



**Ombwdsmon
Ombudsman**
Cymru • Wales

Anti-Fraud Policy

Contents

1	Introduction.....	1
2	Definitions of Fraud and Bribery	1
3	Occupational Fraud	2
4	Policies and Processes.....	2
5	Detection and Investigation of Fraud	3
6	Awareness and Training	4
7	Review and Publication	5

1 Introduction

- 1.1 PSOW requires all staff at all times to act honestly and with integrity to safeguard the public resources for which PSOW is responsible.
- 1.2 PSOW is determined to prevent, deter and detect all forms of fraud, bribery and corruption committed against it, whether by internal or external parties. Where fraud is suspected PSOW will take direct action. All cases will be thoroughly investigated and dealt with appropriately. The form of action taken will depend on the level and circumstances of the fraud discovered and may include disciplinary procedures, dismissal and/or criminal prosecution.
- 1.3 The purpose of this document is to set out responsibilities for fraud prevention, what to do if you suspect fraud and the action that will be taken by management. This document should be considered in conjunction with the Whistleblowing, Financial and Procurement Policies.

2 Definitions of Fraud and Bribery

- 2.1 The most recent piece of fraud related legislation in the UK is the Fraud Act 2006, in addition to the existing common law offence of conspiracy to defraud. The Fraud Act 2006 provides for a general offence of fraud with three ways of committing it. These are:
 - fraud by false representation;
 - fraud by failing to disclose information; or
 - fraud by abuse of position.
- 2.2 Bribery is defined as the offering, promising, giving, accepting or soliciting of money, a gift or other advantage as an inducement to do something that is illegal or a breach of trust in the course of carrying out an organisation's activities.
- 2.3 HM Treasury include the following in their definition of fraud: theft, embezzlement, false accounting, corruption, deception and collusion.

3 Occupational Fraud

3.1 Occupational Fraud relates to fraud committed by employees in the course of their work. This can fall into five main categories:

- theft, such as the misuse of assets for personal benefit;
- bribery and corruption;
- false accounting;
- making fraudulent statements for personal gain, such as falsely claiming overtime, travel and subsistence, sick leave or special leave;
- externally perpetrated fraud against an organisation.

3.2 The responsibilities of Corporate Services employees in relation to the procurement, payment and banking processes can be found in the standalone policies.

4 Policies and Processes

4.1 PSOW is committed to preventing fraud and corruption from occurring and to developing an anti-fraud culture. PSOW's approach is to prevent fraud and not be solely reactive.

4.2 PSOW operates within a framework of statutes, regulations, staff codes of conduct and systems and procedures that are designed to, in part, prevent fraud and corruption and to enhance accountability. All members of staff are required to act in accordance with this framework.

4.3 There are also a series of robust internal controls that are subject to audit on an annual basis. Managers are required to identify the risks to which systems are exposed (including the risk of fraud), to develop and maintain controls to mitigate and manage the risks and to ensure that such controls are properly complied with. Details of areas of potential weakness are identified on the Risk Register.

4.4 All processes and procedures are designed to minimise the risk of fraud and corruption through avoiding reliance on single members of staff in key operational decisions, from both a casework and financial perspective.

- 4.5 An important preventative measure to minimise the risk of fraud and corruption is to take effective steps throughout the recruitment process to establish, as far as possible, the previous record of potential staff in terms of their integrity.
- 4.6 All employees and panel members are required to declare their personal interests annually, and a gifts and hospitality list is kept to ensure transparency and to guard against the risk of impropriety against PSOW and its staff.
- 4.7 In addition to these specific policies and processes, Management Team and the Audit & Risk Assurance Committee are presented with an annual review of PSOW's response to the Cabinet Office Counter Fraud framework in order to comply with National Audit Office regulation.
- 4.8 All members of staff are required to comply with the Staff Standards of Conduct Policy, and to work in accordance with the Seven Principles of Public Life (the 'Nolan Principles'). These are listed in Appendix A.
- 4.9 Those with the responsibility for assessing the risk of fraud, and for detection, prevention and investigation should also act in accordance with the Counter Fraud Code of Ethics as identified by the Government Counter Fraud Profession. These are listed in Appendix B.

5 Detection and Investigation of Fraud

- 5.1 The preventative measures described in the previous section significantly reduce the risk of fraud and corruption but cannot eliminate it entirely. The operation of the internal controls in a system may alert employees to potential fraud.
- 5.2 If any member of staff has a suspicion of fraud or corruption, then they are expected to report it immediately to their line manager. The Whistleblowing Policy contains specific guidance for staff on how to raise concerns and to receive feedback on any action taken.

Anti-Fraud Policy

- 5.3 Staff should be encouraged to report anything they consider to be of concern and should be reassured that they should be able to raise genuine concerns without fear of reprisals, even if they turn out to be mistaken.
- 5.4 In any circumstance where fraud is suspected or detected then PSOW will invoke a Fraud Action Plan. Under this plan:
- Both the Chair of the Audit & Risk Assurance Committee and PSOW's external auditors will be informed immediately;
 - Incidents will be logged, containing details of the allegations, investigations and conclusions;
 - Frauds will be investigated by a suitably qualified senior member of staff who is independent of the area under suspicion;
 - Progress on any investigations will be reported to the Audit & Risk Assurance Chair and to the Committee as part of the 'Matters that Require Reporting' item on the meeting agenda.
- 5.5 Any matters of a criminal nature will be reported to the Police. Employees will face disciplinary action if necessary and losses will be recovered.

6 Awareness and Training

- 6.1 PSOW recognises that an important aspect of its Anti-Fraud Policy is the general awareness and responsiveness of employees throughout the organisation. All employees are made aware of the relevant policies and when they are updated via the Hub.
- 6.2 Part of the induction process for new starters is to ensure that they read and understand the details within key policies, such as the Whistleblowing and Staff Standards of Conduct Policy
- 6.3 Each year the Cabinet Office issues a [functional standard](#) that sets the expectations for the management of fraud, bribery and corruption risk in UK government organisations. Whilst the standard is not directly applicable to PSOW we will ensure that, on an annual basis, we review internal processes against this standard and make any changes to our policies and procedures if required to ensure our response remains measured and sufficient.

6.4 It is important that PSOW keeps up to date with current developments in fraud and corruption, including the emergence of new threats and risks. We will liaise with internal and external auditors to ensure that we take advantage of training and shared learning points from across the public sector.

7 Review and Publication

7.1 This policy will be reviewed every 2 years and published internally and externally.

7.2 Any queries about this policy can be directed to policycontrol@ombudsman.wales

Appendix A

The anti-fraud culture within PSOW is built on the foundations of the Seven Principles of Standards in Public Life. These principles apply equally to all staff and panel members.

The Principles are:

Selflessness - holders of public office should take decisions solely in terms of the public interest. They should not do so to gain financial or other material benefits for themselves, their families or friends.

Integrity – holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their official duties.

Objectivity – in carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards or benefits, holders of public office should make choices on merit.

Accountability – holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Openness – holders of public office should be as open as possible about all the decisions and actions they take. They should give clear reasons for their decisions and restrict information only when the wider public interest (or legislation) demands.

Honesty – holders of public office have a duty to be truthful and declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership – holders of public office should promote and support these principles by leadership and example.

Appendix B

It is important those responsible for assessing the risk of fraud, and for detection, prevention and investigation are clear on their expectations around conduct and behaviour. The Counter Fraud Code of Ethics outlines additional behaviours and principles:

Courageous – staff should have the courage to hold challenging conversations with stakeholders to ensure the best outcomes.

Collaborative – staff should partner and collaborate with the wider fraud community as well as stakeholders both inside and outside of the organisation.

Challenging – staff should challenge behaviour where the wrong decision is made or the wrong action is being taken.

Objective – staff should act solely according to the merits of a case, and conduct investigations into fraud with objectivity and impartiality.