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# Finance Policies & Procedures

## Anti-Fraud Policy and Response Plan

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## 1 REVISION HISTORY

Revision	Date	By	Change
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## 2 APPROVALS

Name / Role	Signature and Date
IAN BARRY CFO	 24.11.11

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## Anti-Fraud Policy and Response Plan

### 3 SCOPE

This policy applies to all CABI employees.

### 4 INTRODUCTION

CABI requires all staff at all times to act honestly and with integrity and to safeguard CABI's assets.

Fraud is an ever-present threat to these assets and hence must be a concern to all members of staff as well as to management. Fraud may occur internally or externally and may be perpetrated by staff, consultants, suppliers, contractors or development partners, individually or in collusion with others.

The purpose of this document is to set out the responsibilities with regard to fraud prevention, what to do if you suspect fraud and the action that will be taken by management.

### 5 DEFINITIONS OF FRAUD

In law there is no specific offence of fraud and 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. For practical purposes fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party. The criminal act is the attempt to deceive and attempted fraud is therefore treated as seriously as accomplished fraud.

Computer fraud is where information technology equipment has been used to manipulate programs or 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. Theft or fraudulent use of computer time and assets, including unauthorised personal browsing on the internet, is included in this definition (see CABI's "Computer Usage Policy", available on the intranet at:

[http://intranet/uploads/file/Intranet/HR/UKPOLICIES/Computer\\_Usage\\_Policy\\_2011.pdf](http://intranet/uploads/file/Intranet/HR/UKPOLICIES/Computer_Usage_Policy_2011.pdf)

### 6 RESPONSIBILITIES

#### 6.1 Staff Responsibilities

All staff, including managers, are responsible for:

- Acting with propriety in the use of CABI's assets or resources and in the handling and use of funds whether they are involved with cash or payment systems, receipts or dealing with contractors, suppliers or customers
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- Using their time and any CABI assets or resources only for the conduct of approved CABI business
- Reporting details **immediately** via the Whistle Blowing Policy if they suspect or believe that there is evidence of irregular or improper behaviour or that a fraud may have been committed

## 6.2 Managers' Responsibilities

The day to day responsibility for the prevention and detection of fraud rests with line managers who are responsible for:

- Identifying the risks to which systems, operations and procedures are exposed
- Developing and maintaining effective controls to prevent and detect fraud
- Ensuring that controls are being complied with.

## 6.3 Overall Responsibility

The Chief Financial Officer carries overall responsibility for the prevention of fraud, and is liable to be called to account by the Governing Board for specific failures.

# 7 FRAUD RESPONSE PLAN

## 7.1 Notifying Suspected Fraud

It is important that all staff are able to report their concerns without fear of reprisal or victimisation and are aware of the means to do so. The Public Interest Disclosure Act 1998 (the "Whistle-blowers Act") provides appropriate protection for those who voice genuine and legitimate concerns through the proper channels.

In the first instance, any suspicion of fraud, theft or other irregularity should be reported, as a matter of urgency, to your line manager. If such action would be inappropriate, your concerns should be reported upwards to one of the following persons:

- Head of Department or Management Team member
- Director of Human Resources
- Chief Financial Officer

Every effort will be made to protect an informant's anonymity if requested. However, CABI will always encourage individuals to be identified to add more validity to the accusations and allow further investigations to be more effective. In certain circumstances, anonymity cannot be maintained. This will be advised to the informant prior to release of information.

## 7.2 The Investigation Process

Suspected fraud must be investigated in an independent, open-minded and professional manner with the aim of protecting the interests of both CABI and the suspected individual(s). Suspicion must not be seen as guilt.

The investigation process will vary according to the circumstances of each case and will be determined by the Chief Executive Officer in consultation with the Chief

Financial Officer, and the appropriate Management Team member. An "Investigating Officer" will be appointed to take charge of the investigation on a day-to-day basis. The Investigating Officer will appoint an investigating team. This will normally comprise staff from within the Human Resources Department but may be supplemented with other staff from within CABI or from outside

Where initial investigations reveal that there are reasonable grounds for suspicion, and to facilitate the on-going investigation, it may be appropriate to suspend an employee against whom an accusation has been made. This decision will be taken by the Chief Executive Officer and/or Chief Financial Officer, in consultation with the Director of Human Resources and the Investigating Officer. Suspension should not be regarded as disciplinary action nor should it imply guilt.

The process will follow the guidelines set out in CABI's disciplinary rules and procedures, see section 'Initial Investigation':

<http://intranet/uploads/file/Intranet/HR/UKPOLICIES/PerformanceandConduct.pdf>

It is important, from the outset, to ensure that evidence is not contaminated, lost or destroyed. The investigating team will therefore take immediate steps to secure physical assets, including computers and any records thereon, and all other potentially evidential documents. They will also ensure, in consultation with management, that appropriate controls are introduced to prevent further loss.

The Investigating Officer will ensure that a detailed record of the investigation is maintained. This should include a chronological file recording details of all telephone conversations, discussions, meetings and interviews (with whom, who else was present and who said what), details of documents reviewed, tests and analyses undertaken, the results and their significance. Everything should be recorded, irrespective of the apparent significance at the time.

All interviews will be conducted in a fair and proper manner. Where there is a possibility of subsequent criminal action, the police will be consulted and interviews may be conducted under caution in compliance with the Police and Criminal Evidence Act (PACE) which governs the admissibility of evidence in criminal proceedings.

The findings of the investigation will be reported to the Chief Executive Officer, Chief Financial Officer, and Director of Human Resources who will determine, in consultation with the Investigating Officer, what further action (if any) should be taken. Any internal disciplinary process will use CABI's disciplinary rules and procedures.

### **7.3 Liaison with Police & External Audit**

The police generally welcome early notification of suspected fraud, particularly that of a serious or complex nature. Some frauds will lend themselves to automatic reporting to the police (such as theft by a third party). For more complex frauds the Chief Executive Officer, following consultation with the Chief Financial Officer,

Director of Human Resources and the Investigating Officer will decide if and when to contact the police. The Chief Financial Officer will report suspected frauds to the external auditors and Finance and Audit Committee at an appropriate time.

All staff will co-operate fully with any police or external audit enquiries, which may have to take precedence over any internal investigation or disciplinary process. However, wherever possible, teams will co-ordinate their enquiries to maximise the effective and efficient use of assets and information.

#### **7.4 Initiation of Recovery Action**

CABI will take appropriate steps, including legal action if necessary, to recover any losses arising from fraud, theft or misconduct. This may include action against third parties involved in the fraud or whose negligent actions contributed to the fraud.

#### **7.5 Reporting process**

Throughout any investigation, the Investigating Officer will keep the Chief Executive Officer, Chief Financial Officer and Director of Human Resources informed of progress and any developments. If the investigation is long or complex, interim reports to the Management Team will be made. These reports may be verbal or in writing.

On completion of the investigation, the Investigating Officer will prepare a full written report setting out:

- Background as to how the investigation arose
- What action was taken in response to the allegations
- The conduct of the investigation
- The facts that came to light and the evidence in support
- Action taken against any party
- Action taken to recover any losses
- Recommendations and/or action taken by management to reduce further exposure and to minimise the chances of any recurrence.
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A copy of the above report will be submitted to the Management Team.

In order to provide a deterrent to other staff a brief and anonymised summary of the circumstances may be communicated to all staff.

#### **7.6 Communication with Governing Board**

Irrespective of the amount involved, all cases of attempted, suspected or proven fraud may be reported to the Management Team as soon as they are discovered.

In addition, the Finance and Audit Committee of the Governing Board requires an annual return of all losses arising from fraud together with details of:

- All cases of fraud perpetrated within CABI by members of its own staff, including cases where staff acted in collusion with outside parties

- All computer frauds against CABI, whether perpetrated by staff or outside parties
- All cases of suspected or proven fraud by contractors arising in connection with contracts placed by CABI for the supply of goods and services.
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The Chief Financial Officer is responsible for preparation and submission of fraud reports to the Finance and Audit Committee.

### **7.7 Personal Conduct**

All staff must have, **and be seen to have**, high standards of honesty, propriety and personal integrity. Staff are required to report any potential conflict of interest to their line manager. Staff should not accept gifts, hospitality or benefits of any kind from a third party which might be seen to compromise their personal judgement and integrity.

Further guidance on personal conduct and the acceptance of gifts and hospitality is contained in the Staff Regulations 'Outside Interests' 19.0.2

[http://intranet/uploads/file/Intranet/HR/UKPOLICIES/Section\\_19\\_pg\\_1\\_to\\_2.pdf](http://intranet/uploads/file/Intranet/HR/UKPOLICIES/Section_19_pg_1_to_2.pdf)

## **8 CONCLUSION**

**CABI views fraud very seriously. All instances will be investigated rigorously and promptly and appropriate action will be taken.**

**Further advice may be obtained from Chief Financial Officer, Wallingford (direct line +44 (0)1491 829 220).**

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## 9 Do's & DON'TS

**Report your concerns promptly to an appropriate CABI manager or director.**

<b>DO</b>	<b>DON'T</b>
<p><b>Make a note of your concerns</b></p> <ul style="list-style-type: none"> <li>Record all relevant details, such as the nature of your concern, the names of parties you believe to be involved, details of any telephone or other conversations with names dates and times and any witnesses.</li> <li>Notes do not need to be overly formal, but should be timed, signed and dated.</li> <li>Timeliness is most important. The longer you delay writing up, the greater the chances of recollections becoming distorted and the case being weakened.</li> </ul>	<p><b>Be afraid of raising your concerns</b></p> <ul style="list-style-type: none"> <li>The Public Interest Disclosure Act provides protection for employees who raise reasonably held concerns through the appropriate channels.</li> <li>You will not suffer discrimination or victimisation as a result of following these procedures and the matter will be treated sensitively and confidentially.</li> </ul>
<p><b>Retain any evidence you may have</b></p> <ul style="list-style-type: none"> <li>The quality of evidence is crucial and the more direct and tangible the evidence, the better the chances of an effective investigation.</li> </ul>	<p><b>Convey your concerns to anyone other than authorised persons</b></p> <ul style="list-style-type: none"> <li>There may be a perfectly reasonable explanation for the events that give rise to your suspicion. Spreading unsubstantiated concerns may harm innocent persons.</li> </ul>
<p><b>Report your suspicions promptly</b></p> <ul style="list-style-type: none"> <li>In the first instance, report your suspicions to your line manager. If this action would be inappropriate, raise the matter with Head of Department, Executive Management Team member, Director of Human Resources or Chief Finance Officer.</li> </ul>	<p><b>Approach the person you suspect or try to investigate the matter yourself</b></p> <ul style="list-style-type: none"> <li>There are special rules relating to the gathering of evidence for use in criminal cases. Any attempt to gather evidence by persons who are unfamiliar with these rules may destroy the case.</li> </ul>