

BRECON BEACONS NATIONAL PARK AUTHORITY
ANTI-FRAUD AND CORRUPTION POLICY

1. INTRODUCTION

This Policy covers all employees and Members of the Brecon Beacons National Park Authority.

The Authority is committed to an effective Anti-Fraud and Corruption Policy designed to:

- ◆ encourage prevention
- ◆ promote detection
- ◆ identify a clear pathway for investigation

2. DEFINITION OF FRAUD AND CORRUPTION

2.1 **Fraud** is the intentional distortion of financial statements and accounting records and/or misappropriation of assets. (Ref. Audit Commission)

Areas which most commonly encounter fraud include: travel claims; petty cash vouchers; car loans; car parking; cash collection; cheques; contracts; credit income; creditor payments; expense claims; stores.

It should be noted that fraud does not include misappropriation or petty theft without the distortion of financial statements or other records. These are disciplinary and/or criminal actions in themselves and will be dealt with accordingly.

Fraud is a deliberate act by an individual or group of individuals. Fraud is, therefore, always intentional and dishonest.

2.2 **Corruption** is the offering, giving, soliciting or acceptance of an inducement or reward which may influence a person to act against the interests of the organisation. (Ref. Audit Commission)

Areas where corrupt practices may be found include (but are not limited to): canvassing for appointments; hospitality; pecuniary interests of members and officers secondary employment of staff which may influence their work for the National Park; disposal of assets.

3. ANTI-FRAUD AND CORRUPTION STRATEGY

Fraud and corruption can undermine the aims of the Authority which are to be open, honest and accountable and provide efficient, effective and economic services.

To combat fraud and corruption, and thereby help to achieve the aims of the Authority, a strategy is required which provides arrangements for preventing and deterring fraud and corruption, and detecting and investigating any actual or suspected cases.

The Authority's strategy is based on a series of comprehensive and inter-related procedures designed to frustrate any attempted fraudulent or corrupt act or intent. These cover:

- ◆ Culture
- ◆ Prevention
- ◆ Detection and Investigation
- ◆ Training
- ◆ Response Plan
- ◆ Codes of Conduct

The Authority is also aware of the high degree of external scrutiny of its affairs by a variety of bodies including:

- ◆ Local tax payers
- ◆ Service Users
- ◆ District Audit Service
- ◆ Audit Commission
- ◆ HM Customs and Excise
- ◆ Inland Revenue
- ◆ Contributions Agency
- ◆ National Assembly
- ◆ Countryside Council for Wales
- ◆ County Council (re our precept)

4. **CULTURE**

The Authority is determined to ensure that the culture and tone of the organisation is one of honesty and opposition to fraud and corruption.

There is an expectation and requirement that all individuals employed by the Brecon Beacons National Park Authority, and Members of the Authority, will act with integrity, and lead by example.

National Park staff are an important element in the Authority's strategy to counter fraud and corruption and they are positively encouraged to raise any concerns they may have.

The Authority will support employees who raise legitimate issues of concern and protect them from reprisals, and will do everything to guarantee their anonymity. Victimising employees or deterring them from raising a concern about fraud or corruption will be treated as a serious disciplinary matter, as will abusing this process by raising unfounded malicious allegations.

The National Park 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 its integrity and reputation, 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 that of the National

Park Authority as a whole - that all allegations are investigated and properly resolved.

Against this background, every member of staff has a role to play in protecting the integrity of the Authority's business and other activities, and all staff must regard themselves as 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 by an employee, 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.

The Authority wishes to stress to members of staff that if an 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 there is evidence to prove that they acted maliciously in bringing forward an unfounded allegation.

Senior management are responsible for following up any allegation of fraud or corruption received and will do so through clearly defined procedures:

- ◆ dealing promptly with the matter
- ◆ recording all evidence received
- ◆ ensuring that evidence is sound and adequately supported
- ◆ ensuring security of all evidence collected
- ◆ notifying relevant bodies
- ◆ implementing Authority disciplinary procedures where appropriate.

If necessary, a route other than the normal line manager may be used by employees to raise such concerns.

Staff may if they so wish refer complaints directly to the Head of Corporate Services at the Brecon Beacons National Park Authority offices at Brecon. Any complaints in which a member of the Management Team may be implicated should be referred directly to the Chief Executive, or if preferred to the Authority's Monitoring Officer.

5. PREVENTION

The Brecon Beacons National Park Authority recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff, in particular to obtain written references regarding known honesty and integrity. In this regard temporary and contract employees should be treated in the same manner as permanent employees.

Staff are expected to follow the Authority's Code of Conduct for Employees which provides guidance on:

- ◆ declaration of interests
- ◆ hospitality
- ◆ personal use of the Authority's resources

- ◆ sponsorship relationships
- ◆ tendering matters
- ◆ standards

Authority Members are required to adhere to the National Code of Conduct which has been formally adopted by the Authority and signed up to by each member. A copy of the Code of Conduct has been provided to each Member individually.

All Members and staff of the National Park are required to declare in a public register any offers of gifts or hospitality which are in any way related to the performance of their duties in relation to the Authority. The register for members is kept by the Chief Executive and the register for staff is held in Corporate Services. All offers of gifts and hospitality of a substantial nature, i.e. where there is a real or perceived value greater than for example a "normal" diary, pens or other stationery with little intrinsic value, must be reported. If an employee or Member is in doubt as to whether they need to register an offer of a gift or hospitality, the presence of that doubt would suggest that a disclosure is necessary, and it is better to err on the side of caution.

Significant emphasis has been placed on the thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls. The adequacy and appropriateness of the National Park's financial systems is independently monitored by both Internal and External Audit. Senior management place great weight on being responsive to audit recommendations.

6. DETECTION AND INVESTIGATION

The array of preventative systems, particularly internal control systems, within the National Park have been designed to identify and uncover any fraudulent activity, and generally they should be sufficient in themselves to deter fraud.

It is the responsibility of management to prevent and detect fraud and corruption. However, it is often the alertness of employees and the public that enables detection to occur and the appropriate action taken when there is evidence that fraud or corruption may have been committed or is in progress.

Despite the best efforts of line managers and auditors, frauds are often discovered by chance and the Authority has in place arrangements to enable such information to be properly dealt with. These are set out in the document entitled "Response Plan" which is included as an Appendix to this policy statement.

Depending on the nature and anticipated extent of the allegations, the Authority's Internal Audit providers will normally work closely with management and other agencies such as the Police to ensure that all allegations and evidence are properly investigated and reported upon. Investigations should be carried out in accordance with the principles of natural justice.

The Park's Disciplinary Procedures will be used where the outcome of the Audit Investigation indicates improper behaviour, and the Authority would normally wish the Police to independently investigate and, if deemed appropriate, to prosecute offenders where financial impropriety amounting to a possible breach of the criminal

law is discovered. In addition civil legal action may be taken for the recovery of money or property misappropriated from the Authority.

It should be noted that, when a case is deemed sufficiently serious, a member of staff suspected of financial misconduct may be suspended while an investigation is underway, in accordance with the Authority's Disciplinary Procedures.

All line managers should ensure that controls are in place to prevent and detect fraud and error. There is a need to be aware of the possibility of fraud when reviewing or presented with claims/forms/documentation etc. Issues which may give rise to suspicions are:

- ◆ Documents that have been altered, use of Tippex, or different pens and different handwriting
- ◆ Claims that cannot be checked, particularly if prior authorisation was not given
- ◆ Confused, illegible text and missing details
- ◆ Delays in documentation completion or submission
- ◆ No vouchers or receipts to support claims

Appropriate training will be provided to line managers to assist them to identify indications that an employee may be acting fraudulently.

NB All cases where there is an alleged fraud resulting in an actual or potential loss to the Authority must be immediately reported to the Chief Finance Officer of the National Park Authority. This will be done in all cases by the officers named in Paragraph 2.3 of the "Response Plan" attached as an Appendix to this policy statement.

7. TRAINING

The Brecon Beacons National Park Authority recognises that the continuing success of its Anti-fraud and Corruption Strategy and its general credibility will depend largely on the effectiveness of programmed training and the responsiveness of employees throughout the organisation.

To facilitate this, the Authority supports the concept of induction training, particularly for employees involved in internal control systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced. All entrants to the Brecon Beacons National Park Authority will be given a copy of the Authority's Anti-fraud and Corruption policy and will be advised of their responsibilities to prevent and report such action, and of the possibility of disciplinary action against staff who ignore such training and guidance.

Investigation of fraud and corruption centres on the Park's Internal Audit Service. It is therefore apparent that existing employees involved in this work should be properly trained. Accordingly the Authority's Internal Audit service providers are required to ensure appropriate levels of training of their employees engaged on National Park work.

8. FRAUD AND CORRUPTION - AWARENESS

8.1 Introduction

This section aims to give practical advice and information to managers who are likely to be responsible for areas where fraud or corruption may occur. It gives hints regarding what signs to look for which indicate that fraud or corruption may exist and provides specific examples of fraud.

8.2 Where Fraud might Occur

Fraud can occur wherever staff or independent contractors transact official documentation and can take financial advantage of the Park. The risk of fraud is enhanced where staff or contractors are in positions of trust or responsibility and are not checked or subjected to effective monitoring or validation. Consequently, the following areas are particularly susceptible to fraud:

- ◆ Claims for contractual services rendered
- ◆ Travel and expense claims
- ◆ Cash receipts/petty cash
- ◆ Payroll
- ◆ Ordering
- ◆ Stocks assets

8.3 Examples of Fraud

Contractors/Sub-Contractors

- ◆ Claiming for services not performed
- ◆ Claiming for a higher level of service than that performed
- ◆ Provision of additional services/works, not supported by proper prior authorisation

Travel Claims

This is a most difficult area to control. Due to staff travelling alone and the volume of journeys and numbers of staff claiming, it is extremely difficult for management to check and validate the claims being made. The most common frauds in this area are:

- ◆ False journeys claimed
- ◆ Mileages inflated
- ◆ Higher reimbursement rate claims
- ◆ Unnecessary journeys undertaken
- ◆ Two officers claim for a journey taken together
- ◆ Claiming first class travel but taking second class

Expense Claims

There are numerous claims that can be made, such as training expenses, removal expenses, subsistence claims etc. The examples of fraud in this area generally fall into the following categories:

- ◆ False, or inflated claims made
- ◆ Claims submitted to the Park regarding a third Party (e.g. where meals provided at pre-paid conferences/ seminars)
- ◆ Excessive inappropriate expenses claimed

Cash Receipts

Cash can be collected by staff in a variety of situations and is a high risk area for obvious reasons. The main problems are:

- ◆ Accepting cash without receipting or declaring it
- ◆ Under-recording cash received
- ◆ Altering documentation to disguise the theft of cash
- ◆ Substituting cheques received, but not recorded, for cash received

Petty Cash

Petty cash is usually held in a limited number of authorised locations at a specified level, e.g. £50. The responsibility for managing the 'float' is usually vested in one person, but the following problems can arise:

- ◆ Reimbursement sought for receipted, but inappropriate expenditure
- ◆ Vouchers/receipts submitted but no expenditure made

Payroll

The major payroll frauds are most likely to occur with respect to new starters and with leavers, for examples:

- ◆ Erroneous or 'ghost' employees introduced onto the payroll, the salary being paid to the perpetrator
- ◆ A leaver not being taken off the payroll and the salary payment being diverted to the perpetrator
- ◆ Hours worked over-stated to take advantage of flexitime or overtime arrangements.

Ordering

This is an area which is open to corruption as well as fraud. The Authority has sought to minimise the risk by restricting the number of personnel empowered to make or authorise an order. However, fraud can also be committed by suppliers.

- ◆ Goods ordered for personal use or from a specific supplier in return for some form of benefit
- ◆ Goods ordered from a relative's or friend's business outside of usual procurement processes
- ◆ Accepting a lower number of items than ordered, but certifying an invoice for the higher number
- ◆ Creating/certifying false invoices, for which no order has been raised (internally or externally generated)

Stocks and Assets

This is an area that is susceptible to misuse, theft and fraud. The most obvious and common risk area is stationery. However, staff come into contact with a variety of stocks and assets which, if not properly controlled, will be subject to losses due to fraud and theft.

A further problem is the use of the Park's assets for an individual's personal reasons e.g. using a personal computer, fax, telephone etc., for running a private business or for other inappropriate private purposes.

9. GUIDELINES FOR EMPLOYEES ON REPORTING OF IRREGULARITIES

- ◆ Do not approach, interview or accuse anyone suspected of being involved.
- ◆ Report immediately to your line manager or, if unavailable, the Head of Corporate Services, or if anonymity desired, by writing to the Authority's Monitoring Officer, the Chief Executive or any Head of Service.
- ◆ Assemble all the facts and documentation available from the sources immediately to hand.
- ◆ If the information has come from a member of the public by telephone, then information notified should be written down, date and time noted and the name and address of the supplier of the information recorded, if they are willing to make it available.
- ◆ Prepare a briefing note of the circumstances.
- ◆ Do not make further enquiries without authorisation.
- ◆ The Head of Corporate Services will record details immediately in the Register. Also recorded will be the action taken and outcomes.

The Register will contain details of all reported suspicions, including those dismissed as 'minor' or otherwise not investigated. It will also contain details of action taken and conclusions reached.

The meaning of 'minor' is that which any reasonable person would deem to be of little consequence in terms of overall value. The Head of Support Services will be the officer responsible for making this judgement.

If the matter is not considered minor, the Head of Support Services will then notify, as appropriate, the Internal and External Auditors. The Head of Support Services will be responsible for the investigation.

10. WHISTLE-BLOWING

May I highlight at this point that in the Public Interest Disclosure Act 1998 the Government has given statutory protection to employees who 'blow the whistle' by speaking out against corruption and malpractice at work. It protects them against victimisation and dismissal.

In due course a policy, and guidance as to procedure, will be formulated in consultation with UNISON, with the aim of explaining employees' rights and proper method of proceeding.

11. CONCLUSION

The Authority has in place a network of systems and procedures to assist it in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.

To this end the Authority maintains a continuous overview of such arrangements through, in particular, its IT & Resources Manager and its Internal and External Auditors.

Appendix

RESPONSE PLAN - HOW TO DEAL WITH A SUSPECTED CASE AND/OR CORRUPTION

1. Introduction

The Park is committed to the values of probity and accountability, but the determined perpetrator will always seek to find a way round systems and procedures. It is therefore necessary for all line managers to be aware of what is required in the event of being notified of a suspected fraud. This section of the Strategy document sets out the process for staff who wish to notify any suspicions, and also how Park officers should respond.

2. Notifying Suspected Fraud

Suspected fraud can be discovered in a number of ways but in all cases it is important that employees feel able to report their concerns and are also aware of the means by which they are able to do so.

The Park has several means available to its staff:

2.1 Line Management

If an employee discovers a suspected fraud then it should be reported to the line manager as a matter of urgency. Whilst line managers should establish as many details as possible (by discussion with the notifying employee only) he/she should formally report the incident to their Section Head who should then notify the Head of Corporate Services.

In some cases the notifying individual may prefer to report the suspicion outside his/her normal line management structure or even to remain anonymous, and in such cases complaints should be referred directly to the Head of Corporate Services. Whilst anonymous complaints will always be investigated they should be discouraged as those investigations are likely to be less effective without the full co-operation of the complainant.

2.2 Internal Audit

The primary role of internal audit is to report on the adequacy of systems and procedures (the 'Internal control' environment). However, they can also assist directly with the investigation of suspected fraud in appropriate cases. The Authority's internal audit providers have many years' experience in fraud investigation and will always be receptive to discussing concerns raised by staff.

2.3 Staff wishing to lodge complaints anonymously or outside their own line management :

Head of Corporate Services

2.4 Complaints where members of Authority Management Team may be implicated:

Chief Executive

2.5 Where staff wish to raise an issue with a person who is independent of the Authority's Staff Structure:

Acting Monitoring Officer – Head of Corporate Services

3. Investigating Suspected Fraud

3.1 Initial Steps

Once fraud is suspected it is critical that any investigation is conducted in a professional manner aimed at ensuring that the current and future interests of both the Authority and the suspected individual(s) are protected. The latter is equally important as a suspicion should not be seen as guilt until proved.

It is also crucial that the notifying employee does not feel threatened. The Authority undertakes to protect the identity of such employees and not to release the source of notification at any time during investigation.

For each notified suspicion the Head of Support Services will appoint an "Investigating Officer" to be in charge of the investigation on a day-to-day basis, each case will be judged on its merit. The overriding principle in this context will be the need to protect the privacy and reputation of individuals until such time as suspicions can be substantiated.

3.2 Subsequent Steps

The Investigating Officer and the Head of Corporate Services must:

- ◆ initially assess whether there is a need to recommend that an employee be suspended. The decision should be kept under review at all stages of the ensuing investigation - when suspension is considered appropriate, this will be undertaken under the provisions of relevant Conditions of Service
- ◆ identify a course of action (what, who, when, how, where)
- ◆ identify the reporting process (who by, to whom, when and how)
- ◆ ensure that strict confidentiality is continuously maintained where they are not involved in the investigation process
- ◆ bring the matter to the attention of the Internal Audit.

The Investigating Officer will:

- ◆ open a file to record chronologically: telephone conversations; face to face discussions; records/documents reviewed ; tests undertaken and results.
- ◆ ensure the correct form of evidence is obtained and appropriately retained: prime documents; certified copies; physical items; secondary evidence (e.g. notes of discussions etc.); circumstantial; hearsay.
- ◆ ensure interviews are conducted in the correct manner. In particular, that the requirements of the Police and Criminal Evidence Act are complied with when interviewing suspects where criminal action is possible.

Whenever formal interviews are being undertaken, individuals under suspicion will have the right to be represented by their union or professional advisors.

4. Liaison with External Audit and the Police

4.1 External Audit

The Authority has a duty to report all suspected frauds to its external auditors. This will be done by the Chief Financial Officer at the earliest opportunity.

4.2 Interim Report

As soon as the initial "detection" stage of the investigation has been completed an interim confidential report, which may be verbal, but is more likely to be in a written format, should be made by the Investigating Officer to the Head of Corporate Services, Monitoring Officer and any other officer decided upon at the preliminary stage.

The Interim Report should set out:

- ◆ the findings to date
- ◆ the interim conclusions drawn from those findings and should seek approval to continue the investigation if this is appropriate
- ◆ If it is decided to continue the investigation then future reporting arrangements and any changes to the planned action should be confirmed, ensuring that the independence of the Chief Executive, and any other Officers who may be called upon to hear disciplinary cases, is preserved.

4.3 Final Report

This report will supersede all other reports and be the definitive document on which management (in a disciplinary situation) and possibly the police (in a criminal situation) will base their initial decisions.

The format of the Final Report will not always be the same as each case is unique, but will generally set out:

- ◆ how the investigation arose
- ◆ who the suspects are, their position in the Park and their responsibilities
- ◆ how the investigation was undertaken
- ◆ the facts and evidence which were identified
- ◆ summary of findings and recommendations, both regarding the fraud itself and any additional work required on system weaknesses identified during the investigation.

4.4 Defamation

All reports must be substantiated by evidence and avoid contents that could be considered to be unjustifiably defamatory in the event of the report being made public.

Defamation in law is defined as:

- ◆ "the publication (i.e. communication) of a statement which tends to lower a person in the estimation of right-thinking members of society generally or which tends to make them shun or avoid that person".

4.5 Police

The experts at investigating fraud are the police. They will also advise on the likely outcome of any intended prosecution. Initial contact with the police should only be undertaken following discussion between the Head of Corporate Services and the Investigating Officer. It is the policy of the police to welcome early notification of suspected fraud.

If the police decide that a formal investigation is necessary, all staff should co-operate fully with any subsequent requests or recommendations. All contact with the police following their initial involvement will usually be via the Investigating Officer.

Where the police decide to formally investigate, this will not prejudice any internal disciplinary procedures; these should continue as normal. However, the internal investigation and the police's should be co-ordinated to make maximum use of resources and information.