

Fraud Response Plan

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Contents

- Introduction 3
- What is fraud? 3
- Responsibilities..... 3
- Objectives of the Plan 4
- Reporting 4
- Immediate Considerations and Actions..... 4
- Enquiries 5
- Liaising with the Police 5
- Recovery Action..... 6
- Reporting Action 6
- Disciplinary/Legal Action 7
- Further Action..... 7
- Confidentiality..... 7

Introduction

1. This plan deals mainly with the responsibilities of all staff in deterring losses to public funds. There are additional responsibilities borne by managers. The document deals mainly with the internal response and actions that we need to take within the Office to both deter fraud, and to respond to any suspicion of it that comes to our attention. That said, it is important to remember that fraud could be carried out by people outside the Office and we each of us need to be aware of this in our dealings with external parties.
2. Any suspicion of fraud will be investigated as set out in this plan. Any proven instance of fraud will result in disciplinary action being taken against any member of staff involved. The policy of the Commissioner is to notify the police in circumstances where there is evidence that a crime may have been committed.

What is fraud?

1. For practical purposes, so far as this document is concerned, fraud may be taken to mean the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.
2. The essential elements of fraud are dishonesty, which can include non-disclosure of important facts, and deprivation or risk of deprivation.
3. The term is used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

Responsibilities

1. Individual members of staff are responsible for:
 - Acting with propriety in the use of official resources and in the handling and use of public funds, whether they are involved with cash or payments systems, receipts or dealing with contractors or suppliers.
 - Reporting immediately to their line manager or next most senior manager if they suspect that a fraud has been committed or see any suspicious acts or events.
2. In addition to those individual responsibilities, managers are responsible for:

- Identifying the risks to which systems and procedures are exposed.
- Developing and maintaining effective controls to prevent and detect fraud.
- Ensuring that controls are complied with.

Objectives of the Plan

1. The objectives of having a widely circulated and understood response plan are:
 - To deter fraud by publicising steps that will be taken if any is discovered.
 - To set out managers' responsibilities in this area.
 - To set out clear guidance on the appropriate steps to be taken if managers become aware of, or suspect that, fraud may be taking place.

2. The steps set out in the Plan have been devised with the aims of:
 - Minimising delay in taking any appropriate action:
 - Reducing the impact of any fraud which takes place.
 - Ensuring that any possible frauds are investigated.
 - Preventing or minimising losses of funds.
 - Maximising the possibility and amounts of recovery.
 - Identifying perpetrators of fraud and increasing the likelihood of successful disciplinary or legal action.
 - Minimising the possibility of adverse publicity.
 - Ensuring that lessons learned from any instances of suspected fraud are acted upon.

Reporting

Immediately that fraud is discovered or suspected, the matter should be reported to the Trustee/Treasurer, or a person nominated by them (the Investigating Officer), who will decide what further action is appropriate.

Immediate Considerations and Actions

The primary objective should be to ensure that public funds are protected. So, the initial investigation should attempt to determine whether there is any possibility of further offences taking place. If there is thought to be any possibility of recurrence, then actions which should be considered include:

- Freezing bank accounts.
- Suspending BACS or cheque payments.

- Suspending individuals.

Enquiries

Enquiries into the possibility of fraud taking place should commence without delay. Facts need to be established, steps taken to protect any individual who may have been unwittingly involved and to ensure that any evidence that is discovered can be used in any subsequent action that might be necessary. To assist in this, it may be appropriate to involve the Police where there is evidence that a criminal offence may have taken place.

Liaising with the Police

1. Investigations will try to establish, at an early stage, whether it appears that a criminal offence has taken place. This will shape the manner in which the investigation is handled and determine the likely outcome and course of action.
2. The police generally welcome early notification of suspected fraud, particularly that of a serious or complex nature. Some frauds will lend themselves to automatic reporting to the police (such as theft by a third party).
3. For consistency, the Treasurer and/or Investigating Officer, following consultation with the board of trustees, will agree if and when the matter should be referred to the police.
4. Where there is a possibility of criminal action, the police will be consulted for advice and guidance and, if necessary, assistance where interviews are to be conducted under caution in compliance with the Police and Criminal Evidence Act (PACE) which governs the admissibility of evidence in criminal proceedings.
5. The circumstances of the case may dictate that both a criminal investigation and disciplinary investigation be conducted in parallel. Criminal investigations and prosecution can often take substantially longer to undertake than disciplinary investigations and consequently any disciplinary investigation should not be delayed pending the outcome of any criminal investigation, unless the police advise otherwise.
6. One key difference which should be borne in mind between internal disciplinary proceedings and criminal proceedings is the burden of proof. There is no requirement under an internal disciplinary investigation for a fact to be established

beyond reasonable doubt. Instead, the disciplinary investigation needs only be satisfied, 'on a balance of probabilities', that the misconduct has been committed before taking any disciplinary action. This means that while the police or Crown Prosecution Service may decide that there is insufficient evidence to uphold a criminal conviction, Veterans Relief and Support may still take disciplinary action.

7. All trustees, staff and volunteers will co-operate fully with any police or external audit enquiries which may have to take precedence over any internal investigation or disciplinary process.

Recovery Action

1. Prompt action is likely to be important in maximising recovery of any funds which have been lost or are thought to be vulnerable as a result of the fraud. Veterans Relief and Support will take appropriate steps, including legal action, if necessary, to recover any losses arising from fraud, theft, corruption or misconduct. This may include action against third parties involved in the fraud or whose negligent actions contributed to the fraud.
2. Veterans Relief and Support will seek to recover any financial loss through the appropriate mechanism. This may involve either civil or criminal proceedings.
3. Consideration should be given to involving other parties such as:
 - The Bank Manager to discuss the desirability or possibility of recalling BACS/CHAPS payments, cancelling cheque payments or withdrawing and replacing pre-printed payment stationery.
 - A legal adviser for advice on recovery of other assets.

Reporting Action

1. On completion of the investigation, the Investigating Officer, if requested, will prepare a written report setting out:
 - Background as to how the investigation arose.
 - What action was taken in response to the allegation?
 - The conduct of the investigation
 - The facts that came to light and the evidence in support
 - Conclusions including a statement of whether or not the allegations or suspicions of fraud or corruption have been substantiated.
 - Recommendations on action to be taken against any party where the allegations or suspicions were substantiated.

- Recommendations to improve any identified weakness in internal controls to prevent reoccurrence, although a separate report may be necessary.
 - Recommendations, in consultation with the board of trustees, on the most appropriate method of recovery of any losses
2. The report will be issued to the relevant service manager(s) as agreed at the pre-investigation case assessment meeting, as set out in the terms of reference. If necessary, a post-investigation case meeting can be conducted to discuss the details and any subsequent recommendations or best practice found and lessons learnt.
 3. Copies of investigation reports will be restricted to named employees, as agreed during the investigation process.
 4. Any weaknesses in the system of controls will be identified in the investigation report and recommendations will be made, advising management as to how controls can be improved to prevent any recurrence of fraud or corruption.

Disciplinary/Legal Action

Where evidence of fraud is discovered and those responsible can be identified:

- Appropriate disciplinary action will be taken in line with the disciplinary procedure, which is set out in the Staff Handbook.
- When legal action is considered appropriate, full co-operation will be given to investigating and prosecuting authorities.

Further Action

A full report on the circumstances and outcome of any fraud or suspected fraud will be produced. The report will cover the identification of any shortfall in current procedures which contributed to the commission, recommendations on actions which could be taken to prevent or reduce the effect of any future occurrence and who will be responsible for considering these.

Confidentiality

1. Details of any investigation are strictly confidential and must therefore not be discussed or conveyed to anyone other than the trustees, relevant management, and any nominated investigation team.
2. If the media becomes aware of an investigation and attempts to contact members of the investigating team or any other employees, no disclosure of the alleged fraud

and investigation can be given. All matters relating to statements to the media will be dealt with through the board of trustees.