



## ANTI-FRAUD POLICY

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<b>Approved by EC:</b>	24 June 2015
<b>Next Review Date by EC:</b>	June 2018
<b>Person Responsible:</b>	Head of Finance

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**(This policy will be reviewed as per the regulatory and legal requirements as and when required)**

## 1. Introduction

It is Muslim Aid's policy to conduct all business in an honest and ethical manner. Muslim Aid has a zero-tolerance approach to fraud in any form, recognising that these are contrary to fundamental values of Islam and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever Muslim Aid operates, implementing and enforcing effective systems to counter fraud.

Muslim Aid will uphold all laws relevant to countering fraud, bribery and corruption in all jurisdictions in which it operates. However, Muslim Aid remains bound by the laws of the UK, including the Fraud Act 2006.

Muslim Aid aims to reduce fraud to the absolute minimum and put in place arrangements to hold fraud at a minimum level permanently. This will enable Muslim Aid to target more resources to the causes it champions across the globe. Muslim Aid's approach to countering fraud will be professional, comprehensive, fair, balanced, cost effective and inclusive; Muslim Aid's aim is to involve all Trustees and Partners in this approach.

It is the responsibility of all staff to report any reasonable suspicions of fraud. It is also Muslim Aid's policy that an employee should not suffer as a result of reporting reasonably held suspicions, and there must be no unlawful discrimination on any grounds. Staff are encouraged to raise concerns under Muslim Aid's Whistleblowing and Raising Concerns Policy.

## 2. Scope

This Policy applies to all staff, volunteers and Trustees at Muslim Aid. This Policy is available electronically on Muslim Aid's Intranet or available upon request from the Human Resources Department. It is also applicable to third parties such as donors, beneficiaries, contractors, suppliers and partners when engaging with Muslim Aid. Failure to adhere to this Policy may lead disciplinary action under Muslim Aid's Disciplinary Policy and/or consideration of criminal and civil proceedings, if appropriate.

## 3. Counter Fraud Strategy

The seven key objectives of Muslim Aid's strategy are:

- The creation of an *anti-fraud culture*;
- Maximum *deterrence* of fraud;
- Successful *prevention* of fraud which cannot be deterred;
- Prompt *detection* of fraud which cannot be prevented;
- Professional *investigation* of detected fraud;
- Effective *sanctions*, including legal action against people committing fraud;
- Effective methods for seeking *redress* in respect of money defrauded.

For further information regarding the Counter Fraud Strategy, please refer to Appendix 1 of the Policy.

## 4. Definition

Fraud is a kind of criminal activity, defined by the Charity Commission as "a form of dishonesty, involving either false representation, failing to disclose information or abuse of position, undertaken in order to make a gain or cause loss to another." Essentially for an offence of fraud to be committed someone must have acted dishonestly (through lies or deception) in order to make a gain for themselves, or inflict a loss. In the UK there are three main offences defined by the Fraud Act 2006.

- Fraud by false representation

- Fraud by abuse of position
- Fraud by failing to disclose information

There may be instances where the person committing fraud is not making a personal gain, but instead is doing so under duress, i.e. under the threat of violence, harassment or bullying.

In the UK, if found guilty of fraud, the fraudster may be imprisoned for up to 7 years. Outside of the UK, sentences may vary significantly.

The following are examples of the types of activity that should also be regarded as fraud:

- Manipulation or misreporting of financial information
- Misuse of assets, including cash, stock and other assets
- Misrepresentation of qualifications to obtain employment
- Conspiracy to commit fraud.
- Fraudulent completion of official documents (e.g. VAT receipts)
- Illegal use of intellectual property/branding/logo belonging to Muslim Aid in order to appear to be affiliated with Muslim Aid.

## 5. REPORTING FRAUD

Should you have any suspicions fraud please do not hesitate to report your concerns to the following:

### **The Head of Risk and Internal Audit**

You should report all suspicions of fraud to the Head of Risk and Internal Audit using the Fraud Referral Form (attached as *Appendix 1*) who is the first point of contact. Remember, do not report any instances of fraud to your line manager or other staff as you do not know whether they may be implicated.

### **Use Muslim Aid's Whistleblowing/Reporting Concerns Policy and Procedures**

If you do not wish to report the matter directly to the Head of Risk and Internal Audit and wish to remain anonymous, please refer to Muslim Aid's Whistleblowing Policy and Procedures which will provide details of how you can report your concerns in confidence.

### **Charity Commission**

You can report your concerns directly to the Charity Commission by making a serious incident report. It is strongly advised that advice is sought from the Head of Risk Internal Audit before contacting the Charity Commission.

### **Police/Action Fraud**

As *per* page 7 of the 'Charity Commission's Reporting Serious Incidents - guidance for trustees', all instances of suspected fraud should be reported by the Trustees directly to the police *via* Action Fraud - <http://www.actionfraud.police.uk/> N.B. staff should not report matters *via* Action Fraud themselves without first reporting and discussing the issue with the Head of Risk Internal Audit.

The following is guidance for individuals who suspect fraud:

#### **Do:**

- Stay calm – remember you are a witness not a complainant
- Write down your concerns immediately – make a note of all relevant details such as what was said in 'phone or other conversations, the date, the time and the names of anyone involved

- Do report your concerns to the Head of Risk and Internal Audit as soon as possible, as any delay may cause the company to suffer further financial loss. We encourage you to raise your concerns - the Public Interest Disclosure Act 1998 protects employees who have reasonable concerns. You will not suffer discrimination or victimisation by following the correct procedures.

**Don't:**

- Do not investigate the matter yourself. Attempting to gather evidence yourself (unless it is about to be destroyed) may result in it becoming inadmissible and prejudice any criminal investigation. The gathering of evidence must be done in line with legal requirements in order for it to be admissible in court
- Do not approach the person involved (this may lead to him/her destroying evidence)
- Do not tell you line manager
- Do not discuss your suspicions with anyone other than those persons referred to above unless specifically asked to do so by them. Confronting the suspect or conveying concerns to anyone other than those authorised, could alert a fraudster or lead to an innocent person being unjustly accused.
- Do not use the process to pursue a personal grievance
- Don't do nothing!

**Remember:**

- You may be mistaken or there may be an innocent or good explanation – this will come out in the investigation
- The process may be complex and protracted. Investigations are carried out in confidence on a 'need to know' basis. You will be updated as and when it is appropriate to do so; do not be alarmed if you have not heard anything from the investigators.

## **6. Code of Conduct**

Muslim Aid staff must at all times observe the highest standards of:

- fairness
- integrity
- honesty
- objectivity
- openness
- accountability
- selflessness
- sensitivity to other cultures
- sensitivity to individual encumbrances
- adherence to modest and respectful dress at all times.

For further information, Muslim Aid's Code of Conduct Policy provides guidance to staff on how to ensure that their actions and behaviour are consistent with both Muslim Aid values and the high standards of conduct required to maintain donor confidence in the work of Muslim Aid.

## **7. Monitoring**

Monitoring the effectiveness of this policy is the responsibility of the Head of Risk and Internal Audit and will be considered in the routine reporting of all matters relating to counter fraud, risk of fraud and actual fraud to the Audit Committee.

## **8. Related Policies**

This Policy is linked to the following policies:

- Guideline Fraud Response Plan
- Anti-Bribery and Corruption Policy
- Anti-Money Laundering and Anti-Terrorist Financing Policy
- Due Diligence Policy and Procedures
- Financial policy and procedure
- Procurement and Public Tendering policy
- Risk Assessment Policy and Procedure
- Whistleblowing/Raising Concerns Policy

# **Appendix 1:**

## **Anti-Fraud Strategy**

### **The creation of an anti-fraud culture**

Muslim Aid will use counter fraud publicity material to inform employees that fraud is a serious offence and takes away resources from Muslim Aid's mission. Such activity will demonstrate that fraud and corruption is not acceptable and is being tackled.

### **Maximum deterrence of fraud**

Deterrence is more than just tough sanctions; it is also about increasing the expectation that perpetrators will be caught if they attempt to defraud Muslim Aid –. Muslim Aid will introduce such measures to minimise the occurrence of fraud.

### **Successful prevention of fraud that cannot be deterred**

Muslim Aid has policies and procedures in place to reduce the likelihood of fraud occurring. These include a system of internal controls, Scheme of Delegation and documented procedures, which involve physical and supervisory checks, financial reconciliations, segregation and rotation of duties, plus clear statements of roles and responsibilities. Where fraud has occurred, Muslim Aid will ensure that any necessary changes to systems and procedures take place immediately to prevent similar incidents from happening in the future.

### **Prompt detection of fraud that cannot be prevented**

Muslim Aid will develop and maintain effective controls to prevent fraud and corruption and to ensure that if it does occur, it will be detected promptly and referred to the Head of Risk and Internal Audit for investigation.

### **Professional investigation of detected fraud**

The Investigating Officer will be appropriately trained to carry out investigations into suspicions of fraud.

### **Effective sanctions, including appropriate legal action against people committing fraud and corruption**

Following the conclusion of an investigation, if there is evidence of fraud, available sanctions will be considered in accordance with the guidance issued by the Ministry of Justice or other local jurisdictions. This may include criminal prosecution, civil proceedings and disciplinary action, as well as referral to a professional or regulatory body.

### **Effective methods for seeking redress in respect of money defrauded**

Recovery of any losses incurred will also be sought through civil proceedings if appropriate, to ensure losses to Muslim Aid are returned for their proper intended use.

**Appendix 2:  
Fraud Referral Form - Please Return this form to the Head of Risk and Internal Audit**

<b><u>Referral From:</u></b>	
<b>Name</b>	<input type="text"/>
<b>Job Title</b>	<input type="text"/>
<b>Telephone</b>	<input type="text"/>
<b>Email</b>	<input type="text"/>

<b><u>This Allegation of Fraud relates to:</u></b>	
<b>Name(s)</b>	<input type="text"/>
<b>Job Title(s)</b>	<input type="text"/>
<b>Suspicion</b>	<input type="text"/>
<b>Details</b>	<p>I.e. what has happened (is it still happening)? Who is involved? Dates/times? Is there any evidence and if so, where is it? Please provide as much detail as possible and feel free to use additional pages.</p> <input type="text"/>

<p>Please attach any additional information.</p> <p>Signed..... Date.....</p> <p>Return this referral form to the <b>Head of Risk and Internal Audit</b></p>
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**Proposed Anti-Bribery Statement**