

# Northern & Western Regional Assembly

## Anti-fraud Policy





# NORTHERN & WESTERN REGIONAL ASSEMBLY

## ANTI-FRAUD POLICY<sup>1</sup>

### Introduction

The Northern & Western Regional Assembly is committed to maintain high legal, ethical and moral standards, to adhere to the principles of integrity, objectivity and honesty and wishes to be seen as **opposed to fraud and corruption** in the way that it conducts its business. All members of staff are expected to share this commitment. The objective of this policy is to promote a culture which deters fraudulent activity and to facilitate the prevention and detection of fraud and the development of procedures which will aid in the investigation of fraud and related offences and which will ensure that such cases are dealt with timely and appropriately.

This Anti-fraud policy sets out a process by which staff of the Regional Assembly can report fraud or suspected fraud.

[A procedure is in place for the **disclosure of situations of conflict of interests.**]

### Scope

This policy applies to all staff of the Northern & Western Regional Assembly. For the purposes of this policy:

- Staff means any person who is working or has worked under a contract at or for the Regional Assembly, including consultants, vendors, contractors and other 3rd parties with a relationship with the Regional Assembly;

### Definition of Fraud

The term fraud is commonly used to describe a wide range of misconducts including theft, corruption, embezzlement, bribery, forgery, misrepresentation, collusion, money laundering and concealment of material facts. It often involves the use of deception to make a personal gain for oneself, a connected person or a third party, or a loss for another – intention is the key element that distinguishes fraud from irregularity. Fraud does not just have a potential financial impact, but it can cause damage to the reputation of an organisation responsible for managing funds effectively and efficiently. This is of particular importance for a public organisation responsible for the management of Public and EU funds. Corruption is the abuse of power for private gain. Conflict of interests exists where the impartial and objective exercise of the official functions of a person are compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with e.g. an applicant for or a recipient of EU funds.

While it is not possible to list all categories of fraud, some categories include:

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<sup>1</sup> The anti-fraud policy statement, together with procedures for adequate fraud risk assessment and the putting in place of effective and proportionate anti-fraud measures through an action plan (whenever the net risk after controls is significant or critical), are key components of the managing authority's anti-fraud programme or strategy.

- misappropriation of the assets of the Regional Assembly including the unauthorised or illegal use of confidential or proprietary information;
- financial fraud including misrepresentation of expense claims and the creation of and payments to fictitious vendors;
- accepting or offering a bribe or accepting gifts or other favours under circumstances that might lead to the inference that the gift or favour was intended to influence an employee's decision-making while serving the regional Assembly;
- Colluding with vendors or 3rd parties in providing preferred pricing, engaging in contract rigging, inflating invoices or raising invoices for which goods have not been received;
- blackmail or extortion;
- computer fraud;
- bribery and corruption;
- knowingly creating and/or distributing false or misleading financial reports;
- violation of the Regional Assembly's procedures with the aim of personal gain or to the detriment of the Regional Assembly.

### **Policy Statement**

It is the policy of the Regional Assembly to promote a culture of integrity and honesty and to safeguard the Regional Assembly's resources and the Regional Operational Programme by ensuring that opportunities for fraud and corruption are reduced to the lowest possible level of risk through the following:

- operating an effective system of governance and internal control;
- promoting the necessity and requirement for high standards of personal conduct through the employee code of conduct;
- dissemination of related policies, procedures and guidelines;
- ensuring the appropriate segregation of duties across the Regional Assembly;
- delegating approval authority across a range of personnel;
- promoting a culture of transparency including the application of procedures in accordance with the good faith 'whistleblowing policy' (Protected Disclosures Policy) for those reporting allegations of fraud;
- ensuring that appropriate management resources and structures are in place across the Regional Assembly in order to detect any incidence of fraud;
- timely and appropriate management of any allegation of fraud in accordance with relevant Regional Assembly policies and procedures;
- equal and fair treatment of all personnel who become the subject of a fraud allegation;
- suspicions or allegations of potential fraud will be treated as confidential and will not be discussed with anyone inside or outside the Regional Assembly unless specifically directed to do so as a result of the investigation into the alleged incident.

Persons who cover up, obstruct, fail to report or monitor a fraud that they become aware of, will be considered to be an accessory after the fact and may be subject to disciplinary action. Persons who threaten retaliation against a person reporting a suspected fraud shall be subject to disciplinary action. Persons reporting a fraud knowing it to be false shall be subject to disciplinary action.

### **Responsibilities**

## Management

It is the responsibility of Management and all senior staff to be familiar with the types of improprieties that might occur in their area and be alert for any indication that improper activity, misappropriation or dishonest activity is or was in existence in his or her area and put in place controls for the prevention and detection of fraud.

All senior staff are required to support and work with Regional Assembly Management, other involved units and law enforcement agencies in the detection, reporting and investigation of dishonest or fraudulent activity including the prosecution of offenders. If a fraud is detected in an area, the relevant Assistant Director is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent reoccurrence of improper actions.

## Employees

It is the responsibility of all employees to conduct their Regional Assembly's business in such a way as to prevent fraud occurring in the workplace. Employees must also be alert to the possibilities for fraud and be on guard for any indications that improper or dishonest activity is taking place. Employees have a responsibility to report any suspicion of fraud, without delay, according to the procedures detailed in this policy.

## Specific Responsibilities concerning the Regional Operational Programme

- Within the MA, overall responsibility for managing the risk of fraud and corruption has been delegated to the E.U. Programmes Division which has the responsibility for
  - Undertaking a regular review, with the help of a risk assessment team, of the fraud risk;
  - Establishing an effective anti-fraud policy and fraud response plan;
  - Ensuring fraud awareness of staff and training;
  - Ensuring that the MA refers promptly investigations to competent investigation bodies when they occur;
- Process owners/managers of the MA are responsible for the day-to-day management of fraud risks and action plans, as set out in the fraud risk assessment and particularly for
  - Ensuring that an adequate system of internal control exists within their area of responsibility;
  - Preventing and detecting fraud;
  - Ensuring due diligence and implementing precautionary actions in case of suspicion of fraud
  - Taking corrective measures, including any administrative penalties, as relevant.
- The Certifying Authorities have a system which records and stores reliable information on each operation; they receive adequate information from the MA on the procedures and verifications carried out in relation to expenditure;
- The Audit Authority has a responsibility to act in accordance within professional standards<sup>2</sup> in assessing the risk of fraud and the adequacy of the control framework in place.

## Reporting Fraud

Should a member of staff identify any incidents of fraud or suspected fraud these should be reported immediately to their line manager or in line with the procedures as set out in the Protected Disclosures Policy (Protected Disclosures Act 2014). Procedures as set out in the Fraud Response Plan will then be instigated.

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<sup>2</sup> International Standards for the Professional Practice of Internal Auditing, International Standards on Auditing

Incidents of fraud relating to the Regional Operational Programme will be reported to the European Anti-Fraud Office by the EU Programmes Division.

### **Anti-fraud measures**

The Regional Assembly has put in place proportionate anti-fraud measures. For the Regional Operational Programme this is based on a thorough fraud risk assessment (cf. the Commission's guidance on the implementation of Article 125.4 c)). In particular, it uses IT tools to detect risky operations (such as ARACHNE) and ensures that staff is aware of fraud risks and receives anti-fraud training. The Regional Assembly carries out a vigorous and prompt review into all cases of suspected and actual fraud which have occurred with a view to improve the internal management and control system where necessary.

### **Conclusion**

Fraud can manifest itself in many different ways. The Regional Assembly has a zero tolerance policy to fraud and corruption, and has in place a robust control system that is designed to prevent and detect, as far as is practicable, acts of fraud and correct their impact, should they occur.