

Fraud Management Policy



2021



Ashraf Foundation (AF)

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Anti-Fraud Policy

Ashraf Foundation (AF)

1. Introduction :

Ashraf Foundation (AF) requires all staff at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible. Ashraf Foundation is committed to ensuring that opportunities for fraud and corruption are reduced to the lowest reasonable level of risk. This paper sets out the policy on the control of fraud and suspected fraud within the Ashraf Foundation. The policy can be found on the staff network.

2. Scope of Policy :

This policy applies to all the Organization's activities, wherever they are undertaken, to all individuals who work for the Ashraf Foundation and the including contract staff, volunteers and to individuals in a commercial relationship with the organization e.g. the employees of suppliers. The aim of the policy is to minimize the risk of any fraud being perpetrated against the Ashraf Foundation and partner organization, thereby depriving the organization and project of assets and resources and potentially damaging the Ashraf Foundation's reputation.

3. Definitions :

Fraud is used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

For practical purposes fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party. Obviously, fraud can be perpetrated by persons outside as well as inside an organisation. The criminal act is the attempt to deceive and attempted fraud is therefore treated as seriously as accomplished fraud.

The Fraud Act 2006 replaced parts of the Theft Acts of 1968 and 1978 which until then covered the offences of fraud. The 2006 Act introduced provisions for the general offence of fraud which broadened the interpretation of fraud. This is covered under 3 sections: -

Section 2 – Fraud by false representation;

Section 3 – Fraud by failing to disclose information;

Section 4 – Fraud by abuse of position.

False representation includes dishonestly making a false representation, and intending - by making the representation – to make a gain for oneself or another,

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or cause loss to another or to expose another to a risk of loss. A representation is false if it is untrue or misleading, and the person making it knows that it is, or might be, untrue or misleading.

A person is considered to have committed a fraud through abuse of position if he:

- Occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person;
- Dishonestly abuses that position, and
- Intends, by means of the abuse of that position to make a gain for himself or another, or to cause loss to another or to expose another to a risk of loss.

An 'associated person' is a person who performs services for or on behalf of an organisation, e.g. employees, agents, contractors and subsidiaries.

A 'corporate organization' is a corporate company failing to prevent bribery. The Fraud Act 2006 also created new offences of:

- Processing, making and supporting articles for use in fraud;
- Fraudulent trading and
- Obtaining services.

The Bribery Act 2010 replaced much older legislation which had become out of date. The new Act introduced four new criminal offences:

- **Active Bribery** – promising or giving a bribe;
- **Passive Bribery** – requesting, agreeing to receive or accepting a bribe;
- **Bribing a foreign public official** – to obtain or retain business, and
- **Corporate offence** – of failure of a "relevant organisation" to prevent bribery by a person "associated" with that

Offences under both the Fraud and Bribery Acts are covered in this policy, as bribery is included within the definition of "fraud". Fraud can cover a wide variety of misdemeanors and criminal culpability is not necessary for an act to be fraudulent, as the offence can be civil in nature.

The Bribery Act 2010 introduces a new offence for organization. An organisation can be deemed guilty of 'failing to prevent bribery' if an 'associated person', carrying out activities on its behalf, bribes another person. There is no

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requirement of 'fault' on the part of the commercial organisation. It does not matter therefore that senior management did not participate in, know about or even suspect that persons associated with the business were giving bribes.

Frauds can be attempted or carried out in a number of ways, including :

- The theft of cash, cheques, equipment or items from the collections;
- The falsification of travel and subsistence or other expense claims;
- False claims for overtime (or flexible working);
- Irregularities in the tendering for, and execution and pricing of, supplies to the Gallery by contractors of: property, goods, services, works and consultancy;
- Corruption, including the receipt of payment or other material advantage as an inducement to the award of contracts by the organization or the offer of inducements by organization staff to secure a commercial or other advantage for the organization; and
- Forging works of art or documents relating to them.

Computer fraud is where information technology equipment has been used to manipulate programmes or data dishonestly (e.g. by altering, substituting or destroying records or creating spurious records), or where the use of an IT system was a material factor in the perpetration of fraud. Theft or fraudulent use of computer time and resources is included in this definition.

4. Legal Basis :

The Ashraf Foundation's responsibilities in relation to fraud are set out of Managing Public Money (available on the government website) and the organization's Management Agreement with the Partner's.

5. Statement of Principles :

Ashraf Foundation will not accept any level of fraud or corruption; consequently, any case will be promptly and thoroughly investigated and dealt with appropriately. Any member of staff found to be involved in theft, fraudulent action or conspiracy to defraud can expect to be dealt with in accordance with the agreed disciplinary procedures. Staff should draw attention to circumstances when they believe that there is improper behavior by other organization staff or external contacts of the organization in accordance with a Procedure. All matters will be dealt with in confidence and in strict accordance with the terms of the Public Interest Disclosure Act 1998, which protects the legitimate personal interests of staff.

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6. Responsibilities

Executive Director :

The Executive Director is the Accounting Officer of the organization. The four essential accounting officer standards set out in Managing Public Money are:

- Regularity;
- Propriety;
- Value for Money ;
- Feasibility
- Managing fraud risk is seen in the context of the management of this wider range of risks.

Financial Officer / Accountant :

Overall responsibility for managing the risk of fraud has been delegated to the Financial Officer / Accountant. The FO's responsibilities include:

1. Undertaking a regular review of the fraud risks associated with each of the key organisational.
2. Establishing an effective anti-fraud policy and fraud response plan, commensurate to the level of fraud risk.
3. Assisting in the design of an effective control environment to prevent
4. Establishing appropriate mechanisms for:
5. reporting fraud risk issues
6. reporting significant incidents of fraud or attempted fraud to the Executive Director;
7. Co-ordinating assurances about the effectiveness of the Anti-Fraud Policy to support the annual Governance
8. Reporting to the Audit and Risk
9. Making sure that all staff are aware of the organization's Anti-Fraud Policy and know what their responsibilities are in relation to combating fraud;
10. Ensuring that appropriate anti-fraud training is made available to all staff on a regular basis; and
11. Ensuring that appropriate action is taken to minimize the risk of previous frauds occurring in future.

Executive Director is responsible for:

1. Reporting fraud to the Executive Communities;
2. Ensuring that vigorous and prompt investigations are carried out if fraud occurs or is suspected within their department;
3. Taking appropriate legal and or/disciplinary action against perpetrators of fraud;
4. Taking appropriate disciplinary action against supervisors where supervisory failures have contributed to the commission of fraud;
5. Taking appropriate disciplinary action against staff who fail to report fraud; and

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6. Taking appropriate action to recover

Coordinators is responsible for:

1. The prevention and detection of fraud lies primarily with Coordinators as they are responsible for many of the processes and controls operated by the organization. In particular they are responsible for:
2. Ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively;
3. Preventing and detecting fraud as far as possible;
4. Assessing the types of risk involved in the operations for which they are responsible;
5. Reviewing regularly and testing the control systems for which they are responsible;
6. Ensuring that controls are being complied with and their systems continue to operate effectively, (this is key as most frauds occur because controls have not been enforced); and
7. Implementing new controls to reduce the risk of similar fraud occurring where frauds have taken place.

Internal Audit is responsible for:

1. The prevention and detection of fraud within the organization is a management and staff responsibility however, Internal Audit can assist by:
2. Delivering an opinion (as part of the internal audit three year cycle) to the Executive Director and the Trustees on the adequacy of arrangements for managing the risk of fraud and advising the organization on how to promote an anti-fraud culture;
3. Assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of control commensurate with the extent of the potential exposure/risk in the various segments of the organization's operations;
4. Ensuring that management has reviewed its risk exposures and identified the possibility of fraud as a business risk;

Every member of staff is responsible for:

1. Acting with propriety in the use of organization's resources and the handling and use of organization funds whether they are involved with cash, receipts, payments, stock or dealing with contractors and suppliers;
2. Conducting themselves in accordance with the seven principles of public life set out in the first report of the Nolan Committee "Standards in Public Life". They are: selflessness, integrity, objectivity, accountability, openness, honesty and leadership;
3. Being alert to the possibility that unusual events or transactions could be indicators of fraud;

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4. Being alert to the fact that certain work which staff undertake may expose them or their colleagues to a greater risk from corruption, and that they should seek guidance from senior management if they or their colleagues are offered any form of inducement;
5. Alerting their Coordinator when they believe the opportunity for fraud exists e.g. because of poor procedures or lack of effective oversight;
6. Reporting immediately, in accordance with the Fraud Response Plan, if they suspect that fraud or corruption has been committed or see any suspicious acts or events; and
7. Cooperating fully with whoever is conducting internal checks or reviews or fraud

7. Procedures :

The organization has a Fraud Response Plan that sets out how to report suspicions and how investigations will be conducted and concluded.

8. Breach of the Policy :

The organization views fraud and corruption extremely seriously. After proper investigation, the organization will take legal and/or disciplinary action in all cases where it is considered appropriate. Where a case is referred to the police, the organization will co-operate fully with police enquiries and these may result in the offender(s) being prosecuted. In all cases the organization will seek to recover assets where it can.

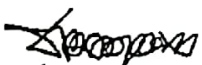
The consequences of breaching the Anti-Fraud Policy are set out in more detail in the Fraud Response Plan.

9. Review

The Anti-Fraud Policy will be reviewed every three years or after any occasion of fraud has been identified. The next review after 3 years by the Executive Director with the concern of executive committee of the organization

10. Date of Approval

This updated Anti-Fraud Policy was reviewed by Audit & Compliance Committee on April 2021 and approved by Executive Director with the concern of Executive Committee of the organization.



M. Rasel Ashraf
Executive Director
Ashraf Foundation