



Irish Development Education Association

IDEA Fraud Policy

Responsibilities of managers and staff for the detection and reporting of fraud or suspected fraud

1. Purpose of Policy

IDEA's Fraud Policy deals with the responsibilities of managers and staff for the detection and reporting of fraud or suspected fraud. It also outlines what needs to be done by specified persons in terms of investigating all detected/reported frauds or suspected frauds, and in taking appropriate actions in the light of completed investigations of such circumstances.

2. Scope of Fraud Policy

While the Fraud Policy very specifically covers financial and asset related fraud in respect of all of the functions of IDEA, it is also intended to cover circumstances in which other assets of the organisation are the subject of fraud or suspected fraud. Other assets include intangible assets, whether recorded in the Balance Sheet or not, including goodwill and reputation, branding assets, and intellectual property.

3. Attitude to Fraud

IDEA will identify and promptly investigate any possibility of fraudulent or related dishonest activities against the organisation, and will also, where deemed appropriate, report such matters to the relevant police or other appropriate authorities.

The Fraud Policy emphasises the promotion of an organisational culture which encourages fraud prevention through raising awareness of the need for high standards of personal conduct by managers and staff. IDEA expects all managers and staff to act honestly and with integrity at all times, and to safeguard the resources entrusted to them. IDEA emphasises that the resources at its disposal are given by stakeholders who expect the highest standards of integrity in the process of converting these resources for the benefit of programme beneficiaries, members and the Development Education sector.

Where any fraud or suspected fraud is identified following appropriate investigation, or arising from a criminal conviction, or where a fraud is voluntarily and formally admitted by a manager or staff member, IDEA will take appropriate disciplinary and legal actions against the offending party. Disciplinary action is likely to culminate in termination of employment, and in the seeking of full restitution of the value of the resources lost to the organisation, and payment of all legal costs associated with the fraud. Where appropriate, IDEA will cooperate with the relevant authorities by providing information necessary to facilitate a criminal investigation.

4. Definitions of Fraud

For the purposes of the Fraud Policy, fraud includes, but is not limited to the following types of fraud perpetrated by managers or staff employed by IDEA:

- behaviour, acts or omissions perpetrated wilfully or knowingly carried out deliberately with the intention of causing damage to the material interests of IDEA or its donors
- theft or misappropriation of IDEA assets or of assets entrusted to it by other parties to fund or support its programmes; theft or misappropriation of resources passed by IDEA to programme beneficiaries or partners.
- use of forgery or deception to wrongfully withdraw monies from bank accounts belonging to IDEA, its partners, or its members.
- breaches of IDEA's stated procedures for the purposes of personal gain or to cause damage to the organisation.
- accepting or offering a bribe, or accepting a gift or a favour in circumstances that could lead to an inference that the gift or favour was intended to influence the accepting party's decision-making while working for IDEA
- the submission of false claims for personal payment or re-imburement
- making false or fictitious entries in the accounts or other records of IDEA to facilitate fraudulent personal gain

- acts of extortion, corruption or embezzlement
- the preparation and/or issuing of false financial information to mislead IDEA or its stakeholders and/or to cover up any wrongful action by the perpetrator
- paying an excessive amount for supplies or services to a third party, in circumstances which cannot be supported by contract of supply documentation
- unauthorised use of IDEA property, such as computers, for personal gain

Fraud is deemed to have been perpetrated where IDEA, its partners, its members or its institutional donors suffers or could realistically believe that they might suffer, an actual loss including but not limited to a financial loss.

5. Responsibility for Detection Prevention and Reporting of Fraud

Managers and staff at all levels in IDEA are responsible for exercising due diligence and control to prevent, detect and report acts of fraud or suspected fraud. IDEA will take the necessary steps to ensure that this responsibility is clearly set out in the conditions of employment of all personnel recruited from the date of effect of the Fraud Policy. In respect of all existing personnel, IDEA will formally explain their responsibilities with appropriate briefings. The conditions of employment will explain that failure by a manager or staff member to observe this responsibility may lead to disciplinary action. IDEA will ensure that its Disciplinary Action Procedures deal with any failure of personnel to prevent, detect or report acts of fraud or suspected fraud.

It is the responsibility of managers and staff to conduct their own work in such a way that fraud is prevented from occurring in respect of their functions.

6. Specific Management Responsibilities for Fraud Policy

The Director, Treasurer and the direct reports of both are responsible for being familiar with all types of improper behaviour within the scope of their job responsibilities. Accordingly, each must be conscious of, and watchful for, any indication that improper behaviour, misappropriation or other dishonest behaviour is or was in existence. These managers must have controls in operation to avoid or to highlight such situations. All staff below these levels of management are required to work with their respective managers and with law enforcement agencies where appropriate, in the detection, reporting of dishonest or fraudulent activity, including co-operating with any necessary prosecution of offenders.

7. Reporting of Fraud

As set out in this Fraud Policy, managers and staff are obliged to promptly report any suspicions of fraud in accordance with the Fraud Policy. Disciplinary action may be taken against any manager or staff member who covers up, obstructs or fails to report a fraud or suspected fraud that he/she has become aware of. Persons who threaten retaliation against a person reporting a fraud or suspected fraud shall be subject to disciplinary action up to and including termination of employment.

In investigating suspected dishonest or fraudulent actions, the relevant manager must take care to ensure that:

- the person reporting the matter is protected to the fullest possible extent, particularly by not revealing the person's identity unnecessarily to other parties
- accusations are not made in the absence of a reasonable basis for suspicion.
- any investigation required is carried out with discretion, without needlessly bringing it to the attention of other parties.
- staff being investigated are treated fairly and objectively, with no presumption of guilt by the investigating party.

- managers involved in the matter do not make any statement that could lead to claims of false accusations.
- the incidents, facts or suspicions pertaining to the matter are not discussed unnecessarily with work colleagues or with external parties.

The person who becomes aware of a suspected fraud should promptly report this matter in private to his/her immediate superior. In the event that the reporting person believes that the immediate superior may be a party to the suspected fraud, in any material way, or is otherwise too close to the party under suspicion to be able to deal with the reported matter impartially, the reporting person may report the matter to the manager above his/her superior, or to the Treasurer of the organisation if necessary.

The manager receiving the report of the suspected fraud must take immediate steps to report the matter discreetly to the Treasurer. The latter will determine the manner in which further information is sought from the person originating the report on the matter.

8. Where a Report of a Suspected Fraud is Ignored

When a person who has reported a suspected fraud is not satisfied that the manager receiving the report is reacting responsibly in the matter, the person reporting the suspected fraud is authorised to contact the Treasurer directly to bring the matter to his/her attention. The Treasurer will take steps to protect the informing person from any retaliation from any parties. IDEA will ensure that this right of access to the Treasurer, in the circumstances outlined above, is fully advised to all managers and staff.

9. Procedures for Investigating Alleged Fraud

The Director (and in appropriate circumstances, the Treasurer) is responsible for overseeing and co-ordinating all fraud investigations. The Director will seek expert legal and other professional advice as appropriate. The Director will work closely with the manager who has received the report of the suspected fraud, and will determine if it is appropriate for the investigation to be handled by this manager. Where this is not deemed appropriate by the Director, the Director will personally handle the investigation. In either case, the Director may appoint a suitably experienced and qualified investigator from inside or outside the organisation to assist in the investigation.

The Director will advise the Treasurer of the circumstances at this stage. Where the scale of the suspected fraud is of a significant magnitude, the Director will, after consultation with the Treasurer, discreetly inform any funding agencies associated with programmes which have suffered this potential loss, and will commit to such agencies to provide a full summary report when the investigation is completed.

Pending the initiation of an investigation, the Director will determine if any immediate steps are required to stem any losses arising from the situation. It may be necessary in such circumstances, on the authority of the Director, to suspend with pay any members of staff closely associated with the circumstances of the suspected fraud, for the duration of the investigation.

The investigating officer will take immediate steps to secure physical assets, including computers and computer records, as well as any other appropriate evidential documents. The investigating officer will keep a detailed record of the investigation as it proceeds, including details of all telephone calls, discussions, meetings and interviews, details of documents reviewed, tests and analysis undertaken, their results and their significance.

The investigation will be carried out with the utmost discretion. Nevertheless, the investigation will require an examination of all circumstances pertaining to the suspected fraud, and the

interviewing of all personnel pertinent to the investigation. All such interviews will be conducted discreetly, and persons who are suspected of primary involvement in the matter being investigated will be permitted the option of having a colleague or other personal representative attend any such interviews.

The Director will consult with the organisation's legal advisors as the investigation progresses, and will avail of advice and guidance from the legal advisors in respect of employment law, and conditions of employment pertaining to staff being investigated. The Director will seek the advice of the legal advisors in relation to any disciplinary actions subsequently arising from the investigation.

Upon completion of the investigation, the Director will prepare a written report of the findings and recommendations, working closely with the manager who received the report of the suspected fraud, in cases where the latter conducted the investigation. Where the nominated investigator has carried out the investigation, this party will prepare the investigation report, but the Director is responsible for agreeing the wording of the report with this party, and for preparing the recommendations arising from the report.

The Director will present the investigation report to the Treasurer. Where the losses from a proven fraud are expected to be substantial, the Director will secure legal advice regarding the practicality of freezing the assets of the person under investigation, pending completion of the investigation. The Director and Treasurer will decide if the IDEA disciplinary procedures will be applied and whether the relevant police authorities will be notified. The Director will communicate the decision to the person found by the investigation to have carried out the fraud. This person will be suspended on pay, or will continue on existing suspension until such time as the disciplinary action takes effect.

If, during an investigation, the Director realises that the circumstances are more serious than originally anticipated, the Director may determine to halt the internal investigation, and pass the matter immediately to the relevant police authorities. In such cases, the internal investigation will cease entirely, and the information gathered in the investigation to that point will be made available to the police authorities. Pending the outcome of any such police investigation, the person involved would be placed on suspension with pay.

The Director is responsible for taking all possible and reasonable steps to secure recovery of losses from the offending party. Where the losses are substantial, the Director will seek legal advice on recovery of the losses, and of associated legal costs, from the individual through the civil court in cases where the individual is unwilling to offer repayment.

The Director will notify the IDEA's Insurance Brokers at an early stage to ensure that insurance matters are dealt with promptly and properly.

The Director will be responsible for dealing with any enquiries from the press and other media.

If the suspected incident involves the Director or Treasurer, the Chair or another senior officer of the organisation chosen by the Chair of the National Council shall undertake the role and functions specified for the Director or Treasurer.

10. Subsequent Reporting

Upon completion of a fraud investigation the Director will brief the National Council on the entire matter, and will inform the National Council of management proposals to improve systems and controls to avoid a similar occurrence in the future.

The Director will prepare a summary of the circumstances of the fraud investigation and will provide this to the senior manager in each funding agency that funded programmes affected by the fraud where it is deemed appropriate.

In relation to the incidence of fraud on any Irish Aid funded programmes, the following steps are required to be followed:

1. Communicate in writing and by email with the signatory (or his/her replacement) of the legal contract between IDEA and the Department of Foreign Affairs.
2. Describe, as far as possible, the circumstances of the (alleged) fraud, the suspected principals involved and an estimate of Irish Aid funds concerned.
3. Describe any action already taken, the proposed follow-up actions, including plans for a forensic audit if this is deemed appropriate.
4. Share the draft ToRs of any investigative exercise for comment with Irish Aid before tendering the exercise to a third party.
5. Share all relevant documentation that might be requested by Irish Aid, including the results of the forensic audit in a timely manner.
6. Maintain constant contact with Irish Aid until the fraud case is thoroughly investigated and the case deemed closed by Irish Aid officials.

11. Risk Management

The Director is responsible for preparing a periodic risk assessment report covering all risk exposures for IDEA. Such a report should, inter alia, cover arrangements for the identification, mitigation and possible elimination of fraud-related risks.

Such a risk assessment report should be presented to the Management Group for consideration prior to its submission to the National Council. The finalised risk assessment report, when approved by the National Council, will contain an assessment of all risks affecting IDEA, and an action list to ensure that critical risks are understood and managed for the future.

12. Review of Fraud Policy

The Management Group will review this Fraud Policy every three years to keep it up to date with changing circumstances and relevant legislation.

Irish Development Education Association
6 Gardiner Row, Dublin 1
Tel: 01 8788480
Mobile: 00353 (0) 87-9747579
Website: www.ideaonline.ie
Email info@ideaonline.ie

The Irish Development Education Association (IDEA) is a Company Limited by Guarantee not having a share capital. It is registered in Dublin Ireland as Company Number: 435218.