

Voluntary and Community Action South Bedfordshire

ANTI-FRAUD POLICY

1. General Policy Statement

Voluntary and Community Action is committed to ensuring that all its financial and administrative processes are carried out and reported honestly, accurately, transparently and accountably, and that all decisions are taken objectively and free of personal interest.

To achieve this, it recognises that all employees have a responsibility for putting these principles into practice and to encourage the use internal mechanisms for reporting any concerns related to fraud or dishonesty by its employees.

2. Purpose

The purpose of this policy is to outline the responsibility of employees working on behalf of Voluntary and Community Action, to protecting the organisation against fraud and other forms of dishonesty.

The key objectives of this policy are to:

- create a framework for protecting the organisation against fraud and other forms of dishonesty;
- encourage the use internal mechanisms for reporting any fraud or dishonesty;
- provide a clear procedure that will be implemented where concerns arise.

3. Scope

This policy only applies to employees. In particular, it concerns all who commit fraud, theft or any other dishonesty; those who report it; and those who become aware of it and do not report it.

Voluntary and Community Action has a range of policies and procedures, which deal with standards of behaviour at work; these include:

- Code of Conduct
- Financial Controls
- Data Protection and Confidentiality
- Performance Management
- Disciplinary
- Grievance
- Whistle Blowing

This policy needs to be read in conjunction with these other policies. Employees are encouraged to use the provisions of these policies and procedures when appropriate.

Voluntary and Community Action will not tolerate any fraud or dishonesty, and will treat this as a serious disciplinary offence. Anyone who becomes aware of fraud or dishonesty and does not report it may also be subject to appropriate disciplinary action, which will be dealt with under the relevant policy and disciplinary procedure.

The relevant policies and procedures for managing behaviour, including disciplinary action, are set out in the Performance Management and/or Disciplinary Policy.

4. Definitions

Fraud – a deliberate intent to acquire money or goods dishonestly through the falsification of records or documents. This includes the deliberate changing of financial statements or other records by an employee or anyone acting on their behalf. The criminal act is the attempt to deceive and attempted fraud is therefore treated as seriously as accomplished fraud.

Theft – dishonestly acquiring or disposing of physical or intellectual property belonging to Voluntary and Community Action or to individual employees, volunteers, service users or other members of the public having access to the organisation's premises.

Misuse of equipment – deliberately misusing materials or equipment, belonging to Voluntary and Community Action, for purposes not related to the organisation's business activities.

Abuse of position – exploiting a position of trust within the organisation.

5. Underpinning Principles

The organisation's culture is intended to foster honesty and integrity and is underpinned by seven principles of behaviour. These are selflessness, integrity, objectivity, accountability, openness, honesty and leadership. Employees are expected to lead by example in adhering to policies, procedures and practices. Equally, members of the public, service users and external organisations (such as suppliers and contractors) are expected to act with integrity and without intent to commit fraud against the organisation in any dealings they may have with Voluntary and Community Action.

Voluntary and Community Action will provide clear routes by which concerns can be raised by employees, volunteers and by those outside of the organisation. A copy of the organisation's Whistle Blowing Policy is available to all employees and volunteers. Information on how to make a complaint, along with the organisation's Complaints Policy, is readily available to service users and others.

Senior management are expected to deal promptly, firmly and fairly with suspicions and allegations of fraud or corrupt practice.

6. Responsibilities

In relation to the prevention of fraud, theft, misuse of equipment and abuse of position, specific responsibilities are as follows:

Trustee Board

The Trustee Board is responsible for establishing and maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives.

The system of internal control is designed to respond to, and manage, the whole range of risks that the organisation faces. This is based on an on-going process designed to identify the principal risks, 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 Trustee Board will ensure that the Policy are properly implemented and will designate lead responsibility for this to the Director.

Any investigation arising under this policy will be reported to the Board, which will also be responsible for deciding whether any external enquiry is warranted, and whether an incident should be reported to the police or other relevant authority.

Director

Overall responsibility for managing the risk of fraud has been delegated to the Director, whose responsibilities include:

- undertaking a regular review of the fraud risks associated with each of the organisation's key activities;
- putting in place measures, proportionate to the level of risk, designed to mitigate against the fraud risks;
- the design of an effective control environment to prevent fraud;
- establishing appropriate mechanisms for others to report dishonesty, fraud or attempted fraud;
- establishing appropriate mechanisms for investigating reports of dishonesty, fraud or attempted fraud;
- reporting fraud risk issues and significant incidents of fraud or attempted fraud to the Trustee Board;
- liaising with the organisation's appointed Auditors;
- ensuring that all employees are aware of, and receive any relevant training in, the organisation's Anti-Fraud Policy and know what their responsibilities are in relation to combating fraud;
- ensuring that appropriate action is taken to minimise the risk of previous frauds occurring in future.

Line Managers

Line managers are responsible for:

- assessing the types of risk involved in the operations for which they are responsible;
- ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively and are being complied with;
- regularly reviewing the control systems for which they are responsible;
- preventing and detecting fraud as far as possible;
- implementing new controls to reduce the risk of similar fraud occurring where frauds have taken place.

Employees

Every employee is responsible for:

- conducting themselves in accordance with the organisation's anti-fraud culture and the underpinning principles of behaviour, which are intended to foster honesty and integrity;
- acting with propriety in the use of the organisation's resources and the handling and use of funds, whether they involve cash, receipts or payments; and in dealing with suppliers;
- being alert to the possibility that unusual events or transactions could be indicators of fraud;
- alerting their line manager when they believe the opportunity for fraud exists e.g. because of poor procedures or lack of effective oversight;
- reporting details immediately if they suspect that a fraud has been committed or see any suspicious acts or events;
- co-operating fully with whoever is conducting internal checks or reviews, or fraud investigations.

7. Raising Concerns

All employees have a responsibility to raise concerns immediately if they become aware of any circumstances that may suggest the possibility of irregularities, or if they discover or suspect any irregularities, including financial or accounting irregularities or matters affecting cash, stock, property, remuneration or expenses.

In normal circumstances all concerns should be raised directly with the Director, who will undertake an investigation (see section 8).

An exception to this is where the allegation is made against the Director, in which case the responsibility for the investigation lies with the Chairperson of the Trustee Board, who may decide that an external investigation is warranted.

8. Procedure in the Event of a Disclosure

The Director will be the point of contact for all employees who wish to raise concerns under the provisions of this policy (except in the case of allegations against the Director, which should be reported to Chairperson of Voluntary and Community Action).

Where concerns are raised with the Director (or Chairperson) they will arrange an initial interview, which will be confidential, to ascertain the area of concern. At this stage, the person who raised the concern will be asked whether they wish their identity to be disclosed and will be reassured about protection from possible reprisals or victimisation. They will also be asked whether or not they wish to make a written or verbal statement. In either case, the Director (or Chairperson) will write a brief summary of the interview, which will be agreed by both parties.

9. Undertaking an Investigation

The Director (or Chairperson) will undertake an initial investigation, which may need to be carried out under the terms of strict confidentiality i.e. by not informing the subject of the complaint until (or if) it becomes necessary to do so. This may be appropriate in cases of suspected fraud.

In undertaking an investigation the Director (or Chairperson) will deal promptly with the matter, record evidence received and ensure the security and confidentiality of evidence.

If the concern raised is very serious or complex, a decision may be made to conduct an external, independent and/or specialist enquiry. A decision to conduct an external enquiry will always be made by the Trustee Board.

The organisation will actively participate in an exchange of information with external agencies on fraud and corruption, whilst having regard to the requirements of the Data Protection legislation.

Irrespective of the outcome of any investigations, the organisation may limit the activities of the employee concerned and consider suspension and/or disciplinary action in accordance with its disciplinary procedures. Referral to the Police or other authority will not prohibit or restrict action under the disciplinary procedures.

The Director (or Chairperson) will offer to keep the person who raised the concern informed about the investigation and its outcome.

10. Action Arising from an Investigation

If the result of the investigation is that there is a case to be answered by an individual, Voluntary and Community Action will take the necessary action to advise, manage or instigate disciplinary action against the employee about whom the allegation has been made.

In cases of suspected illegal acts or abuse the Police and/or other relevant authority may be involved. In deciding whether to involve the Police and/or other relevant authority Voluntary and Community Action recognises that the reporting of suspected irregularities is essential as it facilitates a proper investigation by experienced staff, and ensures the consistent treatment of information regarding fraud and corruption.

In cases of suspected payroll irregularities, for example where staff are overpaid or genuine errors in calculating travel expenses are made, their cooperation to rectify the situation will be sought without referral to the Police, unless it becomes evident that fraudulent activity is taking place.

Where theft or other loss has occurred, the organisation will seek to ensure maximum recoveries are made.

Where there is no case to answer, but the person raising the concern held a genuine concern and was not acting maliciously, the Director (or Chairperson) should ensure that the employee, volunteer or trustee suffers no reprisals.

Only where false allegations are made maliciously, will it be considered appropriate to instigate disciplinary action against the person raising the concern under the terms of the relevant policy and procedure.

The Director (or Chairperson) will meet with the person raising the concern to give feedback on any action taken. This will not include details of any disciplinary action, which will remain confidential to the individual concerned.

11. Training

An important contribution to the continuing success of an anti-fraud strategy, and its general credibility, lies in the effectiveness of the training of employees throughout the organisation.

This will be achieved through induction and refresher training for all personnel involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.

12. Monitoring and Review

The effectiveness of this policy, and its procedures, will be monitored and amended as and when necessary by the Director. Significant changes will require the approval of the Trustee Board. The policy will also be reviewed every three years as part of a continuing review of organisational policies.