud to Internal Audit, External Auditor and/or the Police.
- 5.8 Any staff and contractors involved in the investigation of fraud will be appropriately trained. They will be required to comply with any relevant legislation and codes of practice. For example the Police and Criminal Evidence Act (PACE), Regulation of Investigatory Powers Act (RIPA), the Data Protection Act (DPA), and the Criminal Procedures Investigations Act (CPIA).
- 5.9 As part of the outcome of every investigation, a review of any weaknesses in control will be made and if necessary recommendations will be made to address any issues identified. These will be set out in a formal report to the managers of the service concerned, and will be followed up to ensure the issues are addressed.
- 5.10 The officers will ensure that systems for investigating fraud are reviewed on an ongoing basis, to ensure that they remain up to date and comply with good practice.

Publicity

- 5.11 The Authority will publicise the successful resolution of fraud investigations undertaken either by itself or by partner organisations, to act as a deterrent against future fraud.
- 5.12 In addition, where appropriate, targeted publicity will be used to raise the awareness of fraud to staff, members, the public, and other agencies. This will consist of both internal and external publicity and will aim to:
- raise awareness about potential fraud and ensure all stakeholders are alert to the possibilities of fraud;
 - inform all stakeholders of the procedures to be followed if they have suspicions of fraud;
 - ensure that all stakeholders are aware that the authority will not tolerate fraud and the consequences of committing fraud against it.

Recovery of Monies

- 5.13 Where any loss has been incurred by the authority or additional costs have been incurred as a result of fraud or corruption, the authority will seek to recover these from the individual or organisation concerned. This will help to ensure that the financial impact of fraud on the authority is minimised and act as a deterrent. As a further deterrent, the authority will seek to levy any appropriate fines or penalties where it is possible and desirable to do so.

5.14 Methods of recovery may include (but are not limited to):

- recovery from assets held by the organisation or individual (using the Proceeds of Crime Act or any other relevant legislation);
- bankruptcy where appropriate;
- recovery from future salary payments if an individual remains an employee of the authority;
- recovery of pension contributions from employees or members who are members of the North Yorkshire Pension Fund.

6. **Monitoring & Review Arrangements**

6.1 The arrangements set out in this policy document will be reviewed at least every three years as part of the audit planning cycle and will include other related guidance. Any amendments or necessary changes will be reported to members for approval.

7. **Queries about this Policy**

7.1 If you have any queries about this policy, contact the Head of Corporate Services, the S151 Officer or the Monitoring Officer.

Last Reviewed and Updated: 19 November 2018