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community arts partnership

Community Arts Partnership Management and Financial Probity Policy/procedures

Governance & Risk management policy and strategy

Introduction

1. This document sets out Community Arts Partnership policy on and strategy for the identification and management of risk.
2. The major risks to which Community Arts Partnership may be exposed will be reduced by adherence to the adoption of these systems.
3. This policy requires all employees to take responsibility for the cost effective management of risk in all aspects.
4. Risk control and mitigation measures will be effective, appropriate, proportionate, affordable and flexible. Risk controls will not be implemented where the cost and effort is disproportionate to the expected benefits.
5. This paper is developed as part of a review of risk management in September 2010.

Definition

Community Arts Partnership defines risk as the threat that an action or event will adversely affect its ability to achieve its current and future objectives through various areas/activities:

- governance;
- operations;
- finances;
- environmental or external factors such as public opinion or relationship with funders;
- compliance with law or regulation

The policy on management of risk

The identification and management of risks affecting Community Arts Partnership ability to achieve its objectives are key responsibilities of all employees and board members.

The effective management of risk is an important means by which Community Arts Partnership achieves its goals. To that end, Community Arts Partnership's policy is to:

- a. maintain and regularly review a central risk register
- b. manage risk actively across the full scope of Community Arts Partnership operations
- c. ensure each member of staff is aware of his or her responsibility
- d. integrate risk management with planning and budgeting to ensure that risk is taken fully into account in all aspects of Community Arts Partnership strategic and operational business
- e. develop an understanding of a risk-aware approach to working
- f. provide and maintain guidance on the techniques of risk assessment and risk management
- g. monitor and report regularly and frequently to the board on the management of risk and keep policy and practice under review

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The key principles

The following key principles underline Community Arts Partnership's approach to risk management.

1. Risk management is a process for identifying, assessing, prioritising and managing risk.
2. This policy forms part of Community Arts Partnership governance and internal control arrangements.
3. Risk management is one of the key tools to ensure the achievement of Community Arts Partnership objectives set out in its strategic and annual operating plans, and as such, is an integral part of planning and monitoring.
4. Risk assessment is an explicit and major feature of Community Arts Partnership approach to the authorising and management of existing and new work.
5. The board is ultimately responsible for the internal control arrangements, including risk management.

In its management of risk, Community Arts Partnership makes a distinction between strategic risk and operational risk. This distinction is reflected in the respective roles of the board and staff.

(i) Strategic risks

These relate to the nature and purposes of Community Arts Partnership, its ability to achieve its mission, the environment it works in, the stakeholders' needs it seeks to satisfy, its response to opportunities and threats, its vulnerability to political shifts, the solidity of its reputation and standing in the community.

Strategic risks are monitored by the board through events such as planning days and through board and staff engagements with stakeholders.

(ii) Operational risks

These are primarily to do with the day-to-day conduct of Community Arts Partnership's business or the management of Community Arts Partnership as an organisation.

The management of operational risk is an integral part of the overall responsibility for operational planning, management and monitoring.

Operational risks are identified and managed by all Community Arts Partnership staff and by the board at a strategic level.

Risk management strategy: roles and responsibilities

(i) Role of the board

The board has ultimate responsibility for the management of Community Arts Partnership's risks. It monitors Community Arts Partnership's approach to the management of risk, and its effectiveness in managing risk. It considers the risks facing Community Arts Partnership at a strategic level. Its role includes:

a. instilling a culture of risk management:

- determining Community Arts Partnership's attitude to risk across the whole organisation or on any relevant individual issue, and reviewing this periodically as part of the strategic planning cycle
- determining which types of risk are acceptable and which are not
- determining the appropriate level of risk exposure

- setting the standards and expectations of staff, of board members and of contractors or artists who undertake work on behalf of Community Arts Partnership.

b. satisfying itself that risks are managed appropriately:

- considering the external environment and identifying emerging strategic risks
- approving the overall risk management arrangements
- approving decisions which have a major impact on Community Arts Partnership's risk profile or exposure and satisfying itself that Community Arts Partnership's actual level of risk exposure does not exceed that agreed
- monitoring the management of significant risks
- satisfying itself that the appropriate controls are working effectively
- annually reviewing the approach to risk management and approving key changes or improvements to processes and procedures.

c. reporting on risk management annually in the directors' report as part of Community Arts Partnership's internal control arrangements. This includes compliance with the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in 2000 and revised in 2005.

(ii) Role of staff

All employees are expected to:

- be familiar with Community Arts Partnership's policy on and approach to risk management
- take a risk management approach to their work
- take responsibility for the risks within their control
- highlight potential areas of risk and identify ways of addressing them
- consider how Community Arts Partnership might reduce its exposure to risk.

Overview of Community Arts Partnership Risk

Board of Directors/ Management Committee –The Board includes members with different expertise from the arts, voluntary, private, legal and commercial sectors that drive the organisation on executive strategy. Good balance between main traditions, genders and ages. Offer of recruitment to widest possible group via merger option. New regional partners to be sought in this respect.

- Reputational risk due to actions of Management Board is low; all are of utmost good character
- Breakdown in relationship is low; all committed to arts, social justice, community transformation and development
- Breakdown in relationship with Chief Executive is low; Chief Executive has open, honest and fully accountable relationship, underpinned by policies and oversight
- Ultra Vires activity is low; good understanding of charities law and also solicitor on Management Committee.
- Political/Gender imbalance is low; good representation from both genders and main political traditions reflecting EOPS Policy.
- Strive for minimum 8 Management Committee meetings p a.
- Written interim reports and minuting from the Chief Executive

Financial management

Accounting and financial control

Accounts are kept on QuickBooks Accounting software and salaries are controlled by Sage Instant Payroll. Detailed budget analysis and forecasting is carried out on Microsoft Excel.

Financial procedures

- Cash position reviewed on a daily basis, through on-line banking
- All projects cost-coded individually, allowing cost-centred splits to be calculated
- All project budgets reviewed weekly
- Invoices signed off by Project Co-ordinators
- Counter-signed & date stamped by Chief Executive
- Two signatories required on all cheque payments
- Only one internal signatory (Chief Executive), rest via management board
- Reconciliation process computerised
- On an annual basis, our accounts are examined through an external accountants
- Risk Register maintained
- Contingent Liability coverage and dedicated/unrestricted funds reviewed and maintained
- Should significant variance occur, we will contact the relevant funders, explain the situation and discuss the options available. To date, all projects run under the past 14 years programmes of Community Arts Partnership have come within an allowed for margin of error. Community Arts Partnership strives for best practice in its financial management:

Management Capacity

Organisation & Project management and accountability

- Strive for minimum 8 Management Committee meetings p a.
- Written interim reports from the Chief Executive
- Monthly reports from Project Co-ordinators
- Half year Strategy Meetings, with staff and board, to promote information sharing and accountability by having clear and shared direction of the programme.
- Weekly Staff team meetings to share information, review project progress, and discuss new developments.
- Projects are managed by experienced **Project Co-ordinators** who are line-managed by the Chief Executive. They assess the groups' interests and needs, appoint artists to deliver workshops / deliver workshops themselves, and monitor project processes, outcomes and budgets
- monthly one-to-one meetings with the Chief Executive
- Project evaluation – Ongoing and at the end: written and oral feedback from participants, artists, community leaders and project co-ordinators. Evaluation of said feedback by Chief Executive; to inform overall internal evaluation and monitoring

Financial records will be kept so that Community Arts Partnership can:

- Meet its legal and other obligations, e.g., Charities Acts, HMRC, Customs & Excise, Companies Act, Common Law.
- Enable the board of trustees to have control of the organisation's finances.
- Enable the organisation to meet contractual obligations and the requirements of funding bodies.

Actions:

- Accounts will be drawn up after each financial year within three months of the end of the year and presented to the next annual general meeting (AGM). The financial year for CAP will end on 31st December.
- Reports will be produced as detailed below, and presented every three months to the board of trustees.
- The AGM will appoint an appropriately qualified auditor to audit the accounts for presentation to the next AGM.

The board of trustees will consider the level of reserves that is prudent for the organisation to have. Consideration will be given to contingent liabilities. CAP will set up and maintain a register of Assets. **Please see separate CAP Reserves Policy.**

CAP will follow the procedures detailed in **Financial Procedures.**

CAP Financial Procedures

Purpose of this document

To define the financial systems used by the Community Arts Partnership and how they relate to all areas of the organisation. Minor amendments/updates are to be agreed by the Chief Executive and Treasurer; major amendments by recommendation of the Finance and General Purposes Sub-Committee (F&GP) to the Board of Trustees.

1. Procurement Procedure

- a. All orders must be placed properly, within agreed budgets and delegated powers and must comply with funder requirements.
- b. The Chief Executive can place orders for goods or services within budget areas, subject only to cash-flow restraints. All orders of £1,000 or more must be co-authorised by the board. Project budgets with individual costings over £1,000 will be approved and signed by a member of the board prior to spend. Under £1,000, the chief executive holder may delegate all ordering as appropriate.
- c. Any lease, hire purchase agreement or other contract involving expenditure will be subject to the same authorisation procedure as above, with the appropriate expenditure amount being the total committed expenditure over the period of the contract, or where the contract is open-ended, over the first 12 months of the contract.
- d. While claims for small items of expenditure may be made via petty cash (see section 4), adequate supporting documentation, preferably receipts, must be obtained. Large items requiring cash payment must be checked with the Treasurer before the arrangement is confirmed.
- e. Procurement Limits

Procurement limits are subject to funder requirements. Where no funder restrictions are in place the following apply:

For low value items eg stationary and office supplies, sample batch orders may be costed and compared, instead of securing three quotes per item. These will more accurately reflect value for money, taking into account delivery charges and discounts on bulk orders.

- I. **Over £250 requires a minimum of one** other price/charge to be sought to identify value for money.
- II. **Over £500 requires 3 quotes** to be sought.
- III. **Between £1,000 - £5,000 requires 3 written quotes.** In the interests of value for money we identify 3 suppliers/service providers.
- IV. **Between £5,000 - £30,000 requires a minimum of 2 formal tenders.** The specifics of the tender may need to be agreed with the key funder. This will be checked prior to issue.
- V. If the value of the Contract is over £30,000, public advertisement and invitation of formal Tenders is required
- VI. If the value of the Contract is over £144,456 public advertisement and invitation of formal Tenders through the EU rules is required.

Note: These are minimum requirements. CAP may in certain circumstances exceed these guidelines.

2. Expenditure Procedure

- a. Payment authorisation and Purchase Ledger/accounting process
 - i. All invoices must be authorised for payment by the Chief Executive, although the actual checking of details may be delegated. All invoices are checked for accuracy in terms of figures and conformity with the order placed, that the services or goods have been received, and following up any problems. The Chief Executive must be informed if there are queries delaying authorisation or if payment is to be withheld for any reason.
 - ii. A project budget is operated by the project co-ordinators. All incoming invoices are to be recorded on to the project budget. All overall expenditure is managed via quickbooks. Suppliers will be paid within the appropriate timescale. This is generally 14 to 30 days of invoice date, unless there are exceptional cash-flow difficulties or specific supplier arrangements.
 - iii. Once approved and checked for accuracy, all invoices are compiled into batches by the Administrator and presented to the Chief Executive, where they are double checked for accuracy and matched against the overall budget. The Chief Executive will initial and date all invoices that are approved for banking.
 - iv. All payments are entered into the bank account by the Administrator, second level authorisation is by the Chief Executive, and third level authorisation by a member of the board of trustees. Authorising trustees will be notified that this procedure has been followed and all invoices are seen and approved for payment by the Chief Executive.
- b. Cheque writing and signing
 - i. Signatories will only be drawn from senior staff and Trustees, and any new signatory must be approved by the Trustees before the bank is notified. All cheques require two signatories. Cheque signatories should check that the expenditure has been authorised by the appropriate person before signing the cheque.
 - ii. The monthly limit on encashment of cheques is £500. However, where a larger cash float is required (for a major event for example), this may be approved by the Treasurer. When signing cheques to restore the imprest balance (see section 4), receipts accompanied by an add-list must be presented with the cheque request.
- c. Out of pocket expenses will be reimbursed on receipt of an expenses form providing the spend has been previously approved and original receipts are provided.
- d. Handling of cash
 - i. Petty cash will be topped up on the 'imprest' system where the amount spent is reimbursed. It is intended for small items, up to £20. Anything over this should be paid by cheque where possible. The imprest has a balance limit of £200. The petty cash balance will be reconciled when re-storing the imprest balance, or monthly if this is more frequent.
 - ii. All cash collected will be signed for, and receipts will be issued for all cash returned. Specific extra cash floats (for tills at events etc.) should be arranged with the Treasurer. The person signing for the float is responsible for ensuring cash and receipts are returned as soon as possible after the event etc..

- iii. Any cash income should be banked, and not used for petty cash expenditure. Such cash will be passed to the Chief Executive. Cash will be kept in locked metal cabinets wherever possible.
- e. Salaries, payroll and freelancers
 - i. The Community Arts Partnership is required to operate the PAYE system, and make monthly electronic and annual returns to the Inland Revenue. All people employed directly for the Community Arts Partnership, whether permanent or temporary, must provide a P45, or sign a P46 or student exemption certificate, or give reasons why they can't. All payments will be made by cheque.
 - ii. It is the nature of Community Arts Partnership activities that a large number of freelance consultants will be used. Freelance contractors will only be taken on when authorised in accordance with section 1 above. With a few exceptions, they will be treated as self-employed, and contracts with such people must clearly indicate this.
 - iii. Payment will usually be made via cheque. Salaries will be paid by the 28th of the month, or nearest working day, apart from in December, when it will be the 23rd.
 - iv. Pay scales and new posts/re-structuring are approved by the F&GP. Staff loans are not issued, but advances may be made against salary due, by arrangement with the Treasurer.
 - v. The Chief Executive is responsible for:
 - 1. paying each employee in accordance with the approved terms and conditions, and issuing payslips.
 - 2. operating the PAYE system, keeping the required records, issuing P45s and P60s, and communicating with the tax office as appropriate.
 - 3. making the correct deductions for Income Tax, NI, court orders and any other appropriate deduction authorised by staff; ensuring that deductions are paid to the correct body, and necessary returns made.
 - 4. administering the Statutory Sick Pay and Statutory Maternity Pay schemes, alongside any additional related benefits provided by the Community Arts Partnership.

3. Income

- a. Invoices will be issued for every sale as soon as practical. For completeness of customer and sales information, this includes where payment is received with order.
- b. All invoices should be raised on Community Arts Partnership letterhead, and be drawn up in accordance with Community Arts Partnership's standard invoice requirements. All invoices will be sequentially numbered, with each area of activity having its own reference, agreed with F&GP. Any accidental deviations from such sequences should be notified to F&GP.
- c. Invoice listings will be produced on a regular basis, at least monthly, to fit in with the reporting system, although high volume activities are expected to be listed weekly. Outstanding invoice payments should be followed up at least monthly by the relevant department.
- d. Information about non-routine and all grant income will be filed for reference, and used to ensure such income is correctly recorded in the accounts and grant conditions etc. noted. It is the responsibility of the organisation to ensure all grant income is claimed as it becomes due or available, and that all appropriate staff are aware of relevant grant conditions and exactly how the grant is to be expended.

4. Bank accounts

New Belfast Community Arts Initiative trading as Community Arts Partnership banks with Ulster Bank, Belfast City Office, Branch 2, PO Box 232, 11-16 Donegall Sq East, Belfast, BT1 5UB.

Accounts will be held in the name of New Belfast Community Arts Initiative

Changes to any bank mandate must be minuted by the trustees. The mandate for all accounts requires two signatures for cheques. The Chief Executive alone has access to the company credit card. All credit card statements are held separately and approved by the F & GP. The Chief Executive can access Anytime banking, but there is no current access to making payments via internet banking.

- a. CAP will require the bank to provide statements every month and these will be reconciled with the cash book at least every three months and the treasurer will spot check that this reconciliation has been done at least twice a year, signing the cash book accordingly.
- b. CAP will not use any other bank or financial institution or use overdraft facilities or loan without of the agreement of the trustees.
- c. These arrangements are subject to review, in the light of what is most advantageous in terms of cost and service. All changes are to be authorised by F&GP.
- d. All income will be paid into the current accounts as soon as possible, not less than once a week.

5. Books of account and records

Proper accounting records will be kept.

- a. At a minimum, the following records will be kept:
 - i. appropriate control accounts (i.e. bank control, petty cash control, VAT control).
 - ii. salary control account.
 - iii. income ledger
 - iv. expenditure ledger.
- b. Petty cash and bank accounts will be reconciled at least quarterly.
- c. Every payment out of the organisations bank amounts will be supported by an original invoice with the appropriate spend category detailed. That original will be filed and kept for seven years.
- d. All vouchers entered into the computer system will be entered with date and accounts reference. All income/expenditure information will be recorded within three days. All corrections and adjustments will be clearly noted in the electronic audit trail that is passed on to auditors annually.
- e. Purchase Ledger, other cheque payments and banking sheets are maintained electronically. Any petty cash vouchers, cheque stubs etc. will be retained for audit and for statutory purposes thereafter.

- f. All fixed assets costing more than £200 (or such other level as may from time to time be agreed by the trustees) will be capitalised in the accounts and recorded in a fixed assets register. This register will record details of date of purchase, supplier, cost, serial no. where applicable, description and in due course details of disposal.

6. Budget setting

- a. 12 monthly income and expenditure budgets will be prepared in time for final approval by the Board of Trustees in October, before applications for funding for the following fiscal year are advanced.
- b. Project budgets are prepared by the Chief Executive and Development Manager. Approval of the budgets is by the F and GP.
- c. The approved budget will be used as a base to construct a cash-flow forecast for the year, which will be updated quarterly.

7. Financial monitoring and audit

- a. The Finance and General Purposes Sub-Committee will receive:
 - i. Bi-monthly reports of income and expenditure
 - ii. Detailed monthly payroll reports will be produced. Detailed cash-flow reports will be produced as appropriate.
- b. The New Belfast Community Arts Initiative t/a Community Arts Partnership financial year is from 1st January to 31st December. Annual accounts will be submitted for audit, as required under the Companies Act, charity regulations and grant conditions, prepared per SORP for Charities and any other relevant accounting conventions. Final draft should be ready for and passed by Board of Trustees in September.

8. Role of Treasurer

- a. The Chair, Treasurer and Vice-Chair will support the F&GP Sub Committee and will work in close co-operation with, and provide advice to, the Chief Executive. Specific responsibilities are to:
 - i. Guide and advise the Trustees in the approval of budgets, accounts and financial statements, within a relevant policy framework.
 - ii. Keep the Trustees informed about its financial duties and responsibilities.
 - iii. Advise the Trustees on the financial implications of strategic plans and key assumptions included in operational plans and annual budgets.
 - iv. Confirm that the financial resources of Community Arts Partnership meet present and future needs.
 - v. Understand the accounting procedures and key internal controls, so as to be able assure the Trustees of New Belfast Community Arts Initiative t/a Community Arts Partnership's financial integrity.
 - vi. Ensure that the accounts are properly audited, that accepted recommendations of the auditors are implemented, and meet the auditor.
 - vii. Formally present the accounts at the AGM, drawing attention to important points.

- viii. Monitor Community Arts Partnership's investment activity and ensure its consistency with policies, aims, objectives and legal responsibilities

9. Role of Management

- a. The Chief Executive has responsibility financial performance and ensuring compliance with Financial Procedures. The Director will:
 - i. maintain monthly management accounts,
 - ii. keep adequate records to be in control between monthly reports
 - iii. assist the Treasurer in any financial matter connected with the organisation
 - iv. ensure that adequate security precautions are taken to safeguard financial and other assets.
- b. The Finance and General Purpose Sub Committee will review finances thoroughly at its monthly meetings.

10. Role of the Trustees

- a. Trustees are responsible for:
 - i. approving the budget.
 - ii. approving signatories to the bank accounts.
 - iii. appointments of staff where not delegated to the Chief Executive.
 - iv. receiving reports from the Chief Executive on areas of concern.
 - v. approving exceptional items of expenditure.
 - vi. monitoring the financial position based on monthly reports, with advice from the Director.
 - vii. approving the annual accounts, auditors report and appointment.

ETHICAL FUNDING POLICY

- New Belfast Community Arts Initiative trading as Community Arts Partnership will not accept monies from any organisation that seeks, as a condition of the grant or sponsorship or donation, to restrict our work or to establish priorities that are not consistent with our own objectives and mission statements, as contained in our Aims and Objectives.
- We will distinguish between 'sponsorship' and 'grants and donations'. Sponsorship involves the public association of our name with that of the sponsor. This reciprocal relationship suggests that we endorse the sponsors' 'policies and practices'. It is therefore essential that these policies and practices should not be known to be opposed to our own policies and practices. To this end, we will undertake 'reasonable investigation' to ensure that this is so. As no such endorsement can be construed from the acceptance of a grant or donation, we would not normally investigate the policies and practices of a donor or grantor.
- For both pragmatic and ethical reasons, we will not accept monies from sponsors, which, for any other reason not specified above, are not considered to be responsible members of the wider community.
- The acceptance of funds will not prevent us from criticizing the policies and practices of any funder should they contravene our guidelines at some point in the future. We recognize the consequences this may have.
- This code will be taken to apply to corporate policies and practices rather than to the policies and practices of individual directors. Where, however, a company is popularly regarded as being effectively personified in an individual, this code will be taken to apply to that individual as well as to the company.

CONFLICT OF INTEREST POLICY

All staff, volunteers, and trustees of the Community Arts Partnership will strive to avoid any conflict of interest between the interests of CAP on the one hand, and personal, professional, and business interests on the other. This includes avoiding actual conflicts of interest as well as the perception of conflicts of interest.

The purpose of this policy is to protect the integrity of the Community Arts Partnership's decision-making process, to enable stakeholders to have confidence in CAP's integrity, and to protect the integrity and reputation of volunteers, staff and trustees.

If a conflict of interest arises for a trustee because of a duty of loyalty owed to another organisation or person and the conflict is not authorised by virtue of any other provision in the Articles, the unconflicted trustees may authorise that:

- a) the conflicted trustee/staff member is absent from the part of the meeting at which there is discussion of any arrangement or transaction affecting that other organisation or person;
- b) the conflicted trustee does not vote on any such matter;
- c) the unconflicted trustee/staff member consider it is in the best interests of the Charity to authorise the conflict of interest in the circumstances applying;
- d) any such disclosure and the subsequent actions taken will be noted in the minutes.

A conflict of interests arising because of a duty of loyalty owed to another organisation or person only refers to such a conflict which does not involve a direct or indirect benefit of any nature to a trustee/staff member or to a connected person.

Examples of conflicts of interest include:

- A trustee/staff member who is related to a member of staff and there is decision to be taken on staff pay and/or conditions at a committee meeting.
- A trustee/staff member who is also on the committee of another organisation that is competing for the same funding.
- A Director who has shares in a business that may be awarded a contract to do work or provide services for the organisation or is a director, partner or employee or related to someone who is

Upon appointment each trustee will make a full, written disclosure of interests, such as relationships, and posts held, that could potentially result in a conflict of interest. This written disclosure will be kept on file and will be updated annually or as appropriate.

In the course of meetings or activities, trustee will disclose any interests in a transaction or decision where there may be a conflict between the organisations' best interests and the Director's best interests or a conflict between the best interests of two organisations that the Director is involved with. If in doubt the potential conflict must be declared anyway and clarification sought.

This policy is meant to supplement good judgment, and staff, volunteers and trustees should respect its spirit as well as its wording.

ANTI-FRAUD POLICY

INTRODUCTION

1. The Community Arts Partnership is committed to a culture of openness and honesty to ensure that the opportunity for fraud and corruption is reduced to the lowest possible risk. If fraud or corruption occurs, the Community Arts Partnership will deal with it in a firm and controlled manner.
2. The Community Arts Partnership expects all staff, consultants, contractors and service users to be fair and honest in their dealings with the Community Arts Partnership and to provide any help, information and support needed to deal with fraud and corruption.
3. The Community Arts Partnership has in place a variety of checks and controls that are designed to reduce the likelihood of fraud occurring and will review these procedures on a regular basis, especially if any problem comes to light.
4. All line managers have a duty to familiarise themselves with the types of impropriety that might occur within their areas of responsibility and to be alert for any indications of irregularity. They must also ensure that adequate internal controls exist and that the controls operate effectively.

SUSPICION OF FRAUD

5. All staff are encouraged to inform their line manager (or another designated manager) if they suspect a case of fraud.
6. All information will be dealt with fairly and confidentially. The Community Arts Partnership will do everything possible to protect the member of staff's identity and will not disclose it without their consent. However, the investigation may reveal the source of the information and a statement by the member of staff may be required as part of the evidence.
7. Allegations submitted anonymously will be considered but it will be much more difficult for the investigating officer to look into the matter and resolve the problem. Staff are therefore encouraged to put their name to allegations and assist the investigating officer as much as they can. Staff giving information anonymously cannot be protected under the Public Interest Disclosure Act 1998.
8. The Community Arts Partnership will not tolerate the harassment or victimisation of anyone who raises a genuine concern and will deal with any such occurrences promptly and effectively under the harassment procedure. If, however, an individual makes a malicious or vexatious allegation, action may be considered against that individual under the disciplinary procedure.
9. The Community Arts Partnership is committed to working and cooperating with other Community Arts Partnerships to prevent systematic fraud and corruption. Where relevant and permissible, information will be exchanged with other Community Arts Partnerships without compromising confidentiality.
10. The Community Arts Partnership acknowledges that an effective strategy requires appropriate anti-fraud and anti-corruption procedures and that the training will be required.

FRAUD RESPONSE PROCEDURE

INTRODUCTION

1. The fraud response procedure sets out the ways in which staff or members of the public can voice their concerns about suspected fraud or corruption and outlines how the Community Arts Partnership will deal with such allegations.
2. The fraud response procedure is intended to supplement and strengthen the Community Arts Partnership's policies and procedures in relation to procurement, gifts and hospitality and data protection. The provisions of the policy and procedure on harassment will apply if any member of staff who makes an allegation of fraud is subsequently harassed or victimised.

DEFINITIONS

3. Fraud comprises both the use of deception to obtain a pecuniary advantage and the intentional distortion of financial records in order to conceal or facilitate misappropriation.
4. Corruption is where an inducement or reward is offered, given, solicited or accepted in order to influence the action of any person.

RAISING CONCERNS

5. Staff are often the first to realise that there is something seriously wrong. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or the Community Arts Partnership, or because they fear harassment or victimisation.
6. This Community Arts Partnership's policy is intended to encourage and enable staff to raise serious problems within the Community Arts Partnership rather than overlooking them or going directly to the media or an external organisation. Staff should follow the guidance in the whistleblowing policy. Requests for confidentiality from staff who raise concerns will be respected as far as possible. However, to gain the protection given to whistleblowers under the Public Interest Disclosure Act 1998, the member of staff must disclose their identity.
7. A designated member of staff will act as a contact point for staff and the public if they wish to discuss suspicions of fraud. Members of the public who suspect fraud or corruption should be encouraged to contact the designated person either in writing, by telephone or by making an appointment to meet them. Members of the public are not covered by the Public Interest Disclosure Act 1998.
8. If a manager receives information from a member of staff, they should:
 - a. deal with the member(s) of staff giving the information in a way that shows that their concerns are being taken seriously
 - b. ensure that they do not belittle or dismiss the information
 - c. emphasise what the member(s) of staff should not do (see below)
 - d. respect, as far as possible, the confidentiality of the member(s) of staff
 - e. attempt to identify where any evidence may be, but not attempt to obtain it or to question anybody

- f. follow the approved procedure for passing on the information.
9. If a member of staff suspects fraud, it is important that they:
- a) do not approach the person, people or Community Arts Partnership suspected, but tell only the member of staff indicated in the fraud response plan
 - b) do not attempt to collect evidence or question anybody. If they have documents etc. which they think are relevant, they should secure them safely
 - c) make a note of the time, date and the details of anything they see or hear that they think is relevant
 - d) do not attempt to investigate alone, seek advice, in confidence, from internal or external audit or an appropriate manager if they are unsure about what has been seen or heard.

INVESTIGATIONS

- 10. The line manager who receives the allegation of fraud will bring it to the attention of the designated manager who will decide on the type and course of the investigation.
- 11. The action taken by the designated manager will depend on the nature of the concern. The manager will try to establish at an early stage whether it appears that a criminal act has taken place, as this will shape the likely course of further action.
- 12. Within 10 working days, the designated manager will write to the complainant acknowledging the complaint and indicating how they intend to deal with it. The letter will also give an estimate of how long it will take to provide a final response.
- 13. If it appears that a criminal act has not taken place, an internal investigation will be undertaken to determine the facts and consider what action, if any, should be taken against those involved.
- 14. Any action taken against a member of staff will follow the Community Arts Partnership's disciplinary procedure but, in addition, the Community Arts Partnership may seek to recover any loss incurred through civil proceedings. The investigation will also look at how internal controls could be improved to prevent the problem from happening again.
- 15. If it appears that a criminal act has taken place, the designated manager will contact the police.
- 16. The designated manager will keep full records of the complaint and all actions taken to investigate it.
- 17. The Community Arts Partnership recognises that people who have reported instances of fraud or corruption need to be assured that the matter has been properly addressed. Subject to any legal constraints, the designated manager will provide information about the outcomes of any investigation to the complainant at the conclusion of the investigation.