

KGJ Price [Railway Contractors] requires staff at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible. Fraud is an ever-present threat to those resources and therefore must be a concern to staff.

KGJ Price [Railway Contractors] will not accept any level of fraud and corruption; consequently, any case will be thoroughly investigated and dealt with appropriately. The purpose of this document is to set out KGJ Price [Railway Contractors]'s responsibilities regarding the prevention of fraud and the procedures to be followed where a fraud is discovered or suspected. This policy supplements 's policies on Anti Bribery, Whistleblowing, Disciplinary Policy and Financial Regulations and, as such, should be read in conjunction.

Fraud, Bribery and Other Irregularity

The new Fraud Act 2006, came into force on the 15th January 2007, and fraud has been given a legal definition. The act introduced provision for a general offence of fraud which is broken into three sections

- Fraud by false representation
- Fraud by failing to disclose information
- Fraud by abuse of position

Fraud by false representation

Representation made dishonestly, and is made with the intention 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

Fraud by failing to disclose information

Fraud by failing to disclose information details that a fraud will have been committed, 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.

Fraud by abuse of position

Fraud by abuse of position requires a person who is in a privileged position to act dishonestly by abusing the position held; and by doing so, fails to disclose to another person, information which he/she is 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.

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KGJ Price [Railway Contractors]'s Responsibilities

Overall responsibility for dealing with fraud and corruption rests with the Managing Director.

As the Managing Director, the responsibilities of this post include;

- Establishing and maintaining a sound system of internal control to prevent fraud
- Establishing effective financial regulations, policies and procedures
- Establishing appropriate mechanisms for reporting fraud risk issues
- Ensuring that vigorous and prompt investigations are carried out
- Taking appropriate legal and/or disciplinary action where fraud is proven
- Ensuring that appropriate action is taken to minimise the risk of similar frauds in the future
- Taking appropriate action to recover assets and minimise the loss

Directors and staff in positions of financial responsibility and authorisation are required to provide the Clerk to Board of Governors with information concerning their direct or indirect pecuniary interests and keep that information up to date.

Line Management Responsibility

Line managers are responsible for ensuring that an adequate system of internal control exists within their areas of responsibility and that those controls are effective. The responsibility for the prevention and detection of fraud therefore, rests primarily with the managers. There is a need for all managers to assess the types of risk that their individual department is exposed to; to review and test those control systems regularly; to ensure that controls are being complied with; and to satisfy themselves that their systems continue to operate effectively.

Line managers must be alert to the possibility that unusual events or transactions could be symptoms of fraud or attempted fraud. Fraud may also be highlighted as a result of specific management checks or be brought to management's attention by a third party.

Internal Audit is a valuable resource for advice and assistance on control issues. They are responsible for providing an opinion to the Finance Manager on the adequacy of arrangements for managing the risk of fraud and assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of controls. In terms of establishing and maintaining effective controls it is generally desirable that:

- a) There is separation of duties so that control of a key function does not rest with one staff member
- b) When new systems are being designed, safeguards against fraud are considered at an early stage

Staff Responsibilities

It is the responsibility of all members of staff within the KGJ Price [Railway Contractors] to ensure that funds controlled by the KGJ Price [Railway Contractors] are safeguarded against fraud. Staff must alert their line manager if they believe an opportunity for fraud exists because of poor procedures or controls. Staff must report any suspicion of fraud immediately to their line manager. (or other person in authority where appropriate) who should record this and report it to the Finance Manager or, in the event that the allegations of malpractice

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are to be made against the Finance Manager , to the Managing Director. Staff are required to cooperate fully with any internal checks, reviews or fraud investigations. All staff are required to comply with policies and procedures. Failure to comply may result in disciplinary action.

All employees have the right to 'blow the whistle' on what they perceive to be a cause of serious concern or malpractice. All staff should familiarise themselves with KGJ Price [Railway Contractors]'s Whistleblowing' policy and in particular the protection afforded them under the Public Disclosure Act 1998. The Directors assures all staff that they will not suffer in any way as a result of reporting reasonably held suspicions.

Creating an Anti-Fraud Culture

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

Detection and Investigation

Where a fraud is detected or suspected, initial responsibility for investigating the matter rests with the Managing Director. In their absence, or if a director or line manager is in any way alleged to be involved in the fraud, responsibility for investigating the matter rests with the Finance Manager .

The Investigator should determine the process for undertaking the investigation in consultation with Internal Audit. Internal Audit will be able to offer specialist advice and should be consulted at the first opportunity. If it is established that a fraud may have occurred then a comprehensive investigation must be carried out by an experience fraud specialist or referred to the police.

It is essential that all material that may be of evidential value must be recovered and preserved for further investigation if required. Additionally, KGJ Price [Railway Contractors] must consider whether to suspend any individual, under the disciplinary procedures, who is the subject of the investigation. Suspension does not imply guilt; it may be necessary to safeguard further evidence that may be used to prove or disprove the allegation.

Sanction & Redress

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

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

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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 Audit can provide advice in respect of changes to systems and procedures.

Conclusion

Whilst the circumstances of fraud will undoubtedly vary it is important that each individual case is subjected to the same rigorous process of investigation and redress. KGJ Price [Railway Contractors] values its dedicated and loyal staff but it wishes to reiterate however, that it views fraud very seriously and will not hesitate to take the appropriate action in every case.

Mervyn Harris



Director
01.05.24

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