

Office of the Ombudsman

Fraud Prevention and anti-Corruption Policy Statement

Procedure, Responsibilities and Guidelines for Staff

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1. Introduction

This document covers the Office of the Ombudsman, the Office of the Information Commissioner (OIC), the Office of the Commissioner for Environmental Information (OCEI), the Standards in Public Office Commission (SIPOC), the Commission for Public Service Appointments (CPSA), the Referendum Commission (when established) and the Office of the Protected Disclosures Commissioner. The Offices, referred to collectively as the 'Office' throughout this document, each carry out separate and distinct statutory functions. Nonetheless, they function as a single amalgamated agency under one Vote and one Accounting Officer and a management team which manages the Office, while simultaneously protecting and preserving the statutory independence and functions of each of the constituent parts. Each Office has its own staff complement but the staff and systems of finance, human resources, legal, communications and information technology are shared.

The Office of the Ombudsman is fully committed to the principles of Government Accounting as set out in the Public Financial Procedures Manual (2008). All staff members are expected to share this commitment to achieve the highest standards of financial management and value for money.

Officers must be conscious that fraud and corruption is a threat to the assets, stocks, resources and reputation of the Office and, consequently, the Office must have the highest standards of control in place to limit our exposure to fraud and corruption (both internal and external, and to adopt best practice with regard to fraud detection and prevention. Indeed, these controls will, at all times, afford protection to our own staff.

This Fraud Prevention and anti-Corruption Policy Statement provides a framework for promoting the Office's policies and measures to prevent and detect fraud and corruption and sets guidelines for staff on their responsibilities in relation to fraud. It also raises awareness of the risks and consequences of fraud through outlining the Office's approach to:

- Identifying areas where the risk of fraud and corruption exist;
- Detecting fraud and corruption which has already occurred;
- Taking firm action against the perpetrators; and
- Designing systems to prevent fraud in all its forms.

This Policy is part of a suite of policies and should be read in conjunction with:

- Code of Standards and Behaviours
- Procedures for Protected Disclosures of Information

2. Fraud Prevention and anti-Corruption Policy

Fraud and corruption can have a serious and enduring impact on the Office. Accordingly, it is the policy of the Office to effect a swift and thorough investigation where concerns or allegations of fraud or corruption are raised and to enforce disciplinary action/prosecutions, as appropriate. This policy is primarily designed to ensure a clear and straightforward channel exists through which issues of concern can be raised.

3. Scope

Every year the Office issues a large number of payments, predominantly by electronic funds transfer (EFT).

In view of this wide and diverse range of operations, payments and clients, it is possible that fraud may occur either from persons or groups outside the Office or from within the organisation.

Accordingly, this policy:

- Covers any fraud perpetrated against the Office, whether by persons internal or external to the Office;
- Applies to all staff of the Office; and
- Covers fraud by any provider of goods and services to the Office or by beneficiaries of payments made by the Office.

4. What is Fraud and Corruption?

Fraud is an ever-present threat to the assets, resources and reputation of the Office. It encompasses an array of irregularities and illegal acts characterised by intentional deception. Inevitably it involves or leads to the misappropriation of funds, stocks or assets. It is an offence under criminal law. Where there is reason to believe that a fraud has been committed, the matter will be referred by the Office to the appropriate authorities for investigation. Appropriate disciplinary action will be taken.

In its broadest sense, fraud is **intentional deception** made for personal or Third Party gain or to cause damage or loss to another person/Department/Office. Fraud can take many forms including:

- Abuse of expense policies;
- Abuse of overtime;
- Collusion with external or internal beneficiaries;
- Collusion with external suppliers;
- Misuse of public assets;
- Misrepresentation of budgets or costs;
- Abuse of procurement procedures;
- Knowingly creating or distributing false or misleading information;
- Any deliberate act intended to cause damage to the reputation and/or interests of the Office.

Corruption is broadly defined as the offering or acceptance of inducements, gifts, favours, payment or benefit in kind which may influence the action of any person. The corrupt person may not benefit directly from their deeds; however, they may unreasonably be using their position to give some advantage to another.

Computer fraud is where information technology equipment has been used to manipulate programs or destroy data dishonestly (for example, by altering, substituting or destroying records, or creating spurious records) or where the use of an IT system was a material factor in the perpetration of fraud.

5. Responsibilities

Responsibility and duty of management for the prevention of fraud lies in four key levels which basically follow the organisation chart and the relevant key post-holder roles i.e. responsibilities of the:

- Office/Senior Management
- Finance Officer
- Internal Audit
- Line Management

The respective roles are described in detail below.

5.1 The Office/Senior Management Responsibilities

The role of the Office and of Senior Management (both collectively and individually) in fraud prevention is crucial. Collectively, the Senior Management of the Office must ensure that a culture of fraud prevention is promoted throughout the Office. Individually, they should ensure that appropriate controls are implemented and enforced within their respective areas as an integral part of risk management. There are five primary responsibilities in relation to fraud prevention and detection under this heading. These are:

- i. Tone/Enforcement – Senior Management must send out the clear message that fraud in any form will not be tolerated.
- ii. Responsibility – the Office should have a clear line of communication and accordingly it is important that the responsibilities of the Finance Officer in this area be known to all employees;
- iii. Anti-fraud controls/prevention - developing and maintaining effective controls, practices and skills to prevent and detect fraud;
- iv. Integration of fraud risk management into the Office's risk management procedure; and
- v. Response - undertaking vigorous, prompt and effective investigations (with the involvement of An Garda Síochána as appropriate) and disciplinary action if fraud is proven.

5.1.1 Tone/Enforcement

The issuing of this policy document should be seen as a clear indication of the Office's commitment to formalise and strictly enforce its fraud policy. This will reinforce the message and will also empower employees to assist in ensuring that public funds are not abused and the reputation of the Office is not damaged.

5.1.2 Finance Officer

The Finance Officer shall assume the responsibilities associated with Fraud Risk Management in the overall context of risk management generally. Whilst it is envisaged that staff will raise any concerns with their line manager, the Finance Officer is an alternative point of contact for any concerns they might wish to raise.

5.1.3 Anti-fraud controls/prevention

Specifically, the Director General is required to:

- Review the financial controls and fraud prevention measures for all operations, measures, schemes, etc, in their areas of responsibility, on a regular basis;
- Put in place a staff rotation policy, where appropriate; and
- Ensure that all Managers are aware of the possibility of fraud, and are supported to deal with fraud should it occur.

At operational level desired features of the Office's control framework include:

- Segregation of duties, so that control of a key function is not vested in one individual;
- A staff rotation policy particularly in key posts;
- A policy of ensuring that all staff take their holidays in accordance with the Organisation of Working Time Act, 1997.
- Supervision by line managers;
- Security and control of passwords - a key component of the segregation of duties is the security of passwords. It is the responsibility of all staff to ensure the security of their password and to ensure that no other staff member has access to it. Management have a role to play in enforcing this;
- Consideration and evaluation of risk;
- Approval levels either specific or under delegated authority;
- Procedures to monitor and control expenditure and receipts (budget checking and control);
- Regular review of management reports;
- Account reconciliations especially suspense accounts;
- Audit trails;
- Procedures Manuals;
- Quality assurance, including a mandatory requirement that the design of new systems should have regard to safeguards to prevent and/or detect internal and external fraud;

- Asset tagging/identification;
- Maintenance of asset register;
- Undertaking regular asset tracking and general stocktaking;
- Security - including physical and computer security; and
- Oversight by Internal Audit and Audit and Risk Committee.

It is the role of managers, in consultation with Corporate Services and the Finance Officer, to ensure that these controls are applied in their functional area.

5.1.4 Vigorous, prompt and effective investigations if fraud occurs

The Office envisages that all Staff will be able to raise any concerns they might have with their immediate line manager. Should this not be the case then staff are encouraged to report immediately to the Finance Officer if they suspect that a fraud or wrongdoing has occurred. In the event that the Finance Officer is himself suspected of any wrongdoing, the concerns should be reported to an alternative Principal/Senior Investigator or the Director General.

Once the Principal/Finance Officer / Director General become aware of a possible fraud they must act swiftly to ensure the allegations are investigated.

5.2 Finance Officer Responsibilities

The Finance Officer shall have overall responsibility for the following:

- Fraud and Corruption Policy and Procedures;
- Co-ordination and roll-out of training/briefing
- Administrative processes associated with Fraud Risk management; and
- Notifying the Audit and Risk Committee of instances of alleged fraud.

The Finance Officer is also responsible for maintaining a record of all instances of fraud and corruption reported to them including internal and external fraud or third party fraud. This record should include details of reported frauds/irregularities, subsequent action and resolution.

5.3 Internal Audit Responsibilities

Internal Audit will continue to have responsibility for the provision of an opinion to the Accounting Officer on the adequacy of the systems, procedures and controls for managing the risk of fraud commensurate with the extent of the potential exposure/risk in the various segments of the Office's operations.

The Audit and Risk Committee can take account of the Office's assessment of fraud risk when developing the annual Audit Plan and review management's fraud management capabilities periodically.

5.4 Line Management Responsibilities.

The day to day responsibility for the prevention and detection of fraud rests primarily with Line Management. Therefore, there is a need for all line managers to:

- Assess the types of risk involved in the operations for which they are responsible;
- Ensure that adequate systems of internal control exist within their areas of responsibility, taking into account the scale of the risk in the particular business area. Line Managers should refer to the indicative list of controls outlined at section 5.1.3 of this document;
- Ensure that financial controls and procedures are understood by their staff; and
- Ensure that the opportunities for staff and clients to commit fraud are minimised.

Managers at all levels should create an environment and culture in which staff are aware that dishonest acts will not be tolerated and will be fully investigated where they are suspected. It should be emphasised to staff that internal controls are designed and intended to prevent and detect fraud and in turn safeguard and protect all members of staff against the consequences of fraud.

Where there is a possibility that fraud may have occurred and

- Where **staff involvement** is suspected, it is envisaged that the Line Manager will report any concerns to the Principal/Senior Investigator. Should this not be possible then the next points of contact are the Finance Officer or the Director General/an independent Principal; or
- Where there is **no staff involvement**, (i.e. in the case of third party fraud), the responsibility for reporting such cases will remain with the Line Manager.

All such cases should be reported to the Finance Officer.

All reports of fraud or corruption must be taken seriously. Where a member of staff alerts a Line Manager to possible fraud or corruption the following steps should be taken by the Line Manager:

- Act quickly to minimise losses.
- Bear in mind that it is only an allegation until the outcome of investigation is known.
- Preserve any evidence and move it to a safe location where practicable.
- Notify the Finance Officer and Internal Audit who will advise on the most appropriate course of action and investigative process.
- Ensure a vigorous and prompt investigation is carried out and report findings immediately to the Finance Officer and Internal Audit.
- Following consultation with the Director General and the Finance Officer, notify An Garda Síochána.
- If appropriate, advise the person who raised the concern of progress with the matter.

5.5 Employee Responsibilities

Every employee has a responsibility to:

- Carry out their duties with regard to relevant legislation, the Civil Service Public Financial Procedures, and the Office's policies and procedures.
- Be aware of fraud and corruption risks and understand the importance of protecting the Office against them.
- Ensure that public funds/assets that are entrusted to them are safeguarded.
- Be alert to the possibility that unusual events or transactions may be indicators of fraud or corruption.
- Inform their Line Manager and Personnel Officer of any gifts/hospitality offered in accordance with the Civil Service Code of Standards and Behaviour.
- Inform their Line Manager and the Personnel Officer of any outside interests that may conflict or impinge on their duties in accordance with the Civil Service Code of Standards and Behaviour.
- Alert their Line Manager to any weaknesses in the control system.
- Alert the Finance Officer or Internal Audit where it is not possible or appropriate to alert the Line Manager of such suspicions.
- Co-operate with any investigation that may arise in respect of fraud or corruption or suspected fraud or corruption.

5.6 Personnel Officer Responsibilities.

The Personnel Officer should be notified of any alleged case of fraud involving a member of staff. As provided for in the Civil Service Disciplinary Code, Circular 19/2016, fraud constitutes serious misconduct and the matter of any disciplinary action would fall to be dealt with in accordance with the Code.

The Circular provides that it is the responsibility of the Personnel Officer to organise the investigation of allegations of serious misconduct. It is also the Personnel Officer's responsibility, where he or she is satisfied that conduct warranting disciplinary action has been established, to make recommendations to the appropriate authority (Director General) as to the action that should be taken. Circular 19/2016 applies to staff up to and including Principal. Comparable arrangements would apply in respect of staff at higher grade levels.

A key preventative measure to deter fraud and corruption is to ensure that effective steps are taken at the recruitment stage to establish, as far as possible, the previous record of potential employees in terms of their propriety and integrity. In addition to the above, the Personnel Officer should ensure that general induction and employment policies are applied correctly, particularly in the relation to:

- Issuing appropriate rules of conduct on appointment
- Ensuring that policies in relation to Fraud are included within the induction programme
- Requesting confirmation of satisfactory completion of probationary periods
- Monitoring turnover and leave patterns

6. Report to Director General.

All matters relating to the misappropriation of funds or irregularity should be reported to the Director General.

Each year, in the context of the annual accounts, the Director General (the Accounting Officer for the Office) is obliged to report to the Comptroller and Auditor General all incidences of irregularities, fraud and misappropriation of funds which may have come to attention in the previous year. If the Director General is suspected of fraud or corruption the staff member should report the matter directly to the Chair or members of the Audit and Risk Committee.

7. Staff Protection

This policy is informed by the Office's Policy on Protected Disclosure Reporting in the Workplace. Accordingly, the Office is required to protect staff as well as contractors, consultants, agency staff and interns from any negative personal consequences arising from the reporting of a suspected incident of fraud when that reporting is made in good faith.

To the extent possible, without negative impact on the course of the investigation, the source of reported information will be kept confidential and limited in circulation. All investigations will be conducted in a transparent and fair manner.

The Office will take a serious view of any staff member taking action against, or engaging in inappropriate behaviour towards, a colleague who has reported information in good faith. Any such actions or misbehaviour shall be treated as a disciplinary matter by the Office.

Any report made in good faith shall be treated as such by the Office, even if the allegations are subsequently unproven. However, if an investigation shows that frivolous, malicious or false allegations have been made, these will be treated as a disciplinary matter by the Office. All disciplinary issues arising from this policy come within the remit of the Personnel Officer. The Office will pursue recovery of losses resulting from fraud and associated costs, as appropriate, and if necessary through legal action.

DOs and DON'Ts

- **DO** make a note of your concerns and **DON'T** be afraid to raise them
- **DO** retain any evidence you may have
- **DO** report your suspicions promptly

BUT

- **DON'T** convey your concerns to anyone other than authorised persons
- **DON'T** approach the person you suspect or try to investigate the matter yourself

8. Review

This policy is subject to review by the Management Advisory Committee every two years. The next review will be carried out in August 2024.