

ANTI-FRAUD AND CORRUPTION POLICY AND STRATEGY

1. INTRODUCTION

- 1.1 The Cotswolds Conservation Board aims to set high standards of service provision and is committed to upholding the reputation of the Board and maintaining public confidence in its integrity.
- 1.2 To achieve its statutory purposes and duty, the Board promotes a culture of openness, honesty and fairness. The Board is committed to fighting fraud and corruption and will deal with it equally whether the threat comes from inside or outside the Board.
- 1.3 The Board expects that members, staff and volunteers at all levels will adopt the highest standards of propriety and accountability and will lead by example.
- 1.4 The Board also expects that individuals and organisations that come into contact with the Board e.g. the public, partners, suppliers and contractors will act with integrity and without intent or actions involving fraud and corruption.
- 1.5 The Board will not tolerate:

Fraud: The intentional distortion of financial statements or other records by persons internal or external to the Board which is carried out to conceal the misappropriation of assets or otherwise for gain; or

Corruption: The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person; or

Misconduct relating to declaration of interest: Failure to disclose an interest in order to gain financial or other pecuniary gain.

- 1.6 All investigations will be conducted without regard to any person's relationship to the Board, or to their position or length of service. Distinction will not be drawn between allegations of financial misconduct and other allegations of impropriety.

2. STRATEGY

- 2.1 This strategy contains measures designed to prevent attempted fraudulent or corrupt acts and indicates the steps to be taken if such acts occurs.

3. CULTURE

- 3.1 It is the Board's view that the prevention and detection of fraud and corruption and the protection of the public purse are responsibilities of everyone.
- 3.2 The Board's members, staff and volunteers play an important role in creating and maintaining a culture that protects the Board against such acts. The Board positively encourages members, employees, volunteers, partners and the general public to raise concerns, in the knowledge that such concerns will be treated in confidence wherever possible.

- 3.3 Anyone should raise their concerns when they reasonably believe that, in the carrying out of the Board's business, one or more of the following has occurred, is in the process of occurring or is considered likely to occur:
- A criminal offence
 - A failure to comply with a statutory or legal obligation
 - Improper unauthorised use of public or other funds
 - A miscarriage of justice
 - Maladministration, misconduct or malpractice
 - Endangering of an individuals health and safety
 - Damage to the environment
 - Deliberate concealment of any of the above
- 3.4 The Board 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. For their protection, those who make allegations will be treated in accordance with the Board's Confidential Reporting Procedure. Anonymity will be respected. Staff can be assured that there will be no victimisation, and it will not affect their current employment situation or future prospects with the Board.
- 3.5 The Board will respect the Human Rights Act 1998 but it will use all possible lawful means to protect Board services and finances from fraudsters and it will fully meet relevant legislative requirements relating to fraud and corruption.
- 3.6 The Board will deal firmly with those who defraud the Board, or who are corrupt, or who perpetrate financial malpractice. It will take appropriate action to recover any losses incurred.

4. PREVENTION

4.1 Control Systems

- 4.1.1 Under the Accounts and Audit Regulations 2003, the Board has to maintain a sound system of internal control which facilitates the effective exercise of the Board's functions and includes arrangements for the management of risk. The key documents, policies & procedures which together form the overall framework for the proper conduct of business within the Board are listed in the Board's Risk Management Framework.
- 4.1.2 When fraud or corruption has occurred or a potential risk has been identified due to a breakdown in the Board's systems or procedures, the Director will ensure that appropriate improvements in systems of control are implemented in order to prevent a reoccurrence.

4.2 The Role of Board Members

- 4.2.1 All members have a duty to protect the Board from all forms of abuse. To facilitate this duty, the Board has adopted this Anti-Fraud and Corruption Policy and Strategy. The Board's Constitution includes Members' and Officers' Codes of Conduct, Financial and Contract Regulations and references to other relevant legislation.

- 4.2.2 Conduct and ethical matters are specifically brought to the attention of members when they join the Board and this includes the declaration and registration of interests. Members sign to the effect that they have read and understood the Members' Code of Conduct when they take office. The Board's Director and Monitoring Officer advise members of new legislative or procedural requirements.
- 4.2.3 The Executive Committee monitor the Anti-Fraud and Corruption Policy and Strategy and the Confidential Reporting Procedure and ensure that they operate effectively.
- 4.2.4 The Director or the Monitoring Officer will consult with the Chairman of the Board on all investigations that are carried out under the Anti-Fraud and Corruption Policy and Strategy and Confidential Reporting Procedures.

4.3 The Role of the Director

- 4.3.1 The Director strives to create an environment in which all employees and volunteers feel able to approach him or other appropriate persons with any concerns they may have about suspected irregularities.
- 4.3.2 The Director is responsible for the communication and implementation of this policy and strategy. He is also responsible, with the assistance of the line managers, for ensuring that employees are aware of the Board's Financial and Contract Regulations and the Officers' Code of Conduct.
- 4.3.3 The Director ensures that formal documented procedures are in place and will carry out checks from time to time to ensure that proper procedures are followed.
- 4.2.4 In association with and guided by the Board's personnel advisers, the Director will follow formal recruitment procedures which contain appropriate safeguards on matters such as written references and verification of qualifications to be carried out during the recruitment of staff to establish as far as possible the honesty and integrity of potential employees. Police checks will be undertaken for employees working with children. Applicants will not be appointed where they fail these checks.
- 4.2.5 The Director is responsible for carrying out investigations into fraud and corruption with the assistance of the Finance Officer, Internal Audit and other agencies as appropriate. He will initiate disciplinary procedures, legal proceedings and recovery action as appropriate.

4.4 The Role of the Finance Officer

- 4.4.1 The Finance Officer has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure proper administration of the Board's financial affairs. In addition, under the Accounts and Audit Regulations 2003, the Board is required to maintain an adequate and effective internal audit of its financial records and systems of internal control.
- 4.4.2 The Finance Officer has the right of access at all times to accounting records and documents, including computer data, of the Board as appears to him to be necessary for whatever purpose.

4.5 The Role of Other Employees and Volunteers

- 4.5.1 Employees should abide by the Board's Financial and Contract Regulations, the Officers' Code of Conduct and other codes of practice approved from time to time by the Board (e.g. Health and Safety Policy, IT Policy). The Officers' Code of Conduct includes guidelines on the receipt of gifts and hospitality, professional and personal behaviour and conflicts of interest. **Volunteers - ?**
- 4.5.2 In addition to Financial and Contract Regulations, there are other office procedures designed to prevent and detect fraud. Employees and volunteers must be aware of these procedures and conduct their working practices accordingly. They are responsible for ensuring that they follow the instructions in relation to the safekeeping of the Board's assets.
- 4.5.3 Employees and volunteers responsible for cash handling must make arrangements for its security.
- 4.5.4 Employees responsible for financial systems must ensure that they are sound and operated correctly.
- 4.5.5 Employees and volunteers are expected to always be aware of the possibility that fraud, corruption and theft may occur in the workplace.
- 4.5.6 Employees and volunteers should raise their concerns with the Director, the Finance Officer, their line manager or with others in accordance with the Board's Confidential Reporting Procedure.

4.6 Conflicts of Interest

- 4.6.1 Members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise, for example, in grant applications, tendering exercises and planning issues. Guidance is given in Member and Officer Codes of Conduct. Effective role separation will ensure decisions made are seen to be based upon impartial advice and avoid questions about improper disclosure of confidential information.
- 4.6.2 Where a conflict of interest occurs it should be declared and recorded in accordance with the Codes of Conduct set out in Part 4 of the Board's Constitution.
- 4.6.3 Members and employees are required to complete related party transaction statements at the end of each financial year.

4.7 The Role of Internal Audit

- 4.7.1 Internal Audit is responsible to the Board's Finance Officer. It plays a vital role in ensuring that systems and procedures are in place to prevent and deter fraud and corruption. Internal Audit also works with the Board and its staff to recommend changes in procedures to prevent losses. It will be available to assist with fraud investigation if required.

4.8 The Role of External Audit

4.8.1 Independent external audit has an essential role to play in relation to the stewardship of public money. The role is delivered through the carrying out of specific reviews that are designed to test (amongst other things) the adequacy of the Board's financial systems, and arrangements for preventing and detecting fraud and corruption. It is not the external auditors' function to prevent fraud and irregularities. However, the external auditor has a responsibility to review the Board's arrangements for preventing and detecting fraud and irregularities, and arrangements designed to limit the opportunity for corrupt practices.

4.9 Co-operation with Others

4.9.1 The Finance Officer will keep under review anti-fraud and corruption procedures and arrangements and co-operate with and seek advice from:

- the Board's legal advisers
- the Board's external auditor
- Government Departments
- the Police

5 DETERRENCE AND SANCTIONS

5.1 Prosecution

5.1.1 The Board will consider whether to prosecute each individual case in the light of advice from the Board's legal advisers, its auditors and the Police, taking into account the cost of prosecution and the likelihood of success.

5.2 Disciplinary Action on Employees

5.2.1 Theft, fraud and corruption are serious offences against the Board and employees will face disciplinary action if there is evidence that they have been involved in these activities. The Director will take disciplinary action in addition to, or instead of criminal proceedings, depending on the circumstances of each individual case but in a consistent manner, after consultation with the Chairman, the Board's legal and personnel advisors and its Monitoring Officer.

5.2.2 Where a member of staff is a member of a professional body, the Board will report known impropriety to the relevant body for them to consider appropriate disciplinary action.

5.3 Recovery of Losses

5.3.1 The Board will seek to recover from the perpetrator any loss that it sustains as a result of proven fraud or corruption.

5.4 Publicity

5.4.1 All anti-fraud and corruption activities, including the adoption of this policy, will be publicised to make employees and the public aware of the Board's commitment to taking action on fraud and corruption.

- 5.4.2 Annual reports by the Finance Officer will be made to the Executive Committee with respect to countering fraud and corruption activities and their success. This will be reflected in the Board's Annual Governance Statement.

6. DETECTION AND INVESTIGATION

- 6.1 The detection of fraud or corruption relies on the proper operation of internal controls and the vigilance of those operating them.
- 6.2 The small size of the Board makes a continuous internal audit presence uneconomic. However, Internal Audit plays an important role in the prevention of fraud and corruption and they will include in their audit plan reviews of system financial controls and spot checks where necessary.
- 6.3 In some cases, frauds are discovered by chance or tip-off. Such allegation must be reported in accordance with paragraph 4.5.5 above and will be investigated. All suspected irregularities should be reported directly, or via an intermediary, to the Director or the Finance Officer.
- 6.4 All allegations of fraud and corruption will be dealt with in accordance with this strategy and the Confidential Reporting Procedure.
- 6.5 The Director, in consultation with the Chairman of the Board and the Board's legal advisers, will consider the best agency to investigate the allegation and has authority to pass the allegation to that agency, including the District Auditor and the Police.
- 6.6 Depending on the nature of an allegation, the Director will normally work closely with other officers and agencies to ensure that all allegations are thoroughly investigated and reported upon. A Fraud Response Plan developed to assist in this process is set out as Appendix A to this Strategy.
- 6.7 A robust approach will be taken to all proven cases of financial malpractice, fraud or corruption, including, where appropriate, use of the Board's disciplinary procedures. A similar approach will be taken in the event of allegations that are subsequently found to be malicious.

7. AWARENESS AND TRAINING

- 7.1 The Board recognises that the continuing success of this strategy and its general credibility will depend in part on the effectiveness of training and awareness of members and employees. To facilitate this, positive and appropriate provision will be made through training and for employees via their personal development plans. This includes specialist training for certain key members and employees.

8. MONITORING AND REVIEW

- 8.1 The Executive Committee will monitor the Anti-Fraud & Corruption Strategy and Confidential Reporting Procedure for the Board and ensure that it operates effectively.

- 8.2 The Director, the Finance Officer and/or the Monitoring Officer in consultation with the Chairman of the Board will ensure that any corrective action identified from investigations is brought to the attention of the Board.
- 8.3 The Board is determined that the Policy and Strategy will keep pace with any future developments in both prevention and detection techniques regarding fraudulent or corrupt activity that may affect its operation. The Board will maintain a continuous review through internal audit.
- 8.4 This Policy and Strategy statement will be reviewed annually.

Appendix A

Fraud Response Plan

This document provides help and direction to officers dealing with suspected cases of theft, fraud and corruption.

Financial and Contract Regulations

The Board's Financial and Contract Regulations require that:

“Whenever any matter arises which involves, or is thought to involve, irregularities involving the finances, property or functions of the Board, the Director shall be informed immediately. The Director shall inform the Chairman of the Board. The Director shall investigate immediately and decide whether the investigation may be conducted internally (if there is no possibility of a crime having been committed) or reported to the Police (if there is a possibility that a crime has been committed). The Director must report the outcome of his investigation to the Executive Committee. If appropriate, the matter may be dealt with under the Board’s Disciplinary Procedures.”

Reporting Suspicions

If fraud or corruption is suspected, the matter should be reported without delay in accordance with the Confidential Reporting Procedure.

Investigation

The purpose of any investigation is to establish the facts in an equitable and objective manner. The process will involve:

- Screening allegations or information to gauge its credibility
- Securing all evidence
- Interviewing suspects and witnesses
- Taking statements
- Liaising with other agencies (including the Police)

The Director will draw on advice from the Board’s external and internal auditors, the Monitoring Officer, the Board’s personnel and legal advisers and any other person or agency he considers may be able to help.

Further Action

Where evidence of an offence or irregularity is found, the Board will consider taking further action as it thinks appropriate.

The Director will:

- Compile a report of his findings for submission to the Executive Committee.
- Decide whether disciplinary action is appropriate.
- Liaise with the Police in order for them to consider taking criminal action.
- Address procedural weaknesses identified during investigation.
- Seek recovery of or compensation for losses incurred.