



National Transport Authority

016 – Fraud & Corruption Policy Version 6.0

Last revision date: 17th May 2023

July 2023

Process for Policy Review and Update

This document is classified as confidential and is for internal use by the National Transport Authority (NTA) only.

Each policy shall require approval by the National Transport Authority prior to implementation.

Any modifications to existing policies shall be carefully documented. This shall include the completion of the revision history table.

Reader Guidance: If a policy is modified the table below must be inserted at the end of the modified policy to reflect any changes. All fields in the table must be completed.

Revision History

Version	Date	Description	Prepared	Reviewed
1.0	15/12/2017	For Board Approval	Noel Beecher	Board approved
2.0	12/07/2019	For Board Approval	Noel Beecher	Board approved
3.0	19/06/2020	For Board Approval	Noel Beecher	Board approved
4.0	03/09/2021	For ARC Approval	Noel Beecher	ARC approved
4.0	17/09/2021	For Board Approval	Noel Beecher	Board approved
5.0	24/06/2022	For ARC Approval	Noel Beecher	ARC approved
5.0	15/07/2022	For Board Approval	Noel Beecher	Board approved
6.0	07/07/2023	For ARC Approval	Noel Beecher	ARC approved
6.0	21/07/2023	For Board Approval	Noel Beecher	Board approved

Next review date: July 2024

Approvals

Position		Name	Date
Corporate Risk Manager	Annual Review	Gerard McBrien	17/05/2023
Chief Risk Officer & Head of Governance	Approved Policy Review	Noel Beecher	22/05/2023
ARC Committee	Annual Review	ARC Committee	07/07/2023
Board	Annual Review	Board	21/07/2023

1. Purpose

The Authority recognises the importance of protecting the assets of the State and the Authority, its reputation, and its employees from the consequences of fraudulent or corrupt activity. Accordingly, the Authority expects the highest standards of ethical behaviour from all Authority staff and others who transact business with the Authority. The policy sets out the responsibilities of members of staff of the Authority where fraud or suspected fraud or corruption has been identified. Management is responsible for the detection and prevention of fraud or corruption, misappropriations, and other irregularities.

The policy covers:

- Definition of fraud and corruption;
- Statement of Principles;
- Procedures for reducing the potential for fraudulent activity; and
- Procedures for reporting and investigating suspected fraud or corruption.

This policy should be read in conjunction with the:

- Criminal Justice (Theft and Fraud Offices) Act 2001
- [Criminal Justice \(Corruption Offences\) Act 2018](#)

2. Scope

This policy relates to fraud or corruption involving the Authority's funds and assets and is applicable to all Authority controlled funds and assets. The policy also applies to any irregularity, or suspected irregularity, involving employees as well as consultants, vendors, contractors, and /or any other parties with a business relationship with the Authority. Grant funded entities are expected to have their own Fraud policies and procedures in place.

The policy applies to all Authority Staff (includes employees, secondees, assignees, contractors or associates of the Authority).

Members of staff should ensure that they are familiar with other relevant Authority policies, procedures and regulations including:

- NTA staff handbook;
- NTA financial policies and procedures.

3. Definition of Fraud & Corruption

Fraud

The term 'fraud' is used to describe such acts as dishonesty, deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, false pretence, false accounting, and collusion in the foregoing. For the purpose of this policy the term, 'fraud' includes attempted fraud.

For practical purposes fraud may be defined as the use of deception to obtain an advantage, avoid an obligation, or cause loss to another party.

It is not possible to give an exhaustive listing of the activities and behaviours which constitute fraud.

The following are examples of fraudulent behaviour:

- Asset misappropriation involves stealing cash or assets (supplies, inventory, equipment, and information) from the employer. In many cases, the perpetrator tries to conceal the theft, usually by adjusting the records.
- Skimming occurs when cash is stolen from the employer before it is recorded on the employer's books and records. For example, an employee accepts payment from a customer, but does not record the sale.
- Disbursement fraud occurs when a person causes the employer to issue a payment for fictitious goods or services, inflated invoices, or invoices for personal purchases. For example, an employee can create a shell company and then bill the employer for non-existent services.
- Expense reimbursement fraud occurs when an employee is paid for fictitious or inflated expenses. For example, an employee submits a fraudulent expense report claiming reimbursement for personal travel, non-existent meals, extra mileage, etc.
- Payroll fraud occurs when the fraudster causes the employer to issue a payment by making false claims for compensation. For example, an employee claims overtime for hours not worked, or an employee adds ghost employees to the payroll and receives the pay cheque.
- Financial statement fraud involves misrepresenting the financial statements, often by overstating assets or revenue or understating liabilities and expenses. Financial statement fraud is typically perpetrated by managers who seek to enhance the economic appearance of the employer.
- Information misrepresentation involves providing false information, usually to those outside the employer. Most often this involves fraudulent financial statements, although falsifying information used as performance measures can also occur.
- Bribery is the offering, giving, receiving, or soliciting of anything of value to influence an outcome.
- A conflict of interest occurs where an employee, manager, or executive of the employer has an undisclosed personal economic interest in a transaction that adversely affects the employer.
- A diversion is an act to divert a potentially profitable transaction to an employee or outsider that would normally generate profits for the employer.
- Unauthorised or illegal use or theft of confidential or proprietary information to wrongly benefit someone.
- Related-party activity is a situation where one party receives some benefit not obtainable in a normal arm's length transaction.
- Tax evasion is intentional reporting of false information on a tax return to reduce taxes owed.

Corruption

Corruption is broadly defined as the offering or acceptance of inducements, gifts, favours, payment or benefit in kind which may influence the action of any person. The corrupt person may not benefit directly from their deeds; however, they may be unreasonably using their position to give some advantage to another.

The following is an example of corruption:

- Corruption is the misuse of entrusted power for private gain. Corruption includes bribery and other improper uses of power. Corruption is often an off-book fraud, meaning that there is little financial statement evidence available to prove that the crime occurred. Corrupt employees do not have to fraudulently change financial statements to cover up their crimes; they simply receive cash payments under the table. In most cases, these crimes are uncovered through tips or complaints from third parties, often via a fraud hotline. Corruption often involves the purchasing function. Any employee authorised to spend an organisation's money is a possible candidate for corruption.

4. General Principles

Roles and Responsibilities

The Board has responsibility for effective and responsible corporate fraud and corruption governance. The role of the Board is to oversee and monitor management's actions to manage fraud or corruption risks. Specifically, the Board evaluates management's identification of fraud or corruption risks, implementation of anti-fraud measures, anti-corruption measures, and creation of the tone at the top. Since the Board is the Authority's highest authority, it is responsible for setting the tone for fraud and corruption risk management within the Authority.

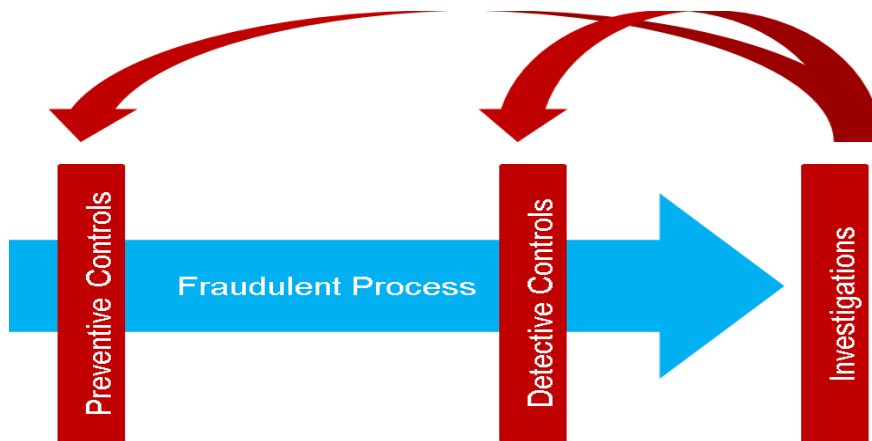
Management is responsible for overseeing the activities of employees and typically does so by implementing and monitoring processes and internal controls. In addition, management assesses the vulnerability of the entity to fraudulent or corrupt activity. Management is responsible for establishing and maintaining an effective internal control system at a reasonable cost.

The Audit and Risk Committee considers: the effectiveness and adequacy of the Authority's anti-fraud, anti-corruption and protected disclosure policies and staff awareness of them.

The internal audit function will evaluate risks faced by the Authority based on audit plans with appropriate testing. Internal auditors will be alert to the signs and possibilities of fraud or corruption within the Authority. While external auditors focus on misstatements in the financial statements that are material, internal auditors are often in a better position to detect the indicators of fraud or corruption. Internal auditors usually have a continual presence in the organisation that provides them with a better understanding of the organisation and its control systems. Specifically, internal auditors can assist in the deterrence of fraud or corruption by examining and evaluating the adequacy and the effectiveness of internal controls. In addition, they may assist management in establishing effective fraud or corruption prevention measures by understanding the organisation's strengths and weaknesses and providing consulting expertise.

Fraud & Corruption Preventive and Detective Techniques

Fraud or corruption can occur at various levels in any organisation; therefore, the Authority will establish appropriate preventive and detective techniques. Fraud and corruption prevention entails implementing policies and procedures, employee training, and management communication to educate employees about fraudulent or corrupt activities. Fraud and corruption detection entails activities and programs designed to identify fraud or corruption or misconduct that is occurring or has occurred. The interrelationship between fraud and corruption prevention, detection, and investigation is shown in the chart below.



Fraud & Corruption Investigation

The Authority will investigate for possible fraud or corruption when there is a concern or suspicion of wrongdoing within the Authority. Suspicions can result from a formal complaint process, informal complaint process such as tips, or an audit, including an audit designed to test for fraud or corruption. Investigating a fraud or corruption is not the same as auditing for fraud or corruption, which is an audit designed to proactively detect indications of fraud or corruption in those processes or transactions where analysis indicates the risk of fraud or corruption to be significant. A fraud and corruption investigation consists of gathering sufficient information about specific details and performing those procedures necessary to determine whether fraud or corruption has occurred, assessing the loss or exposures associated with the fraud or corruption, identifying who was involved, and determining how it happened. An important outcome of investigations is that innocent persons are cleared of suspicion. It is the Authority's policy to investigate all cases of suspected fraud or corruption and, when appropriate, to pursue legal remedies available under law. Where a member of staff is found, following an internal investigation or a criminal conviction, to have participated in a fraud or corruption affecting the Authority they will be subject to appropriate internal disciplinary proceedings and/or civil legal proceedings. Internal disciplinary proceedings may result in termination of employment, a requirement to make restitution or other appropriate measures. Where appropriate, suspected fraud or corruption will be reported to the Gardai or other appropriate civil authorities for investigation.

Fraud & Corruption Risk Assessment

A fraud and corruption risk assessment is a critical component of the Authority's wider risk management framework. The fraud and corruption risk assessment is a tool that assists management in systematically identifying where and how fraud or corruption may occur and who may be in a position to commit fraud or corruption. A review of potential exposures represents an essential step in alleviating the Board's and senior management's concerns about fraud or corruption risks and their ability to meet goals while promoting public confidence in the health of the Authority. A fraud and corruption risk assessment concentrates on fraud or corruption schemes and scenarios to determine the presence of internal controls and whether or not the controls can be circumvented. A fraud and corruption risk assessment is completed as part of the normal departmental operational risk register review, as part of the business planning cycle at least two times a year. A fraud and corruption risk assessment generally includes five key steps:

- Identify relevant fraud or corruption risk factors.
- Identify potential fraud or corruption schemes and prioritise the implementation of countermeasures based on risk assessment.
- Map existing controls to prevent potential fraud or corruption schemes and identify gaps.

- Test operating effectiveness of fraud and corruption prevention and detection controls.
- Document and report the fraud and corruption risk assessment.

5. Reporting Procedures

Members of staff should report all cases of fraud, corruption or suspected fraud to their manager without delay. On receipt of such a report, the person receiving the report should report the matter to the Director of Finance and Corporate Services.

In circumstances where members of staff are unable to report the matter to their manager, they should themselves report the matter to the Director of Finance and Corporate Services.

In making a report, members of staff must take care to avoid making incorrect accusations or alerting suspected individuals. The good name and reputation of individuals, the subject of suspicion of fraud or corruption, is not undermined where an honest and reasonable report of suspicious circumstances is made.

Anonymous reporting is discouraged but, where supported by evidence, may form the basis of an investigation.

The Audit and Risk Committee of the Authority Board will be promptly informed of any reported fraud or corruption, subsequent investigations, and conclusions.

6. Investigation Procedures

On receipt of a report relating to fraud, corruption or suspected fraud, the Director of Finance and Corporate Services will convene a group which may comprise of the Director of Finance and Corporate Services (or nominee), a member(s) of the management team (or nominee) and Internal Audit. The group may also include other relevant staff, external specialists, or legal advisers, which the group considers necessary to its deliberations.

Preliminary investigation of the facts shall normally be led by the Internal Audit supported, where deemed necessary, by specialist external experts. If the investigation goes on for a number of months, preliminary reports will be provided to the group after every 3 months, these updates as necessary may be shared with the Audit & Risk Committee. On completion of the preliminary investigation, the Internal Audit will present a written report to the group. The person suspected will be afforded an opportunity to provide an explanation as part of the preliminary investigation process. A summary of the written report will be presented to the Audit & Risk Committee by the Internal Auditors and or the specialist external expert.

7. Disciplinary Procedures

Following completion of the preliminary investigation and where the facts established by the preliminary investigation warrant further attention, the matter may be deferred for investigation in accordance with the Authority's disciplinary procedures or to the An Garda Síochána or appropriate authorities.