



ICM

Fraud Policy

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Statement of Intent

ICM is committed to openness and accountability. In line with this commitment we expect employees, learners, Examiners or those contracted to provide services to ICM who have serious concerns about any aspect of our work to come forward and voice those concerns with the knowledge that, if made in good faith, their action will be viewed positively.

A handwritten signature in black ink that reads "Adair Ford". The signature is written in a cursive style with a large initial 'A'.

Adair Ford
Chairman & CEO

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1. Policy Statement

ICM takes fraud extremely seriously and it is Company policy to investigate all incidents of fraud or attempted fraud. ICM is committed to taking all practicable steps to prevent all types of fraud within the organisation (internal fraud) and to prevent the organisation being defrauded by external bodies (external fraud). This document gives guidance on the prevention of fraud. ICM is more likely to deter fraudsters if ICM is fully aware of the risks, keep control systems under regular review, and respond effectively whenever fraud is suspected or discovered.

1.1 Principles

The creation of an anti-fraud culture underpins all other work to counter fraud. Staff within ICM must understand the risk of fraud faced by the organisation, that fraud is serious and that it diverts valuable resources from its primary objective. ICM recognises the importance of training in the delivery of high quality services and ICM supports the concept of fraud awareness training for key staff involved with internal control systems.

- All ICM staff have a duty to prevent fraud and to cooperate in the detection of fraud.
- The existence of proper controls lessens the opportunity for fraud.
- Managers have the responsibility for designing, operating and reviewing control systems to minimise the risk of fraud occurring.
- Procedures set up to prevent and detect fraud must be followed without exception.
- Many frauds are due to failures to comply with existing control procedures, policies and regulations.
- ICM will not victimise or otherwise disadvantage anybody who raise concerns about fraudulent activity in good faith, even if the allegations turn out to be unfounded (see ICM Whistleblowing Policy).
- Audits may be conducted from time to time to carry out reviews of systems and the adequacy of controls in place.

2. Definition of Fraud

The Fraud Act 2006 came into force on 15th January 2007. The Act defines and introduces provision for a general offence of fraud which is broken into three sections:

2.1 *Fraud by false representation* – Fraud by false representation is considered to have occurred if representations have been made dishonestly and with the intent of making a gain or causing a loss or risk of loss to another. A representation is defined as false if it is untrue or misleading and the person making it knows that it is or might be untrue or misleading. Representation can be stated by words or communicated by conduct, i.e. written, spoken or by electronic means.

2.2 *Fraud by failing to disclose information* – Fraud by failing to disclose information is considered to have occurred if a person fails to declare information which he/she has a legal duty to disclose. There is a requirement that the person acts dishonestly and intends to make a gain for himself/herself, cause a loss to another or expose another to a risk of loss.

2.3 Fraud by abuse of position – Fraud by abuse of position is considered to have occurred when a person who is in a privileged position has acted dishonestly by failing to disclose information which he/she was legally required to disclose. The dishonest act must be with the intention of making a gain for himself/herself or another. Alternatively, it may be with the intention of causing a loss or risk of loss to another. The offence may be committed by omitting to make a declaration as well as by an act.

The introduction of the Fraud Act 2006 does not prevent the prosecution of offences under the various Theft Acts and Forgery and Counterfeiting Act, e.g. theft, counterfeiting and falsification of documents. Attempted fraud is treated as seriously as accomplished fraud and is also considered a criminal activity. Fraud can be carried out by single members of staff, contractors, learners, Approved Centres or others, or by groups of people acting together.

2.4 Fraud can include:

- Theft or misappropriation of money or other assets such as stationery supplies or equipment
- Diversion of income
- Breaches of procurement rules for personal or family gain
- Misuse of goods and services for an unauthorised purpose
- Misuse or falsification of expenses
- Illegal invoices
- Misrepresented quality or value of purchased materials
- Money transfer fraud, e.g. via scam emails or phone calls

2.5 Fraud techniques are varied but can include:

- Making false statements
- Falsifying records including academic achievement (refer to specific procedure)
- Setting up bank accounts and diverting funds to them
- Rigging procurement processes
- Falsifying copyright ownership
- Tampering with computer systems

2.6 Danger signs of internal fraud

- Evidence of excessive spending by staff engaged in cash/contract work
- Inappropriate relationships with suppliers
- Reluctance of staff to take leave
- Requests for unusual patterns of overtime
- Undue possessiveness of records.

Reluctance to take leave and over-possessiveness of records could suggest that there is something to hide, and abnormal patterns of overtime could be used to achieve unauthorised access to records and systems. Staff should resist any pressure from line management to circumvent internal controls or to override control mechanisms. Such action could be indicative of fraudulent activity and should be reported.

3. Responsibilities

Where a fraud is detected or suspected, initial responsibility for investigating the matter rests with the Executive Director who has been nominated as ICM's Investigating Officer. In his/her absence, or, if the Executive Director is in any way alleged to be involved in the fraud, responsibility rests with the Chief Executive Officer. The Investigating Officer shall inform and consult with the Executive Director in all cases except where the Executive Director is the alleged perpetrator. Investigations will be commenced as soon as possible.

3.1 Responsibilities of all Staff

- Be aware of the risks of fraud
- Follow all procedures set up to prevent and detect fraud without exception
- Report suspected fraud to their manager, or directly to a Director, promptly
- Any information received will be dealt with in confidence and acted on as necessary

3.2 Responsibilities of Managers

- Be aware of the risks of fraud
- Ensure all staff are aware of their responsibilities, and of the policies and procedures in place to mitigate the risk of fraudulent activity
- Design, operate and review control systems to minimise the risk of fraud occurring
- Balance administrative simplicity and efficient operation with the responsibilities and costs of safeguarding assets. The degree of control within a system should be based on a clear and up-to-date assessment of the risks involved, the consequences of failure and the resource costs of eliminating or reducing these factors
- Formally review key or high risk systems at least annually to assess whether they are adequate, and the controls are effective, or if the systems and degree of control are over-elaborate
- Consult with the Finance Department where new control procedures are being set up or significant changes to existing procedures are being proposed
- Put in place preventive and detective controls
- Managers with responsibility for procurement and making payments must ensure they seek prior approval from their manager or a Director

3.3 Responsibilities of the Finance Department

- Be aware of the risks of fraud
- Ensure core financial systems are designed and operated so as to minimise the risk of fraud
- Ensure payment procedures include a check that invoices have been properly authorised
- Ensure expense procedures include a check that the expenditure has been properly incurred for business purposes
- Ensure accounting and other records, such as bank balances are reconciled

- Ensure there are proper and adequate budgetary delegations and controls in place
- Ensure robust procurement policies and procedures are in place to ensure the risk of fraud is minimised
- Maintain up-to-date guidance and provide advice to managers on control procedures
- Ensure staff comply with guidance/instructions issued about these systems

3.4 Responsibilities of Directors

- Set up proper systems of control for their areas of responsibility and ensure strict compliance and regular review
- In these areas assessed as having the greatest risk of fraud, give particular attention to control systems
- Ensure there is adequate separation of duties. Without adequate separation of duties the effectiveness of other control measures is undermined
- Where resources are limited and separation of duties is not possible, appropriate compensating management controls must be employed

3.5 Responsibilities of the Directors and Trustees

- Ensure fraud procedures are accessible and regularly updated
- Ensure staff dealing with fraud procedures receive appropriate training, support and supervision
- Ensure a risk-based internal audit service is in place covering with greater frequency those areas where the risk of fraud is greatest

4. Procedure for dealing with suspected ICM fraudulent certificates

The paper stock used for the production of ICM certificates is made in Germany and carries an ICM watermark. This watermark can be seen if the certificate is held up to a light source. A scanned copy of an ICM certificate does not reproduce the watermark.

5. The following procedure is to be followed in respect of reports about fraudulent certificates.

- Upon identification of a suspected fraudulent ICM certificate by any party, a copy is to be sent to the ICM head office in the UK by email to the following address info@icm.education with as much information as possible relating to the circumstances under which the certificate was obtained. The original certificate should be confiscated and held until such time as it can be authenticated.
- ICM maintain records of the name, Student Number and Examination Results of all learners who have registered and undertaken examinations over the course of the past twenty years and can authenticate a certificate within 48 hours of receipt.
- In the event that authentication is not possible, the ICM Country Coordinator will be notified and an investigation will be initiated. The investigation will include an interview with the person that raised the concern and with the person who originally submitted the certificate. The aim of the investigation will be to trace the origins of the fraudulent certificate and identify those parties involved with its creation.
- The ICM Country Coordinator will notify the appropriate authorities of the investigation which will include the Ministry of Education locally.
- Details of the investigation will be sent to the ICM head office and to the local authorities on a regular basis until the investigation has been concluded.

- In the event that prosecution is necessary, the ICM Country Coordinator will alert the local Police and provide them with the investigation notes and the fraudulent certificate.

6. Sanction and Redress

ICM's disciplinary procedures provide for offences such as fraud, theft and deliberate falsification of Company registers, reports, accounts, expense claims and self-certification forms to be regarded as gross misconduct which may result in dismissal. ICM will take disciplinary action in all cases where it is considered appropriate.

In cases where fraud is proven ICM will notify the police of the outcome. ICM will co-operate fully with the investigating body and will always seek to recover funds lost through fraud. It may be necessary for ICM to initiate a Civil Action against the fraudsters. If, during the course of the investigation any failure of supervision is identified ICM must consider whether disciplinary action is appropriate for those involved.

Where fraud has occurred it is vital that management recognises the need to examine systems and procedures and make necessary changes to ensure that similar frauds will not occur. Internal audits can indicate necessary changes required to systems and procedures.

7. Related Policies

- Employee Handbook
- Malpractice and Maladministration Policy
- Anti Bribery and Anti-Corruption Policy
- Whistleblowing Policy