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1. INTRODUCTION

LD Training has a moral and legal duty to conduct its affairs in a responsible and transparent way.

LD Training does not tolerate fraud or corruption. It requires staff at all times to act honestly and with integrity and to safeguard the resources for which they are responsible.

This policy is established to facilitate the development and maintenance of a culture and controls which will aid the prevention and detection of fraud or corruption.

Fraud is a serious matter and LD Training is committed to investigating all cases of suspected fraud. This policy sets out LD Training's procedures in cases where fraud and corrupt practices are discovered.

LD Training has a responsibility to its staff, partners, clients, suppliers and the public in general to take all reasonable steps to prevent the occurrence of fraud.

There is no room for complacency and vigilance is essential since we are all responsible for ensuring that the best possible service is provided and that value for money from the expenditure of public funds is obtained.



2. POLICY STATEMENT

LD Training is committed to taking all practical steps to prevent all types of fraud within the organisation, and to prevent the organisation being defrauded by outsiders.

We are more likely to deter fraud if we are fully aware of the risks, keep control systems under regular review and respond effectively whenever fraud is suspected or discovered.

LD Training will maintain robust control mechanisms to both prevent and detect fraud. All systems owners and Co-ordinators have a responsibility for maintaining documented control systems and must be seen to be setting an example by complying fully with procedures and controls. The effectiveness of controls will be subject to cyclical review by LD Training's internal auditors.

All members of staff have a responsibility to protect the assets and reputation of LD Training and are expected to be alert to the potential for fraud. Co-ordinators will be expected to brief staff on the common types of fraud perpetrated in their areas of responsibility.

Confidential mechanisms have been established to allow staff to report suspected frauds to management or our internal auditors. All reported suspicions will, in the first place, be investigated by the Director.

If this initial investigation suggests there is a case for further investigation, LD Training's auditors and the Police may be immediately informed.

If fraud is proven, and involves staff, disciplinary action will be taken. Such action may be considered not only against those found to have perpetrated the fraud, but also against co-ordinators or other staff whose negligence may have facilitated it.



3. PURPOSE AND SCOPE OF POLICY

This policy sets out procedures for:

- fraud prevention and detection and
- the investigating and reporting of fraud

The objectives of this policy are to:

- encourage staff to be aware of fraud
- bring suspected fraud to notice
- provide a framework response plan for investigating and reporting fraud
- ensure both alleged and proven fraud are dealt with in a consistent and timely manner.

LD Training has an educational and well being role to play in the development of the learning community and any instances of fraud or corruption can be damaging to public confidence and support. Losses due to fraud, theft or corrupt practices have a direct effect on the level and quality of service provision. It is wrong to assume therefore that actual financial losses are the only negative outcome of frauds. The full cost is usually much greater than the amount stolen, as the costs associated with correction can often be dramatic. Staff morale and the level of confidence of children and families, partners, suppliers and associates usually decline as a result of successful frauds.

Successful fraud prevention involves creating an environment which inhibits fraud. Taking immediate and vigorous action if fraud is detected is not only necessary to prevent future losses, but also helps deter other frauds. A manager who is alert to the possibility of fraud and who acts accordingly on a day to day basis is a powerful deterrent against fraud.

This policy applies to any fraud, or suspected fraud, involving employees, the Director, vendors, contractors, outside agencies doing business with the LD Training and/or any other parties with a business relationship with LD Training.

This policy does not cover academic fraud (e.g. plagiarism or cheating) committed by staff or students. Information about the policy and procedures associated with this can be found in the Learner Handbook.



4. FRAUD PREVENTION

Fraud can be defined as 'any act of willful dishonesty to gain individual or collective advantage'. It includes theft, misuse of property, corruption, alteration of financial or other records or any unauthorised act which results directly or indirectly in financial gain to the perpetrator or a third party. Fraud can be perpetrated against LD Training by staff, associates, clients, suppliers, other public sector bodies, Government Agencies or Departments.

Staff should be aware that gifts, including hospitality, offered by contractors, suppliers and service providers may place an employee in a vulnerable position. Even when offered and accepted in innocence, such gifts may be misconstrued by others. Offers of gifts and hospitality of an unreasonable nature should be reported to line managers in line with guidance in the code of conduct for staff.



5. RESPONSIBILITY FOR THE POLICY

The prime responsibility for preventing fraud lies with the Director through:

- identification of risks to which systems and procedures are exposed
- the implementation, documentation and operation of internal controls
- establishing an environment that promotes compliance with internal controls
- promoting fraud awareness amongst staff
- fostering an 'anti fraud' culture

However, while the Director is responsible for assessing and controlling the level of risk within the organization as a whole, it is the responsibility of all staff to be aware of fraud and take the necessary steps to minimise the risk to LD Training.

Managing the risk of fraud is the same in principle as managing any other business risk. It is best approached systematically both at organisational and operational level. Staff should identify risk areas, assess the scale of risk, allocate responsibility for managing specific risks and implement and test controls to minimise the risks.

Staff also have a responsibility to familiarise themselves with common fraud techniques in areas for which they have control. This should include being alert to signs which indicate that fraud is taking place.



6. INTERNAL CONTROLS

Internal controls are the key element in preventing fraud. They should be documented, communicated to all staff and the importance of compliance regularly reminded to staff. It is the responsibility of staff to ensure controls in their areas of responsibility have been documented and communicated.

In order to set a good example, Co-ordinators should be seen to be complying with all controls. The emphasis should be on cultural controls, not on increasing the volume of detailed operational and supervisory checks and controls.

Co-ordinators should periodically monitor compliance with controls and may also ask the Internal Auditors to test compliance. It should be emphasised that the prime function of internal audit is to evaluate the effectiveness of the overall framework of internal control, with management being responsible for ensuring implementation and monitoring of the framework.



7. MANAGEMENT CHECKS

The prevention and detection of fraud and impropriety is only possible where strong internal controls are present and constantly applied. Routine checks and monitoring by management to ensure that procedures are being followed are therefore essential. There are two benefits from implementing a culture of strong management controls:

- a deterrent effect when it is known that management are actively involved in ensuring that procedures are followed, and
- the results of the checks will allow management to identify any operational areas where controls are not being uniformly applied and investigate whether systems have been exploited.



8. STAFF / TRAINING

Staff provide the best protection against fraud and corruption. It is important therefore that the policy on fraud prevention and investigation is fully communicated to all staff. The lack of clear guidance and ignorance of procedures will often be the first excuse used by offenders.

The recruitment of suitable staff is the first defence in preventing fraud. Best practice staff vetting and recruitment policies such as detailed application forms including a statement on criminal records, written and verbal communication with referees and past employers and verification of educational and professional qualifications will be strictly adhered to.

Staff awareness of policy and procedures is fundamental to the effective operation of systems. Best practice includes:

- instruction and discussion on control and probity issues as part of staff induction
- formal staff training on operational procedures
- desktop instructions for specific tasks
- publication of the policy on fraud and corruption
- regular staff notices regarding changes to control systems, policies and procedures



9. FRAUD DETECTION, REPORTING AND INVESTIGATION

The primary responsibility for detecting fraud lies with the Director through the implementation, documentation and operation of effective systems of internal control. LD Training's internal auditors, through their evaluation of the control framework also have a role to play in preventing and detecting fraud. However, this is not the main function of internal audit.

All staff have a responsibility to be aware of the potential for fraud and take the necessary steps to minimise the risk to LD Training. Co-ordinators should ensure staff in their areas of operation are familiar with the common types of fraud.

Staff will often be the first to notice the potential for, or actual, fraud. However, Fraud may be reported by any member of staff, student, or other person or organisation having dealings with LD Training. The report may reach LD Training through any number of routes, including the Whistle Blowing and Grievance Procedures but staff suspicious of fraud may wish in the first instance to report their concerns to their Co-ordinator, the Director or LD Training's internal auditors. Such reports will be treated in complete confidence.

Any investigative action required will be conducted without regard to the suspected wrongdoer's length of service, position, title, or relationship to LD Training. If necessary, an independent Assessor will conduct the investigation.

The exact route to be followed in the conduct of the response will depend on the source of the information, the nature and seriousness of the fraud and the person(s) involved position in LD Training. Any person having reason to suspect a fraud is advised to contact in the first instance the Director.

If, for whatever reason, this appears inappropriate, then the Whistle Blowing Procedure should be used. It enables concerns to be reported directly to an independent body external to LD Training on a confidential basis and without fear of detriment or retribution to the person making the report.

Depending on the reporting route and the nature of the fraud, the Director or the designated independent Assessor under the Whistle Blowing Procedure, will take charge of the investigation. This individual will assemble other members of staff, including LD Training's internal auditors and legal advisers, to assist with the investigation as s/he sees fit.

The objectives of the investigation will be:

- To prevent further loss
- To notify LD Training's insurers and internal auditors
- To establish and secure evidence necessary for criminal and disciplinary action
- To inform, or to involve in the investigation, the police
- To endeavour to recover losses
- To take action against those responsible
- To conduct a post incident review and to make recommendations to prevent a recurrence.

Where there is prima facie evidence of criminal activity, the matter will be handed over to the police for investigation in the first instance and LD Training will act under their directions.

Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the investigatory team will invoke LD Training’s staff disciplinary procedure. This may include the suspension of the person or persons involved. Where it appears advisable that the suspension takes place unannounced, so as to prevent suspects from destroying or removing evidence, the staff concerned should be supervised at all times before leaving LD Training’s premises, and measures taken to ensure that they are unable to gain access to the premises or to IT systems during their suspension.

On completion of the investigation, a written report, prepared by the leader of the investigatory team in conjunction with the internal auditors, will be provided to the Director, and will include:

- A description of the incident, the value of the loss, the people involved, and the means by which the fraud was perpetrated
- Measures taken to prevent a recurrence
- Action needed to strengthen future responses to fraud.



10. ASSOCIATED POLICIES

LD Training has a number of established policies which provide guidance to the controls in place to prevent specific types of fraud. This policy should therefore be read in conjunction with the relevant.



11. REVIEW

This policy and procedures will be reviewed following every investigation or otherwise at intervals of one year.

