



Fraud

1. Background

Abbeyfield The Dales Limited (ATD) require all staff to act honestly, with integrity and to safeguard the assets and cash resources of ATD and their managed properties; as well as those belonging to the people-we-support.

Fraud is an ever-present threat and must be a concern to all staff. Fraud may occur internally or externally and may be perpetrated by staff, management, Trustees, consultants, suppliers or contractors, individually or in collusion with others.

It should be noted that the Board of Trustees adopts a zero-tolerance attitude towards fraud.

2. Objectives

ATD is committed to providing services that enhance the quality of life for older people and developing services that will meet the needs of future generations. This commitment is based on the Mission and Values of ATD. ATD will also comply with all relevant and current legislation.

2.1. Objectives of the Process:

- Set out the responsibilities for preventing and detecting fraud; and
- Set out the key anti-fraud measures employed by the ATD and the actions that should be undertaken on detecting a fraud.

2.2. Measures of success:

- Fraud detection is increased; and
- Actual instances of fraud reduce. This is of course a difficult measure as this includes known and unknown frauds.

3. Scope

The policy will apply to all operations and services managed by ATD. It will also apply to ATD residents as regarding theft, misuse or misappropriation of money or property, when under the care of ATD.

If the fraud has been committed by or against a resident or service user, the relevant safeguarding authority must be informed in all circumstances.

4. Policy

4.1. Definition of Fraud

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 to obtain an advantage, avoid an obligation or cause loss.

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.

All Directors, 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.

4.2. Responsibilities

All staff, including directors and managers, are responsible for:

- Acting with propriety in respect of the assets and cash resources of ATD, whether they are involved with cash, payments, receipts, contractors, suppliers or customers;
- Report details of actual or suspected fraud (including irregular or improper behaviour) immediately to their line manager, the Finance Director, and the Chief Executive Officer; and
- Being aware of ATD Whistle-Blowing policy.

4.2.1. Line Managers

The day to day responsibility for the prevention and detection of fraud rests with line managers who are responsible for:

- Identifying the risks. Line managers should be alert to the possibility that unusual events or transactions can be symptoms of fraud; and
- Ensure that controls for the prevention and detection of fraud are complied with.
- Staff from Finance are available to offer advice and assistance on control issues and managers are encouraged to make use of this service.

4.2.2. Board / Audit Committee / CE / FD

ATD Board, supported by the Finance Director and the Chief Executive Officer, is responsible for the overall management of anti-fraud measures. Key measures include:

- The segregation of duties. All Departments should, as far as possible, be structured so that no one person has the authority or the ability to: initiate, authorise and execute any financial transactions. This is maintained by a tiered level of authorisation limits, through a system of passwords on computerised systems and the requirement for two signatories on cheques and other Bank instructions.
- An internal checking mechanism by line managers through their regular service audits as well as the validation and reconciliation of transactions by the Finance Team. Where these checks suggest a fraud may be present then an immediate finance audit of the Service will be undertaken.
- External Audit of the Financial Statements. Whilst it is not the direct responsibility of the Auditors to prevent or detect fraud, their audit work would be expected to test the validity of balances within the accounting records and to report to management any weaknesses that they encounter within the control systems.
- Human Resources Policies - References are taken up by the HR on all employees of ATD. Employees at the point of provision of care are also vetted by the Disclosure and Barring Service, although not specifically for this purpose. Systems are also in place not to pre-authorise the employment of relatives of existing employees. Where relatives are employed, a conflict of interest register is maintained and reviewed by the line manager.
- Credit cards and petty cash floats are reconciled to the returns from the holders and the balances within the financial records of ATD. Exposure is limited by the establishment of spending limits on each card in view of the level of normal

spending that is required. Outstanding returns are identified promptly and the appropriate action is taken.

- Financial and operational reporting should include analysis of trends and expected outcomes sufficient to highlight and resolve material variations to those expected outcomes.

4.2.3. Fraud Response Plan

The fraud response plan provides a checklist of actions to follow if fraud is suspected. The Fraud Response plan covers:

- Notifying suspected fraud;
- The investigation process;
- Liaison with police and external audit;
- Initiation of recovery action;
- Reporting process; and
- Notifying Suspected Fraud.

It is imperative for all staff to be able to report their concerns without fear of reprisal or victimisation and are aware of how to do so. The Public Interest Disclosure Act 1998 (the “Whistle-blowers Act”) provides appropriate protection for those who voice genuine and legitimate concerns through the proper channels. In the first instance, any suspicion of fraud, theft or other irregularity should be reported, as a matter of urgency, to your line manager. If such action would be inappropriate, your concerns should be reported upwards to one of the following persons:

- The Head of Service; and/or
- The Finance Director or Chief Executive Officer.

Every effort will be made to protect an informant’s anonymity if requested.

4.2.4. The Investigation Process

All suspected fraud must be investigated. This will be done in an independent, open-minded and professional manner with the aim of protecting the interests of ATD, the people we support and the suspected individual(s). Suspicion is not guilt and must be proven. Where initial investigations reveal there are reasonable grounds for suspicion, and to facilitate the ongoing investigation, it may be appropriate to suspend an employee against whom an accusation has been made. Suspension is not regarded as disciplinary action nor does it imply guilt. All interviews will be conducted in a fair and proper manner. Where there is a possibility of subsequent criminal action, the police will be consulted and interviews may be conducted under caution in compliance with the Police and Criminal Evidence Act (PACE), which governs the admissibility of evidence in criminal proceedings.

4.2.5. Liaison with Police

The police will be promptly notified of any suspected fraud. All staff will co-operate fully with any police or external audit enquiries. A member of the Senior Management Team will act as liaison with the police and direct the relevant investigating officer as appropriate.

4.2.6. Initiation of Recovery Action

ATD will take appropriate steps, including legal action if necessary, to recover any losses arising from fraud, theft or misconduct. This may include action against third parties involved in the fraud or whose negligent actions contributed to the fraud.

4.2.7. Reporting Process

The Investigating Officer will keep their line manager informed of progress and developments. The line manager will keep the Finance Director and Chief Executive Officer informed who, will keep the Board of Trustees updated as appropriate and agreed. These reports may be verbal or in writing. The Investigating Officer will prepare a full written report setting out various points, including:

- Background as to how the investigation arose;
- What action was taken in response to the allegations;
- The conduct of the investigation;
- Has the police, CQC, safeguarding team been informed as appropriate;
- The facts that came to light and the evidence;
- Action taken against any party where the allegations were proved;
- Action taken to recover any losses; and
- Considering whether any internal control failures aided and abetted the fraud and, if so, that appropriate corrective actions are recommended.

The Fraud report is to be approved by the Finance Director and then forwarded to the Chief Executive who will keep the Board of Trustees informed and add the incident to the Fraud Register.

Attempted, suspected or proven fraud shall be reported to the TSA if over £5k.

5. Finance, Value for Money & Social Value

Adherence to this policy ensures good financial stewardship, the safeguard of company assets and securing the assets of an individual resident, member of staff or volunteer.

6. Supported Appendices

N/A

7. Linked Policies

Whistleblowing (LG038P)
Recruitment & Selection (S021P)
Disciplinary (S008P)
Safeguarding Vulnerable Adults (LG031P)
Anti-Bribery (LG001P)

8. Legislation/Regulation

Fraud Act 2006

9. Review

Every 3 years, subject to regulatory and legislative changes.

10. Procedure/Guidance

N/A