

WORLD VISION UK (WVUK) ANTI-FRAUD POLICY

I. Introduction

The Board of Trustees (The Board) requires staff at all times to act honestly and with integrity and to safeguard the resources for which they are responsible. Fraud is an ever-present threat to these resources and hence must be a concern of **all** members of staff.

This policy sets out WVUK's attitude to fraud, explains its nature and allocates responsibilities for prevention and reporting of both actual and attempted incidences. The attached Fraud Response Plan, provides the Executive Leadership Team (ELT)'s guidelines for actions to be taken if fraud is suspected or discovered. The policy and guidelines operate in alignment with WVUK's Serious Incidents Policy and Whistleblowing Policy.

WVUK's attitude to Fraud

The Board and ELT take the most serious view of any attempt to commit fraud by trustees, members of staff, suppliers and others. Attempted fraud will be treated as seriously as accomplished fraud. Staff and trustees involved in impropriety of any kind will be subject to disciplinary action, including prosecution, if appropriate.

In the case of **Online Scams**, WVUK takes seriously the risk to the organisation's reputation of such activities, and the potential deception and distress caused to the public through the misuse of its name, and will mitigate these risks where practical.

What is Fraud?

The term **fraud** is used to describe a range of activities such as embezzlement, misappropriation, false representation, concealment of material facts and collusion. Generally, fraud involves the intention to deceive a person or organisation in order to obtain an advantage, avoid an obligation or cause loss. It includes **corruption** which is the offering or acceptance of an inducement or reward that may influence the action of any person.

Fraud 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.

Examples of Potential Fraud & Alert Indicators

Some Examples (this is not exhaustive)	
<ul style="list-style-type: none"> • Misappropriation of income (cash) and assets (e.g. laptops, mobile phones, stationery) • Online fraud (i.e. 'scams' which misuse the organisation's brand although no money may actually change hands) • Unjustifiable staff absences from work or misuse of the Time off in Lieu system 	<ul style="list-style-type: none"> • Favouring specific suppliers for reward • Attempts to obtain credit card or bank details of donors • Cheque fraud and fraudulent use of WVUK bank accounts and bank details • Invalid expense claims • Invalid overtime claims

Alert Indicators	
<ul style="list-style-type: none"> • Undue secrecy over routine matters • Understaffing in key control areas • Inadequate segregation of duties • Controls over-ridden • Policies not being followed • Lavish lifestyle not consistent with income • Reluctance to take holiday • Refusal of promotion 	<ul style="list-style-type: none"> • Cosy relationship with suppliers • Lack of openness over tender procedures • Post office boxes as addresses • Only email addresses or mobile phone numbers known • Requests for authorisation with insufficient documentation & tight deadline • Key documents missing or only photocopies • Level of systems access inconsistent with that needed for performing duties

2. Responsibilities of the Board

- To support the Chair of the Finance, Audit & Risk Committee (FarCom) in investigating any allegations of fraud perpetrated by the CEO or Finance & Risk Director reported through WVUK's Whistleblowing Policy;
- To cooperate with any investigation initiated under the Fraud Response Plan into alleged fraud by a Trustee;
- To take relevant disciplinary action which will normally be led by the Board Chair;
- To monitor implementation of this policy principally through the FarCom as set out in section 3 below.

3. Responsibilities of the Executive Leadership team (ELT)

- To promote an anti-fraud culture which will include introduction to this policy during staff induction.
- To inform the Finance & Risk Director of any suspected fraud in the UK or overseas.
- To maintain an effective internal control system to help prevent or detect fraud including an up-to-date Financial Internal Controls Manual, which the Finance Team will ensure is fit for purpose and adhered to.
- To establish a Fraud Response Plan which sets out clear internal procedures for reporting fraud or suspicion of fraud, carrying out rigorous and prompt investigations which will be led by the Finance & Risk Director or by the Chair of the FarCom in the case of allegations of fraud by the CEO or Finance & Risk Director.
- To establish procedures for mitigating future risk and consequent risks such as to reputation.
- To brief the Chairs of the Board and FarCom immediately where it is apparent there are reasonable grounds for suspecting that a fraud may have occurred and to agree proposed actions and any report to the Charity Commission with the FarCom in accordance with WVUK's Serious Incidents Policy.
- To take appropriate disciplinary and/or legal action against perpetrators of fraud and against managers where their failures have contributed to the occurrence of the fraud.
- To ensure appropriate measures are taken by overseas World Vision National Offices which receive WVUK funds to address issues the World Vision International's internal auditors highlight to be of significant risk in their audit reports; including encouraging WVUK Grants Compliance Officers and Programme Officers to review local internal auditor reports when visiting Area Development Programmes or National Offices and to convey any concerns to the WVUK Programmes & Projects Finance Manager.
- To advise the Police and Charity Commission (which defines all frauds, irrespective of size, as Serious Incidents) on a timely basis.
- To provide a full report to the FarCom on the conclusions of any investigation into fraud and a brief report to a full Board meeting.
- To agree major future changes to the Fraud Response Plan with the FarCom.

4. Responsibilities of Managers

- To identify and assess the risks involved in the operations for which they are responsible;
- To develop and maintain effective controls to prevent and detect fraud;
- To ensure ongoing compliance with controls and agreed procedures;
- To obtain the agreement of the Finance Team to proposed amendments to controls and procedures which will then be incorporated in the Financial Internal Controls Manual.

Line Managers are responsible for the prevention and detection of fraud by ensuring that an adequate system of internal controls exists within their areas of responsibility, and that these controls operate effectively. The Finance Team is available for consultation regarding the design of controls.

5. Responsibilities of all Staff and Trustees

- To ensure that WVUK's funds, reputation and assets are safeguarded;
- To alert their Line Manager should they believe the opportunity for fraud exists because of poor procedures or lack of effective supervision;
- To report details of any suspected or actual fraud and of any suspicious acts or events, in accordance with WVUK's Whistleblowing Policy, either:
 - to their immediate line manager through normal reporting channels; or
 - through WV's Integrity & Protection Hotline if normal reporting channels are not appropriate given the circumstances of the allegations (the Hotline is available at www.worldvision.ethicspoint.com and will generate an automatic report to WVUK's Risk & Compliance Manager); or
 - in the event of suspected fraud by the CEO or Finance & Risk Director, to the Chair of WVUK's Finance, Risk and Audit Committee (FarCom) whose contact details may be obtained from the Governance Coordinator or Personal Assistants of Group Directors.
- To report any details of online scams to the Associate Director of Communications & Campaigns.
- To assist in any investigations by making available all relevant information and by co-operating in interviews.

v4 May 2011	Policy Approved by FAC & Board	6 & 13 May 2011
	Amended	_____

APPENDIX A

World Vision UK (WVUK)

Fraud Response Plan

Introduction

This Plan sets out the responsibilities of staff and the action that should be taken in relation to suspected instances of theft, corruption or fraud within WVUK. Corruption is the offering or acceptance of an inducement or reward that may influence the action of any person.

WVUK seeks to establish a flexible Fraud Response Plan and therefore the approach may vary in individual cases. Generally, the approach taken will depend on the perceived risk to the organisation in financial and reputational terms. This will be judged individually for each case, based on the information available.

In more serious cases, the Finance & Risk Director may convene a Fraud Response Group (FRG) of designated staff to help decide the appropriate action. For issues deemed of lesser importance, he or she may appoint the Head of Finance to lead the investigation with the help of Finance Team members.

In deciding the level of action to be taken, it may be necessary to surmise about the nature of the incident or to estimate the value and risk posed by the alleged fraud. It is accepted that this may be difficult to judge and may not reflect the actual complexity of the fraud. All alleged frauds must be investigated, as an apparently minor fraud may conceal a much larger scale of losses.

Purpose of the Fraud Response Plan

The purpose of the Fraud Response Plan is to provide guidance to all WVUK staff in the event that they suspect fraud or irregular activity to be taking place within the organisation and additionally to ensure that WVUK's assets and reputation are safe guarded or recovered.

Actions to be taken in the first 48 hours

- **Reporting**

When actual or suspected incidents of fraud are reported through normal channels to Line Managers or Group Directors, or through the Integrity & Protection Hotline to the Risk and Compliance Manager, the Finance & Risk Director must be immediately alerted. The Finance & Risk Director will then liaise with the Chief Executive Officer (CEO) and undertake an investigation.

In unusual circumstances another member of the Executive Leadership Team (ELT) may be appointed to investigate the allegation.

Should an allegation of fraud be made in relation to a Trustee, then the Chair of the FarCom and the Board Chair should also be consulted.

Actual or suspected incidents of fraud involving the CEO or Finance & Risk Director, reported to the Chair of the FarCom through WVUK's Whistleblowing Policy will be investigated by the Chair of the FarCom in accordance with that Policy.

The Finance & Risk Director will inform the CRASH Team Leader, confidentially if necessary, to alert them of the potential for negative publicity.

In the event of **online fraud** in which no money appears to have changed hands, the Associate Director of Communications & Campaigns will ensure:

- Updating of the warning disclaimer on WVUK's website which gives specific details of current scams;

- Provision of a template for prompt response to members of the public who have reported such activity to WVUK;
- Reporting of the scam to the local police and to internet hosting providers where these can be identified.

- **Investigation**

In the case of investigation by the Finance & Risk Director, or designated ELT member, an assessment will be made within 48 hours of the need for an investigation. Where it is not immediately clear from the evidence presented that a fraud has been committed initial limited action may be undertaken to determine whether there is substance to the allegations.

A Fraud Response Group (FRG) may be convened to assist in the investigation and this may comprise the Finance & Risk Director, Organisation Effectiveness (OE) Director and additional members deemed appropriate such as the Head of Finance, Risk & Compliance Manager and Head of Human Resources.

Investigation will be undertaken on an urgent basis in order to establish whether the allegations of fraud can be substantiated and the following actions will be undertaken:

- Decide the degree to which relevant Line Managers should be involved, bring the allegations to their attention and confirm investigation arrangements and reporting lines;
- Secure records and assets, including restrictions on access to offices and computer terminals/equipment;
- Consider, in consultation with the OE Director, the prima facie case for suspension of any member of staff who is the subject of allegations of fraud;
- Agree the scope and nature of any investigative work required to establish the facts;
- Update the CEO regularly and follow the escalation procedure laid out in WVUK's Serious Incidents Policy;
- Brief the Chairs of the Board and FarCom immediately where it is apparent there are reasonable grounds for suspecting that a fraud may have occurred and agree proposed actions and any report to the Charity Commission with FarCom in accordance with the Serious Incident Reporting Policy.
- Update the CRASH Team Leader regarding the potential for negative PR;
- Report the matter to the Charity Commission immediately where it appears there are reasonable grounds for suspecting a fraud has occurred as required by WVUK's Serious Incidents Policy;
- Report the matter to Police for further investigation as soon as it appears there has been a breach of UK criminal law.
- Consult with WVUK's legal advisers as necessary on recovery of assets.

Conduct of investigations

The FRG under the overall direction of the Finance & Risk Director (or designated ELT member) will:

- undertake special investigations into suspected fraud;
- be entitled to the full co-operation of WVUK staff members;
- have full access to all required records (manual & electronic), systems and staff to enable a complete investigation of the suspected fraud.

Failure on the part of any member of staff to co-operate fully with an investigation may itself constitute grounds for disciplinary action.

Should the investigation require technical expertise not possessed by the FRG, the Finance & Risk Director (or designated ELT member) may decide to appoint external specialists to lead or contribute to any further investigation.

Upon completion of the investigation, a draft report will be produced and agreed by the Finance & Risk Director (or designated ELT member). This will be discussed with the CEO and Chair of the FarCom at the earliest possible opportunity and a brief report will be given by them to the Board of Trustees.

The report will contain:

- A description of the incident/issues alleged including an assessment of the value of losses;
- Details of the people involved and the means by which the fraud occurred highlighting any internal control weaknesses within the systems;
- Immediate measures taken to address the internal control weaknesses identified and to prevent a recurrence of similar incidents;
- Recommendations to minimise the recurrence of the fraud and an assessment of the viability of the recommendations;
- Recommendations for recovering assets;
- Details of reports made or proposed to the Police and Charity Commission.

Conclusion

If it is determined on the basis of the evidence that no fraud has taken place, the Finance & Risk Director will ensure that all relevant parties are informed. If any individuals have been suspended pending investigations, the OE Director will be responsible for taking action relating to the lifting of the suspension of staff.

If it is determined on the basis of the evidence that a fraud has taken place and that WVUK employees have been involved, the CEO will ensure that the OE Director takes appropriate action under WVUK's formal disciplinary procedures.

WVUK will also seek to recover any financial losses through appropriate mechanisms. This may involve either civil or criminal proceedings where it is cost effective to do so, recovery from salary or accumulated pension benefits of involved staff, or an insurance claim.

Should investigations reveal misconduct by staff that does not constitute fraud but merits disciplinary action (e.g. failure to safe guard assets or to report suspected fraud) the Finance & Risk Director (or designated ELT member) will refer the matter to the OE Director so that suitable action can be taken.