



Arts & Humanities
Research Council

ANTI-FRAUD POLICY

Reviewed August 2009

Introduction

The Arts and Humanities Research Council (AHRC) requires all staff at all times, including Council, Committee, Panel, Peer Review College and Advisory Board members, to act honestly and with integrity and to safeguard the public resources for which they are responsible. The AHRC will not accept any level of fraud or corruption; consequently, any case will be thoroughly investigated and dealt with appropriately. The AHRC is committed to ensuring that opportunities for fraud and corruption are reduced to the lowest possible level of risk.

What is Fraud?

No precise legal definition of fraud exists; many of the offences referred to as fraud are covered by the Theft Acts of 1968 and 1978. The term is used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. With respect to the AHRC this applies to all areas of the AHRC's business and the fraud response plan addresses the risks of fraud in areas including Programmes, the misappropriation of the Council's cash and assets, and accounting Fraud.

"Fraud" is usually used to describe depriving someone of something by deceit, which might either be straight theft, misuse of funds or other resources, or more complicated crimes like false accounting and the supply of false information. In legal terms, all of these activities are the same crime – theft.

Some useful definitions:

Theft

Dishonestly appropriating the property of another with the intention of permanently depriving them of it (Theft Act 1968). This may include the removal or misuse of funds, assets of cash

False Accounting

Dishonestly destroying, defacing, concealing, or falsifying any account, record, or document required for any accounting purpose, with a view to personal gain for another, or with intent to cause loss to another or furnishing information which is or may be misleading, false or deceptive (Theft Act 1968)

Bribery and Corruption

The offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions taken by the authority, its members or officers (Prevention of Corrupt Practices Act 1889 and 1916)

Deception

Obtaining property or pecuniary advantage by deception (Sections 15 and 16 of the Theft Act 1968) and obtaining services or evading liability by deception (Sections 1 and 2 of the Theft Act 1978)

Collusion

The term "collusion" in the context of reporting fraud to the Treasury is used to cover any case in which someone incites, instigates, aids and abets, or attempts to commit any of the crimes listed above.

Avenues for Reporting Fraud

The AHRC has in place avenues for reporting suspicions of fraud. Staff should report such suspicions in line with the AHRC's Whistle Blowing Policy, in the first instance to their line managers, to the Associate Director of Resources, or to the AHRC's internal auditors (currently Research Councils Internal Audit Service RCIAS). All matters will be dealt with in confidence and in strict accordance with the terms of the Public Interest Disclosure Act 1998. This statute protects the legitimate personal interests of staff. The AHRC Whistle Blowing Policy provides further information. Vigorous and prompt investigations will be carried out into all cases of actual or suspected fraud discovered or reported.

Responsibilities

Chapter 5 of Government Accounting 2000 sets out the responsibilities of departments, including non-departmental public bodies such as the AHRC in relation to fraud.

The Accounting Officer 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 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 this wider range of risks.

Overall responsibility for managing the risk of fraud has been delegated to the Associate Director of Resources.

The responsibilities of the Associate Director of Resources therefore 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 to the level of fraud risk identified in the fraud risk profile;
- Designing an effective control environment to prevent fraud commensurate with the fraud risk profile;
- Establishing appropriate mechanisms for:
 - o reporting fraud risk issues;
 - o reporting significant incidents of fraud to the Accounting Officer;
 - o reporting to HM Treasury in accordance with Government Accounting 2000 Chapter 5; and
 - o coordinating assurances about the effectiveness of anti-fraud policies to support the Statement on Internal Control;
- Liaising with the Audit Committee on issues of fraud prevention, detection, and management;
- Making sure that all staff are aware of the organisation's anti-fraud policy and know what their responsibilities are in relation to combating fraud;
- Developing skill and experience competency frameworks;
- Ensuring that appropriate anti-fraud training and development opportunities are available to appropriate staff in order to meet the defined competency levels;
- 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 disciplinary action against supervisors where supervisory failures have contributed to the commission of fraud;
- Taking appropriate disciplinary action against staff who fail to report fraud;
- Taking appropriate action to recover assets;
- Ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future.

All managers are responsible for:

- 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.

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 AHRC promotes an 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 the department's operations;
- Ensuring that management has reviewed its risk exposures and identified the possibility of fraud as a business risk;
- Assisting management in conducting fraud investigations;
- Reporting to AHRC's Audit Committee on the efficiency of controls for the prevention, detection and management of fraud

Every member of staff is responsible for:

- Acting with propriety in the use of official resources and the handling and use of public funds whether they are involved with cash or payments systems, receipts or dealing with suppliers or AHRC's decision making bodies;
- Conducting themselves in accordance with the seven principles of public life set out in the first report of the Nolan Committee "Standards in Public Life". They are: selflessness, integrity, objectivity, accountability, openness, honesty and leadership;
- Being alert to the possibility that unusual events or transactions could be indicators of fraud;
- Reporting details immediately through the appropriate channel if they suspect that a fraud has been committed or see any suspicious acts or events;
- Cooperating fully with whoever is conducting internal checks or reviews or fraud investigations.

Members of the AHRC's Council and its Advisory and Decision Making Bodies are responsible for:

- The Chair is responsible for ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively;
- All members are responsible for abiding by the AHRC's Code of Practice for members of the AHRC's Council, Committees and Panels, and Advisory Bodies.
- Being alert to the possibility that unusual events or transactions could be indicators of fraud;
- Reporting details immediately through the appropriate channel if they suspect that a fraud has been committed or see any suspicious acts or events;
- Cooperating fully with whoever is conducting internal checks or reviews or fraud investigations

The AHRC's Audit Committee:

The Audit Committee is a mandatory part of the Council structure with responsibility for supporting the Council in undertaking its responsibilities for issues of risk, control and governance and associated assurance. This includes ensuring that an adequate system of internal control exists for the prevention, detection, and management of incidences of fraud.

Fraud Response Plan

The AHRC has a Fraud Response Plan that sets out how to report suspicions, how investigations will be conducted and concluded. This plan forms part of the AHRC's anti-fraud policy. (Annex 1)

Conclusion

The circumstances of individual frauds will vary. The AHRC takes fraud very seriously. All cases of actual or suspected fraud will be vigorously and promptly investigated and appropriate action will be taken.

ANNEX 1 – Fraud response plan