

Fraud Policy

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It is the policy of APA/CVM to identify and promptly investigate any possibility of fraudulent or related dishonest activities against the organisation and, when appropriate, to pursue legal remedies available under the law. APA aims to promote an organisation culture which encourages the prevention of fraud by raising awareness of the need for high standards of personal conduct supported by clear procedures and definitions.

Any act of fraud ascertained upon investigation, or pursuant to a criminal conviction, or through written acknowledgement by the employee(s) concerned, shall result in the possibility of termination of employment, restitution and/or forwarding information to the appropriate authorities for criminal prosecution. The repayment of losses will be sought in all cases and the organisation would normally expect to recover all costs in addition to the recovery of losses.

1. Fraud Definition

For the purposes of this policy, fraud shall include but not be limited to:

- Theft or misappropriation of APA/CVM assets
- Submitting false claims for payments or reimbursement
- Accepting or offering a bribe or accepting gifts or other favours under the circumstances that might lead to the interference that the gift or favour was intended to influence an employee's decision-making while serving the organisation
- Accepting a commission from or paying same to a third party
- Blackmail or extortion
- 'Off Books' accounting or making false or fictitious entries
- Knowingly creating and /or distributing false or misleading financial reports
- Paying of excessive prices or fees where justification thereof is not documented
- Violation of APA procedures with the aim of personal gain or to the detriment of the organisation
- Wilful negligence intended to cause damage to the material interest of APA
- A dishonourable, irresponsible or deliberate act against the interests of the organisation

For the purposes of this policy, an employee refers to a staff member who receives remuneration, either full or part time, from APA/CVM. The term also includes any volunteer

who provides services to the organisation through an official arrangement with the organisation.

2. Responsibilities

Responsibility for the Detection and Prevention of Fraud: Board members, IAFRC, managers, employees and volunteers at all levels are responsible for exercising due diligence and control to prevent, detect and report acts of fraud. Those who fail to carry out these responsibilities will be subject to disciplinary action up to and including termination of employment, membership or other association.

Responsibility of Management: It is the responsibility of the Executive Director or Deputy, IAFRC and managers to be familiar with the types of improprieties that might occur in their area and be alert for any indication that improper, misappropriated or dishonest activity is or was in existence in his or her area. It is also his or her responsibility to put in place controls to avoid such occurrences. Board members, Executive Director or Deputy, IAFRC and area managers are required to support and work together with law enforcement agencies in the detection, reporting and investigation of dishonest or fraudulent activity, including the prosecution of offenders. If a fraud is detected, the adequate controls should extend to prevent reoccurrence of improper actions.

Responsibility of Employees/Volunteers: It is the responsibility of all employees and volunteers to conduct their APA business in such a way as to prevent fraud occurring in the workplace. Employees must also be alert to the possibilities for fraud and be on guard for any indications that improper or dishonest activity is taking place.

3. Reporting Fraud

It is the responsibility of all APA/CVM staff or volunteers to report any suspicion of fraud without delay, according to the procedure laid out below. Persons who cover up, obstruct, fail to report, or monitor a fraud that they become aware of, or ought to have been aware of because of their position, will be considered to be an accessory after the fact and may be subject to disciplinary action and/or discharge. Persons who threaten retaliation against fraud reporters shall be subject to disciplinary action up to and including termination of employment.

Great care must be taken in dealing with suspected dishonest or fraudulent activities to avoid:

- Incorrect accusations
- Alerting suspected individuals to an investigation underway
- Treating employees unfairly
- Making statements that could lead to claims of false accusations or other charges.

In the case of all employees and management, the incident, facts, suspicions or allegations should not be discussed with anyone inside or outside the organisation unless specifically directed to do so by the APA/CVM Officer investigating the incident. In particular, the matter should not be discussed with the individual suspected of fraud.

Fraud can be detected at any level within the organisation, and the following general principle should apply in the reporting of suspected fraud:

- A person who suspects that fraudulent practice may be operating should immediately report the matter to his/her superior. Should it be inappropriate to make such a report to an immediate superior, the report should be made to that person's manager or directly to the Executive Director or Deputy, Board Member or Board Chairperson.
- Once a report of suspected fraud is made to supervisor/manager, that person should report the suspicion to his/her immediate superior and directly to the Executive Director or Deputy, Board Member or Board Chairperson.
- In cases where instances of fraud take place in the field, a report should be made to the Country Representative as well as the CEO/Executive Director in Ireland/Italy.
- On receipt of a report of suspected fraud, an immediate superior should report the matter to the CEO or Deputy, Administration Staff and the Board Secretary in respect of all management staff.
- A Fraud Incident Report should be completed by the person who is reporting the suspected fraud.
- No investigation of the suspected fraud should take place until the immediate superior has been informed.

4. Procedures for the Investigation of Alleged Fraud

In the event of an alleged fraud, the organisation will proceed through the following steps:

- 1) The **CEO** will (except in any case involving him or her) have responsibility for co-ordinating the organisation's response and will seek expert advice from the organisation's legal advisors or other advice (if required). The **CEO** will inform the relevant Board Member/Chairperson and other heads as appropriate and keep them informed of developments. The **CEO or Deputy** will also notify the organisation's Insurance Brokers to ensure that insurance matters are dealt with promptly and properly.
- 2) The **CEO** will notify the Internal Financial Audit and Risk Committee (IAFRC) who will, if appropriate, conduct an initial investigation to gather factual information and reach a preliminary view as to whether further action is required. The **IAFRC** will report the findings, conclusions and any recommendations to the CEO or Deputy, who will keep the Board informed.
- 3) Where the initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud or a dishonest activity, the **CEO**, in consultation with the Secretary of the Board and other relevant Officers, will decide if any actions are necessary to prevent further loss. This may require, in consultation with the Senior Staff, the suspension with or without pay of the member or members of staff (which will take place in accordance with APA Staff Policy and Procedures and /or the decision as to whether further investigation is required.
- 4) Each case will be considered individually in accordance with the expert advice obtained with a view to minimising the losses (both monetary and otherwise) to the organisation. Having reached a decision as to what further action is necessary and how such actions should be undertaken, the CEO will liaise with the Board Chairperson and with the Board.

- 5) When further investigation is required, an Investigating Committee and its Chair will be appointed by the Board for each case. All meetings of the Committee will be treated as confidential and shall be fully documented with investigation work normally led by the IAFRC. In circumstances where the investigation requires the use of technical expertise which the IAFRC does not possess, the Investigating Committee may appoint external specialists (subject to the approval of the CEO) to lead and/or contribute to the investigation.
- 6) Upon completion of its investigation, the **Investigating Committee** will submit a written report of its findings and its recommendation(s) to the **CEO** who, in consultation with the Senior Manager or Board, will issue a decision on the matter and determine whether internal disciplinary procedures should be invoked or whether the Gardaí should be notified. The **CEO** will communicate the decision to the person(s) accused of the fraud or related dishonest activity and will submit a copy of the report to the IAFRC and Board.
- 7) Employees who are under investigation shall be entitled to have a member of APA staff or other appropriate individual present during the course of any interview that is conducted in connection with the alleged fraud or related dishonest activity with a view to defending their case.
- 8) The **CEO** will be responsible for dealing with any enquiries from the press or other media.
- 9) The **IAFRC** will, at an appropriate time, consider the results of the investigation and assess whether there is a weakness in the organisation's systems of internal control which need to be addressed. The IAFRC will report the findings, conclusions and recommendations, following completion of consultation with the relevant persons to the Board of APA.

5. Accounting for Loss, Restitution and Recovery

The section or project incurring the loss from a dishonest or fraudulent act will normally suffer the loss until monies can be recovered through insurance or restitution.

6. Notifying the APA Auditors

The **CEO** and other relevant APA Officers will consider reporting to the APA Auditors the confirmed cases of fraud indicating what steps have been taken to address the weaknesses in the systems of internal control related to the fraud.

7. Additional Notes on Fraud

References for Employees Disciplined or Prosecuted for Fraud: Where there is a request for a reference for a member of staff who has been disciplined or prosecuted for fraud or a dishonest activity, the Executive Director or Deputy shall prepare a reply to a request for a reference having regard to APA policies and employment law.

Review of Fraud Policy: This fraud policy will be reviewed every three years by the IAFRC.

Note: If the suspected incident involves the CEO of the organisation, the Board shall decide who will undertake the role and functions specified for the CEO of the Organisation in the interim.