



**1st for EPA Ltd**

**Internal Audit Policy: Anti-Fraud, Theft and Financial Irregularity**

**1. Policy Goal**

This policy aims to minimise the likelihood and extent of loss resulting from fraud, theft and other types of financial irregularity, thereby maximising our financial resources to help us to deliver our strategic objectives.

**2. Organisational Statement**

1st for EPA Ltd is committed to maintaining an ethical culture which does not and will not tolerate any form of fraud, theft or financial impropriety. In addition, 1st for EPA Ltd treats any potential or actual financial abuse against the company, apprentices and their employers very seriously.

Any such issues will be thoroughly investigated and, if confirmed, dealt with rapidly. We will seek the strongest possible sanctions against those who seek to defraud 1st for EPA Ltd. This includes taking appropriate action against those involved which may include criminal or civil action.

**3. Outcomes**

All company directors, staff and contractors are aware of and understand this policy, understand what type of misconduct is covered by the policy and understand their own responsibilities for preventing fraud, theft or financial irregularity and for reporting any suspicions.

Reported issues are investigated and dealt with fairly, consistently and without delay in accordance with the policy.

Any issues relating to actual or potential fraud/theft/financial irregularity are logged and incidents are escalated appropriately through 1st for EPA Ltd and reported in accordance with internal policies and procedures and external regulatory requirements.

Our company, staff, apprentices and employers are protected against any theft or fraudulent activity that may take place during the course of working with 1st for EPA Ltd.

Risks, weaknesses and lessons learned are identified following any investigation with remedial action taken to reduce risk of recurrence.

**4. Application**

This policy applies to all company directors, staff and contractors, who must be aware of, understand and adhere to this policy.

The Managing Director is responsible for the implementation of this policy.

## 5. Reason for the Policy

To ensure that 1st for EPA Ltd is not exposed to any unnecessary risks that may compromise its ability to finance the business and to safeguard its reputation.

To ensure that anti-fraud and theft measures and financial probity are embedded and managed as part of 1st for EPA Ltd's wider internal control and risk management framework and everyone understands their role and responsibilities.

To ensure that regulatory requirements are understood and met.

## 6. How to measure success

Through the control of the risk of fraud, theft and financial irregularities, ensuring there are minimal instances.

Ensuring that audits and governance do not raise any concerns around fraud and theft risk.

Lessons are learned from investigations undertaken and risks or incidents reported.

Director, staff and contractor awareness of their responsibilities with regards to the risk of fraud, theft and financial irregularity.

Embedding the measures outlined within 1st for EPA Ltd culture.

## 7. Reference to relevant documents

Regulation / Guidance	In House Documents
Bribery Act 2010	1st for EPA Ltd Complaints and Appeals Policy
Fraud Act 2006	1st for EPA Ltd Conflict of Interest and Whistleblowing Policy
Money Laundering Regulations 2007	1st for EPA Ltd Continuity Policy
The Public Interest Disclosure Act 1998	1st for EPA Ltd Safeguarding Policy
Theft Act 1968	1st for EPA Ltd Internal Quality Assurance Policy
Proceeds of Crime Act 2002	Recruitment and selection procedures

## 8. Roles and Responsibilities



Roles and responsibilities for identifying and mitigating against the risk of fraud must be clearly understood and embraced effectively.

The company directors have overall accountability for managing the risk of fraud, theft and financial irregularities and will take every action necessary to do so within 1st for EPA Ltd's control.

The managing director will:

- Promote a culture of honesty and openness throughout the organisation.
- Ensure the risk of fraud, theft and financial irregularities is considered in 1st for EPA Ltd's corporate risk management arrangements.
- Ensure that effective controls are developed and maintained to prevent and detect fraud and theft.
- Ensure those engaged in countering fraud, theft and financial irregularities have the appropriate authority, skills and knowledge to undertake this work effectively.
- Ensure that findings from fraud, theft and financial irregularity investigations lead to relevant system changes.

### **Managers' Responsibilities**

The day to day responsibility for the promotion of a culture of honesty and openness throughout 1st for EPA Ltd and for the prevention and detection of fraud, theft and financial irregularities rests with line managers who are responsible for:

- Identifying the risks to which systems, operations and procedures are exposed.
- Ensuring they escalate any risk of fraud, theft and financial irregularity including any emerging risks.
- Controls, including those in a computerised environment and for new systems and procedures, are effective and are properly maintained and documented.
- Ensuring there is full compliance with the associated policies and work instructions.
- Ensuring that the necessary controls to counter fraud, theft and financial irregularities are in place where 1st for EPA Ltd is working with other organisations.

Advice and assistance on control issues is available from the Managing Director.

### **Contacts:**

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## Staff Responsibilities

All staff, including subcontractors, are responsible for:

- Acting with propriety in the use of the organisation's 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;
- Following all policies, procedures, work instructions and other control measures to safeguard 1st for EPA Ltd's and customers' assets and protect staff from suspicion.
- Reporting any weaknesses in controls, or where policies, procedures and work instructions are not being followed by others.
- Reporting details **immediately** if they suspect or believe that there is evidence of irregular or improper behaviour or that a fraud or theft may have been committed.

## 9. Policy Review

This policy was last updated 4 November 2020. It will be monitored and reviewed at regular intervals and as legislation requires.

## APPENDIX 1

### Definitions of Fraud, Theft & Financial Irregularity

#### Definition of Fraud

The Serious Fraud Office (SFO) defines fraud (which is a criminal activity) as “abuse of position, or false representation, or prejudicing someone’s rights for personal gain”. This is not always a financial gain. It is an act of deception that is intended for either personal gain or to cause a loss to another party.

HM Treasury includes the following in their definition of fraud: theft, false accounting, bribery and corruption, deception and collusion.

The Audit Commission define it as “An intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss.”

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
- Fraud by abuse of position

Computer fraud is where IT 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 resources is included in this definition.

All references to fraud within this document include any type of fraud-related offence.

#### Examples

Claiming for hours not worked	Inflating/falsifying mileage or travel claims
Abuse of flexible working hours system	Working elsewhere whilst off sick from 1st for EPA Ltd
Suppliers submitting invoices for goods/services not received.	Falsifying qualifications on job applications.

#### Definition of Theft



The Theft Act 1968 states “A person shall be guilty of theft if he/she dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it”.

It is immaterial whether the appropriation is made with a view to gain, or is made for the thief's own benefit.

Simply put, theft occurs when someone takes / uses the property of another, effectively taking on the rights of ownership, knowing that they have no right to do so, and notwithstanding that they are willing to pay for the property.

Although a dishonest or fraudulent act may have criminal and/or civil law consequences, 1st for EPA Ltd is not required to use a determination by a criminal or civil body as the basis for determining whether an act is dishonest or fraudulent, nor must the act rise to the level of a crime or violation of civil law in order to constitute a violation of 1st for EPA Ltd's policies.

A dishonest act or fraudulent activity may be, but is not limited to, an act or activity that is unethical, improper, or illegal such as:

- theft of an asset including, but not limited to, money, tangible property, intellectual property etc;
- misappropriation, misapplication, destruction, removal, or concealment of property;
- false claims and/or misrepresentation of facts;
- alteration or falsification of paper or electronic documents, including the inappropriate destruction of paper or electronic documents;
- inappropriate use of computer systems including hacking and software piracy;
- embezzlement;
- bribery, or corruption of any kind;
- unlawful or undeclared conflict of interest;
- unauthorised use or misuse of 1st for EPA Ltd or customers' property, equipment, materials or records.

## **Policy Review**

This policy was last updated 21 January 2021. It will be reviewed annually and as legislation requires.