



**ANTI-FRAUD, THEFT AND FINANCIAL IRREGULARITY POLICY  
(FINANCIAL PROBITY POLICY)**

**Version 2.1**

**Category: Corporate**

**Latest Review Date: February 2017**

**Review Frequency: 3 years**

**Owner: Finance Director**

**Contributors: Head of Finance, Company Secretary, Customer  
Services Manager, Head of HR Services**

## **POLICY**

### **1. Policy Goal**

To minimise the likelihood and extent of loss resulting from fraud, theft and other types of financial irregularity thereby maximising our financial resources to help us to deliver our strategic objectives.

### **2. Business Objectives**

To support a culture where staff act honestly and with integrity at all times to safeguard the resources of both the ExtraCare Charitable Trust's (ECCT) and its residents'. To ensure that all parties understand that, regardless of scale, fraudulent conduct, theft and financial impropriety will not be tolerated by ECCT.

To uphold the reputation of ECCT and maintain public confidence in its integrity.

To ensure compliance with regulatory frameworks by ensuring that any incidents are reported to the appropriate authorities.

To increase awareness of the counter-fraud responsibilities at all levels within ECCT.

### **3. Organisational Statement**

As a registered charity which receives public and charitable funds to provide care, housing, housing related support and associated services for older people together with being a responsible service provider and employer, ECCT is committed to maintaining an ethical culture which does not and will not tolerate any form of fraud, theft or financial impropriety including those directed at our residents.

Any such issues will be thoroughly investigated and, if confirmed, dealt with rapidly in the strongest possible way. We will seek the strongest possible sanctions against those who seek to defraud ECCT or our residents. This

includes taking appropriate action against those involved which may include criminal or civil action.

#### **4. Outcomes**

All Trustees, subsidiary company directors, staff (including shops staff) and volunteers are aware of and understand this policy, understand what type of misconduct is covered by the policy and understand their own responsibilities for preventing fraud, theft or financial irregularity and for reporting any suspicions.

Reported issues are investigated and dealt with fairly, consistently and without delay in accordance with the policy.

An Anti-Fraud, Theft and Financial Irregularity Strategy is developed and maintained, which identifies measures to prevent and deter fraud, theft and financial irregularity.

A central fraud/theft/financial irregularity log is maintained and incidents are escalated appropriately through ECCT and reported in accordance with internal governance procedures and external regulatory requirements.

Risks, weaknesses and lessons learned are identified following any investigation with remedial action taken to reduce risk of recurrence.

#### **5. Application**

This policy applies to all Trustees, subsidiary company directors, staff and volunteers who must be aware of, understand and adhere to this policy.

The Finance Director is responsible for the implementation of this policy.

Roles and responsibilities are defined in Appendix 2.

#### **6. Reason for the Policy**

To ensure that ECCT is not exposed to any unnecessary risks that may compromise its ability to finance the business and to safeguard its reputation.

To ensure that anti-fraud and theft measures and financial probity are embedded and managed as part of ECCT's wider internal control and risk management framework and everyone understands their role and

responsibilities. To ensure that regulatory requirements are understood and met.

## 7. What is new / What is different

This is an updated policy and has been extended to include theft and other financial irregularities with reporting processes clarified.

## 8. How to measure success

Risk of fraud, theft and financial irregularities is well controlled and that there are minimal instances. Both internal and external audit do not raise any concerns around fraud and theft risk. Lessons are learned from investigations undertaken. Awareness of staff responsibilities with regards to risk of fraud, theft or financial irregularity is present and intolerance to this is embedded within ECCT culture.

## 9. Reference to relevant documents

<b>Regulation / Guidance</b>	<b>In House Documents</b>
Homes and Communities Agency Regulatory Framework for Social Housing in England from April 2012 (as amended from April 2015)	Whistleblowing Policy Financial Regulations Disciplinary Policy
Bribery Act 2010	Grievance Policy
Fraud Act 2006	Complaints Management Policy
Money Laundering Regulations 2007	Anti-Money Laundering Policy
The Public Interest Disclosure Act 1998	Anti-Bribery Policy
Theft Act 1968	Staff Handbook
Charity Fraud. A guide for the trustees and managers of charities	Recruitment & Selection procedures Gifts and Hospitality Policy
Reporting Serious Incidents – guidance for trustees	Conflicts of Interest Policy
Proceeds of Crime Act 2002	Safeguarding Adults and Children at Risk Policy.

**10. Approval date** – February 2017

**11. Next review date** – February 2020

**APPENDIX 1****Definitions of Fraud, Theft & Financial Irregularity****Definition of Fraud**

The Serious Fraud Office (SFO) defines fraud (which is a criminal activity) as “abuse of position, or false representation, or prejudicing someone’s rights for personal gain”. This is not always a financial gain. It is an act of deception that is intended for either personal gain or to cause a loss to another party.

HM Treasury includes the following in their definition of fraud: theft, false accounting, bribery and corruption, deception and collusion.

The Audit Commission define it as “An intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss.”

The most recent piece of fraud related legislation in the UK is the Fraud Act 2006, in addition to the existing common law offence of conspiracy to defraud, the Fraud Act 2006 provides for a general offence of fraud with three ways of committing it. These are:

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

Computer fraud is where IT equipment has been used to manipulate programs or data dishonestly (for example, by altering, substituting or destroying records, or creating spurious records), or where the use of an IT system was a material factor in the perpetration of fraud. Theft or fraudulent use of computer time and resources is included in this definition.

All references to fraud within this document include any type of fraud-related offence.

**Examples**

Claiming for hours not worked	Inflating/falsifying mileage or travel claims
Abuse of flexi-time system	Working elsewhere whilst off sick from ECCT
Suppliers submitting invoices for goods/services not received.	Falsifying qualifications on job applications.

**Definition of Theft**

The Theft Act 1968 states “A person shall be guilty of theft if he/she dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it”.

It is immaterial whether the appropriation is made with a view to gain, or is made for the thief’s own benefit.

Simply put, theft occurs when someone takes / uses the property of another, effectively taking on the rights of ownership, knowing that they have no right to do so, and notwithstanding that they are willing to pay for the property.

Although a dishonest or fraudulent act may have criminal and/or civil law consequences, ECCT is not required to use a determination by a criminal or civil body as the basis for determining whether an act is dishonest or fraudulent, nor must the act rise to the level of a crime or violation of civil law in order to constitute a violation of ECCT's policies.

A dishonest act or fraudulent activity may be, but is not limited to, an act or activity that is unethical, improper, or illegal such as:

- theft of an asset including, but not limited to, money, tangible property, intellectual property etc;
- misappropriation, misapplication, destruction, removal, or concealment of property;
- false claims and/or misrepresentation of facts;
- alteration or falsification of paper or electronic documents, including the inappropriate destruction of paper or electronic documents;
- inappropriate use of computer systems including hacking and software piracy;
- embezzlement;
- bribery, or corruption of any kind;
- unlawful or undeclared conflict of interest;
- unauthorised use or misuse of ECCT or residents' property, equipment, materials or records;

## APPENDIX 2

### Roles and Responsibilities

Roles and responsibilities for identifying and mitigating against the risk of fraud must be clearly understood and embraced effectively.

The Finance Director has overall accountability for managing the risk of fraud, theft and financial irregularities and will take every action necessary to protect resident and charity property within ECCT's control.

The Finance Director will:-

- Promote a culture of honesty and openness throughout the organisation.
- Ensure the risk of fraud, theft and financial irregularities is considered in ECCT's corporate risk management arrangements.
- Ensure that effective controls are developed and maintained to prevent and detect fraud and theft.
- Ensure those engaged in countering fraud, theft and financial irregularities have the appropriate authority, skills and knowledge to undertake this work effectively.
- Ensure that findings from fraud, theft and financial irregularity investigations lead to relevant system changes.

### Managers' Responsibilities

The day to day responsibility for the promotion of a culture of honesty and openness throughout ECCT and for the prevention and detection of fraud, theft and financial irregularities rests with line managers who are responsible for:

- Identifying the risks to which systems, operations and procedures are exposed.
- Ensuring their location / departmental risk register accurately reflects the risk of fraud, theft and financial irregularity including any emerging risks.
- Controls, including those in a computerised environment and for new systems and procedures, are effective and are properly maintained and documented.
- Ensuring there is full compliance with the Financial Regulations and associated policies and work instructions.
- Ensuring that the necessary controls to counter fraud, theft and financial irregularities are in place where the Charity is working with other organisations.

Advice and assistance on control issues is available from the Finance Department and managers are encouraged to make use of this service by contacting the Head of Finance.

### **Staff Responsibilities**

All staff, including managers, are responsible for:

- Acting with propriety in the use of the organisation's resources and in the handling and use of funds whether they are involved with cash or payment systems, receipts or dealing with contractors, suppliers or residents;
- Following all policies, procedures, work instructions and other control measures to safeguard residents' and the Charity's assets and protect staff from suspicion.
- Reporting any weaknesses in controls, or where policies, procedures and work instructions are not being followed by others.
- Reporting details **immediately** if they suspect or believe that there is evidence of irregular or improper behaviour or that a fraud or theft may have been committed (refer to Whistleblowing Policy).