

Fraud Policy

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1 Introduction

This document contains TNA's policy on fraud. The purpose of this Statement is to remind staff of the risks of fraud, theft and corruption, and to outline TNA's policies and responsibilities and the procedures that are followed when fraud, theft or corruption is suspected or identified.

TNA has a **zero** tolerance to fraud and corruption and is committed to:

- preventing fraud and corruption from occurring
- developing and maintaining effective controls to prevent fraud
- taking all allegations of fraud seriously
- investigating all allegations of fraud appropriately
- maintaining procedures for assessing the risk of fraud, notifying fraud, investigating it
- educating staff and partners on fraud awareness and the relevant procedures
- reviewing systems and procedures when a fraud has occurred to prevent similar frauds

TNA has established a Fraud Response Plan (see Annex A), which sets out guidance in the event of fraud being discovered or suspected and how investigations will be conducted and concluded. This plan forms part of TNA's anti-fraud policy.

TNA requires staff and partners to act honestly and with integrity at all times and to safeguard the public resources for which they are responsible. TNA will not tolerate fraudulent activity and every case of attempted, suspected or proven fraud and/or corruption will be thoroughly investigated and dealt with appropriately in accordance with the Fraud Response Plan (See Annex A). There will be consistent handling of all attempted, suspected or proven fraud cases without regard to the position held or length of service of the individual(s) involved. **Errors may be made by staff in the course of their work that might be interpreted as fraud, but in any case of alleged fraud the degree of intent will be an important factor**

TNA is committed to ensuring that opportunities for fraud and corruption are reduced to the lowest possible level of risk.

This policy is concerned with internal and external fraud, committed against TNA by TNA employees (including agency staff engaged by TNA and non-executive directors), suppliers of goods and services, agents working on behalf of TNA, contractors in the course of their work or other persons and organisations that TNA funds or has an interest in. Guidance on issues arising from the private and personal activities of staff which may impinge on the performance of their duties or risk bringing discredit to TNA is contained in paragraphs 1.6 – 1.8 of the Staff Handbook

2 Scope of Application of this Policy

This Policy applies to the following groups of people:

2.1 TNA employees

As a public body we have a wide discretion in how we deal with money. The temptation could exist in these circumstances to seek some personal advantage. Examples of this might take the form of:

- Accepting gifts; these could be seen as bribes or payment for favours
- Accepting hospitality: lunches, trips abroad etc
- Stealing TNA equipment, property or money

The first two examples might in fact be perfectly innocent, but we have to be aware of how these look to the outside world. We have to be careful not only to do the right thing, but to be seen to be doing it as well.

2.2 Suppliers and Contractors

Not everyone we deal with will have the same attitude to fraud that TNA has, and in some areas the giving of gifts in return for contracts is considered to be standard business practice, TNA emphasises that this is not acceptable and any member of staff offered such a gift is referred to the Staff Handbook guidance on gifts and hospitality. TNA's Gifts and Hospitality Policy is available [HERE](#).

In addition, suppliers and contractors who suggest fraudulent activity breach TNA's Procurement Code and should be warned that they risk sanctions.

2.3 Organisations/projects that TNA grant funds or manages on behalf of others

All grant funding is subject to an element of trust, and it is a serious matter for this trust to be broken. Not only might fraud cause problems in the funded body, but in some circumstances TNA might be seen to be responsible for not taking proper care in monitoring them or controlling their activities.

3 What is Fraud?

The Fraud Act came into effect in January 2007 and introduced a new general offence of fraud which can be committed in three ways:

Fraud by false representation i.e. if someone makes a false representation and intends by making the representation to make a gain for himself or another, or to cause loss to another or expose another to risk of loss. A representation is false if it is untrue or misleading, and the person making it knows that it is, or might be, untrue or misleading. The person making the false representation, failing to disclose information or abusing their position must do so with the intention of making a gain or causing loss or risk of loss to another. The gain or loss does not actually have to take place

Fraud by failing to disclose information i.e. if someone dishonestly fails to disclose to another person information which he is under a legal duty to disclose and intends, by failing to disclose information, to make a gain for himself or another, or to cause loss to another or expose another to risk of loss

Fraud by abuse of position i.e. if someone occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person, and he dishonestly abuses that position, and intends, by means of the abuse of that position, to make a gain for himself or another, or to cause loss to another or to expose another to a risk of loss

The Act created new offences of obtaining services dishonestly and of possessing, making and supplying articles for use in frauds.

3.1 Examples of frauds that may be perpetrated against TNA are:

- the dishonest use of a TNA credit card to pay for items
- the dissemination of an email to large groups of people falsely representing that the email had been sent by TNA
- theft, the misappropriation or misuse of assets or funds for personal benefit
- bribery and corruption – offering, giving, soliciting or accepting an inducement or reward that may influence the actions taken by TNA or its staff, for example in the procurement of goods and services
- false accounting and/or making fraudulent statements with a view to personal gain or gain for another: for example falsely claiming overtime, travel and subsistence, sick leave or special leave (with or without pay), giving incorrect information, untrue details or fake invoices
- externally perpetrated fraud against TNA, for example in the procurement and delivery of goods
- Being under undue influence - failing to disclose an interest, failing to record hospitality or offers of gifts
- Extortion - obtaining favours by the use of threats
- Conspiracy, collusion and corruption - entering into agreements with others to carry out illegal activities
- Money laundering

These activities are contrary to all of the core values of the [Civil Service Code](#) (see Annex B)

3.2 Possible consequences of fraud to TNA

These include:

- Loss of resources or property
- Failure to obtain value for money and/or required outputs, failure to obtain the goods and services we have paid for with public money
- Costs and disruption from investigation
- Damage to TNA's reputation and standing with partners and stakeholders
- Adverse publicity

3.3 Possible Consequences of fraud to the individual

All cases where a suspicion of fraud has been raised will be dealt with appropriately in accordance with the Fraud Response Plan. Individuals involved in fraudulent activity may face the following consequences:

Most of the categories of fraud set out above are criminal offences, and if convicted, the perpetrator may be subject to the criminal punishment of fines, imprisonment and recovery of assets, through the Magistrates or Crown Court.

The alleged commission of any fraudulent activity is a disciplinary matter for that employee, and the person involved will be subject to the Disciplinary Procedure in TNA's Staff Handbook.

If the property obtained illegally belonged to TNA it can be recovered through the Civil Courts, and the person involved (and their assets) can be subject to civil claims, injunctions and penalties.

3.4 Avenues for Reporting Fraud

TNA has in place procedures for reporting suspicions of fraud without fear of prejudice or harassment

Any suspicions of fraud should be reported as soon as possible.

All matters will be dealt with in confidence and in strict accordance with the terms of the Public Interest Disclosure Act 1998. The statute protects the legitimate personal interests of staff. Vigorous and prompt investigations will be carried out into all cases of actual or suspected fraud discovered or reported.

Detailed reporting and procedural guidance is contained in the Fraud Response Plan ([see Annex A](#))

See also TNA's Confidential Reporting ('Whistle-blowing') Policy (available on Narnia [HERE](#))

4 Responsibilities

Depending on an individual's responsibilities within TNA, the Board and employees will have different roles to play in relation to identifying, reporting, investigating and dealing with fraud.

4.1 Chief Executive and Accounting Officer

As Accounting Officer, TNA's Chief Executive is responsible for managing our risks, including fraud. TNA faces a range of fraud risks specific to our business, from internal and external sources. These are set out in *Managing Public Money*. The risk of a given fraud is usually measured by the probability of it occurring and its impact in monetary and reputational terms should it occur. TNA's Chief Executive is responsible for establishing and maintaining a sound system of internal control that supports the achievement of departmental policies, aims and objectives. The system of internal control is designed to respond to and manage the whole range of risks that a department faces. The system of internal control is based on on-going process designed to identify the principle 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 this wider range of risks.

4.2 Director of Finance and Performance

Overall responsibility for managing the risk of fraud has been delegated to the Director of Finance and Performance. Their responsibilities include:

- Developing a fraud risk profile and undertaking a regular review of the fraud risks associated with each of the key organisational objectives in order to keep the profile current;
- Establishing an effective anti-fraud policy and fraud response plan, commensurate with the level of fraud risk identified in the fraud risk profile;
- Identify appropriate targets to combat fraud;
- Designing an effective control environment to prevent fraud commensurate with the fraud risk profile;
- Establishing appropriate mechanisms for:
 - reporting fraud risk issues;
 - reporting significant incidents of fraud to the Accounting Officer
 - reporting to HM Treasury in accordance with *Government Accounting 2000* Chapter 5
- co-ordinating assurances about the effectiveness of anti-fraud policies to support the Statement of Internal Control
- Liaising with the Audit Committee
- Making sure that all staff are aware of the organisations anti-fraud policy and know what their responsibilities are in relation to combating fraud
- Ensuring appropriate anti-fraud training and development opportunities are available to appropriate staff in order to meet the defined competency level
- Ensuring that vigorous and prompt investigations are carried out if fraud occurs or is suspected
- Taking appropriate legal and/or disciplinary action against perpetrators of fraud
- Taking appropriate action against line managers where supervisory failures have contributed to the commission of fraud, this might be retraining or possible disciplinary action
- Taking appropriate disciplinary action against staff who fail to report fraud
- Taking appropriate action to recover assets
- Ensuring appropriate action is taken to minimise the risk of similar frauds occurring in the future

4.3 Directors, Heads of Department and Executive Reports

- Ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively
- Preventing and detecting fraud
- Assessing the types of risk involved in the operations for which they are responsible
- Reviewing and testing the control systems for which they are responsible regularly
- Ensuring that controls are being complied with and their systems continue to operate effectively
- Implementing new controls to reduce the risk of similar fraud occurring where frauds have taken place
- Heads of Team will ensure that their teams comply with the above duties
- Heads of Team are expected to be aware of how a team member might report suspicions of fraud
- Heads of Team are expected to follow the Fraud Response Plan (see Annex A) when a suspicion of fraud is reported to them
- Heads of Team will keep each team updated on changes in this Policy

4.4 Director of Human Resources & Organisational Development

Parts of this policy interact with HR policies in respect of codes of conduct for staff and disciplinary procedures. In particular the role of HR Director is to:

- ensure that HR policies tie in with the Fraud Policy and vice versa
- monitor the investigation process for compliance with disciplinary procedures

4.5 Line Managers

While overall responsibility lies with the Accounting Officer, primary responsibility for the prevention and detection of fraud falls to line managers. There is a need for all line managers where appropriate to:

- assess the types of risk involved in the operations for which they are responsible
- ensure that an adequate system of internal control exists within their area of responsibility and that controls operate effectively, taking into account the scale of the risk in the particular business area
- review and test regularly the control systems for which they are responsible
- ensure that controls are being complied with, and that systems continue to operate effectively
- prevent and detect fraud
- implement new controls to reduce the risk of similar fraud occurring, where frauds have already taken place
- provide assurances on their internal control systems

Line managers are responsible for ensuring that their staff have had fraud awareness training specific to the business area in which they are employed. Training should include:

- awareness of the risk of fraud and the appropriate counter measures available
- management awareness including profiles of the type of people most likely to commit fraud and examples of areas of potential fraud
- practical approaches on risk analysis and effective preventive and detective controls

Line managers must ensure that the opportunities for staff to commit fraud are minimised. In terms of establishing and maintaining effective controls it is generally desirable that:

- there is rotation of staff, particularly in key posts
- wherever possible there is a separation of duties so that control of a key function is not vested in one individual
- backlogs are not allowed to accumulate
- in designing any new system consideration is given to building in safeguards against internal and external fraud

As regards the personal conduct of staff, line managers should:

- ensure that staff under their control have read and understood the content of the [Civil Service Code](#)
- ensure that staff under their control are aware of the rules relating to confidentiality of information

- ensure that staff under their control have been made aware that fraudulent behaviour is wrong
- provide and regularly review a register to record gifts and hospitality
- regularly reinforce the rules relating to personal conduct

4.6 All TNA staff and Board Members

TNA subscribes to the core values of the [Civil Service Code](#).

TNA staff and Board Members are all subject to criminal and civil laws and [Civil Service Code](#) principles and are responsible for complying with them. All staff members are expected to act at all time with propriety and integrity in the exercise of their duties and in the use of official resources and the handling and use of funds, whether or not they are involved with cash or payment systems, receipts or dealing with suppliers.

TNA staff and Board Members are all responsible to TNA (as employer or as members of the Board) to be aware of activities around them and to immediately report suspicions of fraud, however minor and must be alert to the possibility that unusual events or transactions could be indicators of fraud. Staff must cooperate fully with whoever is conducting internal checks, reviews or fraud investigations by making available all relevant information and by co-operating in interviews.

All staff are advised to consider their personal and business activities and whether these may be considered to conflict with their duty to the office. Any potential conflict of interest should be dealt with in accordance with paragraphs s 1.6-1.8 of the Staff Handbook. If you are unsure whether any personal activity you are planning to undertake might present a conflict of interest with your role and responsibilities at TNA then you should, in the first instance, seek advice on the matter from your Line Manager or Director. Any agreement on what activities you may or may not carry out should be recorded and a copy sent to HR for filing on your staff file for future reference.

As stewards of public funds staff must have, and be seen to have, high standards of personal integrity. As stewards of public funds, all civil servants must have, and be seen to have, high standards of personal integrity. Staff should not accept gifts, hospitality or benefits of any kind from a third party that might be seen to compromise their integrity. For full details on accepting gifts and hospitality see section 3. of the Staff Handbook.

4.7 Audit Committee

- Receive reports from Director of Finance and Performance concerning investigations and recommendations
- Chair of Audit Committee can receive disclosures under the Public Interest Disclosure Act 1998

4.8 Internal Audit

It is not the function of auditors to prevent fraud. Internal Audit is responsible for:

- Delivering an opinion to the Accounting Officer on the adequacy of arrangements for managing the risk of fraud and ensuring that the department promotes and anti-fraud culture
- Assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of control commensurate with the extent of the potential exposure/risk in the various segments of TNA's operations
- Ensuring that the management has reviewed its risk exposures and identified the possibility of fraud as a business risk
- Assisting management in conducting potential fraud investigations where appropriate. Management and outcome of these investigations still resides with senior management

4.9 Other bodies

The Police: The Director of Finance & Performance has responsibility for requesting Police involvement, and for arranging liaison with TNA staff during their investigations.

Serious Fraud Office: Where the case is of great concern or of public interest, the Director of Finance & Performance will consider making a report to the Serious Fraud Office.

HM Treasury & National Audit Office: The Director of Finance & Performance has responsibility for making the required reports to HM Treasury and NAO

The Media: The Director of Finance & Performance has responsibility for notifying the Director of Customer and Business Development of the investigation and agreeing an appropriate approach to the media with the Press Office during and after it.

5 Conclusion

TNA takes fraud and potential fraud seriously.

The circumstances of individual frauds will vary, however it is important that all are vigorously and promptly investigated and that appropriate action is taken.

Successful fraud prevention involves creating an environment which inhibits fraud. **It is the responsibility of all staff to ensure that such an environment is created.**

A manager who is alert to the possibility of fraud and who acts accordingly is a powerful deterrent against fraud.

Report immediately any suspicion or discovery of fraud to your Line Manager, your Director, the Director of Finance and Performance or the Chair of the Audit Committee.

Annex A FRAUD RESPONSE PLAN

Introduction

This fraud response plan includes information on:

- arrangements for establishing facts and securing evidence
- ensuring that further breaches are not made
- making appropriate notifications
- arrangements for managing or conducting the investigation
- decisions on follow up action, including liaising with the Police
- identifying and disseminating lessons for the future.

If a fraud has occurred or is suspected the following action must be taken:

The person who discovers the fraud must report the occurrence to their line manager in the first instance. If it is not appropriate for the individual to speak to their line manager because of fear of harassment or victimisation resulting from making the report or because the suspicion involves their line manager they may contact the Director of Finance and Performance (on extension 5287) or contact the Chair of the Audit Committee (contact details available from Head of Corporate Planning on extension 2391). Alternatively anyone wishing to report a fraud or suspected fraud anonymously may do so to the following email address: whistleblower@nationalarchives.gsi.gov.uk using private and non-identifiable email accounts.

All matters will be dealt with in confidence and in strict accordance with the terms of the Public Interest Disclosure Act 1998 and TNA's Forensic Readiness Policy.

The contacted person will speak to Internal Audit or ensure a senior manager (normally at head of department level or above) is directed to instigate an investigation and will brief the Director of Finance and Performance and the Chair of the Audit Committee as appropriate. The investigation will cover the degree to which the alleged fraud was intentional. The Head of Internal Audit will be informed of all suspected frauds and irregularities from the outset of any investigation which might be undertaken.

In the first instance Internal Audit or a senior manager will normally investigate the alleged fraud and will lead the investigation. The facts should be quickly established by the operational managers; any threat to further frauds or losses should be removed immediately, for example by changing procedures or suspending payments

It is essential that no attempt is made to investigate a suspected or alleged fraud involving computers and/or other ICT equipment without reference to the TNA's Forensic Readiness Policy. Any investigation into suspected or alleged fraud involving computers and/or other ICT equipment must be carried out strictly in accordance with requirements set out in TNA's Forensic Readiness Policy (available on Narnia [HERE](#)). Advice on the policy and its application can be obtained from IT Security Officer.

The sensitivity of some frauds means that information about them has to be restricted. This is especially true where knowledge of discovery might hinder an investigation, or where setting out case details might lead to 'copycat' offences.

Minor Fraud

A suspected minor fraud is one that is unlikely to result in police action, for example travel claim fraud, excess overtime, flexi fraud. In cases of minor fraud:

- Internal Audit or the investigating person should liaise with Departmental Security Officer (DSO) to secure any evidence at the outset of the investigation. This should be done in a manner that does not alert the person alleged to have committed the fraud or impair future investigation or prosecution
- A decision to interview the alleged person must be made in conjunction with senior management which will be the Director of Human Resources and Organisational Development and the Director of Finance and Performance. Notes taken must be written up, agreed and signed as a fair representation of the interview by all parties. The alleged person will normally be dealt with through the disciplinary procedures detail in the TNA Staff Handbook and may be accompanied by a friend or trade union representative.
- Disciplinary action may also be taken against any member of staff whose actions (or inaction) are found to have materially contributed to the fraud.

Major Fraud

If the nature of the alleged fraud is classed as serious (this decision will be taken by the Director of Finance and Performance, Internal Audit and the Chair of the Audit Committee) then a case meeting will be called with the Director of Finance and Performance, the Chief Executive, Internal Audit and Human Resources where the decision on whether to involve the police will be made. The police will then lead all investigations and Security, Human Resources, Internal Audit etc. will follow their directions.

- If the fraud is classed as serious evidence must be secured in a legally admissible form e.g. evidence must be carefully preserved; it should not be handled and no marks made on original documents; a record should be kept of anyone handling evidence. It is important that this is undertaken by the police if the evidence will later be relied on in criminal proceedings. See also reference above to application of TNA's Forensic Readiness Policy.
- Prompt action may have to be taken against an individual who is under suspicion. Any action to suspend, discipline or dismiss the individual must be taken in conjunction with the HR department and in accordance with TNA's Disciplinary Policy. Employees under suspicion who are allowed to stay on the premises must be kept under constant surveillance. An immediate search of the employee's work area including computer files and filing cabinets must be made by the investigating officer, accompanied by either line manager, Director of Finance and Performance or similar and results noted and agreed between parties.

- All interviews in pursuance of a potential criminal prosecution must be conducted under properly controlled conditions in order to ensure that any statement taken and subsequently used as evidence in a court case will not be rejected as inadmissible. These interviews must be carried out by the police under their evidence rules.

Recovering Assets

TNA may ask the courts to pursue an action to recover all assets that have been taken illegally from TNA.

Liaison with Press

If there is likely to be media interest then Press Office must be contacted by senior management with what information can be released and the Press Office is to keep a log of who requests or is given the information and what information has been provided

Learning Lessons and Improving Risk Mitigation Measures

At the conclusion of the investigation the person investigating the alleged fraud should identify any lessons learned. The Director of Finance and Performance is responsible for disseminating them across the organisation where appropriate. Where there has been a failure of control a full risk assessment and a revised procedure should be immediately put in place after taking advice from the Director of Finance and Performance, who will take action with managers to ensure that control changes are implemented quickly.

Annex B The Civil Service Code

The Code sets out the four core values that underpin every civil servant's work.

They are:

Integrity Putting the obligations of public service above personal interests.

Honesty Being truthful and open.

Objectivity Basing advice and decisions on rigorous analysis of the evidence.

Impartiality Acting solely according to the merits of the case and serving governments of different political parties equally well

The Civil Service Code can be found in full at:

www.civilservice.gov.uk/about/values/cscode/CS-Values.aspx