



Action Community Enterprises CIC (ACE)

Anti-Fraud, Bribery and Criminal Finances Act Policy



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ANTI-FRAUD, BRIBERY AND CRIMINAL FINANCES ACT POLICY

OBJECTIVES

1.1 Most organisations adopt a multi-faceted approach to fraud, and the ACE is no exception. The eight key objectives of the ACE anti-fraud policy are:

- (i) Establishment of an anti-fraud culture
- (ii) Maximum deterrence of fraud
- (iii) Active and successful prevention of any fraud that cannot be deterred
- (iv) Rapid detection of any fraud that cannot be deterred
- (v) Investigation of any detected fraud
- (vi) Effective internal and external actions and sanctions against people found to be committing fraud, including legal action for criminal offences
- (vii) Effective communication and learning in relation to fraud, and
- (viii) Effective methods of seeking redress when/where fraud has been perpetrated

The overriding objective of the ACE anti-fraud policy is to ensure that fraud is seen to have the unwavering focus of the ACE as a whole.

1.2 This document sets out the ACE policy and procedures for dealing with suspected cases of fraud, including corruption, and includes instructions about what to do, and who to contact/notify, should any fraud-related concerns arise.

1.3 At a practical level, fraud is deemed to be:

- The deliberate intent to deprive ACE (and its associate activities) of money or goods through the falsification of any records or documents (e.g. submission of false invoices, inflated time records or travel claims and/or the use of purchase orders to obtain goods for personal use).
- The deliberate intent to make payments into ACE (and its associate activities) from fraudulently obtained means, i.e. card fraud, stolen identity or false representation
This is an important distinction, intended to clarify the crucial difference between deliberate fraud and unintentional error, removing – wherever possible – any potential confusion or ambiguity.

POLICY

2.1 ACE is absolutely committed to the highest standards of honesty, accountability, probity and opened in its governance. As a direct consequence of this, ACE is committed

- i. to reducing fraud associated with any of its activities, operations and locations to the absolute practical minimum and
- ii. to the robust investigation of any fraud issues that should arise. Any such investigation will be conducted without regard to factors such as position, title or length of service.

- 2.2 Where any acts of fraud or corruption are proven, ACE will make every endeavor to ensure that the perpetrator(s) are dealt with to the full extent of the law and the ACE Disciplinary Policy/contractual processes (where a third-party is involved) and will also take every step to recover any and all losses in full.
- 2.3 It is the responsibility of everyone associated with ACE – including staff, students, employees, contractors and third parties – to report any fairly based suspicions of fraud or corruption. The ACE Whistle-blowing Policy details of which can be found under Section 10, covering associated policies below.
- 2.4 This policy applies to any fraud, or suspected fraud involving everyone and anyone associated with ACE – including staff, students, employees, contractors and third parties.

2.5 **Criminal Finances Act 2017 (Corporate Criminal Offences)**

Action Community Enterprises CIC (ACE) has a zero-tolerance approach to tax evasion and the criminal facilitation of tax evasion.

ACE will not knowingly engage in, support, encourage or permit any employee, director, volunteer, contractor, associate or third party acting on its behalf to facilitate tax evasion in the UK or overseas.

All individuals acting on behalf of ACE must:

- Comply with applicable tax laws and regulations.
- Maintain accurate financial records and supporting documentation.
- Avoid any activity that could facilitate tax evasion by another individual or organisation.
- Report concerns regarding suspected tax evasion or the facilitation of tax evasion through the procedures set out in this policy and the ACE Whistleblowing Policy.

Any breach of this requirement may result in disciplinary action, termination of engagement or contract, and referral to the appropriate authorities where necessary.

2.6 **Responsibility**

The CEO, Directors and Head of Finance are responsible for ensuring proportionate procedures are in place to prevent the facilitation of tax evasion and for promoting awareness of this policy throughout the organisation.

INVESTIGATION PROCESS

- 3.1 All suspected fraud cases should be reported immediately to the Head of Finance who will instigate action and carry out an investigation. In the absence of the Head of Finance, or if she/he is personally implicated, suspected fraud should be reported to the CEO. If they are personally implicated the matter should be reported instead directly to the Board
- 3.2 It is important to ensure that initial investigation is carried out with care and sensitivity, confidential to those who contribute to the investigation, recognising the possibility of malicious accusations.

PREVENTION

- 4.1 No system of preventative measures can guarantee that frauds will not occur. The ACE can however, implement detection measures to highlight irregular transactions and behaviour.
- 4.2 Internal Management Systems – This is the most important measure because the risk of processing an irregular transaction is minimised where every transaction is reviewed systematically. Internal financial controls are in place and are applied consistently (Appendix A). This includes reconciliation procedures, random checking of transactions and review of management information, including exception reports and in particular appropriate budgetary control processes.
- 4.3 Systems identify transactions which would have not followed normal procedures. However, deception may be used to make improper transactions appear legitimate. The internal financial controls are therefore complemented by a general detective approach, to capture suspicions identified through chance, exit interviews and tip-offs.
- 4.4 Whistleblowing procedure – It is in the interests of the whole ACE community that individuals should feel able to come forward if they suspect that a fraud has been, or is being, committed. For this reason, such approaches can be made in confidence within the framework of the ACE Whistleblowing Procedures, where there is more detailed guidance on how staff can raise concerns about fraud or other malpractice.
- 4.5 Role of HR – All suspected or actual cases of fraud brought to the attention of HR either through conversations with Managers or through initiating HR policies such as the disciplinary or whistleblowing policy should be reported directly to the Head of Finance in line with this policy.
- 4.6 Criminal Finances Act Compliance

ACE's financial controls, approval processes, reconciliations and record-keeping arrangements are designed to support compliance with the Criminal Finances Act 2017 and reduce the risk of tax evasion or the facilitation of tax evasion by anyone acting on behalf of the organisation.

- 4.7 Warning signs – Managers should be aware that certain patterns of behaviour may indicate a desire for concealment (such as taking few holidays, regularly working alone late or at weekends, resistance to delegation, and resentment of questions about work).
- 4.8 The Managing Director/General Manger can provide help to staff on how to address any concerns relating to the misuse of alcohol, drugs and other substances. The list of warning signs is not exhaustive and may in fact not be enough on their own to instigate an investigation. Any indication of dependency on drugs, alcohol or gambling should be addressed as early as possible, both for the welfare of the individual and to minimise the risks to the institution, which might include fraud.

Action Community Enterprises CIC - Internal Financial Controls

Payments

A1	Invoices	→	Invoices received by post or email	→	Amounts over £300 Approved Purchase order signed by CEO or MD	→	Reviewed by HOF	→	Paid by BACs
A2	Invoices under £300	→	Invoices received by post, email or direct from supplier on delivery or collection of item	→	Reviewed by HOF prior to payment, items queried if considered not in line with business priorities or further information required to verify payment	→	See weekly control W1 below for review of transactions	→	Paid by BACS
A3	Regular monthly Invoices	→	standard claim form completed by employee including reason for expense and details	→	Matched to contract for service/goods	→	Reviewed by HOF, also see weekly control W1 below for review of transactions	→	Paid by BACs/SO/DD
A4	Card payments	→	Card holders CEO/MD/HOF	→	Supporting receipt/invoice supplied to HOF	→	See weekly control W1 below for review of transactions	→	Debited from bank account
A5	Expenses	→	Standard claim form completed by employee including reason for expense and details	→	Claim signed by line manager	→	Reviewed by HOF, also see weekly control W1 below for review of transactions	→	Paid by BACs
A6	Equals Card	→	Standard claim form completed by employee including reason for expense and details	→	Claim signed by line manager	→	Reviewed by HOF	→	See reconciliation below (R3)

Weekly controls

W1	Xero Transactions	→	Review of weekly payments & income transactions	→	HOF to run report	→	Report supplied to CEO to review	→	Signed and Filed
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Monthly controls

R1	Payroll	→	Reconciliation Moneysoft to Xero	→	HOF to complete reconciliation	→	Presented to CEO for inspection and signature	→	Signed and Filed
R2	Smart Pension	→	Reconciliation Smartpension to Xero	→	HOF to complete reconciliation	→	Presented to CEO for inspection and signature	→	Signed and Filed
R3	Equals	→	Reconciliation of Equals card to Xero	→	HOF to complete reconciliation	→	Presented to CEO for inspection and signature	→	Signed and Filed
R4	Bank accounts	→	Reconciliation of Barclays A/C's to Xero	→	HOF to complete reconciliation	→	Presented to CEO for inspection and signature	→	Signed and Filed
R5	Journals	→	Review of journal transactions	→	HOF to complete report	→	Presented to CEO for inspection and signature	→	Signed and Filed

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Vending

V1	Cash	→	CG/LS empty vending machines on fortnightly basis	→	Cash counted and entered onto Vending Spreadsheet	→	Cash handed to HOF for checking	→	Entered on Xero & banked monthly
V2	Income (Banking)	→	Reconciliation of banking report	→	HOF completes reconciliation after every bank deposit	→	Presented to CEO for inspection and signature	→	Signed and Filed
V3	Expenditure	→	Online purchases	→	Entered onto spreadsheet by CF/LS	→	HOF enters on Xero	→	Payments reviewed as per item A1, A2 or A2 above

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