

SNOWDONIA NATIONAL PARK AUTHORITY

ANTI FRAUD AND CORRUPTION STRATEGY



1.0 INTRODUCTION

- 1.1 In carrying out its functions and responsibilities, the Authority has always adopted a culture of openness and fairness and has expected that its members and employees at all levels will adopt the highest standards of propriety and accountability. This has been achieved by leading by example and by an understanding of and adherence to rules, procedures and agreed practices. These standards have also been expected from organisations that have dealings with the Authority (e.g. suppliers/contractors).
- 1.2 The Authority accepts that it must formalise these accepted standards and practices and develop an anti-fraud and corruption strategy. We are currently in a strong position due to the controls that have already been put in place, e.g. standing orders, financial regulations and the members' code of conduct, but we must not be complacent.
- 1.3 The Authority therefore must demonstrate clearly that it is firmly committed to dealing with fraud and corruption and will deal equally with perpetrators from inside (members and employees) and outside the Authority. In addition, there will be no distinction made in investigation and action between cases that generate financial benefits and those that do not.

This strategy, however, will not compromise the Authority's equal opportunities policy or any obligations as an employer under the code of conduct for local government employees.

- 1.4 This strategy document embodies a series of measures designed to frustrate any attempted fraudulent or corrupt act and the steps to be taken if such an act occurs. For ease of understanding, it is separated into five areas:
- Culture Section 2
 - Prevention Section 3
 - Deterrence Section 4
 - Detection and investigation Section 5
 - Awareness and Training Section 6
- 1.5 The Authority is also aware of the high degree of external scrutiny of its affairs by a variety of bodies such as the Wales Audit Office and the Public Services Ombudsman for Wales. These bodies are important in highlighting any areas where improvements can be made.

The Fraud Act of 2006 gives us a legislative definition of fraud as the intention to make gain or cause loss by false representation, failing to disclose information or abuse of position

Corruption can be defined as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.

In addition, this strategy covers the failure to disclose an interest in order to gain financial or other pecuniary gain.

2.0 **CULTURE**

2.1 The culture of the Authority has always been one of openness and the core values of fairness, trust and value support this. The Authority's culture therefore supports the opposition to fraud and corruption.

2.2 The prevention/detection of fraud/corruption and the protection of the public purse are everyone's responsibility.

2.3 The Authority's members and employees play an important role in creating and maintaining this culture. They are positively encouraged to raise concerns regarding fraud and corruption, immaterial of seniority, rank or status, in the knowledge that such concerns will, wherever possible, be treated in confidence.

2.4 Concerns must be raised when members or employees reasonably believe that one or more of the following has occurred, is in the process of occurring or is likely to occur:

- a criminal offence
- a failure to comply with a statutory or legal obligation
- improper use of public or other funds
- a miscarriage of justice
- maladministration, misconduct or malpractice
- endangering of an individual's health and safety
- damage to the environment
- deliberate concealment of any of the above.

2.5 The Authority will ensure that any allegations received in any way, including by anonymous letters or phone calls, will be taken seriously and investigated in an appropriate manner, subject to the principles of natural justice and the provisions of the Human Rights Act 1998.

2.6 The Authority will deal firmly with those who defraud the Authority, or who are corrupt, or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as employees raising malicious allegations) may be dealt with as a disciplinary matter.

2.7 When fraud or corruption have occurred because of a breakdown in the Authority's systems or procedures, the relevant Director or Directors will ensure that appropriate improvements in systems of control are implemented to prevent a reoccurrence.

3.0 PREVENTION

MEMBERS

3.1 The Role of Members

- 3.1.1 All members of the Authority have a duty to protect the Authority from all forms of abuse.
- 3.1.2 This is done through the anti-fraud and corruption strategy and compliance with the Code of Conduct for members, the Authority's financial regulations and standing orders and the relevant legislation.
- 3.1.3 Members sign to the effect that they have read and understood the Code of Conduct when they take office. These conduct and ethical matters are specifically brought to the attention of members during induction and include the declaration and registration of interests. The Monitoring Officer advises members of new legislative or procedural requirements.

EMPLOYEES

3.2 The Role of Managers

- 3.2.1 Managers at all levels are responsible for the communication and implementation of this strategy in their work area. They are also responsible for ensuring that their employees are aware of the Authority's, financial regulations and standing orders, and that the requirements of each are being met in their everyday business activities. In addition, managers must make their employees aware of the requirements of the National Code of Conduct for Local Government Employees through the induction process.
- 3.2.2 Managers are expected to strive to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities. Where they are unsure of the procedures, they must refer to the information in the Authority's Confidential Reporting Policy ("Whistleblowing").
- 3.2.3 Special arrangements will apply where employees are responsible for cash handling or are in charge of financial systems and systems that generate payments, for example payroll. Managers must ensure that relevant training is provided for employees. Checks must be carried out at least annually to ensure that proper procedures are being followed.
- 3.2.4 The Authority recognises that a key preventative measure in dealing with fraud and corruption is 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. The Authority's equal opportunities policy will be adhered to during this process.
- 3.2.5 The Authority has a formal recruitment procedure, which contains appropriate safeguards on matters such as written references and verifying qualifications held. As with other public bodies, Criminal Records Bureau checks are undertaken on employees working with children and vulnerable adults. Further checks will be

introduced in areas where an increased risk of potential fraud and corruption has been identified.

3.3 Responsibilities of Employees

- 3.3.1 Each employee is governed in their work by the Authority's standing orders and financial regulations and other codes of conduct and policies (Health and Safety, IT strategy, IT security). They are also governed by the Code of Conduct for Local Government Employees. Included in these are the Code of Practice on Receipt of Gifts and Hospitality. These are issued to all employees when they join the Authority or will be provided by their manager.
- 3.3.2 In addition to paragraph 3.3.1, employees 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.
- 3.3.3 Employees are expected always to be aware of the possibility that fraud, corruption or theft may exist in the workplace and be able to share their concerns with management. If for any reason, they feel unable to speak to their manager they must refer the matter to one of those named below.
- 3.3.4 Concerns must be raised, in the first instance, directly with the Heads of Service, Head of Finance, the relevant Director, Chief Executive or Monitoring Officer, if necessary, anonymously (by letter or phone), who will respond to such concerns in accordance with the procedures established in Annex 1.

3.4 Conflicts of Interest

- 3.4.1 Both members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise with externalisation of services, internal tendering, planning and land issues, etc. Effective role separation will ensure decisions made are seen to be based upon impartial advice and avoid questions about improper disclosure of confidential information.

3.5 Role of Internal Audit

- 3.5.1 Internal Audit Services plays a vital preventative role in trying to ensure that systems and procedures are in place to prevent and detect fraud and corruption. Audit Services investigate all cases of suspected irregularity, in accordance with the requirements of the Human Rights Act 1998. They liaise with management to recommend changes in procedures to prevent further losses to the Authority.

3.6 The Role of External Audit

- 3.6.1 Independent external audit is an essential safeguard in the stewardship of public money. This role is delivered through the carrying out of 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. It is not the external auditor's function to prevent fraud and irregularity, 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. The external auditor has a responsibility to review the authority's arrangements to prevent and detect fraud

and irregularity, and arrangements designed to limit the opportunity for corrupt practices.

3.7 Co-operation with Others

3.7.1 Internal Audit has arranged and will keep under review procedures and arrangements to develop and encourage the exchange of information on national and local fraud and corruption activity in relation to local authorities with external agencies such as:

- The Police
- Unitary Authorities
- Public Services Ombudsman for Wales
- Wales Audit Office

- Government departments.

4.0 DETERRENCE

4.1 Disciplinary Action

4.1.1 Theft, fraud and corruption are serious offences against the Authority and employees 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.

4.1.2 Members will face appropriate action under this strategy if they are found to have been involved in theft, fraud or corruption against the Authority. Action will be taken in addition to, or instead of, criminal proceedings, depending on the circumstances of each individual case, but in a consistent manner. Where the activities involve breaches of the Code of Conduct for Members the matter will be referred to the Public Services Ombudsman for Wales.

5.0 DETECTION AND INVESTIGATION

5.1 Internal Audit plays an important role in the detection of fraud and corruption by conducting reviews of system financial controls and specific fraud and corruption tests, spot checks and unannounced visits.

5.2 In addition to Internal Audit, there are numerous systems controls in place to deter fraud and corruption, but it is often the vigilance of employees and members of the public that aids detection.

5.3 In some cases frauds are discovered by chance or 'tip-off' and arrangements are in place to enable such information to be properly dealt with, in accordance with the requirements of the Human Rights Act 1998.

5.4 The Authority has adopted a Confidential Reporting Policy which informs and assures staff about the disclosure of suspected misconduct and how the Authority will respond.

5.5 All suspected irregularities are required to be reported (verbally or in writing) either by the person with whom the initial concern was raised or by the originator, as per

paragraph 3.3.4 (the authority's confidential reporting policy). This is essential to the strategy, and:

- ensures the consistent treatment of information regarding fraud and corruption
- facilitates a proper and thorough investigation by an experienced audit team, in accordance with the requirements of the Human Rights Act 1998.

5.6 The process by which the investigation will be initiated is set out in Annex 1

5.7 This process will apply to all the following areas:

- a) fraud/corruption by members
- b) internal fraud/corruption
- c) other fraud/corruption by authority employees
- d) fraud by contractors' employees
- e) external fraud (the public).

5.8 Cases under a), d) and e) would normally be referred directly to the Wales Audit Office, Ombudsman or the police for investigation.

6.0 **AWARENESS AND TRAINING**

6.1 The Authority recognises that the continuing success of this strategy and its general credibility will depend in part on the effectiveness of programmed training and an awareness of members and employees throughout the Authority.

6.2 To facilitate this, positive and appropriate provision has been made via induction and for employees via their development plans. This includes specialist training for certain members and employees.

6.3 A leaflet on the Confidential Reporting Policy was distributed to all employees and members, and full copies of this strategy and the Anti-fraud and Corruption Policy are available to staff.

7.0 **CONCLUSION**

7.1 The Authority has always prided itself on setting and maintaining high standards and a culture of openness, with core values of fairness, trust and value. This strategy fully supports the Authority's desire to maintain an honest Authority, free from fraud and corruption.

7.2 The Authority has in place a network of systems and procedures to assist it in dealing with fraud and corruption when it occurs. It is determined that these arrangements will keep pace with any future developments in techniques to both prevent and detect fraudulent or corrupt activity that may affect its operation.

7.3 The Authority will maintain a continuous review of all these systems and procedures through Audit Services.

7.4 This strategy will be reviewed every three years unless the Monitoring Officer is of the opinion that internal or external changes affecting the Authority make it advisable to review the Policy at an earlier date.

ANNEX 1

INVESTIGATING ALLEGATIONS OF FINANCIAL MISCONDUCT

1. Officers or post holders who have specific roles in the implementation of this strategy but are implicated in the allegation will not be involved in the decisions relating to the allegation. They will not be informed or consulted in respect of the allegation by virtue of their office.
2. On receipt of a complaint from a member of staff, the Head of Finance will meet the individual who raised the matter to establish the basis of concern. The Chief Executive, Chief Finance Officer, Monitoring Officer and Internal Auditors will be informed. Until the facts have been established, discretion will be observed by all involved.
3. After establishing the basis of concern, the Chief Finance Officer will review the allegations and establish the apparent position. The decision on whether a formal investigation should be undertaken will be agreed with the Chief Executive.
4. If the concern has been made in writing then the informant will be informed in writing of the Authority's response in accordance with the Confidential Reporting Policy.
5. If a basis for concern is established then the matter will be referred to the Internal Auditors for investigation or, having regard to clause 5.8 of this Strategy, the Wales Audit Office or the Police.
6. If the allegation involves breaches of the Code of Conduct for Members then the Monitoring Officer will consider whether the matter should be referred to the Public Services Ombudsman for Wales for investigation.
7. If the Chief Finance Officer 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 Chief Finance Officer 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.
8. Any investigation will be carried out in accordance with the principles of natural justice, and with due regard to the Human Rights Act 1998 and the 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.
9. 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.
10. Any decision to refer a matter to the police will be taken by the Internal Audit Manager in consultation with the Chief Executive, relevant Director, Monitoring Officer and Chief Finance Officer. The Authority will normally wish the police to be made aware of, and investigate independently, offenders where financial impropriety is discovered.

11. Action may be taken under the Authority's Disciplinary Procedure against any member of staff found guilty of financial misconduct. 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.
12. On completion of an investigation a formal report will be submitted to the Authority, 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. When an allegation of financial misconduct is upheld, the Authority will ensure that financial control procedures are improved as necessary to reduce the likelihood of recurrence.