



**FRAUD
and
MISAPPROPRIATION POLICY**



Issued: September 2016

Fraud and Misappropriation Policy

Terminology

| The Term | Will hereinafter refer to... |
|------------------------------|--|
| Directors | The directors of Consortia Training. |
| Company Directors | The directors of Consortia Training Funded Organisations |
| Personnel | Any employees of Consortia Training and/or the funded organisations and partner organisations who are responsible for the delivery or support of Consortia Training Funded Learners. |
| Partner Organisations | Employers and work placement providers of Consortia Training Funded Learners. |

Purpose

Statement of Intent

The purpose of this policy is to formalise and standardise the actions to be taken by Consortia Training in the event that fraud or misappropriation is identified or suspected.

Consortia Training requires funded organisations' personnel at all times to act honestly and with integrity to safeguard the resources for which they are responsible. All personnel are required to participate actively in protecting Consortia Training's money and resources.

Consortia Training promote an anti-fraud culture through the following:-

- A zero tolerance to fraud;
- Any allegation of fraud, anonymous or otherwise, will be investigated;
- Consistent handling of cases without regard to position held or length of service;
- Consideration of whether there have been failures of supervision. Where this has occurred, disciplinary action may be initiated against those responsible;
- Any losses resulting from fraud will be recovered, if necessary through civil action.

Definition

"Fraud" and "theft" are often regarded as different in that the former usually entails an element of concealment such that it might remain undiscovered and possibly be repeated. While fraud will often include an element of theft, the latter term would also include straightforward stealing.

For the purposes of this policy, 'theft' will be taken to mean simple removal of money or property, perhaps opportunistically and/or as a result of poor physical

security. Incidents that clearly fall into this category should be reported immediately to the Company Director and in her/ his absence the second in command and/or the Police and are not covered by this policy. However, where there is doubt as to whether or not any case is simple theft, for instance if there is a recurring pattern, this policy should be followed.

All other instances of individuals, or organisations obtaining or attempting or preparing to obtain money, property or services improperly at Consortia Training's expense, will be regarded as fraud for the purposes of this policy.

As the definition is wide, it is not practicable to provide an exhaustive list, but most frauds will include one or more examples of the following behaviour:

1) Forgery

A person is guilty of forgery if he or she makes a false instrument with the intention that he or she or another shall use it to induce someone to accept it as genuine and by reason of so accepting it, to do, or not to do, some act to his or her own or any other person's advantage.

2) Falsification of Accounts or Documents

This includes the destruction, defacement, concealment or falsification of any account, record or document required for any accounting purpose or the preparation or use of any account, record or document which to his or her knowledge is or may be materially misleading, false or deceptive.

It should be noted that this is not restricted to "finance" documents but covers any documents that might directly or indirectly influence transactions that have an eventual financial effect. Thus it includes for example, learner records, management information systems, stock records, asset inventories, contracts, and timesheets and so on.

3) Conspiracy

Conspiracy is an unlawful agreement by two or more persons to carry out an unlawful common purpose or a lawful common purpose by unlawful means. The offence is complete as soon as the unlawful purpose has been actually agreed upon and before any overt act in the execution of that purpose has been committed.

4) Bribery and Corruption

Corruption is the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the actions taken by an organisation, its members or officers.

It should be noted that it is readily possible to deem fraud to have been committed even though no loss has actually been incurred.

Specific examples of typical frauds are as follows:

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- Knowing submission of false expense claims.
- Deceptive failure to work contractually agreed hours
- Procuring payment by the Consortia Training for personal purchases.
- Diverting payment by third parties to an individual instead of to Consortia Training.
- Improper use of Consortia Training assets including academic property for personal gain.
- Colluding with a third party to defraud Consortia Training, e.g. by procuring payment to the third party in settlement of false or duplicated invoices or by deliberate failure to issue invoices to a third party for goods or services supplied by the Consortia Training.

Persons involved

Consortia Training Directors

The Consortia Training Directors are responsible for establishing and maintaining a sound system of internal control that supports the achievement of Consortia Training policies, aims and objectives. The system of internal control is designed to identify the principal risks that Consortia Training faces.

Consortia Training Funded Organisations

Consortia Training Funded Organisations have a duty to ensure that Consortia Training money, property or services are safeguarded whether they are involved with cash or payments systems, receipts, stocks or dealings with learners or employers. As stewards of the organisational funds personnel must have high standards of personal integrity and truthfulness.

Learners

Every learner has a requirement to act honestly and with a high standard of truthfulness.

Partner Organisations

Every partner organisation has a requirement to act honestly and with a high standard of truthfulness.

Time-scale

As outlined in the procedure

Related Documentation

Written records will be retained throughout. All learners' records and tracking will be available for internal and external audits and link to this policy, in particular Individual Learner Record (ILR), the Learning Agreement which includes the

Apprentice Agreement and is sometime referred to as the Individual Learning Plan. Learner Reviews, Tracking documents and registers.

Training and Induction to the Policy

Consortia Training Funded Organisations' Personnel (includes self-employed personnel)

All Consortia Training funded organisations will provide personnel with a copy (which may be electronic on a VLE) of the Consortia Training Fraud and Misappropriation Policy along with thorough training/briefing, during induction to their post by an appropriate person. Further training needs will be assessed on a continued basis, at an annual appraisal. Personnel will be asked to sign a declaration to register their understanding and agreement with this policy.

Learners

All learners will receive a "user friendly" version of the Consortia Training Fraud and Misappropriation Policy, during their induction, at the commencement of their training programme. They will be shown where the full policy can be located within the training room or via a VLE. They will be asked to sign a declaration to register their understanding and agreement with this policy.

Partner Organisations

Partner Organisations involved in the recruitment or provision of a work environment for learners will receive a thorough training/briefing and a copy of the Consortia Training Fraud and Misappropriation Policy (or access to the document through a VLE). They will be asked to sign a declaration to register their understanding and agreement with this policy.

Procedure

Consortia Training Directors

The Consortia Training Directors will produce a system of internal control based on an on-going process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively. Managing fraud risk will be seen in the context of the management of a wider range of risks. Consortia Training will regularly review its policies, legislation and related guidance to ensure that appropriate measures for combating fraud are maintained.

The Consortia Training Directors and Company Directors are responsible for minimising, recording and evaluating the risk of fraud for the organisation by:-

- the development, maintenance and testing of controls involved in organisational operations to minimise risk and detect fraud;
- ensuring prompt investigations are carried out if fraud occurs.
- taking appropriate legal and/or disciplinary action against perpetrators of fraud, including appropriate action to recover assets;
- taking disciplinary action against supervisors where supervisory failures have contributed to the commission of the fraud;

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- establishing and maintaining systems for recording and subsequently monitoring all discovered cases of fraud; and providing assurance to the SFA on their risk and internal control procedures
- Raise fraud awareness amongst personnel including knowledge of the organisation's Fraud and Misappropriation Policy;
- where practical there is rotation of personnel;
- wherever possible there is separation of duties so that control of a key function does not rest with one individual;
- backlogs are not allowed to accumulate; and personnel are adequately trained and have available to them relevant documented procedures.

In formulation of policy and in the design of operating systems, the Consortia Training Directors and Company Directors are responsible for ensuring...

- The prevention of loss and fraud is taken into account;
- The risk of fraud and loss are assessed when changes are being considered;
- Weaknesses are identified and rectified when the opportunity arises.

The Consortia Training Funded Organisations are responsible for ensuring...

- That personnel under their control have read and understood the content of their code of conduct within their contract of employment.
- Personnel are encouraged to make internal disclosures of malpractice in line with the whistle blowing policy.
- Personnel are aware of the rules relating to confidentiality of information;
- Personnel have been made aware that fraudulent behaviour is wrong and are aware of the consequences of involvement in fraudulent activity.
- Personnel provide and regularly review a register to record gifts and hospitality and regularly reinforce the rules relating to personal conduct.
- When dealing with a suspected fraud, the company directors immediately inform the Consortia Training Link Director
- When dealing with a suspected fraud, the company directors will examine the necessity to suspend the member of personnel to ensure that all original documentation is preserved in a safe place for further investigation. However, as a general rule, the number of people to be involved at this stage will be minimised in order to reduce the risk of the culprit being alerted and having an opportunity to remove or destroy evidence.
- For similar reasons, no further investigation should be undertaken until a plan of action has been decided by the company director and/or the Consortia Training Link Director
- The above guidance will be readily applicable in most cases, but it is recognised that circumstances could arise where the first priority of the person discovering the fraud will be to act, for example, to prevent a loss. In such cases, the above steps should be followed as soon as possible.

All cases of suspected or known fraud will be reported immediately to a Consortia Training Link Director, regardless of the apparent amounts involved. Given that serious frauds are usually well concealed, there is often little obvious evidence and it is not uncommon for a seemingly minor matter to be the first indication of a more serious issue.

Where a fraud has occurred, company directors and/or Consortia Training will make any necessary changes to systems and procedures to ensure that similar frauds do not occur.

Action to be taken by the Consortia Training Directors

The Consortia Training Directors and/or Company Directors will immediately, or as soon as practicable, arrange to establish the facts as far as they are known, to determine and implement whatever measures are deemed necessary at this stage to prevent (further) loss and to secure such records as are likely to be required for further investigation.

In some circumstances it will be appropriate to seek the suspension of personnel who might be implicated, in the manner prescribed in the relevant disciplinary procedure. The matter will then proceed to full investigation.

When a report of suspected fraud is received, the Company Director and/or Consortia Training Link Director must, where possible, determine if there is reasonable suspicion that a fraud has occurred. This exploration of the facts must be carried out discreetly and quickly. The preferred timescale for completion should be within 24 hours of the suspicion being raised.

The Company Director and/or Consortia Training Link Director will prepare a fraud investigation plan, which will include:-

- Facts to be established;
- Evidence required;
- Interview plan;
- Relevant timeframes; and
- Evaluation and analysis.

The objective of the investigation is to:-

- establish whether there is evidence that a fraud has occurred;
- collect sufficient evidence to support any complaint to the police; and
- provide sufficient evidence for disciplinary or legal action.

When suspicions are raised, it is important that evidence is preserved and protected. Wherever possible the gathering of evidence relevant to the case prior to reporting to the police should be conducted by those carrying out the investigation. Consideration needs to be given as to whom is responsible for obtaining the evidence for the Police or other legal parties involved. Lack of knowledge or expertise may lead to insufficient or unusable evidence being collected. If the initial examination confirms the suspicion of fraud has been perpetrated, then to prevent loss of evidence, which may be essential for subsequent disciplinary action or prosecution, the company director and/or Consortia Training Link Director will take steps to ensure that all original documentation is preserved in a safe place for further investigation. The company director and/or Consortia Training Link Director may suspend the personnel involved, pending the outcome of the investigation. Suspension itself does not imply guilt; it is another safeguard to prevent the removal or destruction of evidence.

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The Police will be consulted in all cases of suspected fraud. The Police encourage organisations to consult with them at an early stage of an investigation and initial reports to the Police or requests for advice and guidance can be made orally or in writing. Formal complaints should be made in writing and supported by evidential information. The Criminal Prosecution Service will make the final decision as to whether or not a criminal prosecution will be undertaken.

In serious cases, the Consortia Training Directors will inform the Skills Funding Agency.

A decision will also be taken on whether to institute disciplinary action against individual(s) believed to have defrauded or to have sought to defraud Consortia Training in keeping with the relevant disciplinary procedure.

At the completion of the internal investigation, the Company Director and/or Consortia Training Link Director (where appropriate) will decide what disciplinary action should be taken. Where a police investigation is to be conducted, Consortia Training will seek the advice of the company solicitors as to whether it is appropriate to proceed with any internal disciplinary action. It should be noted that the measure of proof used for a criminal conviction is "beyond reasonable doubt" whereas for internal disciplinary action, it is more based on the balance of probabilities. It is possible therefore for personnel to be found innocent of criminal charges by a court of law (or for the police to decide not to prosecute) but for that person to still face a disciplinary penalty under the internal disciplinary process.

The recovery of losses should be a major objective of any fraud investigation. To this end the quantification of losses is important. Repayment of losses should be sought in all cases. Where necessary, legal advice will be sought on the most effective actions to secure a recovery of any losses.

Following on from any fraud investigation, the Consortia Training Directors shall review the systems in operation. The review should examine the current fraud risk arrangements to determine if there is any action needed to strengthen controls and therefore reduce the risk of another fraud in future. Where weaknesses are established which may apply to other services, these should be disseminated to personnel.

Consortia Training Funded Organisations Personnel

Are responsible for:

- alerting their line manager where they believe the opportunity for fraud exists because of poor procedures or lack of effective oversight;
- reporting details immediately to their line manager or next most senior person if they suspect that a fraud has been committed or see suspicious acts or events;
- assisting in any investigations by making available relevant information and by co-operating in interviews;
- informing management of any outside interest which might impinge on their discharge of duties; and
- informing management of any gifts, hospitality or benefits of any kind received from a third party.

Whistle Blowing Policy and Anonymous Reports

Attention is drawn also to the "Whistle Blowing Policy," which provides a mechanism whereby anyone may report suspicions in confidence, without their identity being disclosed. This should obviate anonymous reporting, which is discouraged. Generally, allegations made anonymously will not be investigated, although tangible evidence accompanying an anonymous report could itself be grounds for investigation.

Impact Assessment

This policy will be impact assessed for equality and diversity and records will be maintained.

Safeguarding

This policy will be reviewed to ensure it fully safeguards learners, personnel and other partners in relation to their levels of safety, health, achievement, enjoyment, contribution and wellbeing.

Monitoring, Review and Evaluation

Monitoring of Process and Information

The process of monitoring will build on the process of listen, consult and learn from actions and experiences of all involved and focus on improvement from the information obtained.

Monitoring of Documentation and Policy

The Consortia Training Quality Improvement Team will review this policy and documentation bi-annually.

Updates and communications will be notified to employers of all relevant reviews and any specific outcomes from the reviews, where appropriate. The updated policy will be submitted to the Consortia Training Directors for approval/ratification.

The completed policy will then be displayed/available for anyone to access. Where possible it will also be available to access through the company VLE.

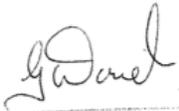
Grievances or Complaints in Relation to the Fraud or Misappropriation Policy

Personnel, learners or employers have the right to lodge a complaint or grievance about any of the areas covered under the Fraud and Misappropriation Policy. An employee who is not satisfied with the action taken by Consortia Training and feels it right to question the matter further, s/he may consider the following possible contact points:

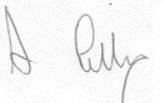
- ❑ Skills Funding Agency
- ❑ the employee's Trade Union
- ❑ the Citizens Advice Bureau and/or law centre/firm
- ❑ relevant professional bodies or regulatory organisations
- ❑ a relevant voluntary organisation
- ❑ the Police

Approved by the Directors of Consortia Training on 17th September 2013

Signed:  S. Bamford

Signed:  G. Daniels

Signed:  G. Iannantuoni

Signed:  S. Lilley