

# **APT ACTION ON POVERTY**

**Charity Registration Number 290836**

**Company Registration Number 1872538**

## **ANTI-FRAUD POLICY**

### **Introduction**

APT Action on Poverty (“Action on Poverty”) has a commitment to high legal, ethical and moral standards. All members of staff and volunteers and partners that Action on Poverty works with overseas are expected to share this commitment. Action on Poverty is absolutely committed to maintaining an honest, open and well-intentioned atmosphere within the organisation. The organisation is therefore committed to the elimination of any fraud within Action on Poverty, and to the rigorous investigation of any such cases.

Action on Poverty already has policies and procedures in place that will reduce the likelihood of fraud occurring. These include:

- Financial Policy and Procedures Manual including financial delegated authorities
- Anti-bribery and Corruption Policy and Procedures
- Procurement Policy
- Due Diligence Procedures

These documents also provide a framework for direction and help to staff and volunteers who find themselves having to deal with suspected cases of fraud and corruption.

### **1.1 Purpose - Fraud Prevention Policy Statement**

The policy aims to protect people and organisations from fraud. It also enables all staff and trustees to fulfil their role and responsibilities in protecting Action on Poverty, our staff, stakeholders and beneficiaries from the effects of fraud, attempted fraud or financial irregularities.

### **1.2 Scope**

This policy applies to personnel covered by this policy as more fully defined below and applies whilst working for, representing or acting on behalf of Action on Poverty in particular at all times whilst travelling overseas and extends to any occurrences or matters arising which may cause or have the potential to cause damage to Action on Poverty’s reputation or ability to pursue its aims, objectives or programmes.

Personnel covered by this policy includes but is not necessarily limited to:

- all employees contracted by Action on Poverty whether on full-time, part-time, fixed term or temporary basis (“staff”)
- consultants, contractors and programme visitors including journalists, celebrities and politicians (“associated personnel”)
- patrons, trustees, volunteers and interns and others providing services to Action on Poverty without remuneration (“voluntary workers”)

### **1.3 Definitions**

Fraud covers a range of irregularities and illegal activities characterised by intentional dishonesty or deception, which can drain value from Action on Poverty, directly or indirectly, whether or not there is personal benefit to the fraudster. Fraud includes the offering or acceptance of bribes.

## **2.0 Procedures:**

### **2.1 Fraud Prevention**

#### **2.1.1 Reducing risk:**

Action on Poverty's internal financial control systems, procedures and policies are designed to ensure full accountability for the proper use of resources and a good level of protection against fraud. Overseen by the Chief Executive and ultimately the Board of Trustees of Action on Poverty ("Trustees"), individual staff members are responsible for knowing them and following them in the interests of protecting Action on Poverty's resources and Action on Poverty's reputation. Failure to comply with Action on Poverty's financial management systems, policies and procedures, will be treated seriously even where no loss is evident, because of the risk of fraud or loss to which Action on Poverty was exposed.

#### **2.1.2 Disciplinary Action**

Participating in fraud can be expected to lead, depending upon the nature of the matter, to disciplinary action including temporary suspension from duties and loss of pay and benefits, dismissal either summarily or following investigations and criminal prosecution following reporting of the case to the police.

#### **2.1.3 Harrassment and False Allegations**

Action on Poverty will not tolerate harassment or victimisation of any member of staff for raising a genuine concern in good faith. Disciplinary action will be taken against the perpetrator in the event of such harassment or victimisation taking place. Equally, disciplinary action may be taken against a member of staff raising a concern maliciously or falsely.

### **2.2 Alerting Others about fraud risks or incidents**

#### **2.2.1 When and How to Report**

Where there is evidence or suspicion of fraud/financial irregularities, this must be fully recorded. Individuals should alert an appropriate person, normally their line manager. Unless there are exceptional circumstances this part of the process should be within one week, and preferably within three days. Further, full investigation can then take place.

As bribes are also considered fraudulent, refer to the Annex on defining what constitutes a bribe (what is and is not acceptable in this regard), and for further information on different scenarios.

Considerations on how to approach concerns include:

Do:

- *Remain discreet – remember you are a witness not a complainant*

- *Write down your concerns immediately – make a note of all relevant details such as what was said in telephone or other conversations, the date, the time and the names of anyone involved*
- *Consider the possible risks and outcomes of any action you take*
- *Support your suspicion with facts and evidence, don't just allege*

Don't:

- *Do not become a private detective and personally conduct an investigation or interviews*
- *Do not approach the person involved (this may lead to him/her destroying evidence)*
- *Do not discuss your suspicions or case facts with anyone other than those persons referred to below unless specifically asked to do so by them*
- *Do not use the process to pursue a personal grievance*

### **2.2.2 Reporting to Whom**

Alert an appropriate person with your suspicions/findings clearly outlining the facts/evidence immediately to:

*Your line manager*

- *Generally your first point of contact.*

*Or* *A more senior manager*

*Or* *The Chief Executive*

*Or* *A member of the Board of Trustees*

- *If you have concerns that senior people are implicated in a serious incident Action on Poverty's Chair of Trustees should be alerted.*

### **2.3 Follow up: Response Plan**

All cases of actual or attempted fraud must be fully recorded and investigated in line with the following procedures as thoroughly and as soon as possible.

People in any of the above management positions must take any reported concerns seriously and take action to ensure that the issue is appropriately investigated and dealt with. We would always encourage staff to communicate their concerns and would like to assure staff that the matter will be treated with the strictest confidence. If however, anyone feels threatened or does not feel confident about raising an issue/concern, then there is the option to report on an anonymous basis but remember to present complete and factual evidence/backup documentation as it would not be possible to ask for further clarification.

Within one week of the incident/issue being raised, the person who has concerns over a possible fraud will be required to log the incident with their line manager or Chief Executive. Discussions should take place to agree the appropriate action/way forward (which can vary from case to case). The priority should be to reduce any immediate risk to Action on Poverty and take appropriate action to protect the organisation whilst being sensitive and fair to any individuals involved. The matter will be dealt with confidentially as far as possible. The exception to this is that Action on Poverty cannot guarantee confidentiality as there may be legal requirements to disclose information relating to a matter raised, furthermore, the charity cannot prevent the identity of a person raising an issue being deduced by others.

Fraud cases should be recorded in writing and copies of the record provided to Action on Poverty's Chief Executive for decisions on the next steps. The details required are the

persons involved, how it occurred, whether any internal or external controls were breached and what impact it has had or could have on Action on Poverty and its work.

## **2.4 External Reporting**

Decisions will need to be made as to whether an incident of fraud can be dealt with at a project level with Action on Poverty being provided with appropriate information, whether such an incident should be referred to Action on Poverty for a decision, the extent to which law enforcement agencies should be involved and the extent of disclosure to project donors required and whether donors should be involved in dealing with the case.

In the event of serious cases a report may have to be made to the Charity Commission and professional bodies including those regulating the legal, accounting or other professions.

In the event of breaches of Action on Poverty's policy in target countries the matter will be reported to the authorities in accordance with local laws and procedures.

## **2.5 Consider Seeking professional advice**

It will be considered by the Chief Executive and Trustees if Action on Poverty should seek advice from appropriately experienced professionals in serious incidents.

Forensic accountants and investigators can assist the charity to secure evidence and witness testimony, minimising the risk of contaminating that evidence. There is a significant risk of compromising an investigation if evidence is not gathered in accordance with legal requirements, police regulatory codes and procedures and best practice, and defending lawyers in any prosecution will seek to dismiss any claims or allegations based on compromised evidence.

Other key considerations include obtaining appropriate legal advice to assist Action on Poverty to navigate through its options and its reporting obligations, or advice from media and public relations professionals, in order that Action on Poverty is ready to respond to any inquiries which could arise from the fraud incident.

## **2.6 Staff Responsibilities**

Responsibility of the Trustees:

- Any serious cases should be reported to the Trustees. The Chief Executive will report initially to the Chair of Action on Poverty's Board of Trustees within one week of the report being made to the Chief Executive. The Chair will decide which of the Trustees should be involved in dealing with it between Action on Poverty's Trustee/Board Meetings.
- A report of such cases should be available to all Trustees/Board Members at the next Meeting at which decisions will be taken as to what further action or actions are appropriate or necessary. This policy should be updated and reviewed in the light of any further actions required and as a result of any changes in legislation and accounting standards.
- The Trustees, together with the Chief Executive, will consider the need to seek professional advice.

The Chief Executive is responsible for ensuring that:

- All staff are fully aware of this Anti-Fraud Policy and are conversant with the procedures which need to be followed.
- All collated information is assessed and shared with Trustees and, according to the Trustees recommendations, with donors and regulatory bodies as applicable.

- All other required actions by employees are implemented.

Programme Managers are responsible for ensuring:

- Each partner organisation in a contract with Action on Poverty receives a copy of this policy. A copy of the policy is appended to partner agreements.
- In the course of overseas visits to take the opportunity of reminding project staff, and where appropriate target groups, of the Policy and of the potential consequences of a breach. They should be aware of the actions to be taken in the event that a case of fraud comes to their attention.

All Staff and Volunteers:

- Be aware of and familiar with this policy and the required procedures
- Reporting any instance of fraud immediately to the Chief Executive either directly or through the relevant Programme Manager with a full account of the circumstances of the occurrence.

## **Annex**

### **Examples, What is and is not acceptable and Potential Risk Scenarios**

*(These are taken from MannionDaniels Anti-Corruption, Fraud and Bribery Policy February 2018)*

#### **What Constitutes a Bribe?**

As bribes are also considered fraudulent, the following helps to define what constitutes a bribe:

#### **What is not acceptable?**

It is not acceptable for the Employee or associated person (or someone on the Employee's or associated person's behalf) to:

- give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given
- accept payment from a third party that they know or suspect is offered with the expectation that it will obtain a business advantage for them
- accept a gift or hospitality from a third party if they know or suspect that it is offered or provided with an expectation that a business advantage will be provided by the Employer in return
- threaten or retaliate against another Employee who has refused to commit a bribery offence or who has raised concerns under this policy
- engage in any activity that might lead to a breach of this policy.

#### **What is acceptable?**

Giving and accepting of gifts may be allowed if the following requirements are met:

- the value is not in excess of £50 per person (in the UK) or reasonable local equivalence
- it is not made with the intention of influencing a third party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage
- it is not an explicit or implicit exchange for favours or benefits
- it is given in the name of Action on Poverty, not in the name of an Employee or associated person
- it does not include cash or a cash equivalent
- it is appropriate in the circumstances, taking account of the reason for the gift, its timing and value. For example, in the UK it is customary for small gifts to be given at Christmas
  - it is given openly, not secretly
- it complies with any applicable local law.

**Bribes paid under duress** will not be a breach of this policy. Bribes paid under duress are payments made when the payee is in fear for his or her safety or liberty, or the safety or liberty of another person. An example could be where a policeman demands a bribe described as a 'fine', before allowing the payee to continue with their journey. All demands for bribes (including bribes paid under duress) must be reported at the earliest opportunity after the event as indicated in the procedures.

**Examples:**

The following examples are for illustrative purposes only and not intended to be exhaustive.

**Offering a bribe:**

You offer a potential client tickets to a major sporting event, but only if they agree to do business with us. This would be an offence as you are making the offer to gain a commercial and contractual advantage. We may also be found to have committed an offence because the offer has been made to obtain business for us. It may also be an offence for the potential client to accept your offer.

**Receiving a bribe:**

A supplier gives your nephew a job but makes it clear that in return they expect you to use your influence in our organisation to ensure we continue to do business with them. It is an offence for a supplier to make such an offer. It would be an offence for you to accept the offer as you would be doing so to gain a personal advantage.

**Bribing a foreign official:**

You arrange for the business to pay an additional payment to a foreign official to speed up an administrative process. The offence of bribing a foreign public official has been committed as soon as the offer is made. This is because it is made to gain a business advantage for us. We may also be found to have committed an offence.

**Misuse and Misappropriation of Funds:**

Failure to account for monies received. Overstated or falsely claimed expenses. This may include advances not recovered or forging of counter-signatories.

**Potential Risk Scenarios:**

The following is a list of possible scenarios that may arise during the course of the Employee working for Action on Poverty and which may raise concerns under various anti-bribery and anti-corruption laws. They are not intended to be an exhaustive list and are for illustrative purposes only. If an Employee encounters any of these while working for the Employer, the Employee must report them promptly according to the policy and procedures:

1. The Employee becomes aware that a third party engages in, or has been accused of engaging in, improper business practices .
2. The Employee learns that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a "special relationship" with foreign government officials .
3. A third party insists on receiving a commission or fee payment before committing to sign up to a contract with the Employer, or carrying out a process for us.
4. A third-party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made.
5. A third party requests an unexpected additional fee or commission to "facilitate" a service.
6. A third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services.
7. A third party requests that a payment is made to "overlook" potential legal violations.
8. A third party requests that the Employee provide employment or some other advantage to a friend or relative.

9. A third party insists on the use of side letters or refuses to put terms agreed in writing.
10. The Employee notices that we have been invoiced for a commission or fee payment that appears large given the service stated to have been provided.
11. The Employee is offered an unusually generous gift or offered lavish hospitality by a third party.

*Adopted: September 2020*