

CAIRNGORMS NATIONAL PARK AUTHORITY

FRAUD POLICY AND RESPONSE PROCEDURE

Introduction

1. Safeguarding and effective stewardship of public funds represents a basic financial principle for public sector organisations. It is therefore important that all employees within a public sector organisation are conscious of the risk of fraud or theft and aware of procedures to employ in cases, or suspected instances, of fraud or theft.
2. The purpose of this policy and procedure document is to set out the Authority's policies regarding fraud and procedures for action should such an event within the Cairngorms National Park Authority (CNPA) be suspected or detected by any member of staff.

Fraud Policy

3. The Board is committed to efficient and effective stewardship of public funds and assets.
4. The Board is committed to deterring, detecting and investigating any fraud within CNPA.
5. In line with the Public Interest Disclosure Act, the Board wishes to encourage staff or public with reasonable suspicion of fraud to report the matter. It is the Board's policy that no member of staff or the public should suffer in any way by reporting in good faith any reasonably held suspicions. In this regard, the existing CNPA policy on Public Interest Disclosure ("Whistleblowing") will also apply to any such report from a member of CNPA staff.
6. Fraud or theft may involve CNPA employees, suppliers, contractors or agents; a third party; or a combination of these. Fraud may take a variety of forms, for example:
 - an attempt to divert CNPA funds or assets for personal benefit or gain; or
 - to seek to utilise authority, funds or assets invested by the CNPA in one or more individuals in order to secure personal gain.
7. It is not possible to be exhaustive or definitive in terms of what may or may not constitute fraud. For simplicity, the term fraud will be used in this document and it will be a matter for individual interpretation as to whether an event, action or intent may reasonably be construed as falling under this policy.
8. The Authority already has procedures in place that seeks to reduce and control the likelihood of fraud occurring. These include standing financial procedures, a system of internal control and a system of risk assessment. The Authority will also seek to ensure that a culture of risk awareness exists within the organisation.
9. It is the responsibility of the CNPA and its management to maintain adequate and effective internal controls to facilitate detection of fraud.

10. Internal Audit shall evaluate systems of internal control and identify potential weaknesses in systems which may give rise to error or fraud. It is not the responsibility of internal or external audit to detect fraud.
11. It is the responsibility of CNPA managers to ensure that staff are aware of this policy and associated procedures for responding to any reports of fraud.

Response Procedure for Reports of Fraud or Potential Fraud

12. Reports of fraud should be made to the Chief Executive, as Accountable Officer for the CNPA and / or the Head of Corporate Services. If a member of staff or the public has concerns over the ability of either of these officers to act independently, given the nature of the suspected fraud, then the CNPA's internal or external auditors, the Convener of the Board or the Chair of the Audit Committee should be contacted directly. Contact information for any of these officers, members, or organisations may be obtained from the CNPA reception.
13. Once notified of any potential fraud or irregularity, the Chief Executive or Head of Corporate Services should inform the Convener and Chair of Audit Committee of the situation. Information supplied at this point should, however, be in brief summary only, having regard as appropriate to the early stage of the process; need to maintain confidentiality and future potential for either or both of these Board members to be involved in the latter stages of any potential disciplinary process.
14. The Head of Corporate Services will normally have responsibility for the conduct of investigations into reports of fraud and will also be responsible for notifying any appropriate outside authorities, such as the Scottish Executive sponsor department, internal and/or external audit or the police. Investigations may be undertaken by this officer or by an appointed investigating officer.
15. All reported suspicions must be investigated as a matter of priority to prevent any further potential loss to the CNPA and the Board.
16. The Head of Corporate Services will liaise with the Human Resources Manager from the outset of any investigation into suspected fraud. Where there is a requirement for staff to be interviewed at the preliminary stages of any investigation into reported fraud, the investigating officer shall take advice from the HR Department and should ensure that a member of the HR Department is present at any interviews.
17. A report of fraud may ultimately lead to a disciplinary outcome. Where the Head of Corporate Services and the HR Manager agree that there is a potential for disciplinary action then the CNPA disciplinary procedures will also be brought to bear in the conduct of an investigation.
18. At that stage, the existing disciplinary procedures for investigations and hearings will generally be followed, although in the case of fraud it is likely that the investigating officer will have already been determined.

19. Where a criminal act is believed to have occurred, it is essential that there is the earliest possible consultation with the police. The police should be contacted before any overt action is taken which may alert any suspects and precipitate the destruction or removal of evidence. This includes taking any action to stop a loss or tighten controls. The Head of Corporate Services will normally inform the Chief Executive of the intent to inform the police on a matter of suspected fraud.
20. Where a criminal offence is believed to have occurred, the Head of Corporate Services and HR Manager will determine whether it is appropriate to suspend the internal investigation pending outcome of the police investigation. Police advice will be sought in making this decision.
21. The Head of Corporate Services shall maintain a log of any reported suspicions of fraud. The log will document, with reasons, decisions either to take further action or take no further action. To justify such decisions the AP (Resources) shall retain as necessary confidential files of evidence gathered to arrive at a decision. The log and supporting files will be held securely with limited access.
22. This requirement to retain sufficient evidence therefore takes precedence over record-keeping requirements of the CNPA Disciplinary Procedures. Records retained following an investigation into fraud where no further action is taken should be the minimum to support the record of the decision.
23. The internal auditors shall review the log annually and will report to the Audit Committee on any significant matters.