

# Sample Fraud Policy Statements

## **Disclaimer**

Whilst every effort has been made in the construction of these sample fraud policy statements, compliance with them does not guarantee that you and/or your business will not be a victim of fraud or criminality aimed against you and/or your business.

The Fraud Advisory Panel and the contributors of these sample fraud policy statements accept no responsibility for any action taken by parties as a result of reading these Sample Policy Statements. Readers are strongly advised to seek and obtain the appropriate professional advice on the issues raised which affect them or their business.

## **Acknowledgements**

The Fraud Advisory Panel would like to acknowledge the valuable contributions made by members of the Education, Events & Training Working Group and other interested stakeholders in the collation of these sample fraud statements.

## OVERVIEW

The objective for every organisation should be to establish an anti-fraud culture covering working practices and business ethics culminating in formally documented procedures.

A formal fraud policy statement indicates that the fight against fraud is endorsed and supported at the most senior level within your business. Organisations may wish to ensure all employees are aware of a zero-tolerance attitude to criminal breaches of business practices which may be reported to the police. The fraud policy statement should be communicated to all employees, contractors and suppliers.

A fraud policy statement should be simple, focused and easily understood. The content may vary from business-to-business but you should consider including the business's determination to:

- take appropriate measures to deter fraud;
- introduce/maintain necessary procedures to detect fraud;
- investigate all instances of suspected fraud;
- report all suspected fraud to the appropriate authorities;
- assist the police in the investigation and prosecution of suspected fraudsters;
- recover wrongfully obtained assets from fraudsters; and
- encourage employees to report any suspicion of fraud.

You may also wish to include the following:

- the allocation of responsibilities for the overall management of fraud; and
- procedures to be followed if a fraud is suspected.

A fraud policy statement should make clear that all employees have a responsibility for fraud prevention and detection. It is important the statement be actively and regularly promoted throughout the organisation to all employees, irrespective of grade, position or length of service.

## PUBLIC SECTOR

### EXAMPLE ONE

#### Introduction

1. No precise legal definition of fraud exists; many offences referred to as fraud are covered by the Theft Acts of 1968 and 1978. The term is used to describe acts such as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. For practical purposes, and for this manual, fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.
2. This Chapter is concerned with occupational fraud i.e. fraud committed by XXX employees or contractors in the course of their work. Guidance on issues arising from the private and personal activities of staff which may impinge on the performance of their duties or risk bringing discredit to the XXX is contained in YYY.
3. Occupational fraud and abuses fall into four main categories:
  - theft, the misappropriation or misuse of assets for personal benefit;
  - bribery and corruption;
  - false accounting and/or making fraudulent statements with a view to personal gain or gain for another: for example falsely claiming overtime, travel and subsistence, sick leave or special leave (with or without pay);
  - externally perpetrated fraud against an organisation.

#### Policies & Principles

4. The XXX is committed to preventing fraud and corruption from occurring and to developing an anti-fraud culture. To achieve this the XXX will comply with the requirements of Government Accounting to:
  - develop and maintain effective controls to prevent fraud;
  - ensure that if fraud occurs a vigorous and prompt investigation takes place;
  - take appropriate disciplinary and legal action in all cases, where justified;
  - review systems and procedures to prevent similar frauds;
  - investigate whether there has been a failure in supervision and take appropriate disciplinary action where supervisory failures occurred; and
  - record and report all discovered cases of fraud.
5. The following policies and principles apply in the XXX.
  - XXX staff must have, and be seen to have, the highest standards of honesty, propriety and integrity in the exercise of their duties.
  - The XXX will not tolerate fraud, impropriety or dishonesty and will investigate all instances of suspected fraud, impropriety, or dishonest conduct by XXX staff or external organisations (contractor or client).
  - XXX staff must not defraud the XXX, other XXX staff, XXX clients or XXX contractors, in any way.

- The XXX will take action – including dismissal and/or criminal prosecution - against any member of staff defrauding (or attempting to defraud) the XXX, other XXX staff, XXX clients or contractors.
- The XXX will take action - including criminal prosecution - against external organisations defrauding (or attempting to defraud) the XXX, XXX staff in the course of their work, XXX clients or contractors.
- The XXX will co-operate fully with an external investigating body.
- The XXX will always seek to recover funds lost through fraud.
- All frauds will be reported to Internal Audit.

### **Action to be Taken in the Event of Discovery or Suspicion of Fraud**

6. The XXX has established arrangements for staff to report any concerns they may have without fear of prejudice or harassment. This applies to concerns relating to fraud and to any other concerns within the context of the Public Interest Disclosure Act 1998.
7. Concerns which should be reported include, but are not limited to, staff committing or attempting to commit:
  - any dishonest or fraudulent act;
  - forgery or alteration of documents or accounts;
  - misappropriation of funds, supplies or other assets;
  - impropriety in the handling or reporting of money or financial transactions;
  - profiting from an official position;
  - disclosure of official activities or information for advantage;
  - accepting or seeking value from third parties by virtue of official position or duties; and
  - theft or misuse of property, facilities or services.
8. External organisations' actions which should be reported include:
  - being offered a bribe or inducement by a supplier;
  - receiving fraudulent (rather than erroneous) invoices from a supplier;
  - reported allegations of corruption or deception by a supplier.
9. The XXX has established and maintains a Fraud Response Plan, which sets out guidance to senior staff in the event of fraud being discovered or suspected. Under the Plan:
  - incidents will be logged in a Fraud Register, which contains details of allegations, investigations and conclusions;
  - frauds and allegations of fraud will be investigated by an appointed suitably qualified senior member of staff independent of the area under suspicion;
  - progress on investigations will be reported to ZZZ as a standing item on the agenda.

### **Responsibilities**

10. The creation of an anti-fraud culture underpins all work to counter fraud. All XXX staff should understand the risk of fraud faced by the office, that fraud is serious and diverts resources away from the XXX's primary objectives.

### **Accounting Officer & Board Member for Finance**

11. The Accounting Officer and the Board Member for Finance are responsible for establishing the internal control system designed to counter the risks faced by the XXX. Together they are accountable for the adequacy and effectiveness of these arrangements. Managing fraud risk should be seen in the context of the management of this wider range of risks.
12. The Board Member for Finance is responsible for making arrangements for investigating allegations of fraud. These arrangements include the appointment of a suitably qualified senior member of staff to lead the investigation.

13. The Board Member for Finance will be responsible for receiving the report of the investigating officer and considering an appropriate response.

#### **The Director of Finance**

14. The Director of Finance is responsible for assisting the Accounting Officer and the Board Member for Finance to develop and maintain effective controls against fraud.

#### **The Director of Human Resources**

15. The Director of Human Resources will be responsible for enforcing XXX anti-fraud policies, including:
  - instigating disciplinary and legal action (both civil and criminal) against the perpetrators of fraud;
  - taking disciplinary action against supervisors where supervisory failures have contributed to the commission of fraud;
  - providing confidential advice to staff who suspect a member of staff of fraud.

#### **Appointed Investigator**

16. The appointed senior member of staff will be responsible for investigating allegations of fraud including:
  - carrying out a thorough investigation if fraud is suspected, with the support of Internal Audit, where necessary;
  - gathering evidence, taking statements and writing reports on suspected frauds;
  - liaising with the Director of Finance and the Board Member for Finance where investigations conclude that a fraud has taken place;
  - identifying any weaknesses which contributed to the fraud; and
  - if necessary, making recommendations for remedial action.
17. To carry out these duties the appointed member of staff will have unrestricted access to the ZZZ, the Board Member for Finance, the Management Board Member responsible for Human Resources, the Director of Finance, the Director of Human Resources, the Audit Committee, the XXX's Internal and External Auditors, and the XXX's legal advisers.

#### **Managers & Directors**

18. Managers are the first line of defence against fraud. They should be alert to the possibility that unusual events may be symptoms of fraud or attempted fraud and that fraud may be highlighted as a result of management checks or be brought to attention by a third party. They are responsible for:
  - being aware of the potential for fraud;
  - ensuring that an adequate system of internal control exists within their area of responsibility, appropriate to the risk involved and those controls are properly operated and complied with;
  - reviewing and testing control systems to satisfy themselves the systems continue to operate effectively.
19. Managers should inform their Director if there are indications that an external organisation (such as a contractor or client) may be trying to defraud (or has defrauded) the XXX or its staff carrying out their duties.
20. They should also inform their Director if they suspect their staff may be involved in fraudulent activity, impropriety or dishonest conduct.

21. Directors should contact the Board Member for Finance immediately on being alerted to such suspicions. Time is of the essence in reporting suspicions. Managers should therefore inform the Board Member for Finance direct if their Director is absent. In the absence of the Board Member for Finance, the Director of Finance should be informed. In turn, they will ensure that ZZZ is kept informed of developments.
22. Managers and Directors should take care to avoid doing anything which might prejudice the case against the suspected fraudster. Separate advice on dealing with fraud is contained in a fraud response plan circulated to designated staff involved in reporting or investigating individual allegations of fraud.

### **XXX Staff**

23. XXX staff must have, and be seen to have, the highest standards of honesty, propriety and integrity in the exercise of their duties. XXX 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 payment systems, receipts or dealing with contractors or suppliers;
  - reporting details of any suspected fraud, impropriety or other dishonest activity immediately to their line manager or the responsible manager (or using the complaints hotline). More guidance on how to report concerns can be found in the XXX policy on reporting concerns about the proper conduct of XXX business;
  - assisting in the investigation of any suspected fraud.
24. Staff reporting or investigating suspected fraud should take care to avoid doing anything which might prejudice the case against the suspected fraudster. Separate advice on dealing with fraud is contained in a fraud response plan circulated to designated staff involved in reporting or investigating individual allegations of fraud.

### **Further Advice & Guidance**

25. The Director of Finance will provide advice where line managers are unavailable or unable to give advice.

## **EXAMPLE TWO (NHS Trust)**

### **Background**

1. In line with responsibilities set out in HSG (96) 12, the Trust's Chief Executive and Director of Finance are required to monitor and ensure compliance with Secretary of States Directions on fraud and corruption. This policy is issued in response to the Directions of December 1999 (National Health Service Act 1977 – Directions to NHS Trusts regarding counter fraud) and incorporates the requirements of the Counter Fraud and Corruption Manual (2000) and Standing Financial Instructions.

### **Policy Statement**

2. XXX NHS Trust is fully committed to the public service values of accountability, probity and openness and, in particular, recognises the need to ensure the highest standards of probity by actively reducing the risk of fraud. We aim to meet both the statutory requirements and good practice guidance with regard to fraud prevention, detection and response by:
  - Playing a full part in integrated national programme of action to combat fraud in the NHS.
  - Building on existing responsibilities for fraud detection and anti-fraud action locally.

## References

3. This policy should be read in conjunction with:
  - Standing Orders
  - Standing Financial Instructions
  - Disciplinary Procedures
  - Standards of Business Conduct
  - Security of Information Policy
4. Trust policies relating to:
  - Gifts
  - Hospitality
  - Conflicts of Interest
  - Purchasing
5. Adherence to these policies is mandatory and is integral to ensuring that an effective anti fraud and corruption culture is maintained.

## Responsibilities

### Towards the Directorate of Counter Fraud Services (DCFS)

6. The Director of Finance is responsible for monitoring compliance with the Directions of the Secretary of State and with any other instructions issued by the DCFS.
7. The Trust is responsible for maintaining in post a person nominated to act as Local Counter Fraud Specialist (LCFS) and for nominating a suitable replacement within three months of the need for a replacement becoming apparent.
8. The LCFS will report all cases where the Director of Finance believes fraud or corruption to be present so that advice on the most appropriate sanction can be provided. The Director of Finance and LCFS will consider further action in accordance with the NHS Counter Fraud and Corruption Manual.
9. The LCFS will proactively seek and report opportunities where details of counter fraud work (prevention, detection, investigation, sanction or redress) can be used within presentation or publicity to deter fraud and corruption.
10. The Trust will facilitate and co-operate with DCFS quality inspection work, giving prompt access to Trust staff, workplaces and relevant documentation.

### Towards Counter Fraud Operational Service (CFOS)

11. The Director of Finance will agree a Service Level Statement regarding support by CFOS in relation to countering fraud and corruption.
12. The LCFS will inform the appropriate CFOS team of suspected or established frauds investigated by the Trust as per the NHS Counter Fraud & Corruption Manual.
13. The LCFS will refer to the relevant CFOS team all cases appropriate to them.
14. The Chief Executive and Director of Finance will ensure the relevant CFOS team is given access as soon as is reasonably practicable and in any event not later than seven days from the date of request to:
  - All premises, records or data owned or controlled by the Trust relevant to the detection and investigation of cases of fraud and corruption;

- All staff who may have information to provide which is relevant to the detection and investigation of cases of fraud and corruption.

15. The Director of Finance will liaise and reach agreement with the relevant CFOS Regional Specialist or National Proactive Team leader where the appropriate sanction is felt to be prosecution before any further action is taken by either party. Such liaison will also take place before any referral of a case to the Police or any other body for investigative action takes place.

#### With External Audit

16. The LCFS will report all cases to the External Auditor where the Director of Finance believes fraud or corruption to be present.

17. External Audit will be asked to report to the LCFS systems weaknesses detected in the course of their work that may allow fraud to take place.

#### With Internal Audit

18. The LCFS will report details of systems weaknesses identified as allowing proven fraud to take place.

19. The Trusts Internal Auditors will report to the LCFS systems weaknesses detected in the course of their work that may allow fraud to take place.

#### Towards NHS CFS

20. The LCFS will report all cases to the NHS Counter Fraud Service where the Director of Finance believes fraud or corruption to be present

#### Between XXX NHS Trust & LCFS

21. The LCFS will report to the Director of Finance.

22. The LCFS will undertake proactive work to detect cases of fraud and corruption, particularly where systems weaknesses have been identified. This work will be carried out to complement the detection of potential fraud and corruption by auditors in the course of routine audits.

23. The LCFS will provide a formal written report at least annually on all counter fraud activity undertaken within the Trust.

24. The LCFS will be entitled to attend any Audit Committee meeting and have a right of access to all Audit Committee members and to the Chairman and Chief Executive of the Trust.

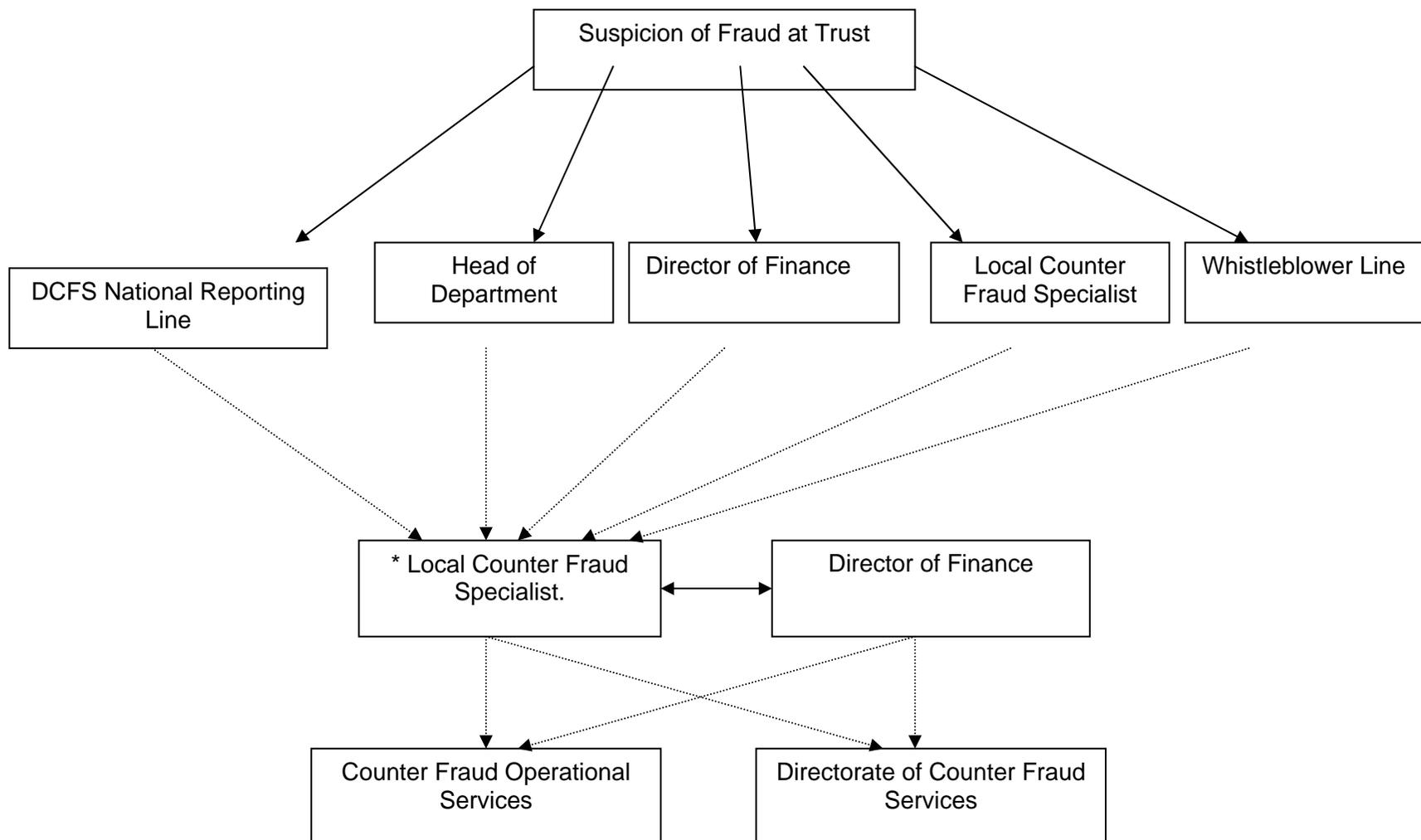
#### **Fraud Response**

25. The nominated LCFS will respond to all matters of fraud, corruption and alleged irregularity in accordance with the Secretary of States Directions and as specified in the NHS Counter Fraud Manual.

## Flowchart for Fraud & Corruption Referrals

### Response Plan for XXX NHS Trust

\* The Local Counter Fraud Specialist will conduct all investigations following guidance from the NHSE Counter Fraud & Corruption Manual (December 2000), and in line with the Secretary of States Directions HSG (96) 12 on fraud and corruption.



## PRIVATE SECTOR

### EXAMPLE ONE

#### Background

1. This organisation has a commitment to high legal, ethical and moral standards. All members of staff are expected to share this commitment. This policy is established to facilitate the development of procedures, which will aid in the investigation of fraud and related offences.
2. The Board already has procedures in place that reduce the likelihood of fraud occurring. These include standing orders, documented procedures and documented systems of internal control and risk assessment. In addition the Board tries to ensure that a risk (and fraud) awareness culture exists in this organisation.
3. This document, together with the Fraud Response Plan and Investigator's guide, is intended to provide direction and help to those officers and directors who find themselves having to deal with suspected cases of theft, fraud or corruption. These documents give a framework for a response and advice and information on various aspects and implications of an investigation. These documents are not intended to provide direction on prevention of fraud.

#### Fraud Policy

4. This policy applies to any irregularity, or suspected irregularity, involving employees as well as consultants, vendors, contractors, and/or any other parties with a business relationship with this organisation. Any investigative activity required will be conducted without regard to any person's relationship to this organisation, position or length of service.

#### Actions Constituting Fraud

5. Fraud comprises both the use of deception to obtain an unjust or illegal financial advantage and intentional misrepresentations affecting the financial statements by one or more individuals among management, staff or third parties. Guidance is contained in the Appendix to this policy.
6. All Managers and Supervisors have a duty to familiarise themselves with the types of improprieties that might be expected to occur within their areas of responsibility and to be alert for any indications or irregularity.

#### The Board's Policy

7. The Board is absolutely committed to maintaining an honest, open and well-intentioned atmosphere within the organisation. It is therefore also committed to the elimination of any fraud within the organisation, and to the rigorous investigation of any such cases.
8. The Board wishes to encourage anyone having reasonable suspicions of fraud to report them. Therefore it is also the Board's policy, which will be rigorously enforced, that no employee will suffer in any way as a result of reporting reasonably held suspicions.

9. All members of staff can therefore be confident that they will not suffer in any way as a result of reporting reasonably held suspicions of fraud. For these purposes reasonably held "suspicions" shall mean any suspicions other than those, which are raised maliciously and found to be groundless. The organisation will deal with all occurrences in accordance with the Public Interest Disclosure Act.

## EXAMPLE TWO

### Policy Statement

1. The organisation requires all staff at all times to act honestly and with integrity and to safeguard the resources for which they are responsible. Fraud is an ever-present threat to these resources and hence must be a concern to all members of staff. The purpose of this statement is to set out your responsibilities with regard to the prevention of fraud.

### What Is Fraud?

2. No precise legal definition of fraud exists; many of the offences referred to as fraud are covered by the Theft Acts of 1968 and 1978 & the Forgery & Counterfeiting Act 1981. The term is used to describe such acts as theft, deception, bribery, forgery, corruption, false accounting and conspiracy to commit these offences. For practical purposes fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.
3. The organisation should be responsible for:
  - Developing and maintaining effective controls to prevent fraud.
  - Carrying out vigorous and prompt investigations if fraud occurs.
  - Taking appropriate legal and/or disciplinary action against perpetrators of fraud.
  - Taking disciplinary action against supervisors where supervisory failures have contributed to the commission of the fraud.
4. Managers should be 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 being complied with.
5. Individual members of staff are responsible for:
  - Acting with propriety in the use of official resources and in the handling and use of corporate funds whether they are involved with cash or payments systems, receipts or dealing with contractors or suppliers
  - Reporting details 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.

## EXAMPLE THREE (Group Policy)

### Policy Statement

1. The group is committed to preventing, detecting and reporting fraud, and in co-operating with other organisations to reduce opportunities for fraud.
2. The Company will manage the fraud risk by:
  - defining, setting and maintaining cost effective control procedures to identify and deter fraud;

- investigating all incidences of actual, attempted or suspected fraud, and all instances of major control breakdown;
- encouraging staff to be vigilant and raising fraud-awareness at all levels;
- ensuring key controls are complied with;
- providing staff with effective confidential reporting mechanisms and encouraging their use;
- taking action against individuals and organisations perpetrating fraud against the group and seeking restitution of any asset fraudulently obtained and the recovery of costs;
- co-operating with the police and other appropriate authorities in the investigation and prosecution of those suspected of fraud.

### **Purpose**

3. To document clearly the Company's attitude to and stance on fraud.
4. To demonstrate to internal and external stakeholders that the group deals with fraud in an appropriate manner.

### **Scope**

5. This policy applies to the Company group, and will be applied globally. It should be read in conjunction with the *Group Security Policy*, the *Group Crisis Management Policy* and the *Group Malpractice Reporting Policy*. XXX fraud is not covered by this policy and the management of XXX fraud is the responsibility of individual business units.
6. The following actions are among those considered to fall within the definition of fraud:
  - theft of company property, including information;
  - forgery or alteration of company documents;
  - wilful destruction or removal of company records;
  - falsification of expense claims;
  - unauthorised disclosure of confidential information to outside parties;
  - misappropriation or use of company assets for personal gain;
  - undertaking or assisting in illegal activity (including money laundering, which is covered by the *Group Anti-Money Laundering Policy*);
  - acceptance of bribes or gifts to favour third parties;
  - unauthorised premium discounting;
  - knowingly generating or paying false claims or invoices.

### **Underlying Philosophy**

7. Fraud risk can best be managed through preventative and detective control measures. The group is committed to the continuous improvement of fraud prevention and detection techniques.
8. Management has a responsibility to ensure adequate anti-fraud measures and controls are present in systems. However, all staff are equally expected to be vigilant and play an active part in anti-fraud activity.
9. The overt investigation of all actual or suspected instances of fraud and the prosecution of offenders provides an effective deterrent. Therefore, all known or suspected incidences of fraud will be thoroughly and impartially investigated.
10. The investigation of fraud involving employees is best conducted independently – ie, outside the control of the line management of the area in which the investigation will take place.

## Corporate Objectives

11. To develop an anti-fraud culture and define management and employee responsibilities in this area.
12. To reduce the opportunity for fraud by introducing preventative and detective measures into systems and processes.
13. To ensure that anti-fraud controls are considered and built into new systems and processes at the design stage.
14. To promote an open and ethical culture within the organisation which deems unethical behaviour unacceptable.
15. To increase the vigilance of management and staff through raising fraud risk awareness.
16. To ensure that the directors of the group meet their statutory responsibilities towards fraud, as per the Companies Act and the Turnbull requirements for corporate governance.
17. To learn from previous incidents and recycle lessons and experiences in fraud prevention and detection globally.
18. To encourage management and staff to report their suspicions while guaranteeing anonymity where requested.
19. To investigate impartially and thoroughly all cases or suspected cases of fraud, to prosecute offenders and, where appropriate, to seek to recover monies and costs through legal means.
20. To co-operate with other organisations, such as other XXX companies and the police, in the industry-wide detection and prevention of fraud.

## Corporate Principles & Practice

### Fraud Prevention and Detection

21. The group's *Standards of Business Conduct* will define the boundaries for acceptable conduct.
22. HR policies include reference to recruitment and screening of new staff, an effective appraisal system and exit interviews.
23. Fraud risk will be assessed regularly as part of the business's risk management process, and at the design stage of new systems and processes. Cost-effective controls will be introduced where appropriate.
24. Fraud risk awareness training will be undertaken with staff in high-risk functions on a regular basis.
25. Regular assurance will be completed on key controls to ensure their effective mitigation of the fraud risk.
26. Data mining and data analysis will be used to proactively manage the fraud risk and identify actual and potential problems.
27. Fraud contingency plans will be developed to ensure appropriate and timely action is taken if fraud is suspected or uncovered.

### Fraud Investigation

28. Where reasonable suspicion that fraud against the Company has taken place, the Company is entitled to investigate the matter thoroughly using recognised and legitimate investigative techniques.
29. All investigations will be carried out objectively and confidentially, and independently of the line management for the area in which the fraud has occurred or is suspected.
30. In the normal course of events we would look to hand over the investigation to the police, or other authorities, as soon as practical.
31. In certain cases, third-party investigators may be employed by the director of fraud & investigations and director of group security in order to gather sufficient evidence to hand the case over to the proper authorities. Responsibility for the management of third parties rests with the director of fraud & investigations and director of group security. For non-UK business units, the head of the business unit may appoint a third-party investigator. Responsibility for the management of third parties in these cases rests with the BU head, who must take steps to ensure the investigation is conducted in an appropriate manner.
32. Will be subject to the investigations guidelines attached as *Appendix 1* to this policy.
33. The director of fraud & investigations and director of security are authorised to enter any group premises, be given access to any information requested, and have access to all staff (with reasonable notice).
34. The rights of individuals will be respected at all times.
35. Where members of staff are involved in a fraud against the group, whether actual or attempted, they will be subject to the group's disciplinary procedures, which may result in dismissal from the group.
36. The Company will seek to prosecute anyone who commits fraud and will seek to recover its assets through legal means.
37. The code of conduct adhered to by all investigators will include considerations of all relating legislation (eg Police and Criminal Evidence Act, Data Protection Act, Public Interest Disclosure Act, European Convention on Human Rights etc in the UK and relevant local legislation overseas) and group HR policies.
38. Lessons learnt will be shared across the group as soon as possible after an investigation is concluded.

### External Reporting

39. It is the policy of the Company to report all known criminal activity to the police for investigation by them. The timing of police involvement will be at the discretion of the director of fraud & investigations, in conjunction with the appropriate line and group directors.
40. Similarly, the Company will report other breaches discovered in the course of investigations to the relevant authorities, including HM Customs & Excise, Inland Revenue, FSA, and the appropriate authorities overseas. The timing of such involvement will be at the discretion of the director of fraud and investigations, in conjunction with the appropriate line and group directors.

## Responsibilities

41. Group Business Risk is responsible for:
- Maintenance of this policy and the Policy for *Malpractice Reporting*.
  - Development of a group fraud centre of excellence and group-wide fraud contingency plans.
  - Provision of fraud and investigation services to UK business units, including policy development, contingency planning, and staff awareness training.
  - Liaison with business unit fraud and security units, and other group functions, as appropriate.
  - Investigation into all known or suspected instances of fraud by an employee in the UK.
  - Assisting business units with the implementation of this policy, and regular reporting on the effectiveness of the policy globally.
  - Global sharing of best practice and provision of fraud and investigation services to them on request.
  - Regular reporting on the fraud risk globally.
  - Management of any third parties employed and ensuring their adherence to this policy.
42. Business Units are responsible for:
- Ensuring compliance with this policy throughout their operations. To this end a senior manager should be appointed with specific responsibility for its implementation and monitoring. In particular, business units must ensure that any third parties employed by them to investigate actual or suspected frauds comply with this policy and local laws and regulations.
  - Considering their exposure to fraud risk and introducing preventative controls into new and existing systems and processes.
  - Encouraging an open and ethical culture amongst staff and management.
  - Developing pro-active methods of fraud detection, such as data mining and analysis.
  - Reporting all suspected cases of fraud or theft by an employee to the director of fraud & investigations. For non-UK business units, this applies to cases where the employee is a senior manager or where the sums or assets involved may exceed £25,000. In all cases, where the sums or assets may exceed £500,000, the director of group security should also be advised.
  - Allocating sufficient and appropriate resources to implement this policy effectively.
  - Implementing initiatives that enhance fraud risk management effectiveness, including procedures that enable employees to inform management of suspected fraud, theft and wrongdoing.
43. Staff are responsible for reporting known or suspected fraud, or instances of unethical or illegal behaviour within the company, as per the Group *Malpractice Reporting Policy*.

## EXAMPLE FOUR (Group Policy)

### Policy Statement

1. The Company values its reputation for financial probity and reliability. It recognises that over and above any financial damage suffered, fraud may reflect adversely on its image and reputation. Its aim therefore is to limit its exposure to fraud by:-
  - Instituting and maintaining cost effective measures and procedures to deter fraud.
  - Taking firm and vigorous action against any individual or group perpetrating fraud against the Group, its shareholders or its customers.
  - Encouraging its employees to be vigilant and to report any suspicion of fraud, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately.
  - Rigorously investigating instances of alleged fraud and pursuing perpetrators to seek restitution of any assets fraudulently obtained and the recovery of costs.
  - Assisting the police and other appropriate authorities in the investigation and prosecution of those suspected of fraud.
  
2. The prevention and reporting of fraud is now the contractual responsibility of all employees throughout the Group and the failure to report suspicions and concerns may result in disciplinary action being taken.

## THIRD (VOLUNTARY) SECTOR

### EXAMPLE ONE

#### Introduction

1. The purpose of this statement is to give the XXX's policy on fraud and set out our responsibilities for its prevention. It also refers you to the Fraud Response Plan, which outlines the action to be taken if you discover or suspect fraud.
2. The XXX requires staff at all times to act honestly and with integrity and to safeguard the resources for which they are responsible. Fraud is an ever-present threat to these resources and hence must be a concern of all members of staff.

#### What is Fraud?

3. The term fraud is used to describe a whole range of activities such as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. Generally, however, fraud involves the intention to deceive a person or organisation in order to obtain an advantage, avoid an obligation or cause loss.
4. The term also includes the use of information technology equipment to manipulate programs or data dishonestly, the theft of IT equipment and software, and the intentional misuse of computer time and resources.

#### The XXX's Attitude to Fraud

5. The XXXX takes the most serious view of any attempt to commit fraud by members of staff, contractors, their employees and agents acting on behalf of the XXX, and others. Staff involved in impropriety of any kind will be subject to disciplinary action, including prosecution, if appropriate. The XXX treats attempted fraud as seriously as accomplished fraud.

#### Responsibilities

6. The XXX is responsible to the Trustees for:
  - developing and maintaining effective controls to help prevent or detect fraud;
  - carrying out vigorous and prompt investigations if fraud occurs;
  - taking appropriate disciplinary and/or legal action against perpetrators of fraud;
  - taking disciplinary action against managers where their failures have contributed to the commission of the fraud.

#### Staff Responsibilities

7. Line managers are responsible for the prevention and detection of fraud by ensuring that an adequate system of internal control exists within their areas of responsibility, and these controls operate effectively.

8. As a result there is a need for all managers to:
  - identify and assess the risks involved in the operations for which they are responsible;
  - develop and maintain effective controls to prevent and detect fraud;
  - ensure compliance with controls; and
  - ensure that agreed procedures are followed.
  
9. Every member of staff:
  - has a duty to ensure that public funds, the XXX reputation and its assets are safeguarded;
  - should alert their line manager where they believe the opportunity for fraud exists because of poor procedures or lack of effective supervision;
  - has a responsibility to report details of (a) any suspected or actual fraud, or (b) any suspicious acts or events, to their line manager, head of department or the Head of Audit. Alternatively, you could use the XXX's whistleblowing service which can be accessed 24 hours a day by calling XXX – please see the XXX section of the Intranet; and
  - assist in any investigations by making available all relevant information and by co-operating in interviews.
  
10. Internal Audit:
  - should be contacted if fraud is suspected or discovered,
  - is responsible for investigating actual or suspected fraud,
  - will complete a review of control systems once their investigation has been completed, and
  - is available to offer advice and assistance on risk and control issues.

### **Fraud Response Plan**

11. The XXX has prepared a fraud response plan which can act as a checklist of actions and a guide to follow in the event of fraud being suspected. It covers issues such as:
  - actions to be taken in the first 48 hours,
  - who to report to,
  - how to secure the evidence,
  - how to prevent losses,
  - who within the XXX will notify the Police and investigate fraud, and
  - who has responsibility for notifying stakeholders and dealing with external enquiries.
  
12. A copy of the Fraud Response Plan can be found in the Staff Handbook on the Intranet, or obtained from the Head of Audit.