Policy Name	Anti-Fraud Policy
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ANTI-FRAUD POLICY

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Version Control

Version	Date	Description	Updated By	Approved By
3.0	October 18	Move to new policy format. Update of content.	Angela Carpenter	ELT – October 2018
				A&A – November 2018

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1. Policy Purpose & Aim

This document sets out the Anti-Fraud Policy for ExtraCare (ECCT) and its subsidiaries. This policy is also to be adopted in the event of any theft or other financial irregularity where the event is not covered by the provisions of an existing policy. ECCT adopts a zero tolerance approach to fraud and theft. This policy explains how concerns can be reported and how these will be escalated and what action will be taken.

2. Objectives

The objectives of this policy are to:

- Create the right **culture** where fraud and theft are not tolerated, are reported and staff/volunteers are mindful of risks;
- **Deter** the occurrence of fraud and theft;
- **Prevent** fraud, theft and irregularity where this cannot be deterred;
- Promptly **detect** fraud and theft were this has not been prevented;
- **Investigate** detected fraud/theft (where appropriate);
- Take **sanction**, including criminal and legal action where necessary; and
- Seek **redress** for any money defrauded from ECCT.

3. Scope of Policy

This policy applies to fraud but also any theft or other irregularity: this may be confirmed, suspected and/or alleged. The policy is to be used whether or not ECCT suffers the loss (e.g. if there is a theft from a resident this policy will be adopted). The policy applies to ECCT and its subsidiaries and to all staff (including temporary staff), contractors, and volunteers. As a corporate policy all staff will be notified of the policy update.

4. Responsibilities

Audit & Assurance Committee	• Keep the policy under review. • Receive reports on suspected or actual cases.
ELT	• Promote a culture of honesty and openness– supporting our ECCT value of Transparency.
Executive Director	• Overall accountability for managing the risk of fraud and will take every action necessary to protect ECCT.

Corporate Resources	• Determine where investigations will be held and who the Lead Investigation Officer will be.
	• Ensure that:
	  – A procedure is in place to enable reporting of concerns related to fraud, theft or any other irregularity;
	  – A culture of honesty and openness is promoted throughout ECCT;
	  – Risk of fraud, theft and financial irregularities is considered;
	  – Effective controls are developed and maintained to prevent and detect fraud and theft;
	  – Those engaged in countering fraud have the appropriate authority, skills and knowledge to undertake this work effectively; and
	  – Findings from fraud, theft and financial irregularity investigations lead to relevant system changes.

Company Secretary	• Report to the Board, external bodies and regulators (as required).
Head of Finance	• Review and update the policy.
Financial Controller	• Act as the nominated Finance team operational lead for fraud/theft/irregularity. • Oversee and update the Fraud Log. • Notify Head of Finance and EDCR of any reported incidents including proposed action (e.g. investigations). • Consider fraud risks as part of the financial control framework.
Finance and Income Management Teams	• Perform an oversight role (2nd line of defence) to identify fraud risk across ECCT (and the subsidiary) e.g. reporting any non-compliance with controls which give rise to fraud risk. • Remain vigilant.

All Managers	• Ensure staff are aware of this policy.
	• Promote of a culture of honesty and openness.
	• Be mindful of fraud and theft risk as part of day to day activities.
	• Prevent and detect of incidents via:
	  – Ensuring compliance with wider policies and Financial Regulations; and
	  – Ensuring that controls are in place and adhered to in day to day activities.
	• Report any concerns.

All staff/ volunteers	• Undertake e-learning Fraud training; • Follow and comply with ECCT policies and Financial Regulations; • Adhere to day to day controls; • Be mindful and vigilant for fraud or theft risk; and • Report any concerns.

5. Monitoring & Review

This policy will be subject to a full review at least every 3 years.

6. Risk Management

Fraud or theft can affect both our finances and our reputation and, depending upon value, may require reporting to our regulators. We recognise that some criminals may target the charity sector as it is seen to be more trusting and therefore the sector may be more prone to fraud. Furthermore, the nature of our development expenditure (which can be high value) present heightens the impact of any payment diversion fraud. Some example risks and controls to manage these are as follows (this list is not exhaustive):

Example	Controls
Appointing unsuitable staff e.g. false qualifications	• Recruitment & Selection processes including references, interviews, and DBS checks. • HR team support.
False or inflated expenses claims	• Matrix in place of standard claimable distances between locations (e.g. Binley to Lark Hill). • Check and approval required from line manager.
Payment for goods not received or overcharging	• Purchase Orders (POs) required to be raised in advance stating the price. • Goods receipting of POs occurs only when goods are delivered.
Payment diversion (change of bank details)	Suppliers: • Masterfile changes made by Procurement team (outside of Finance for separation of duties) following validation of amendment requests prior to processing. Staff: • Bank account changes made by employee under self-service.
Overcharging or not providing correct change when making a purchase	• Use of electronic payments and reducing cash handling. • Providing receipts.

7. Statement of Commitment

As a responsible employer, registered charity, and registered provider, ECCT is committed to maintaining an ethical culture which does not and will not tolerate any form of fraud or theft.

Incidents will be reviewed, may be investigated, and may also be reported to the police. If criminal action is not taken ECCT may pursue civil action. Reporting incidents and concerns supports our ECCT value of Transparency.

8. Definition of Fraud

Fraud is **wrongful or criminal deception intended to result in financial or personal gain**. The Fraud Act (2006) provides three types of fraud, these are:

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

Fraud is a criminal offence and can result in imprisonment.

Examples of fraud risks:

Suppliers submitting invoices for goods/ services not received.	Inflating/falsifying mileage or travel claims.
Phishing emails from third parties e.g. pretending to be members of staff to obtain information under false pretences.	Working elsewhere whilst off sick from ECCT.

9. Definition of Theft

Theft is **dishonestly taking property belonging to another** with the intention of permanently depriving the other of it.

Examples of theft:

Theft of property from a resident.	Ordering goods via ECCT for personal use.
Doing shopping for a resident and keeping any buy one get one free extras.	Making personal purchases via Purchasing Cards.

10. Reporting Concerns

Any concern should be reported as soon as a suspicion arises via a confidential **Referral Form** to the Head of Finance. A supporting **Work Instruction** is in place. The Referral Form should be completed by the staff member/volunteer who has the concern. The Referral Form should be completed in full with as much information as possible. If an issue is raised to a

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manager, the manager will request that a Referral Form is completed or if necessary complete the form themselves.

All staff and managers should keep the matter confidential. Staff should not try to carry out any investigation themselves: this may impair evidence or draw attention to the issue which may result in loss or destruction of evidence.

All staff should be assured that there will be no recriminations against staff who report reasonably held suspicions. Victimising or deterring staff from reporting their concerns will be considered a disciplinary matter. Further, any abuse of the reporting process (e.g. malicious allegations) could also be considered a disciplinary matter.

There are some instances where the provisions of the **Whistleblowing Policy** apply and staff/volunteers are able to report relevant concerns without fear of reprisal or victimisation under this policy.

11. Internal Escalation and Notification

Any incident of £10,000 or more will be reported to the Company Secretary by the ECDR or Head of Finance (or Financial Controller): this is to allow Board notification. All incidents are reported to Audit & Assurance Committee as part of routine quarterly reporting.

Where incidents meet the definition of a whistleblow (and the **Whistleblowing Policy** applies) concerns are required to be reported to HR in the first instance. The Head of People will report any whistleblowing fraud allegations to the ECDR as soon as the report is received in order to review, consider and determine internal and external reporting and escalation requirements. In the event that an allegation involves the ECDR the Head of People will report the allegation to alternative members of the Executive Team. In exceptional circumstances (e.g. where an allegation relates to the entire Executive Team), the Head of People will report the allegation to the Senior Independent Director (a member of the Board of Trustees).

12. External Reporting

12.1   Reporting to the Police and National Crime Agency (NCA)

Some frauds or thefts will lend themselves to automatic reporting to the police (such as theft by a third party). A decision to report an incident to the police or NCA should normally be made by the EDCR who will also decide who will make the report (e.g. the Lead Investigating Officer) - this decision may be made at the outset once a referral is received or during the course of an investigation. If the police or NCA are notified before the report to the EDCR, this

should be included in the **Referral Form**. All staff are to co-operate fully with any police enquiries. This is a totally separate investigation to any internal investigation or disciplinary process that ECCT may undertake. ECCT will share information with the Police but may also continue their own investigation independent of the Police enquiry (unless otherwise instructed by the police).

12.2   Reporting to Regulators

Responsibility for reporting any incidents or losses to the Charities Commission and Regulator of Social Housing is that of the Company Secretary.

12.3   Reporting to CQC/Safeguarding

For incidents relating to residents the notification requirements as outlined the **Safeguarding Policy** shall be adopted. Reporting is the responsibility of local operational management.

12.4   Reporting to Insurers

Some losses may be covered by ECCT insurance policies. Responsibility for reporting any incidents or losses to the insurers is that of the Company Secretary (or their delegate). There is a responsibility upon ECCT to report any incidents that may affect the insurers assessment of risk – as such there may be a need to report an incident even if a claim is not to be made. The Company Secretary (or their delegate) will liaise with the insurance broker in the first instance.

12.5   Reporting to Bankers

Some incidents may be required to be notified to ECCT banks/funders. Responsibility for reporting any incidents or losses to banks is that of the ECDR.

12.6   Reporting to Auditors

External and Internal Audit will be notified of all reported incidents via quarterly reports to the Audit & Assurance Committee. In the event of a major fraud or theft a notification may be made in between meetings: this decision rests with the EDCR.

13. Recording Referrals

The Head of Finance (or Financial Controller as nominated operational lead) will record all referrals in the **Fraud Log.** All referrals received will be notified to the EDCR. Each referral will be allocated a reference number with this number also notified to the individual making the referral as acknowledgement of receipt.

14. Investigations

Any decision to conduct a formal investigation will be made by the EDCR. In most instances a local investigation by operational management will be sufficient. Some investigations may warrant specialist input from IT or Finance team members and even external specialists (such as Internal Audit).

If it is inappropriate (due to their potential involvement) for the EDCR Director to decide whether an investigation should occur, the matter should be referred to the Chief Executive for a decision. In the event that both the Chief Executive and the ECDR are potentially involved another member of the Executive or Company Secretary, will refer the matter to the Chair of Audit and Chair of Trustees.

The ECDR will appoint a Lead Investigating Officer and may appoint a full Response Team. Guidance is included within the **Fraud Response Plan**. The Lead Investigating Officer is responsible for fact finding, collating and reviewing evidence, and making recommendations.

Any decision to suspend an employee against whom an allegation has been made should be made in consultation with HR.

15. Sanction & Redress

Where ECCT identifies fraud, theft or other financial impropriety then it will recover, prosecute or apply other sanctions to perpetrators, where appropriate.

If fraud, theft or other financial impropriety by employees is indicated, then action will be taken in accordance with ECCT's **Disciplinary Policy**. This may be in addition to any civil recovery action or sanctions.

ECCT aims to be effective in recovering any losses incurred to fraud or theft using, as appropriate, criminal and/or civil law. Wherever possible, redress should be applied. This ensures that ECCT is seen as recovering money lost to fraud and theft.

16. Reporting

All referrals will be reported to the Audit & Assurance Committee as part of routine quarterly updates.

Where a full investigation is held, an **Investigation Closure Report** will be completed by the Lead Investigating Officer including recommendations for further action. A template **Investigation Closure Report** format and supporting **Work Instructions** for Investigations and Reporting are available.

This report format will also be used for smaller, local investigations where a full investigation may not have been undertaken but where recommendations arise: this is to ensure consistency in reporting. The report will include:

- Background as to how the investigation arose;
- The action taken in response to the allegations;
- The conduct of the investigation;
- The facts that came to light and any supporting evidence; and
- Any recommendations made.

It may be that the investigation warrants the need for disciplinary action to be taken. The Lead Investigating Officer will not be responsible for undertaking any disciplinary proceedings. A different manager will be appointed for any disciplinary activity and the ECCT **Disciplinary Policy** followed with support from the HR team.

17. Follow Up of Recommendations

The **Investigation Closure Report** template contains an action plan which is designed to ensure control improvements are made, risks are reduced or managed, and that lessons are learnt.

Any actions resulting from investigations will be recorded on the **Fraud Action Tracker** by the Head of Finance (or Financial Controller as nominated operational lead). Updates against actions will be monitored by the Head of Finance (or Financial Controller as nominated operational lead) to ensure that actions have been completed. The Executive Leadership Team and Audit & Assurance Committee will be notified when actions are not implemented or are deferred.

18. Other Relevant ECCT Policies & Documents

General	• Risk Management Strategy & Policy • Anti-Money Laundering Policy • Financial Regulations • Gifts & Hospitality Policy • Conflicts of Interest Policy

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	- Disciplinary Policy - Whistleblowing Policy - Data Protection Policy - Incident Reporting Framework - Code of Conduct / ExtraSpecial Conduct - Cash Handling Policy - Trustee Code of Conduct - Charity Commission – Reporting Serious Incidents
Records & Checks	- Fraud Response Plan (Version 2) - Fraud Reporting Log - Fraud Action Tracker - Referral form – template - Investigation Closure Report – template - Employment contracts - Staff Handbook - Recruitment & selection procedures - Purchasing Card statements - Disciplinary Procedures - Gifts & Hospitality Registers - Register of Interests - Internal Audit reports - Accounting procedures and records - Supplier Set Up Procedure
Work Instructions	1. Raising a Concern 2. Investigations 3. Reporting

19. Relevant Legislative & Regulatory Requirements

Legislation	Regulation	Guidance
Fraud Act 2006		Reporting Serious Incidents – guidance for Trustees
Charities Act 2011 (Section 124)	RoSH Governance & Financial Viability Standard	
Money Laundering Regulations 2007	Charity Commission Guidance (CC14) – Charities and Investment Matters: A Guide for Trustees	