

# Anti-Fraud Policy

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## Policy statement

Veterans Relief and Support is committed to the prevention of fraud and the promotion of an anti-fraud culture.

The Charity conducts its business in a legal and ethical manner and operates a zero-tolerance attitude to fraud and requires its trustees, staff, volunteers, applicants, suppliers, and partners to act honestly and with integrity at all times, and to report all reasonable suspicions of fraud.

The Charity will investigate all instances of actual, attempted, and suspected fraud and will seek to recover funds and assets lost through fraud. Perpetrators will be subject to disciplinary and/or legal action.

The purpose of this policy is to provide a definition of fraud and define authority levels, responsibilities for action, and reporting lines in the event of suspected, attempted, or actual fraud or irregularity perpetrated by an individual against the Charity.

This policy applies to trustees, staff, volunteers, applicants and any third party associated with the Charity.

## Definition of fraud

The term 'fraud' is used to describe the use of deception to deprive, disadvantage or cause loss to another person or party, or secure unwarranted personal gain. This can include theft, the misuse of funds or other resources or more complicated crimes such as false accounting and the supply of false information.

Fraud is a criminal offence and has a technical definition set out in the Fraud Act 2006. Under the Fraud Act 2006 the criminal offence of fraud can be committed in three ways:

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

Individuals can be prosecuted under the Fraud Act 2006 if they make a false representation, fail to disclose information, or abuse their position.

The Theft Act 1968 covers the criminal definition of theft and associated offences such as false accounting.

The Charity can fall victim to many different types of fraud, and methods are constantly evolving, supported by rapidly developing technology, and increasing use of the internet. Fraud committed against the Charity can include:

- Internal fraud, involving people within the Charity – for example:
  - Intercepted cash or cheque donations by an employee
  - Misuse of the Charity credit cards.
  - Staff claiming non-existent, over-inflated or inappropriate expenses.
  - Declaring false sicknesses
  - Skimming money from charitable fundraising collections
  - False accounting - dishonestly destroying or falsifying any account, record or document with a view to personal gain or gain for another.
  - Awarding a contract, or preferential terms, to a supplier in return for payments, personal discounts, commission, or other benefits
  - Creating non-existent beneficiaries for directing payments, or use of a beneficiary identity for personal benefit
- External fraud, where fraud is perpetrated outside of the Charity, committed by people who are not directly involved, for example:
  - Creating false invoices, purchase orders and supplier identities in order to obtain payment from the Charity for goods and services that have not been supplied.
  - Submitting false applications from real or fictional individuals for grants - this may involve an employee who knows the system and how to manipulate it. In some cases, individual employees may have authority to approve applications themselves.
  - Identity fraud e.g. by hijacking the Charity's bank account
  - Phishing emails requesting confidential information from the Charity which is then used by fraudsters to obtain funds illegally.
  - Unauthorised fundraising in the Charity's name

## Key responsibilities

For the Charity, the impact of fraud can include significant loss of funds, permanent financial or reputational harm and damage to public confidence.

Trustees, staff, and volunteers are expected to lead by example in adhering to policies, procedures and practices.

They must ensure that they understand and comply with this policy and are required to avoid any activity that might lead to, or suggest, a breach of this policy.

Any employee who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct. The Charity should consider terminating a contractual relationship with its volunteers, partners, grant recipients, and any third party if they breach this policy.

In relation to fraud prevention, detection and response, specific responsibilities are as follows.

## Trustees

The Trustees are responsible for establishing and maintaining a sound system of internal control that supports the achievement of the Charity's aims and objectives.

The system of internal control is based on an on-going process designed to identify the principal risks which the Charity faces, to evaluate the nature and extent of those risks and to manage them effectively. Managing fraud risk is seen in the context of the management of this wider range of risks.

## The Chief Executive Officer (CEO)

Overall responsibility for managing the risk of fraud has been delegated to the CEO. Their responsibilities include:

- Developing, implementing, and maintaining adequate systems of internal control to prevent and detect fraud.
- Ensuring that fraud risks are considered in the regular reviews of the Charity's risks.
- Regularly reviewing The Charity's anti-fraud policy statement and compliance to ensure it remains effective and relevant to the needs of the business.
- Establishing an effective anti-fraud response plan and appropriate mechanisms for reporting fraud risk issues and reporting significant incidents of fraud or attempted fraud to the Board of Trustees.

- Acting responsibly and within the interests of the Charity if fraud occurs. Investigating all allegations of fraud, promptly reporting to the relevant authorities, and commencing disciplinary and/or legal action where appropriate
- Reporting to the Board of Trustees on all aspects of fraud risk management
- Liaising with the Charity's appointed Auditors
- Making sure that all staff are aware of the Charity's Anti-Fraud Policy and know what their responsibilities are in relation to combating fraud.
- Ensuring that appropriate anti-fraud training is made available to managers, staff, and volunteers.
- Taking any actions necessary to protect the Charity's funds and ensuring that appropriate action is taken to minimise the risk of previous fraud occurring in future.
- Keeping proper and adequate financial records for both the receipt and use of all funds together with audit trails of decisions made

## Managers

The day-to-day responsibility for the prevention and detection of fraud rests with managers who are responsible for:

- Familiarising themselves with the types of fraud and dishonesty that might occur within their departments.
- Identifying the risks to which systems, operations, and procedures in their area of responsibility are exposed.
- Ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively.
- Developing, maintaining, and monitoring compliance with internal controls and agreed policies and procedures to prevent and detect fraud.
- Notifying their director of any indications of fraudulent activity
- Implementing new controls to reduce the risk of similar fraud occurring where frauds have taken place.

## Staff and Volunteers

All staff, including managers and directors, and volunteers are responsible for:

- Ensuring that the Charity's reputation and assets are protected against fraud.
- Acting with propriety in the use of Charity's resources and the handling and use of funds whether they are involved with cash, receipts, payments or dealing with suppliers.

- Being alert to the possibility that unusual events or transactions could be indicators of fraud.
- Alerting their manager when they believe the opportunity for fraud exists, for example, because of poor procedures or lack of effective oversight.
- Reporting known or suspected fraud immediately.
- Assisting in the investigation of suspected fraud by fully cooperating with whoever is conducting internal checks or reviews or fraud investigations.

## Reporting suspicions

Staff must report concerns about actual, attempted, or suspected fraud to their line manager, the Chief Executive Officer, a Trustee or to the proper authority according to The Charity's Whistleblowing Policy. A copy of the charity's Whistleblowing Policy can be obtained from any manager, CEO, or trustee.

Reporting lines for trustees, volunteers and third parties are defined in the Fraud Response Plan.

Individuals should not attempt to investigate any fraud themselves.

The Public Interest Disclosure Act 1998 protects a person who raises concerns about certain matters of public interest in good faith from victimisation, discipline, or dismissal where they raise genuine concerns of misconduct or malpractice. No action will be taken against anyone who has reported a potential fraud should the suspicion turn out to be unfounded, provided that they have acted in good faith. Malicious accusations may be the subject of disciplinary action.

The Charity is 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 unfavorable treatment connected with raising a concern. If staff believes that they have suffered any such treatment, they should inform their manager immediately.

Appendix 1 provides a summary of actions in respect of possible fraud-related instances.

## Appendix 1

### “Do’s and Don’ts”

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

DO’s	DON’T’s
<b>Make a note of your concerns</b>	<b>Don’t be afraid of raising your concerns</b>
<p>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.</p> <p>Notes do not need to be overly formal, but should be timed, signed, and dated.</p> <p>Timeliness is most important. The longer you delay writing up, the greater the chances of recollections becoming distorted, and the case being weakened.</p>	<p>The Public Interest Disclosure Act provides protection for employees who raise reasonably held concerns through the appropriate channels – whistle blowing.</p> <p>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.</p>
<b>Retain any evidence you may have</b>	<b>Don’t seek to obtain evidence not already in your possession or in any other way carry out your own investigation into your suspicions.</b>
<p>The quality of evidence is crucial and the more direct and tangible the evidence, the better the chances of an effective investigation.</p>	<p>There may be a perfectly reasonable explanation for the events that give rise to your suspicion. Spreading unsubstantiated concerns may harm innocent persons.</p>
<b>Report your suspicions promptly</b>	<b>Don’t approach the person you suspect or try to investigate the matter yourself</b>
<p>All concerns must be reported to the appropriate person detailed in the Fraud Response Plan.</p>	<p>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.</p>
	<b>Don’t convey your concerns to anyone other than authorised persons listed in the Charity’s Fraud Response Plan</b>