



Members of the Chilterns Conservation Board for the Chilterns Area of Outstanding Natural Beauty are hereby summoned to a meeting of the Chilterns Conservation Board Executive Committee on

2nd November 2021 at 10.00am

Chiltern Room, Chinnor Village Centre, High Street, Chinnor, OX39 4DH

Agenda

1. Apologies
2. Declaration of Interest
3. Notice of Urgent Business
4. Public Question Time
5. Review Notes of Previous Briefing (10.08.21)
6. Matters Arising
7. Chairman's Update
8. Chief Executive's Update
9. Finance and budget planning
10. Audit Report
11. Governance Review Update
12. Farming in Protected Landscapes
13. Mend the Gap
14. Urgent Business

Future Meetings:

<u>Full Board</u>	7 December 2021 1 March 2022 14 June 2022
<u>Executive Committee</u>	1 February 2022 3 May 2022
<u>Planning Committee</u>	13 October 2021 12 January 2022 13 April 2022



Notes of the briefing/workshop of the Chilterns Conservation Board Executive Committee held on Tuesday 10th August 2021 by remote video conferencing commencing at 10.00 am

Present:

Alison Doggett	Board Member
Cllr John Griffin	Board Member joined the meeting 10.16
Cllr Charles Hussey	Board Member
Cllr Lynn Lloyd	Board Member
John Nicholls	Board Member
Paul Mains	Board Member, Chairman
John Shaw	Board Member joined 10.27

In attendance:

Peter Martin	Board Member
Adrian Watney	Board Member
Graham Hurst	CCB Finance Officer
Dr Elaine King	CCB Chief Executive Officer

Deirdre Hansen	Clerk to the Board
----------------	--------------------

1. Apologies for absence.

Apologies for late attendance received from John Griffin, Oxfordshire Parish Council member and John Shaw, Secretary of State appointee.

2. Welcome and introduction

The Chairman welcomed Adrian Watney, the new Hertfordshire Parish Council member. All present were asked to introduce themselves.

3. Declarations of interest

None.

4. Notice of AOB (Urgent Business)

The Chairman had been notified of an item of urgent business: IT security. Two members notified the Chairman that they would have to leave early.

10.16 John Griffin joined the meeting

5. Chairman's update

The Chairman gave an update on his activities since the last meeting:

1. An EOM had been held 24/06/21 to sign off the 2020/21 AGAR.
2. He has held very useful conversations with every board member.

CCB Executive Committee Briefing

Tuesday 10th August 2021

3. Looking at the Board member vacancies. In May we had 10 and half the vacancies have now been filled. He is in touch with Hertfordshire and Oxfordshire County Council leaders to appoint new members, and the CEO is in touch with Luton BC. Bedfordshire parish council will make a nomination next month and the election for a Buckinghamshire parish council member is progressing. We should have a full house by the December board meeting. After many years of stable membership with a low turnover, recent years have seen a high turnover of Board membership.
4. Held meetings with the Deputy Chairman, the CEO and the Countryside Officer and made three farm visits.
5. Progress is being made with the "Introduction Pack" for new board members.
6. Liaising with the Admin. Assistant to get a secure platform for Board members to access.
7. The following dates are in the diary:
 - i. 9th September for the Executive Committee and staff; a walk and lunch at the Chairman's house.
 - ii. 7th September Board meeting face to face in Bledlow Village Hall.
 - iii. 30th September an "Away day" for the Board and the senior team.
8. Working with the Arts Council on a pilot study art project. Held a meeting with the Chairman of the Cotswolds AONB, who issued an invitation for the Chairman to attend the Cotswolds AONB Board meeting 12th October.
9. Together with the CEO and the Deputy Chairman he met up with the Chair and the Chief Officer of the Chiltern Society. He would like them to be given an opportunity to speak at the next Board meeting. The members agreed to invite the Chair and Chief Officer of the Chiltern Society to the next Board meeting.
10. The Chairman asked members to consider other organisations we could invite to speak at future Board meetings.
11. Looking at new ways of increasing the engagement of board members. To do this he would welcome fresh ideas, bringing people together and establishing new ways of working. He is looking at a 3-stage process:
 - i. From today start getting some ideas and views in to develop a process which can be proposed at the 7th September Board meeting.
 - ii. Between meetings format ideas and take these as proposals to the 7th December Board meeting
 - iii. At the December Board meeting approve or modify the proposals so that we have a clearer way forward for 2022.
12. The Deputy Chairman had sent out a Skills Audit to all members, the majority have now been returned.

The Deputy Chairman introduced his skills audit.

The returns have shown a great range of skills. The skills audit was introduced to:

1. Enhance the CCB's work and networks by drawing more effectively on the many skills and connections within the Board.
2. Make Board membership more rewarding.
3. To identify and deploy skills which can offer strategic guidance and support in key areas of the CCB's work. It was clearly identified that the members role is to guide policy and to provide strategic insight and direction. Not day to day involvement with the staff and the executive's role.
4. To find suitable candidates to engage with external bodies.
5. To identify gaps which might inform future recruitment.

John Shaw joined the meeting 10.27

Members discussed the matter.

The next step is to look at engaging everyone to co-create and design the process. The Chairman suggested a Task and Finish group. Members were asked to inform the Chairman or Deputy Chairman if they were interested in joining a Task and Finish group to form a suggested process that can be put to the Board at the September meeting.

The Chairman thanked the Deputy Chairman for his work on the Skills Audit.

John Griffin left meeting 10.49

6. Review of the minutes of the previous meeting- 28/04/21

The review brought up a typo- an errant 'W' on page 2. Clerk to correct.

7. Matters arising

- Staff handbook, the aim is to have this completed by the end of September.
- The HR advisor is leaving her role. The CEO is looking to recruit a new HR advisor.

Peter Martin left the meeting 10.53

8. Finance and Budget planning

The Finance Officer had circulated a summary of the CCB's core finances showing the actual outturn for the year to 31 March 2021, the budget for the current year 2021/22, the actual income and expenditure for the first four months of the current financial year and the draft budgets for 2022/23, 2023/24 and 2024/25.

The summary provides visibility of the finances to date, showing we are in a healthy position, looking at where we are heading to in the future ensuring that our finances match our ambitions.

Core funding from Defra accounts for 77% of income, Local Authorities provide a further 19%, with the balance coming from elsewhere. Other sources of income are being sought.

Much of our costs are fixed and contractual. Employment costs account for 77% of core expenditure. Projects are generally self-funding with little or no opportunity to cover core costs. Looking ahead expenditure will exceed income.

The members discussed the future financing arrangements.

The Finance Officer was congratulated on his report and thanked for the new five year view.

1. The Committee NOTED the current financial results.

9. Board Review

The Chief Executive Officer had provided a comprehensive overview of the team's activities and achievement since the last Board meeting in February. Highlighting the following items:

1. Glover Report: The Government is working on a consultation document due to be published in the autumn.

CCB Executive Committee Briefing

Tuesday 10th August 2021

2. Boundary extension work and exploring governance: Natural England and the CCB will be conducting a theory of change exercise for the management and governance element of the programme.
3. Farming in Protected Landscapes: the CCB hosted a Defra team visiting the Chilterns AONB in July. The CCB has now been asked to host a visit by another Defra team, which we are happy to do as it's an opportunity to showcase our work and build relationships.
4. Defra is starting to look at the next round of Board member recruitment and is seeking views on improvements - we will be responding.
5. HS2: a petition has been started by others and, now it has reached 100,000 signatures, a Parliamentary debate is triggered. The CCB will publish a briefing for MPs and the debate will give the opportunity to ask questions and raise issues in parliament.
6. The Green Recovery Challenge Fund project is moving forward.
7. An Expression of Interest for a new NLHF project has been successful and the CCB has been invited to submit a bid. Aiming for submission in March 2022.

Members had the opportunity to ask questions.

It was acknowledged that the team are achieving a huge amount of work. Thanks were expressed to all the team and to those who work behind the scenes.

1. The Committee NOTED the report.

10. Mend the Gap

The CEO had circulated papers for the steering group meeting scheduled for 16th August. Progress is ongoing with no more to add.

1. The Committee NOTED the report

11. Any Urgent Business

1.IT Security:

Awareness about the CCB's IT security had been raised. The Finance Officer explained the current IT security arrangements in place and the risks facing the CCB. He has no concerns, but it was agreed that he would ask the provider for an audit of our current arrangements.

2. The CEO will invite the Chiltern Society to speak at the next Board meeting

Executive Committee meeting due: 2nd November 2021 location TBC.

The Chairman.....

Date.....

Item 10**Audit Reports**

Author: Graham Hurst, Finance Officer

Summary: Conclusion of audit for year ended 31 March 2021

1. Both our Internal auditors and the External auditors have concluded their audits for the year ended 31 March 2021.
2. The Internal audit report was issued in July 2021 and the auditors' conclusions have already been brought to the attention of the Board.
3. The auditors made two recommendations: i) the CCB to review Financial regulations and Standing Orders. We have agreed to review these in this financial year, ii) the CCB updates its accounting records for interest rolled over. This has been done.
4. A copy of the full internal audit report is attached to this agenda item.
5. Our External auditors issued their report 23 September 2021. They report that no matters have come to their attention giving cause for concern that the relevant legislation and regulatory requirements have not been met. The auditors also reported that there are no matters which they wish to draw to the attention of the Board.
6. A copy of the External auditors' report is attached to this agenda item. As required, we have published the auditors' report and notice of conclusion of the audit on our website.

Recommendation

To note both auditors' reports



Final Internal Audit Report

Chilterns Area of Outstanding Natural Beauty (CAONB) 2020/21

July 2021

Issued to:	Dr Elaine King – Chief Executive Officer Graham Hurst – Section 151 Finance Officer
Chief Officer to provide copy to:	Chiltern Conservation Board
Report Status:	Final
Reference:	Z325/21/001
Overall Assurance:	Substantial
Recommendations:	1 Medium and 1 Low

INDEX

<u>Section</u>	<u>Page</u>
1. Executive Summary	3
2. Assurance by Risk Area	5
Appendix A - Management Action Plan	6
Appendix B - Definitions of Assurance and Finding Priorities	8

1. EXECUTIVE SUMMARY

Introduction

- 1.1 Hertfordshire County Council (HCC) has provided the Internal Audit function to the Chilterns Area of Outstanding Natural Beauty (CAONB) since 2005. HCC reports on the robustness of the financial control environment annually at the request of the Chilterns Conservation Board (CCB).
- 1.2 This audit focused on the internal controls linked to the requirements set out in the annual return which needs to be completed and sent to the external auditors. The audit sought to ensure that the identified controls were in place throughout the financial year and supported the achievement of the objectives of the CCB.
- 1.3 Due to the COVID pandemic, there was no site visit this year. The arrangements for providing the requirements of audit were agreed considering government guidance and local COVID preventative measures. We were able to complete the review with the support of the Finance Officer, through discussion and sharing documents electronically.

Overall Audit Opinion

- 1.4 Based on the work performed during this audit, we can provide overall **substantial assurance** that there are effective controls in operation for those elements of the risk management processes covered by this review. These are detailed in the Assurance by Risk Area Table in section 2 below.
- 1.5 Our work established that Financial Regulations had last been reviewed and approved by the Board in May 2018. As a new Accounts system was introduced in 2020, we consider that a review and update of the regulations would be appropriate. See Appendix A – Management Action Plan for details and recommendation.
- 1.6 There were no issues in relation to the approval of invoices and credit card payments. Payments had been approved appropriately in accordance with the CCB Financial Regulations.
- 1.7 We examined the risk register and consider the content to be appropriate. In addition, we were able to establish that the risk register had been reviewed by the Executive Committee.
- 1.8 An adequate budgetary process takes place, performance against budget is monitored and reserves are appropriate. The current arrangements ensure that Board Members are furnished with appropriate financial information. We also observed that the CCB had demonstrated that during 2020 on its website was posted the Notice of Public Rights and Publication of Unaudited Annual Governance & Accountability Return for the accounting year ended 31 March 2020; as required by the Accounts and Audit Regulations.
- 1.9 A review of income and funding arrangements confirmed that payments had been received and accounted for in accordance with expectations. The arrangements for the administration and monitoring of petty cash were not reviewed this year. The Financial

Officer advised SIAS that there had been no petty cash transactions in the year because of Covid.

- 1.10 There were no inflationary pay increases in 2020/21 because of the uncertainties brought about by Covid. Our review of salary deductions and checks performed on the payment summaries for the months May and November 2020 and February 2021 found that these were correct. PAYE and NI deductions were paid to HMRC in accordance with statutory deadlines.
- 1.11 We can also confirm that arrangements are in place to review the asset register and appropriate insurance arrangements are also in place.
- 1.12 We established that periodic bank and investment reconciliations are performed and that these are checked by the Finance Officer. We noted one difference regarding the money market Term Deposit with the Bank of Scotland. The interest of £1,099.08 earned at maturity September 2020 was rolled over as part of the total re-investment. But only the original investment of £112,702.55 was shown as the year-end balance. All other balances were confirmed as correct per the relevant institution statements and accounts. The Finance Officer considers this an error between the paperwork transfer to the new system with no live feed to the money market account. SIAS were advised that the interest will now have to be accounted for in 2021/22 as the 2020/21 accounts are now effectively closed. For full details and recommendation see Appendix A – Management Action Plan.
- 1.13 The CCB currently has over £4m on deposit of which £3.75m is funding received in advance of the Mend the Gap project. The Board's strategy is to invest surplus funds in deposit accounts of major banking institutions where the risk to capital is minimal. Deposits are currently held by two of the major banks and a major building society.
- 1.14 Annual accounts are prepared and reported in line with statutory requirements. The Annual accounts for 2020/21 are in draft format and may be subject to change. The CCB made a small core surplus of £5,175 which contributes towards the CCB commitments to projects. Project income and expenditure has been affected by the restrictions put in place to combat Covid.
- 1.15 Adequate arrangements support the prevention and detection of fraud and error. Overall, we consider that these safeguard finances. We were also able to confirm that there had been no instances of theft or suspected fraud since the last audit.
- 1.16 There were no previous Internal Audit recommendations to follow-up. However, we noted that the External Auditors report for 2019/20 provided an except for opinion assurance. We verified this issue is now resolved in line with the External Auditors recommendation and the External Auditor has confirmed *"Because the treatment was correct in the current year figures, I don't think this should be an issue again in future years"*.
- 1.17 For definitions of our assurance levels, please see Appendix B.

Summary of Recommendations

- 1.18 To further strengthen the internal controls, we have made two recommendations, one 'Medium' priority and one 'Low' priority. The 'Medium' priority recommendation relates

to correction of the investment balance in the 2021/22 accounts. Please see the Management Action Plan at Appendix A for detail attached.

Annual Governance Statement

1.19 This report provides substantial levels of assurance to support the Annual Governance Statement.

2. ASSURANCE BY RISK AREA

2.1 Our specific objectives in undertaking this work, as per the terms of reference, were to provide the Council with assurance on the adequacy and effectiveness of internal controls, processes and records in place to mitigate risks in the following areas:

Risk Area	No	Limited	Reasonable	Substantial
Financial Regulations & Standing Orders				
Payments				
Risk Management				
Budget Setting & Monitoring				
Income				
Petty Cash	Not Reviewed as no transactions in 2020/21			
Salaries to Employees				
Asset Register & Insurance				
Bank Reconciliations				
Year-End Procedures				
Managing the Risk of Fraud				
Review of Previous Recommendations				
Overall				

2.2 See definitions for the above assurance levels at Appendix A.

SIAS Appendix A – Management Action Plan

Chilterns AONB 2020/21





No.	Finding / Associated Risk	Priority	Recommendation	Management Response	Target Date
1.	<p>Financial Regulations and Standing Orders</p> <p>The Financial Regulations were last reviewed by the Board in May 2018. It is over 3 years since the last review and a new accounts system was introduced in 2020 with different procedures involved.</p> <p><u>Associated Risk</u></p> <p>The Financial Regulations may not specify appropriate systems of accounting and internal control. This could lead to an inconsistent and inappropriate approach to financial procedures and inaccurate records.</p>	Low	We recommend that the Financial Regulations are reviewed and amended to account for the new accounting procedures. Upon completion, these should be presented to the Board for approval.	<p>Agreed: Yes</p> <p>Responsible Officer: Chief Executive Officer & Finance Officer</p> <p>Action to be taken: We will be reviewing our Financial Regulations and they will be added to our Executive agenda items for discussion prior to the end of our current financial year.</p>	31/03/2022
2.	<p>Reconciliations</p> <p>Our testing of institution statements to account and bank records identified that the interest earned on the Treasury Account at maturity in September 2020 was rolled over as a total re-investment.</p> <p>However, only the original sum was recorded as invested as at 31 March 2021. This needs to be increased by the interest earned figure of £1,099.08.</p>	Medium	We recommend that the CAONB Finance Officer correct the term deposit balance in the Treasury (money market) account by accounting for the interest received at maturity and rolled over in September 2020.	<p>Agreed: Yes</p> <p>Responsible Officer: Finance Officer</p> <p>Action to be taken: The Bank of Scotland interest that was rolled over has now been updated in Xero.</p>	31/07/2021

SIAS Appendix A – Management Action Plan**Chilterns AONB 2020/21**

No.	Finding / Associated Risk	Priority	Recommendation	Management Response	Target Date
	<p>The Finance Officer advised, the Treasury Account interest will have to be accounted for in the 2021/22 accounts as 2020/21 is now effectively closed. The occurred due to an error between paperwork and no live feed to the Treasury (money market) account.</p> <p><u>Associated Risk</u></p> <p>Interest received on investments is not recorded accurately and therefore not reported correctly in the accounts, leading to misrepresentation of the board's finances.</p>				

Appendix B - Definitions of Assurance and Finding Priorities**Chilterns AONB 2020/21**

Assurance Level	Definition
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Priority Level			Definition
Corporate	Critical		Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
	High		Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
Service	Medium		Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	Low		Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.

Chilterns Conservation Board

Notice of conclusion of audit

Annual Governance & Accountability Return for the year ended 31 March 2021

Sections 20(2) and 25 of the Local Audit and Accountability Act 2014

Accounts and Audit Regulations 2015 (SI 2015/234)

<p>1. The audit of accounts for Chilterns Conservation Board for the year ended 31 March 2021 has been completed and the accounts have been published.</p> <p>2. The Annual Governance & Accountability Return is available for inspection by any local government elector of the area of Chilterns Conservation Board on application to:</p> <p>(a) <u>The Finance Officer</u> <u>The Chilterns Conservation Board</u> <u>The Lodge, 90 Station Road, Chinnor. Oxon OX39 4HA</u></p> <p>(b) _____ _____ _____</p> <p>3. Copies will be provided to any person on payment of £<u>1</u> (c) for each copy of the Annual Governance & Accountability Return.</p> <p>Announcement made by: (d) <u>Graham Hurst Finance Officer</u></p> <p>Date of announcement: (e) <u>24 September 2021</u></p>	<p>Notes</p> <p>This notice and Sections 1, 2 & 3 of the AGAR must be published by 30 September. This must include publication on the smaller authority's website. The smaller authority must decide how long to publish the Notice for; the AGAR and external auditor report must be publicly available for 5 years.</p> <p>(a) Insert the name, position and address of the person to whom local government electors should apply to inspect the AGAR</p> <p>(b) Insert the hours during which inspection rights may be exercised</p> <p>(c) Insert a reasonable sum for copying costs</p> <p>(d) Insert the name and position of person placing the notice</p> <p>(e) Insert the date of placing of the notice</p>
---	--

Section 3 – External Auditor Report and Certificate 2020/21

In respect of **CHILTERN CONSERVATION BOARD - OT0011**

1 Respective responsibilities of the body and the auditor

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2021; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work **does not** constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and **does not** provide the same level of assurance that such an audit would do.

2 External auditor report 2020/21

On the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

Other matters not affecting our opinion which we draw to the attention of the authority:

None

3 External auditor certificate 2020/21

We certify that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2021.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature



Date

23/09/2021

* Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

Item 14.1 Counter-fraud and Corruption Policy

Author: Elaine King, CEO

Summary: The Chilterns Conservation Board is required to establish clear policies to address fraud and corruption. The Counter-Fraud and Corruption Policy has been created to consolidate existing policies and documents.

Purpose of Report: To seek approval for the Counter-Fraud and Corruption Policy.

Background

Under the Accounts and Audit Regulations 2015, the Board is required to maintain a sound system of internal control and to maintain an adequate and effective internal audit of its financial records and control systems.

The Responsible Financial Officer has a statutory responsibility, under Section 151 of the Local Government Act 1972, to ensure the proper administration of the Board's financial affairs. Furthermore, mandatory guidance issued in 2019 by the Joint Panel on Accountability and Governance, requires the Board to have measures designed to prevent and detect fraud and corruption.

The Board has the following principal measures in place, which this new Policy supports and consolidates:

- The Board's Code of Governance
- Financial and Contract Regulations
- Code of Conduct
- Declaration of Interest Procedures
- Annual Governance and Accountability Reports
- Employee Handbook
- Operational Policies and Procedures
(eg Health & Safety, IT Security, Disciplinary/Capability).

Recommendation

- 1. Board Members to approve the Counter-Fraud and Corruption Policy.**



COUNTER-FRAUD AND CORRUPTION POLICY

1. PURPOSE

1.1 The purpose of this Policy is to ensure that the Board has measures in place to guard against fraud and corruption. As such, it consolidates a number of existing policies and documents already in operation.

1.2 The Policy is complemented by the Board's Confidential Reporting Procedure.

2. REQUIREMENTS

2.1 Under the Accounts and Audit Regulations 2015, the Board is required to maintain a sound system of internal control and to maintain an adequate and effective internal audit of its financial records and control systems.

2.2 The Responsible Financial Officer has a statutory responsibility, under Section 151 of the Local Government Act 1972, to ensure the proper administration of the Board's financial affairs.

2.3 Mandatory guidance, issued in 2019 by the Joint Panel on Accountability and Governance, requires the Board to have measures designed to prevent and detect fraud and corruption.

2.4 Internally, the Board has the following principal measures in place:

- The Board's Code of Governance
- Financial and Contract Regulations
- Code of Conduct
- Declaration of Interest Procedures
- Annual Governance and Accountability Reports
- Employee Handbook
- Operational Policies and Procedures
(eg Health & Safety, IT Security, Disciplinary/Capability).

2.5 Members, staff and volunteers are expected to be familiar with the relevant requirements and procedures, and to conduct their working practices accordingly.

3. SCOPE

3.1 Fraud

The term "fraud" is generally used to describe the act of depriving someone of something by deceit. It includes deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, money laundering, misappropriation, false representation, abuse of position, concealment of material facts, and collusion, whether by physical or electronic means. Fraud was introduced as a general offence by, and is defined within, The Fraud Act 2006.

3.2 Corruption

Corruption is defined as the deliberate use of one's position for direct or indirect personal gain. It covers the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.

3.3 Theft

Theft is the physical misappropriation of cash or other tangible assets, acting with the intention of permanently depriving the other party.

3.4 Money Laundering.

This is the process by which offenders attempt to "recycle" the proceeds of criminal activities in order to conceal its origins and ownership. Statutory provisions are set out in the Money Laundering regulations 2007 and the Proceeds of Crime Act 2002.

3.5 Bribery

The Bribery Act 2010 introduced four main offences: -
bribing another person;
- requesting or receiving a bribe; - bribing
a foreign public official; and -
organisational failure to prevent bribes.

4. CULTURE

4.1 The Board is committed to the highest standards of openness, probity, honesty, integrity and accountability. It will fight fraud and corruption and deal with it equally, whether the threat comes from within or outside the organisation.

4.2 The Board aims to set high standards of service provision, and is committed to upholding its reputation, and maintaining public confidence in its integrity. 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.

4.3 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.

4.4 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. The Board's members, staff and volunteers play an important role in creating and maintaining a culture that protects the Board. The Board encourages members, employees, volunteers, partners and the general public to raise any concerns, in the knowledge that such concerns will be treated in confidence wherever possible.

5. RAISING CONCERNS

5.1 Anyone should raise their concerns when they reasonably believe that, in the carrying out of the Board's business, an offence has occurred, is in the process of occurring, or is considered likely to occur.

5.2 Concerns should be reported to the Chief Executive Officer, the Finance Officer, a line manager or others in accordance with the Board's Confidential Reporting Procedure. In all

cases, the Chief Executive Officer should inform the Chairman. Any concerns regarding the Chief Executive Officer may be raised with the Chairman.

5.3 The Finance Officer will maintain a record of all fraud referrals.

5.4 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 that such action will not affect their current employment situation or prospects with the Board.

6. BOARD RESPONSE

6.1 Fraud and corruption are serious offences against the Board. The Board will ensure that any allegations received in any way, including by anonymous letter or telephone call, will be taken seriously and investigated in an appropriate manner.

6.2 Investigations will be conducted without regard to a 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 fraud or impropriety.

6.3 The Board will ensure that evidence is gathered and presented in accordance with the Criminal Procedures and Investigations Act 1996.

6.4 Investigations will also comply with the Police and Criminal Evidence Act 1984, the Human Rights Act 1998, the Freedom of Information Act 2000, the Regulation of Investigatory Powers Act 2000, and Data Protection legislation.

6.5 The Chief Executive Officer, in consultation with the Chairman of the Board, the Monitoring Officer and the Board's legal and personnel advisers, will consider the best agency to investigate the allegation. The Chief Executive Officer has authority to then pass the allegation to that agency, including the Internal Auditor, a specialist Counter Fraud team, and the Police. Depending on the nature of an allegation, the Chief Executive Officer will normally work closely with other officers and agencies to ensure that all allegations are thoroughly investigated and reported upon.

6.6 A robust approach will be taken to all proven cases of fraud and corruption, including, where appropriate, use of the Board's disciplinary procedures, civil proceedings and/or criminal proceedings. A similar approach will be taken in the event of allegations that are subsequently found to be malicious.

6.7 Employees will face disciplinary action if there is evidence that they have been involved in fraudulent or corrupt activities. The Chief Executive Officer 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 Monitoring Officer, and the Board's legal and personnel advisors.

6.8 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.

6.9 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.

6.10 The Board will take appropriate action to recover from the perpetrator any loss that it sustains as a result of proven fraud or corruption.

6.11 The Chief Executive Officer will report to the Executive Committee on the outcome of investigations.

6.12 The Chief Executive Officer, the Finance Officer and/or the Monitoring Officer, in consultation with the Chairman, will ensure that any corrective action identified from investigations is brought to the attention of the Board.

7. GENERAL RESPONSIBILITIES

7.1 The Board is responsible for approving this Policy. The Executive Committee is responsible for monitoring the Policy, and the Confidential Reporting Procedure, and ensuring that they operate effectively.

7.2 The Board's Financial and Contract Regulations outline officer responsibilities, which are reflected within this Policy.

7.3 The Chief Executive Officer ensures that formal documented procedures are in place, and that proper procedures are followed in practice. He is also responsible for the communication of the Policy.

7.4 The Chief Executive Officer 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.

7.5 The Finance Officer will keep under review Counter Fraud and Corruption procedures and arrangements and may co-operate with and seek advice from:

- the Board's legal advisers;
- the Board's external auditor;
- Counter Fraud specialists; ☐ Government Departments; and ☐ the Police.

7.6 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 Chief Executive Officer will ensure that appropriate improvements in systems of control are implemented in order to prevent a recurrence.

7.7 Employees and volunteers are expected always to be aware of the possibility that fraud, corruption and theft may occur in the workplace.

7.8 Employees responsible for financial systems must ensure that those systems are sound and operated correctly.

7.9 Internal Audit plays a vital role in ensuring that systems and procedures are in place to prevent and deter fraud and corruption. Internal Audit works with the Board, management and staff to recommend changes in procedures to prevent fraud and loss. Internal Audit is able to assist with fraud investigation if required. Internal Audit reports its findings annually to the Executive Committee.

7.10 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. POLICY REVIEW

8.1 The Board is determined that this Policy 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.

8.2 As a minimum, this Policy will be formally reviewed every three years.