

# **WATERFORD LEADER PARTNERSHIP LTD.**

**Policy statement**

on

**Fraud and Corruption**

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## **1. INTRODUCTION**

This document details Waterford Leader Partnership Ltd.'s policy towards detected or suspected acts of fraud or corruption, relating to Directors, Board/Committee Members, employees and/or other persons in a position designated by the CEO/Board.

The Organisation must demonstrate clearly, that it is firmly committed to dealing with fraud and corruption and will deal equally with perpetrators internally and externally. It should be noted that there will be no distinction made in investigation and action between cases that generate financial benefits and those that do not.

## **2 Definitions**

### **2.1 FRAUD**

No precise legal definition of fraud exists. It is for the court to determine in a particular instance whether fraud has occurred. For the purposes of this policy 'fraud' comprises the use of deception to obtain an unjust or illegal financial or personal advantage, which may or may not involve intentional misrepresentations affecting the financial statements by one or more individuals among management, employees, members or third parties. Examples of what fraud may involve can be found at *Appendix 1*.

### **2.2 CORRUPTION**

Corruption is a specific type of fraud which involves two or more people where one party offers, gives, solicits or accepts any inducement, reward, advantage or benefit financial or otherwise which may influence the action of another. The main areas of concern with regards to corruption are , Project Animation, Assessment & Management that is outside the Leader & Statutory Rules, tendering and awarding of contracts & appointments of consultants,. Examples of corruption may be found at *Appendix 2*.

## **2 CULTURE**

The culture of Waterford Leader Partnership Ltd. is fundamentally made up of three attributes namely, accountability, integrity and value.

### **3.1 Accountability**

Actions of Waterford Leader Partnership Ltd's employees, Board/Committee members and other persons working on behalf of the Organisation must be capable of withstanding comprehensive scrutiny. In other words, an individual is held responsible for any action or inaction by him/her in his/her line of duty to the Organisation.

### **3.2 Integrity**

Integrity implies not merely honesty but fair dealing and truthfulness. Each individual must demonstrate honest and ethical conduct in fulfilling his/her duties, including the ethical

handling of actual or apparent conflicts of interest between personal and professional relationships.

### **3.3 Value**

All Board/Committee members, employees and others in positions designated by the CEO/Board should be seen to be serving the common good. Therefore it is the role of all staff and Board/Committee members to work solely in the public interest and within the law in order to provide services efficiently, effectively and economically.

In accordance with this culture, Waterford Leader Partnership Ltd. is committed to eliminating wrongdoing within the organisation and ensuring that all allegations received, including those by anonymous means will be treated in an appropriate manner.

## **4 Fraud & Corruption Prevention Plan**

### **4.1 Risk Assessment and Management**

Risk is the threat that an event, action or failure to act will adversely affect an organisation's ability to achieve its objectives or successfully execute its strategies. Risk Management is the process by which risks are identified, evaluated and controlled.

The risks to be addressed as part of a risk management programme are wide ranging and include strategic, operational, financial and reputational risk. A risk strategy does not mean that sensible risks should not be taken but that they should be properly assessed and managed. In Waterford Leader Partnership Ltd. a risk register is prepared as part of Management Team's objectives. The register records the following information for each objective

- A description of the risk
- Any mitigating actions being taken or controls in place.
- An assessment of the likelihood of the risk happening.
- An assessment of the impact if the risk were to happen.
- Further actions considered necessary to manage the risk or its impact.
- The person responsible for taking the actions.

The risk register will be a primary tool for risk tracking, and will contain the overall system of risks, and the status of any risk mitigation actions.

The risk register when complete should be brought to the attention of all employees & Board/Committee members working in the company in a clear and understandable manner taking into account their level of training, knowledge and experience.

There are a number of broad categories of risk which need to be examined in developing fraud and corruption prevention strategy as detailed below.

#### **(i) Personnel Risk**

Management and staff should be

- Alerted to the potential or possibility of fraud in the day to day working environment.
- Be aware of the possibility of collusion both from within and outside the organisation in perpetration of fraud.

Most frauds are the exploitation of an opportunity that presents itself, according to surveys on fraud cases. Therefore it is difficult to generalise about the behaviour of employees and situations that may lead to the possibility of fraud. Risks could be minimised by regular monitoring by management and line managers of all employees' behaviour, performance and attendance.

#### **(ii) External Risk:**

These risks can arise as a result of the influences exerted by external suppliers, contractors, competing firms, clients and customers on employees of the Organisation to gain benefits through breaches of

- Project eligibility, assessment & conflict of interest re:same.

- tendering procedures
- purchasing and decision making.

**(iii) Physical Risk:**

The organisations operations are carried on from various locations throughout the county. It is the responsibility of all employees at all levels and at all locations to be aware of the possibility of fraud, be vigilant and implement controls and procedures to prevent it.

**(iv) Operational / Financial Risk**

The activities of the county organisation are many and varied ranging from:-

- Eligibility of projects
- Proper processing of projects
- Acquiring and security and maintenance of assets
- Procurement and provision of services
- Purchasing of goods
- Tendering procedures for contracts
- Collection of income
- Making expenditure payments
- Administration and policy formulation
- Decision making

Financial regulations, procedural manuals and guidelines should be in place for all activities which are updated regularly and reviewed by Internal Audit to ensure compliance.

Implementing comprehensive systems of controls on the various accounting and financial transactions incurred during operational tasks helps to minimise the risks involved in these activity areas.

**(v) Risk of Computer Fraud:**

Computer fraud is just another form of fraud and may involve computer-assisted fraud. The Organisation is to a large degree dependent on I.T. systems for normal day-to-day operations and this reliance is likely to grow significantly as the Organisation develops new I.T. systems and extends its use of the Internet and electronic commerce. It is essential that all employees and especially managers have an appreciation and clear understanding of the information technology in use in their area of work.

There are some technical frauds where I.T. skills are used as the primary mechanism for effecting the fraud. It should be recognised that the Organisation may be exposed to fraud and disruption through attacks on it's I.T. systems initiated from within or outside the organisation.

There should be controls on access to computer hardware and software and the use of usernames and passwords should be an integral part of any operating system. **Users should be cognisant of their responsibilities in keeping the secrecy of their usernames and**

**passwords.** The Organisation’s policy on electronic mail usage as set out in the organisation’s staff handbook should also be complied with.

It is the primary responsibility of the Head of I.T. to have a policy in place to ensure that the proper controls, practices and procedures exist to protect the Organisation against computer fraud and also to ensure that security measures are in place to protect the availability, confidentiality and integrity of I.T. systems and data. However, each line manager should be satisfied that these controls, practices, procedures and security measures are implemented by users on a day-to-day operational basis and that appropriate safeguards are in place to protect the Networks and Systems from unauthorised or fraudulent access.

#### **4.2 Internal Controls**

It is the responsibility of management to ensure that adequate internal controls are in place in order to safeguard company assets and resources.

Strong internal company controls are key elements in preventing fraud and an important tool in ensuring compliance with them.

Procedures should be clearly defined and staff made aware of their responsibilities and duties. All sections should have procedural manuals which are regularly updated to keep abreast of changes and improvements in work practices.

All staff are duly obliged to ensure that proper internal controls are in place to protect the organisation from any potential threats of fraud in their dealings and ensure all public funds and resources entrusted to their care are safe guarded

It is essential that any system of internal control in place is regularly reviewed and any weaknesses identified are remedied so as to provide reasonable assurance that the authority’s objectives will be met.

**Table (A) - Key Internal controls-. That should be in place in any organisation**

<b>Type of control</b>	<b>What the control involves</b>
Segregation of duties	Responsibilities should be divided to ensure that the key controls of custody, authorisation, recording and execution are separated. This reduces the risk of intentional manipulation or error and increases the element of checking.
Organisational	Clear lines of responsibility must be operated to ensure that employees are aware of their specific responsibilities and to whom they are responsible.
Physical	Procedures and security measures will be reviewed on a regular basis at departmental level, to ensure that access to assets etc., are restricted to authorised personnel. The appropriateness of controls in place in the case of

	valuable, portable or desirable assets will also be reviewed.
Authorisation	Authorisation and approval levels for the purchase of goods and services should be set out in Waterford Leader Partnership Ltd's Procurement Policies and Procedures.
Arithmetic & Accounting	All financial transactions must be approved by an authorised person in accordance with the section's Procurement Policies and Procedures. Financial regulations, procedural manuals and guidelines should be prepared for these activities and be regularly updated. It is the responsibility of the authorised person to ensure that the transactions are accurately recorded and that proper approvals and processes are in place.
Personnel	The general terms of the Organisation's personnel policy is as set out in the Code of Conduct for Employees The code is also deemed to be part of the terms and conditions of an employee's employment as set out in their contract of employment.
Management	Management is committed to the pursuit of high standards of openness and accountability in all processes. Hence the need to develop and monitor a risk managed framework in Waterford Leader Partnership so as to prevent the likelihood of fraud occurring. It is management's (including supervisors) responsibility to promote and ensure compliance with internal controls and to ensure that controls in their areas of responsibility have been documented and communicated to all relevant staff.

## **4.3 Roles and Responsibility**

### **4.3.1 The Role of Directors**

It is the responsibility of the directors to take such steps as are reasonably available to them to prevent and detect fraud and corruption. This includes;

- ◆ The communication and implementation of this policy in their work area. They are also responsible for ensuring that all employees are aware of the Organisation's personnel policies and procedures.
- ◆ Management/directors are expected to create an environment in which they may be easily approached by staff with any concerns relating to suspected irregularities.
- ◆ Taking steps to provide reasonable assurance that the activities of the organisation are conducted honestly and that its assets are safeguarded.
- ◆ Establishing arrangements designed to deter fraudulent or other dishonest conduct and to detect any that occurs.
- ◆ Ensuring that to the best of their knowledge and belief, financial information whether used in the entity or for financial reporting is reliable.
- ◆ They are also responsible for the preparation of financial statements that give a true and fair view of the state of the affairs of the organisation and of its profit or loss for the financial year.

In addition directors and officers have responsibility to provide information required by the auditors. It is a criminal offence to give an auditor information or explanations which are misleading, false or deceptive.

### **4.3.2 The Role of Employees**

Each employee is governed in their work by the Organisation's Code of Conduct for Employees and other policies on conduct and communications. Included in the Organisation policies, are guidelines on gifts and hospitality, and codes of conduct associated with professional and personal conduct and conflict of interest. These are issued to all employees when they commence employment with the Organisation.

All relevant staff and members are required to declare any conflict of interest as it arises.

***The Board of Waterford Leader Partnership Ltd.*** prohibits an employee, director or committee member of Waterford Leader Partnership Ltd. from seeking, demanding or accepting from any person other than Waterford Leader Partnership Ltd., favours, rewards, remuneration or fees for any action or inaction by virtue of employment or office held.

In addition employees are responsible for ensuring that instructions given by management, especially relating to the safeguarding of assets are abided by.

Employees are expected to report any knowledge or valid suspicions of the existence of fraud or corruption in the work place to internal audit and/or appropriate levels of management.

### **4.3.3 Conflicts of Interest**

Directors, Committee Members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise with externalisation of services, internal tendering, planning and land issues etc. Individuals must never seek to use their official position so as to benefit improperly themselves or others with whom they have personal, family or other ties. Similarly Directors/Committee Members and staff must not use or disclose confidential information acquired during their term of office or employment to their advantage or for the advantage of third parties.

### **4.3.4 The Role of Internal Audit**

Internal audit plays an important preventative role in providing reasonable assurance that appropriate systems and procedures are in place to prevent and deter fraud and corruption. Internal audit investigates all employee cases of suspected financial irregularity, fraud or corruption in accordance with agreed procedures. Representatives of Internal Audit are empowered to;

- ◆ Enter at all reasonable times any organisation premises or land,
- ◆ Have access to all records, documentation and correspondence relating to any financial and/or other transactions as considered necessary
- ◆ Have access to records belonging to third parties such as contractors if required for providing sufficient audit evidence in the course of an audit assignment,
- ◆ Require and receive such explanations as are regarded necessary relating to any matter under examination
- ◆ Require any employee of the organisation to account for cash, stock or any other organisation property under his/her control or possession

Internal audit liaises with management to provide recommendations for procedures to reduce risks and prevent losses to the organisation.

### **4.3.5 The role of the public**

This policy, although mainly related to parties within or associated with the Organisation, enables concerns raised by the public to be investigated appropriately.

## **5 Fraud & Corruption Contingency Plan**

### **5.1. Discovering and Reporting Fraud and Corruption**

The objectives of this response plan are to provide a documented framework, to which staff and elected members in Waterford Leader Partnership can refer in the event that fraud and corruption is suspected or reported. It aims to ensure that in the event of fraud and corruption, timely and effective action is promptly and competently taken to:

- Prevent further losses
- Identify fraudsters and those acting corruptly
- Safeguard evidence for possible prosecution
- Recover any losses possible
- Minimise adverse publicity
- Reduce any negative effect on the organisation
- Learn lessons

**Employees should at all times be conscious of their obligation in preventing and reporting fraud.** They will often be the first to see or suspect the possibility of fraud and may also be the subject of approaches from outside the Organisation to circumvent its policies and controls. In these circumstances employees should have the confidence to disclose their concerns on the understanding that the problem will be examined.

### **Reporting Options**

An employee should report any concerns or information regarding suspect fraudulent activity or behaviour by using one of the following reporting options:-

1. to report any case of suspected fraud to the Section Head/ Supervisor (who will subsequently report it to the appropriate Manager);
- or
2. where (1) is not possible or appropriate, the employee should contact the CEO or Financial Controller.

### **Reporting Anonymously**

Alternatively, employees may, if they so wish, convey information or concerns **anonymously**. In this instance, they should contact the designated officer(s) either: (a) by using the telephone numbers listed at the afore-mentioned option (2), or (b) by making a submission in writing. Specific details should be provided in order to facilitate any investigation and to protect rights to natural justice. Clearly, at any stage, in order to remain anonymous they must not reveal their identity.

## **5.2. Investigating Fraud and Corruption**

### **Investigation**

All reports or suspicions of fraud, made in good faith, will be investigated thoroughly. It is imperative that as far as possible there is no communication with any person who may be implicated in the events which are under investigation.

It is important to understand that in any investigation undertaken **the organisation will exercise its duty of care to all employees, and a presumption of innocence will be maintained until the contrary is proven.** In this regard, **the civil and legal rights of employees and rights to natural justice will be respected by the organisation.**

The following protocol should be followed when allegations of fraud and corruption are reported.

- Once suspicion of fraud or corruption has been reported, the information obtained must be reported immediately to the CEO.
- No investigation of the suspected fraud should take place until the CEO has been informed.
- The CEO will notify the Financial Controller who will if appropriate, conduct an initial investigation and reach a preliminary view as to whether further action is required. The Financial Controller will report the findings, conclusions and any recommendations to the CEO.
- Each case will be considered individually in accordance with the extent of the allegation.
- The internal auditor in conducting the investigation will
  - o Obtain an understanding of the nature of the event and the circumstances in which it occurred.
  - o Examine the likelihood of the occurrence of fraud or corruption.
  - o Evaluate the possible effect in terms of money and reputation as well as the possibility of effecting prior years' financial statements.
  - o Identify the type of fraud or corruption in question.
  - o Identify the persons involved.
  - o Maintain utmost confidentiality.
  - o Take steps to minimise any immediate further losses if possible without alerting suspect(s).
  - o Secure any evidence.
- When further investigation is required, an investigating committee and its chair will be appointed for each case. The chair will report on progress to the CEO. All meetings of the committee should be treated as confidential and shall be fully documented with investigation work normally led by the Financial Controller. Where particular expertise may be required to assist in an investigation, management may direct staff with the necessary expertise to assist with any investigation or alternatively source external help.
- The committee will agree a remit; establish scope of investigation, timeframe and reporting deadlines.
- Upon completion of its investigation, the investigation committee will submit a written report of its findings and its recommendations to the CEO who in consultation

with the committee will issue a decision on the matter and determine whether internal disciplinary procedures (in line with the organisation's disciplinary policy) should be invoked or whether the Gardai should be notified. The chair of the committee will communicate the decision to the person(s) accused of the fraud or related dishonesty activity.

- Disciplinary action will be taken against all persons whose fraudulent and/or corrupt activity(s) affect Waterford Leader Partnership Ltd.
- Recovery of funds and/or assets will be sought after where relevant.
- Employees who are under investigation shall be entitled to have a member of staff or Trade Union representative present during the course of any interview that is conducted in connection with the alleged fraud or related dishonest activity with a view to defending their case.
- The designated official will notify the organisation's insurance brokers at an early stage to ensure that insurance matters are dealt with promptly and properly.
- The designated media contact person, will be responsible for dealing with any enquiries from the press and other media.
- If the enquiry is inconclusive, consideration should be given to what internal measures are required – commission further investigation, changes in procedures, disciplinary policy, transfer of staff, external reporting requirements etc.
- On completion of the investigation, a review of the process should be undertaken together with improvements required to the approach adopted.
- Any individual, auditor or otherwise has a statutory duty to take the initiative to report to the appropriate authorities suspected money-laundering related to drug trafficking and/or terrorism. A failure to report in these circumstances is itself a criminal offence.

### **5.3 Disciplinary Action**

Theft, fraud and corruption are serious offences which may constitute gross misconduct against the organisation and any individual found to have committed such offence(s) will face disciplinary action in line with the organisation's disciplinary policy and procedures. Disciplinary action and/or criminal proceedings will be taken depending on the severity of

the case in question. Where the organisation has suffered a financial loss due to theft, fraud or corruption the entity will consider the recovery of the loss.

## **Conclusion**

Waterford Leader Partnership has always prided itself on setting and maintaining high standards with a culture of accountability, integrity and value. This policy supports the company's aim to maintain an honest organisation, free from fraud and corruption in the work place and in carrying out its duties to the general public.

This policy statement will be reviewed on a regular basis, with a maximum of two years between each review.

## ***APPENDIX 1***

### **FRAUD MAY INVOLVE;**

- Taking annual or any other leave type without officially recording same on leave system.
- Falsification of Travel and Subsistence claims.
- Payment of false invoices.
- Failure to record/account for monies received.
- False statement in grant applications.
- Dealing inappropriately with claims.
- Collusion.
- Forgery.
- Override of controls so as to benefit self or another.
- Misrepresentations being made to an auditor.
- Falsification or alteration of accounting records or other documents.
- Misappropriation of assets or theft.
- Suppression or omission of the effects of transactions from records or documents.
- Recording of transactions without substance.
- Intentional misapplication of accounting policies.
- Wilful misrepresentations of transactions or the entity's state of affairs.

**Note: This list is not exhaustive.**

## ***APPENDIX 2***

### **EXAMPLES OF CORRUPTION;**

- Arrange for a colleague or any other person to clock you in as being present at work when in fact you are not.
- Accept or solicit a bribe.
- Collusion to steal or misuse Waterford Leader Partnership Ltd. resources.
- Improper or unauthorised use of funds and/or assets.
- A miscarriage of justice.

**Note: This list is not exhaustive.**