



**Maindee Unlimited** - UK Charity No: 1160272

## **Anti Fraud Policy & Fraud Response Plan**

### **1. POLICY STATEMENT**

1.1 We take a zero tolerance approach to fraud and will uphold all laws relevant to countering fraud in all the jurisdictions in which we operate. We welcome all efforts, national and international, to stamp out fraud. As a UK registered charity (No.1160272) we remain bound by the laws of the UK, including the Fraud Act 2006 and the Bribery Act 2010, in respect of our activities both at home and abroad. We undertake due diligence on our partners, grant recipients, and associates and take reasonable steps to ensure that they apply all applicable anti-fraud laws.

1.2 The purpose of this policy is to:

- a) set out our responsibilities in observing and upholding our policy on fraud; and
- b) provide information and guidance to our employees and partners, grant recipients and their associates on how to recognise and deal with fraud issues.

1.3 This policy and the Fraud Response Plan forms the first part of a series of related policies and procedures developed to provide sound internal financial controls and to counter any fraudulent activity. These will subsequently include: codes of conduct for staff and trustees; anti corruption and bribery policy; sound internal control systems; effective internal audit; effective recruitment and selection procedures; disciplinary procedure; public interest disclosure (whistleblowing) procedures; register of interests for trustees; and training.

### **2. WHO IS COVERED BY THE POLICY?**

2.1 This policy applies directly to our Trustees and to all individuals working within or on behalf of Maindee Unlimited as employees, volunteers or agents. The policy is provided to our other partners, grant recipients and associates, who will be required to take reasonable steps to ensure that in carrying out their activities related to Maindee Unlimited they and their employees, directors and associates comply, with all applicable anti-fraud laws.

2.2 In this policy, "third party" means any individual or organisation you come into contact with during the course of your role.

### **3. WHAT IS FRAUD?**

3.1 The Charity Commission gives the following definitions:

*"Fraud is a form of dishonesty, involving false representation, failing to disclose information or abuse of position, undertaken in order to gain or cause loss to another" and "Theft is dishonestly appropriating property belonging to another with the intention of permanently depriving the other of it".*

3.2 For practical purposes of the application of this policy, fraud may be defined as the use of deception with the intention of:

- a) gaining an advantage, financial or otherwise, personally and for family or friends; or
- b) avoiding an obligation; or

c) causing a financial loss to the Foundation.

3.3 A fraudulent act can take many forms, for example, theft – removal or misuse of funds, assets or cash; false accounting - dishonestly destroying, defacing, concealing or falsifying any account, record or document required for any accounting purpose, with a view to personal gain or gain for another, or with the intent to cause loss to Maindee Unlimited or furnishing information which is or may be misleading, false or deceptive; or abuse of position – abusing authorities and misusing resources or information for personal gain or causing loss to the Charity.

3.4 Those engaged in fraud can include an employee, officer, volunteer or trustee, any person acting on behalf of the Charity i.e. our agents, individuals or organisations who authorise someone else to carry out these acts, government or public officials whether foreign or domestic.

#### **4. PREVENTION**

4.1 Fraud is costly, both in terms of reputational risk and financial losses, as well as time-consuming to identify and investigate, disruptive and unpleasant. The prevention of fraud is therefore a key objective. Measures should be put in place to deny opportunity and provide effective leadership, auditing, employee screening procedures, which deny opportunities for fraud.

4.2 Fraud can be minimised by carefully designed and consistently operated procedures which deny opportunities for fraud.

4.3 The internal financial controls help to ensure that at all times the financial management of Maindee Unlimited is conducted in accordance with the highest standards. Regular management review of systems and reports by internal audit in line with the agreed annual audit programme should assist in preventing and detecting fraud; and should also result in continuous improvements. The risk of fraud should be a factor for consideration in audit plans.

4.4 The credibility and success of the Anti-Fraud Policy and Fraud Response Plan is dependent largely on how effectively it is communicated throughout the organisation. To this end, details of the Policy and Fraud Response Plan will be provided to all staff, volunteers and trustees.

#### **5. YOUR RESPONSIBILITIES**

5.1 You must ensure that you read, understand and comply with this policy.

5.2 The prevention, detection and reporting of fraud are the responsibility of all those working for the Charity or under our control. You are required to avoid any activity that might lead to, or suggest, a breach of this policy.

5.3 You must notify a Trustee or trusted colleague as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future.

5.4 Any person who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct. We reserve our right to terminate our contractual relationship with our partners, grant recipients, and associates if they breach this policy.

#### **6. RECORD-KEEPING**

6.1 We must keep financial records for six years and have appropriate internal controls in place which will evidence the business reason for making payments to third parties.

6.2 You must ensure all expenses claims relating to hospitality, gifts or expenses incurred to third parties are submitted in accordance with our financial operations procedures and specifically record the reason for the expenditure.

6.3 All accounts, invoices, memoranda and other documents and records relating to dealings with third parties, such as clients, suppliers and business contacts, should be prepared and maintained with strict accuracy and completeness. No accounts must be kept "off-book" to facilitate or conceal improper payments.

## **7. HOW TO RAISE A CONCERN**

You are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage. If you are unsure whether a particular act constitutes fraud, or if you have any other queries, these should be raised with the Chairperson, the Treasurer or another Trustee. Concerns should be expressed as a protected disclosure to the Chairperson. Statutory protection of whistle blowers is afforded under the Public Interest Disclosure Act 1998.

## **8. PROTECTION**

8.1 Employees who raise concerns or report another's wrongdoing are sometimes worried about possible repercussions. We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

8.2 We are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in fraud, or because of reporting in good faith their suspicion that an actual or potential fraudulent act has taken place, or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform the Chairperson immediately.

## **9. TRAINING AND COMMUNICATION**

9.1 All employees will receive relevant training on how to implement and adhere to this policy.

9.2 Our zero-tolerance approach to fraud will be communicated to all partners, grant recipients, associates, suppliers, and contractors at the outset of our relationship with them and as appropriate thereafter.

## **10. WHO IS RESPONSIBLE FOR THE POLICY?**

10.1 The Board of Trustees has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.

10.2 The Charity's finance officer has day-to-day responsibility for implementing this policy and for monitoring its use and effectiveness and dealing with any queries on its interpretation. Management at all levels are responsible for ensuring those reporting to them are made aware of and understand this policy and are given adequate and regular training on it.

## **11. RISK ASSESSMENT, MONITORING, AND REVIEW**

11.1 As part of its annual risk assessment process the Board of Trustees will monitor the effectiveness and review the implementation of this policy, considering its suitability, adequacy and effectiveness. The Finance Officer will carry out regular audits of our control systems and procedures to provide assurance that they are effective in countering fraud.

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## FRAUD RESPONSE PLAN

The purpose of this plan is to define authority levels, responsibilities for action, and reporting lines in the event of a suspected fraud. This plan may not be appropriate for concerns that are not fraud related such as bribery, anti-competitive behaviour or other irregularity.

1. All actual or suspected incidents should be reported without delay to the Chairperson, or the Treasurer or another Trustee, who should as soon as possible convene a project group of the following people or their nominees to decide on the initial response:

- Chairman, who shall chair the meeting;
- Treasurer
- Finance Officer
- Others as determined by the Chair such as legal experts.

The project group will decide on the action to be taken, normally an investigation. If necessary, external specialist investigative auditors and/or legal experts may be appointed to carry out the investigation.

2. Our external auditor or external examiner should be advised at the earliest stage when an investigation under this procedure has been initiated.

3. Where an investigation is to take place, and the matter implicates any of the individuals mentioned in (1) above, another person with senior responsibility shall be appointed by the external auditor or examiner.

4. Prevention of further loss: where initial investigation provides reasonable grounds for suspecting a staff member of fraud, the project group will decide how to prevent further loss. The staff member under suspicion will be suspended on full pay.

5. In these circumstances, the suspect(s) should be approached unannounced and should be interviewed about the allegation prior to being informed of their suspension. They should be supervised at all times before leaving the Charity's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the Charity. Any keys to premises, offices, and furniture should be returned. Computers, mobile phones, iPads etc and associated hardware/software must also be returned. The person responsible to IT should be instructed to immediately withdraw access permissions to the Charity's computer systems.

6. The project group will consider whether it is necessary to investigate systems other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the Charity's assets.

7. Recovery of losses is a major objective of any fraud investigation. The project group will ensure that, in all fraud investigations, the amount of any loss is quantified. Repayment of losses will be sought in all cases. Where the loss is substantial, legal advice may be obtained about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice may also be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. The Charity will normally expect to recover costs in addition to losses. If appropriate, the Charity will liaise with its insurance brokers to process a claim.

8. Reporting to the Board of Trustees: any incident shall be reported without delay by the Chairman to the Board of Trustees and updates shall be given on a regular basis on the investigation.

9. On completion of the investigation, a written report shall be submitted to the Board of Trustees containing a description of the incident, including the value of any loss, the people involved; the means of perpetrating the fraud; the measures taken to prevent a recurrence; and any action needed to strengthen future responses to fraud, with a follow-up report on whether the actions have been taken. This report will represent the definitive document on which management (in a disciplinary situation) and possibly the Police (in a criminal situation) will base their decision.

## Examples and Indicators of Fraud

Examples of fraud, which are neither exclusive nor exhaustive, include the following:

- Misappropriation of cash;
- Fraudulent encashment of payable orders or cheques;
- Misappropriation of other assets including information and intellectual property. This would also include unauthorised use of the charity's property e.g. computers, other equipment;
- Purchasing or purchase ledger fraud (e.g. approving/paying for goods not received, approving/paying bogus suppliers, approving/paying inflated prices for goods and services, accepting any bribe);
- Travel and Expense claims overstated or falsely claimed. This may include advances not recovered or forging of counter-signatories;
- Accepting pay for time not worked (e.g. false claim for hours worked, failing to work full contracted hours by any member of staff, false overtime claims, or falsification of sickness self-certification);
- Computer fraud (e.g. altering or substituting records, duplicating or creating spurious records, or destroying or suppressing records), where IT equipment has been used to manipulate program of data dishonestly, or where the use of an IT system was a material factor in the preparation of the fraud.

Whilst by no means being proof alone, the circumstances below (warning signs) may indicate fraud, and should therefore alert staff:

- Altered documents (correcting fluid, different pen or handwriting);
- Claim form details not readily checkable or properly approved;
- Changes in normal patterns, of cash takings or expense claim details (for example);
- Delay in completion or submission of expense claims;
- Lack of vouchers or receipts in support of expense claims, etc;
- Staff seemingly living beyond their means;
- Staff under constant financial or other stress;
- Staff choosing not to take annual leave (and so preventing others becoming involved in their work), especially if solely responsible for a "risk" area;
- complaints from staff.

**Approved by:**

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David Moses, Chairperson, on behalf of Maindee Unlimited Trustees

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## **“Do’s and Don’ts”**

In addition to the warning signs outlined above, staff are advised to take notice of the following in respect of possible fraud-related instances or actions:

### **DO**

#### **Make a note of your concerns**

Record all relevant details, such as the nature of your concern, the names of parties you believe to be involved, details of any telephone or other conversations with names dates and times and any witnesses.

Notes do not need to be overly formal, but should be timed, signed and dated.

Timeliness is most important. The longer you delay writing up, the greater the chances of recollections becoming distorted and the case being weakened.

#### **Retain any evidence you may have**

The quality of evidence is crucial and the more direct and tangible the evidence, the better the chances of an effective investigation.

#### **Report your suspicions promptly**

All concerns must be reported to the appropriate person detailed in the Fraud Response Plan.

### **DON'T**

#### **Be afraid of raising your concerns**

The Public Interest Disclosure Act provides protection for employees who raise reasonably held concerns through the appropriate channels – whistle blowing.

You will not suffer discrimination or victimisation as a result of following these procedures and the matter will be treated sensitively and confidentially where the concern raised is genuine and held in good faith.

#### **Seek to obtain evidence not already in your possession or in any other way carry out your own investigation into your suspicions**

There may be a perfectly reasonable explanation for the events that give rise to your suspicion. Spreading unsubstantiated concerns may harm innocent persons.

#### **Approach the person you suspect or try to investigate the matter yourself**

There are special rules relating to the gathering of evidence for use in criminal cases. Any attempt to gather evidence by persons who are unfamiliar with these rules may undermine the case.

#### **Convey your concerns to anyone other than authorised persons listed in this Fraud Response Plan**