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Fraud Prevention Policy

Approved by Board of Trustees on: May 23rd 2023

Lead Staff Member: Amal Kedira

Lead Trustee: Cornelius Sanwo

# Introduction

The purpose of this statement is to provide Paddington Development Trust’s policy on fraud and set out our responsibilities for its prevention. It also refers you to the Fraud Response Plan – Appendix 1, which outlines the action to be taken if you discover or suspect fraud.

PDT requires staff and volunteers 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.

# What is 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 in order to obtain an advantage, avoid an obligation or cause loss.

The term also includes the use of information technology equipment to manipulate programmes or data dishonestly, the theft of IT equipment and software, and the intentional misuse of computer time and resources.

# PDT’s Attitude to Fraud

Paddington Development Trust takes the most serious view of any attempt to commit fraud by members of staff, contractors, their employees and agents acting on behalf of the PDT and others. Staff involved in impropriety of any kind will be subject to disciplinary action, including prosecution, if appropriate. PDT treats attempted fraud as seriously as accomplished fraud.

# Responsibilities

Paddington Development Trust is responsible to the Trustees for:

* Developing and maintaining effective controls to help prevent or detect fraud;
* Carrying out vigorous and prompt investigations if fraud occurs;
* Taking appropriate disciplinary and/or legal action against perpetrators of fraud;
* Taking disciplinary action against managers where their failures have contributed to the commission of the fraud.

## Staff Responsibilities

Line managers are responsible for the prevention and detection of fraud by ensuring that an adequate system of internal control exists within their areas of responsibility, and these controls operate effectively.

As a result there is a need for all managers to:

* Identify and assess the risks involved in the operations for which they are responsible;
* Develop and maintain effective controls to prevent and detect fraud;
* Ensure compliance with controls; and
* Ensure that agreed procedures are followed.

Every member of staff:

* Has a duty to ensure that public funds, PDT’s reputation and its assets are safeguarded;
* Should alert their line manager where they believe the opportunity for fraud exists because of poor procedures or lack of effective supervision;
* Has a responsibility to report details of (a) any suspected or actual fraud, or (b) any suspicious acts or events, to their line manager or Senior Finance Officer.
* Assist in any investigations by making available all relevant information and by co-operating in interviews.

The Senior Finance Officer

* Should be contacted if fraud is suspected or discovered,
* Is responsible for investigating actual or suspected fraud,
* Will complete a review of control systems once their investigation has been completed, and
* Is available to offer advice and assistance on risk and control issues.

# Fraud Response Plan

PDT has prepared a fraud response plan which can act as a checklist of actions and a guide to follow in the event of fraud being suspected.

A copy of the Fraud Response Plan is attached to this policy as Appendix 1.

Appendix 1: PDT – Fraud Prevention Policy - Fraud Response Plan

### If you suspect an incidence of (attempted or successful) fraud may be taking place:-

You must report it.

Report it to your line manager (in the first instance, and if you are able to and it is appropriate), the Senior Finance Officer, Deputy CEO or CEO. They will make a record of the discussion, which you will have the opportunity to comment on for accuracy. Take care not to tip off the suspected wrong-doer.

If the CFO or other seniors are suspected, you should report directly to a Board Member.

All cases will be treated with discretion and confidentiality.

### Line Managers

Line managers who are alerted to a potential incidence of fraud should report it, irrespective of value, scale, or success, immediately, to the CFO and/or CEO, who will record the incident and assess whether any further action or an investigation is required.

### Chief Finance Officer (CFO)

The CFO will assess the reported incidence, co-ordinate an appropriate and proportional course of action, and commission the services of external support if required. The CFO will inform the Chief Executive of any incidences identified and the progress of investigations underway. The CFO will notify the Chair and Treasurer of the Board of Trustees of any significant investigations.

### Expert advice

Where necessary the CFO will seek expert advice, including legal advice.

### Investigations

Action taken will be proportional to the potential scale of the fraud, in terms of its value, frequency of incidence, potential public impact, and the number of people involved.

If the allegation concerned is minor (low potential loss, infrequent, low public impact), the matter may be referred by CFO to the suspect’s line manager to investigate if appropriate. It is not appropriate where the line manager is alleged to be or thought to be implicated, or where they are thought to have not responded appropriately or promptly to previous allegations.

It is the duty of the CFO to ensure the line manager is adequately equipped to deal with the matter.

Even if the financial value of the action is small, the dishonesty that the action represents will be taken seriously and PDT’s disciplinary policy will be followed.

The police may need to be involved in any criminal investigation. If this is thought to be possibly necessary, they are to be involved at the outset of the investigation. The CFO, in liaison with other relevant members of senior management including the Chief Executive, will agree whether police action is required. The Chair and Treasurer will also be informed.

Evidence must be carefully preserved, it should not be handled and no marks made on an original document, a record will be kept of anyone handling the evidence. Where electronic media are involved, these will be kept securely by the CFO for the duration of any investigation, and a record will be kept of anyone accessing the electronic media as part of the investigation.

Fraud investigators may need to use specialist forensic software to secure electronic records and files. Members of PDT’s IT support company may be informed and involved as required to assist in securing electronic evidence, while maintaining PDT’s core services.

**Rights of persons involved**

Genuine whistle-blowers are protected by law.

PDT encourages the challenge of inappropriate behaviours at all levels.

PDT will not tolerate the harassment or victimisation of a genuine whistle-blower and will treat such conduct as gross misconduct, which may, if proven, result in dismissal.

Members of PDT staff will be required to cooperate fully with any investigation, as will any other persons connected with PDT e.g. volunteers and agents acting on behalf of PDT.

PDT will apply its disciplinary procedure and comply with employment law and related Acts (including the Human Rights Act and the Policy and Criminal Evidence Act (PACE)).

Potential suspects and interviewees will be advised of their rights, which include the right to be represented.

**Recovery**

PDT will make the necessary arrangements to recover lost assets. This may be through voluntary repayment, civil or criminal courts as appropriate; legal advice will be sought.