



## ANTI-FRAUD POLICY

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As a UK registered charity we undertake to comply with UK law relevant to countering fraud including Company Law, Charity Law, the Fraud Act 2006 and the Bribery Act 2010.

1. The purpose of this statement is to give the Architects Benevolent Society's policy on fraud and set out our responsibilities for its prevention.

### What is fraud?

2. Fraud covers a range of activities including deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, false accounting, concealment of material facts and collusion. It 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.
3. In essence fraud involves the intention to act dishonestly in order to:
  - gain a personal advantage, financial or otherwise, for the perpetrator and/or those connected to him/her, or
  - cause loss, or risk of loss to the Architects Benevolent Society
4. Fraud can be perpetrated by employees, officers, trustees, directors, volunteers and any others acting on behalf of the charity, including agents and contractors.

### Who is covered by this policy?

5. This policy applies to the trustees, employees, volunteers and all other individuals working within or on behalf of the Architects Benevolent Society. The Architects Benevolent Society is also required to take appropriate steps to establish that any other parties with whom the Architects Benevolent Society works comply with anti-fraud regulations in line with the terms of this stated policy.
6. In compliance with this policy the Architects Benevolent Society requires all connected individuals at all times to act honestly and with integrity and to safeguard the resources for which they are responsible. The threat of fraud must be a concern to all members of staff as well as Council.

## **Who is responsible for this policy?**

7. Council has responsibility for ensuring that this anti-fraud policy is appropriate and adequate in minimising the risk of fraud and that they lead by example in establishing a culture of abhorrence of fraud in any form throughout the organisation.
8. The Chief Executive has day-to-day responsibility for implementing this policy and monitoring its effectiveness.
9. Employees are responsible for adhering to the terms of this policy and for reporting suspected instances of non-compliance with it.

## **Prevention of fraud**

10. The Society undertakes to establish procedures that deny the opportunity for fraud to take place. These will include: proper leadership; robust internal financial and operating control systems; sound internal and external audit reviews; appropriate trustee/employee/volunteer and contractor screening and vetting procedures.
11. The Society will undertake to carry out thorough and prompt investigation of suspected fraud and to take disciplinary or other appropriate action against the perpetrators of fraud or attempted fraud.
12. Individuals working within the Architects Benevolent Society are required to:
  - identify and assess the risks of fraud involved in the operations for which they are responsible;
  - alert the Chief Executive or, where this may not be appropriate, the Chair and/or the Hon Secretary where they believe that the anti-fraud policy is at risk whether through poor procedures or lack of adherence to the principles of this policy;
  - report details of any suspected or actual fraud to the Chief Executive or, where this may not be appropriate, the Chair and/or the Hon Secretary in the first instance. Consideration of when it may be appropriate to report under the Architects Benevolent Society Whistleblowing Policy and to whom it is reported is outlined in that policy.
13. Employees who breach this anti-fraud policy will be subject to disciplinary action, which may result in dismissal.

## **Monitoring and review**

14. Council will monitor the effectiveness of the policy, its suitability and proper implementation at least annually. The Chief Executive will undertake regular checks of control systems and procedures undertaken, utilising internal audit as appropriate, to obtain assurance that they are appropriate and adequate in minimising the risk of fraud.

## **APPENDIX A - Potential Indicators of Fraud**

The list below details possible early warning signs/indicators of fraud.

Where any employee, trustee, volunteer or any other person acting on behalf of the Architects Benevolent Society identifies any suspect activity such as those listed below, they should report it to the appropriate person, as detailed in the Fraud Response Plan at Appendix B

### **Employment related indicators:**

- Certain employees regularly working longer hours than others, or not taking their given quota of annual leave
- Employees with a sudden and unexpected improvement in lifestyle or personal spending habits
- Employees who appear constantly stressed or who become aggressive or defensive when questioned about their work
- Employees who are unable to provide information or answers requested, including failing to support expense claims with valid vouchers
- Employees who look to delay internal audit or other similar inspections
- Rapid staff turnover for no apparent reason
- Employees or trustees who have failed to declare connected business interests
- Employees or trustees who have provided inaccurate information on their CVs

### **Financial and operational indicators:**

- Un-reconciled account balances (such as bank, supplier and customer control account reconciliations) or unexplained differences linked to cash activity
- Receiving a letter/email/phone call claiming that supplier payment details have changed
- Receiving an email appearing to be from another member of staff/trustee that does not comply with the approved methods for creating/approving/making payments
- Changes in costs or revenues that are out of line with budgets and expected margins
- Unusual or unexplained transactions linked to journal entry postings or inter-company account transfers
- Higher than expected refunds or credits against customer/supplier accounts
- Higher than expected losses on cash or on inventories
- Financial records that contain many copies rather than original documents or where documents appear to have been altered

- Payee names appearing regularly that are not known suppliers
- Missing financial records, cheque books/cheques or pre-signed cheques
- Use of persons/companies connected to staff or trustees to deliver services or receiving regular payment
- Asset register that doesn't match to physical assets held
- Over reliance on one individual to manage financial transactions (i.e. lack of adequate segregation of duties over receipt and banking of funds/authorisation of and payment for purchases)
- Excessive customer/supplier complaints
- Lack of control over delegated procedures and reporting mechanisms for review of work done, or controls not operating as expected
- Lack of adequate internal control checks commensurate with the size and complexity of the organisation

## **APPENDIX B - Fraud Response Plan**

The purpose of the Fraud Response Plan is to outline the procedures to be undertaken in the event of a suspected or actual fraud taking place. It defines the roles of those involved and confirms the lines of communication and reporting of fraud and will help to ensure that the Architects Benevolent Society is well prepared to deal with fraud in an effective and efficient manner.

### **Immediate action to be taken**

1. In the event of a suspected or actual incidence of fraud the person who has identified this should report this to the Chief Executive or, where this may not be appropriate, the Chair and/or the Hon Secretary.
2. The Chief Executive will notify the Chair and the Hon. Secretary, who will in turn notify Council.
3. The Executive Committee will convene, if necessary by teleconference or other similar means, in order to determine:
  - the action to be taken to minimise any immediate or further loss to the Society, who will implement these and by when.
  - the Agencies to be communicated with first, where appropriate.
  - the steps to be taken to investigate the fraud, including the need to call external expertise such as from forensic accountants, internal auditors, HR support and legal advice.
  - whether the Society's own investigations must await the outcome of any police investigation.
4. Where a member of the Executive Committee is themselves implicated in the fraud, care must be taken to ensure they are excluded from these discussions and, if appropriate, that another person is appointed in their place.
5. Ensure all relevant security passes, keys and charity assets such as laptops and company phones are returned and ensure access to systems is withdrawn for the individual(s) concerned.

### **Secondary action within the next 48 hours**

6. Determine the communication strategy for internal and external communication; the key person who will make such announcements as are deemed necessary and appropriate; and the timing of these.
7. Follow through on initial findings to determine whether there are likely to be further losses and agree a process/ investigation framework to establish the scale of the losses and the financial impact.
8. Determine whether advice needs to be taken on legal matters related to employment law and/or data protection.

9. Establish whether any employee(s) should be suspended and take necessary action.
10. Determine the extent to which other parties such as the Charity Commission and HMRC will need to be informed of the fraud.
11. Ensure the mechanism for recording the fraud and actions taken to respond to it is initiated.
12. Draw up a communication plan for external stakeholders.

### **Follow up action**

13. Obtain advice as necessary on the actions to be taken to recover losses and pursue these with the Society's insurers and/or with legal support if necessary.
14. Determine the extent to which other costs connected to the loss may be recovered.
15. Continue to communicate regularly with Council as to the outcome of investigative work.
16. Undertake appropriate disciplinary action/follow up on any staff dismissals.
17. Assess the impact of the loss both financially and for the Society's reputation.
18. Evaluate and act on lessons learned to tighten systems and to establish new processes to improve risk management of fraud. This needs to encompass consideration of financial, IT and operational controls and the role of internal and external audit in supporting this.
19. Follow up to ensure actions for change are implemented within the desired timescale.