

Fraud etc. Prevention Policy

COP 7 b

1. Introduction

- 1.1 LPFA is committed to play its role in meeting the growing anxiety about the alleged levels of fraud, financial irregularity, bribery and corruption in the public sector.
- 1.2 Through its systems of internal control, management policy is aimed at the prevention or minimisation of any risk of fraud, financial irregularity, bribery or corruption arising. If this primary system is breached, however, LPFA's objective is to ensure that all possible cases are investigated promptly and thoroughly and that, where appropriate, effective corrective and preventative action is taken. All staff, therefore, have a primary duty of care to assist this activity and to ensure LPFA's and the Pension Fund's assets are protected in these respects. They must report any apparent weaknesses in the control systems which potentially may permit an irregularity as well as any suspected or actual instances of fraud, financial irregularity, bribery or corruption immediately to the Chief Financial Officer.

2. The aim of this policy

- 2.1 The aim of this policy is to facilitate the development and operation of controls which will aid the detection and prevention of fraud, financial irregularity, bribery and corruption against LPFA. It is the intent of LPFA to promote consistent organisational behaviour by providing guidelines and assigning responsibility for the development and operation of controls and the conduct of investigations.

3. The scope of this policy

- 3.1 This policy applies to any fraud, financial irregularity, bribery and corruption (actual or suspected) involving officers, employees, agency workers, agents, external consultants, other workers, suppliers, contractors and any other entities conducting business with LPFA.

4. Policy and general definition of fraud

- 4.1 LPFA's management has overall responsibility for the detection and prevention of fraud. **Within the Corporate Management Team, the Director of Finance is charged with leading fraud investigations.**
- 4.2 **The Fraud Act 2006 introduces a statutory single offence of fraud which can be committed in three different ways by;**
 - **False representation**
 - **Failure to disclose information when there is a legal duty to do so**
 - **Abuse of position**

Fraud, for the purpose of this policy, is defined as *"the dishonest and intentional use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to LPFA or any other party"*.

The term is used to describe deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

The Bribery Act 2010 has defined bribery as:

"The giving or taking of a reward in return for acting dishonestly and/or in breach of the law"

- 4.3 All managers will be familiar with the types of fraud that might occur within their area of responsibility and be alert for any indication of fraud.

5. Actions constituting fraud

- 5.1 A general definition of fraud has been provided in the paragraph above. However, LPFA has reviewed the fraud risks that are particular to its organisation and business. These, together with general examples of fraudulent conduct, are set out in the following paragraphs. The expressions "forgery", "stealing", "unauthorised access" and "unauthorised modification" have the meaning given to them by currently applicable legal definitions.
- 5.2 The following examples of fraud are not intended to be exhaustive but are provided for illustration and guidance purposes:
- (a) Forgery or alteration of any document or account belonging to LPFA.
 - (b) Forgery or alteration of any cheque, bankers draft or other financial document.
 - (c) Stealing or misusing funds, securities, equipment or other assets.
 - (d) Impropriety in the handling or reporting of money or financial transactions.
 - (e) Profiting as a result of insider knowledge of LPFA activities or as a result of any undisclosed relationship with any third party entering into any transaction with LPFA.
 - (f) Disclosing without authority confidential and proprietary information.
 - (g) Disclosing without authority trading activities engaged in or contemplated by LPFA.
 - (h) Accepting or soliciting anything of material value from any third party providing goods or services to LPFA or acting directly or indirectly on behalf of a company or any other person or entity involved in any transaction with LPFA.
 - (i) Giving anything of material value to any third party providing goods or services to LPFA or acting directly or indirectly on behalf of a company or any other person or entity involved in any transaction with LPFA.
 - (j) Destruction, removal or unauthorised use of records, furniture, fixtures and equipment belonging to LPFA.
 - (k) unauthorised access to or unauthorised modification of any computer system or computer program belonging to or used by LPFA for the purpose of diverting or misusing assets or for the purpose of obtaining confidential information.
 - (l) Failing to verify the authenticity of changes in supplier details or setting up false suppliers
 - (m) Fraudulent death overpayments relating to pension benefits.
- 5.3 If there is any question about whether an action constitutes actual or attempted fraud, the Chief Financial Officer (Director of Finance) should be consulted.

6. Investigation

- 6.1 Where fraud, financial irregularity, bribery or corruption is suspected, it will be investigated in accordance with LPFA's Whistleblowing Policy (COP 7a).
- 6.2 The primary responsibility for investigation of them lies with the Chief Financial Officer, who must act at all times in conjunction with LPFA's Chief Executive. Decisions to prosecute or refer the examination results to the appropriate law enforcement agency and/or regulatory agencies for independent investigation will be made by them in conjunction with LPFA's legal advisers, as will final decisions on the disposition of the case. They will have:
- (a) Free unrestricted access to all LPFA records and premises (whether owned or rented).
 - (b) Absolute authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on LPFA's premises without the prior knowledge or consent of any individual who may use or have custody of any such items provided always that such actions are within the reasonable scope of their investigation.
- 6.3 Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect LPFA from potential civil liability.

7. Consequences of committing fraud etc.

- 7.1 The actual or attempted commission of fraud, financial irregularity, bribery or corruption may constitute a criminal offence. LPFA expressly reserves the right to report it to the police. It is also an act of gross misconduct, which will normally result in summary dismissal in accordance with LPFA's Dismissal and Disciplinary Procedure.