

BHASVIC

ANTI-FRAUD & IRREGULARITY POLICY

Last Updated:
Audit Committee:
Corporation Approval:
Review Date:

June 2016
June 2016
July 2016
July 2019

BHASVIC

ANTI-FRAUD AND IRREGULARITY POLICY

POLICY STATEMENT

BHASVIC aims to be an honest and open institution, and expects its staff to act with integrity to safeguard the public resources for which they are responsible. Fraud and corruption are a threat to these resources and the reputation of the College.

The College will not tolerate fraud, corruption or other wrongdoing and will take the strongest possible action through disciplinary action as well as pursuing financial recovery through the Courts if appropriate.

Under the Fraud Act 2006 fraud can be committed by:

- False Representation
- Failing to disclose information
- Abuse of position

For practical purposes fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.

The College has a responsibility to:

- Develop and maintain effective controls to prevent fraud, corruption or other wrongdoing
- Carry out vigorous and prompt investigations where fraud, corruption or malpractice is suspected
- Take appropriate disciplinary and / or legal action against perpetrators
- Take disciplinary action against staff or their line managers where their failures have enabled fraud or other wrongdoing to occur.

College Managers are responsible for:

- Identifying the risks to which systems and procedure are exposed
- Developing and maintaining effective controls to prevent and detect fraud
- Ensuring that controls are being complied with by all staff

Individual members of staff have a responsibility to:

- Act with honesty, integrity and propriety in the use of College resources and in the handling and use of public funds and resources when they are involved with cash, payments systems, receipts when dealing with contractors or suppliers, or any other aspect of College business.
- Report any reasonable suspicion of fraud, corruption or wrongdoing, with no fear of recrimination should the suspicion prove to be unfounded.

POLICY SCOPE

This policy applies to all staff at the College irrespective of anyone's position or role in the College, together with any agency/casual staff and any workers at the College who are here on a voluntary basis.

POLICY AIMS

The aim of this policy is to:

- Encourage the prevention of fraud and corruption
- Promote its detection
- Identify a clear pathway for its investigation

- Show that all appropriate sanctions will be taken where fraud, corruption or other wrongdoing has been found.

MONITORING AND REVIEW OF POLICY AND PROCEDURES

This policy and procedures will be reviewed every three years, or as necessary.

RELATED POLICIES AND DOCUMENTS

- Business Procedures
- Disciplinary (Misconduct and Capability) Policy and Procedures
- Grievance Policy
- Instruments and Articles of Government
- Staff Code of Conduct Staff Recruitment and Selection Policy
- Whistleblowing Policy

ANTI-FRAUD AND IRREGULARITY PROCEDURES

The College will ensure that the following are in place to prevent incidents of fraud and corruption.

1. Maintain appropriate Business Procedures.
2. Ensure all employees are aware of their responsibilities under the Business procedures and Staff Code of Conduct.
3. Recruit staff in accordance with the approved Staff Recruitment and Selection Policy.
4. Draw attention to the responsibility of staff under the College Business Procedures during staff induction.
5. Maintain a Register of Interests for Corporation Members and staff with significant financial responsibilities.
6. Encourage staff to discuss any perceived weaknesses in financial controls with the Assistant Principal (Director of Finance and Estates).
7. Encourage Internal Audit to review financial and other systems potentially subject to fraud and corruption on a risk – based cyclical basis.
8. Ensure Internal and External Auditors have access to all financial and other relevant documentation and appropriate reporting rights to the highest level of the Corporation.
9. Review Internal and External Auditors' reports through meetings of the Senior Management Team, Audit Committee and full Corporation.
10. Appropriate procedures for the reporting and investigation of fraud, corruption and other irregularities. (Appendix A)

REPORTING / INVESTIGATION PROCEDURES FOR SUSPECTED FRAUD AND CORRUPTION.

1. If a member of staff suspects that fraud may be being attempted, is occurring or has occurred they must inform the Assistant Principal (Director of Finance and Estates) immediately. The member of staff must not discuss the matter with anybody else unless formally instructed to do so. If the Assistant Principal (Director of Finance and Estates) is suspected of fraud, the Principal or designated alternate shall be notified and act in place of the Assistant Principal (Director of Finance and Estates) throughout the investigation.
2. Alternatively staff can raise their concerns using the College' Whistleblowing Policy. This can be found on BHASVIC Central.
3. In conjunction with the Principal, the Assistant Principal (Director of Finance and Estates) will decide the appropriate course of action, including any action to be taken under the College's disciplinary procedures.
4. If it is clear that any possible irregularity is of minimal effect and has arisen by accident, the Assistant Principal (Director of Finance and Estates) will maintain a formal record of this conclusion and any action taken, for a period of twelve months.
5. In any case of irregularity other than that of minimal effect arising by accident (see 4 above) the Assistant Principal (Director of Finance and Estates) will inform the Head of the Internal Audit Service and the Chair of the Audit Committee. Evidence of fraud, corruption or any impropriety shall be referred to the Audit Committee which may commission a special investigation by the Internal Audit Service or others.
6. If the suspected irregularity is of sufficient seriousness the Assistant Principal (Director of Finance and Estates) will notify the Chair of Corporation, external auditors and the Education Funding Agency (EFA). The Police will also be informed at the first indication of any serious concern. Such actions will take place in conjunction with the Internal Auditors.
7. The Assistant Principal (Director of Finance and Estates) will agree arrangements for the investigation with the Head of the Internal Audit Service and will take account of:
 - the need to complete the investigation with all due speed provided that this does not compromise due professional care
 - the applicability of the College's Disciplinary Procedures to the case
 - the possibility of formal legal action
 - the need to safeguard the integrity of any evidence, the safety of assets and the rights of persons involved.
8. After completing the investigation, the Internal Auditors will produce a written report and send it to the Chair of the Audit Committee, the Assistant Principal (Director of Resources) and External Auditors. This report will include the following:
 - a conclusion as to whether there has been a fraud or other irregularity
 - its nature and extent
 - its effect on the College
 - who was involved, if this is known
 - potential for recovery
 - recommendations to improve systems of control.
9. The Chair of the Audit Committee may ask the Clerk to the Corporation to call a special meeting of the Audit Committee to consider the report and its consequences. The Chair will also make a full report to a meeting of the Corporation.
10. All suspected cases of fraud will be treated as confidential and external enquiry referred to the Assistant Principal (Director of Resources) or other member of SMT.

**Appendix – Extracts on fraud and irregularity from the
Audit Code of Practice December 2004**

1. Minimum terms of reference for Audit Committee (p5 Annex B Supplement B) state:
 - “To ensure that allegations of Fraud and Irregularity are properly followed up.”
2. Minimum terms of reference for FE Colleges Internal Audit Services (para.25 p10 Annex D Supplement B) state:
 - “The head of the IAS shall be informed when evidence of potential irregularity, including fraud, corruption, or any impropriety, is discovered so that he or she can consider the adequacy of the relevant controls, evaluate the implication of the fraud on the risk management, control and governance processes and consider making recommendations as appropriate. The role of the IAS is not to investigate the irregularity unless commissioned to do so.”
3. Supplement A – The Audit Code of Practice Section 3 Clause 97 – 101 Fraud and Irregularity state:
 - The financial statements auditor of each FE College has a duty to plan and conduct the audit so that there is a reasonable expectation of detecting material mis-statements in the accounts arising from the irregularities, including fraud, or breaches of regulations. Financial statement auditors do not have a duty to search specifically for irregularities and fraud and their audit should not be relied upon to disclose them. Where the financial statements auditor identifies a serious weakness or an accounting or other control breakdown it must be reported to the Principal, the Chair of the Corporation and the Chair of the Audit Committee without delay.
 - The head of the IAS must issue written procedures to auditors on the action to be taken if they suspect or discover fraud or irregularity and must arrange to be informed by the FE College, as soon as possible, of all suspected or discovered fraud, whether internal or external. The Principal and Chair of the Audit Committee must also be informed. Where the Audit Committee feels there is evidence of irregularity, fraud, corruption or any impropriety, the Chair of the Audit Committee must notify the Chair of the Corporation, who must raise the matter at the next meeting of the Corporation. Where the matter is considered significant, the Governors must consider holding a special meeting.
 - All FE Colleges must have a written policy on the process to be followed when evidence of potential irregularity, including fraud, corruption or any impropriety, is discovered. The policy must include referral to the Audit Committee or special investigations by the IAS or others. This must be set out in the FE College’s financial regulations or specified separately in a fraud policy statement. The head of the IAS must also be informed so that he or she can consider the adequacy of the relevant controls, evaluation the implication of the fraud on the risk management, control and governance processes and consider making recommendations as appropriate.
 - The FE College, where appropriate (subject to the requirements of the Proceeds of Crime Act 2003), its funding auditor (if appointed), its financial statements auditor or its IAS must report to the LSC’s Chief Executive, and copy to the local LSC’s Executive Director, without delay, serious weaknesses, significant frauds, major accounting and other control breakdowns of which they are aware. A serious weakness would be one which may result in a significant fraud or irregularity, and may include cases of irregularities in expenditure which could lead to suspicions of fraud. Significant fraud is usually where one or more of the following factors are involved – The sums of money are in excess of £10,000; the particulars of the fraud are novel, unusual or complex; there is likely to be great public interest because of the nature of the fraud or the people involved.
 - There may be circumstances that do not fit this definition. In these cases or any others, advice or clarification can be sought from the PFA Regional Audit Manager.