



US Fraud Policy And Fraud Response Plan

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US Fraud Policy

Introduction

The purpose of this document is to set out the United Synagogue's policy on fraud and our responsibilities for its prevention.

It applies to Directors, staff and volunteers across the organisation. Anybody associated with the United Synagogue, who commits fraud, theft, or any other dishonesty, or who becomes aware of it and does not report it, will be subject to appropriate disciplinary action.

Statement of intent

The United Synagogue is committed to the prevention of fraud and the promotion of an anti-fraud culture. The Charity operates a zero-tolerance attitude to fraud, and requires staff, volunteers and stakeholders to act honestly and with integrity at all times, and to report all reasonable suspicions of fraud. The Charity will investigate all instances of actual, attempted, and suspected fraud, committed by staff, volunteers, consultants, suppliers and other third parties, and will seek to recover funds and assets lost through fraud. Perpetrators will be subject to disciplinary and/or legal action.

Definition of fraud

In practical terms and for the purposes of this policy, fraud can be defined as the use of deception, with the intention of obtaining an advantage, avoiding an obligation, or causing loss to another party. The essential elements of fraud are dishonesty, which can include non-disclosure of material facts, and deprivation, or risk of deprivation.

It also describes acts such as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, and includes the use of IT equipment to manipulate programs or data dishonestly, the theft of IT equipment or software, and intentional misuse of IT resources.

Responsibilities

With regard to the prevention of fraud, theft, misuse of equipment and abuse of position, the specific responsibilities of the various stakeholders are as follows:

Trustees

The US Trustees are responsible for establishing and maintaining a sound system of internal control that supports the achievement of the Charity's policies, aims and objectives. It is designed to respond to and manage the whole range of risks that the Charity faces. Managing fraud risk is seen in the context of the management of this wider range of risks.

The Chief Executive and Directors

Overall responsibility for managing the risk of fraud is delegated to the CEO and Directors. Their responsibilities include:

- Undertaking a regular review of the fraud risks associated with each of the key organisational objectives.
- Establishing an effective anti-fraud response plan, in proportion to the level of fraud risk identified.

- The design of an effective control environment to prevent fraud.
- Establishing appropriate mechanisms for:
 - Reporting fraud risk issues
 - Reporting significant incidents of fraud or attempted fraud, to the Board of Trustees, and where appropriate also the Police, Charity Commission, ICO etc.
 - Making sure that all staff are aware of the Charity's Anti-Fraud Policy and know what their responsibilities are in relation to combating fraud.
 - Ensuring that appropriate action is taken to minimize the risk of previous frauds occurring in future.

Managers

In addition to their individual responsibilities, managers are responsible for:

- Ensuring that an adequate system of internal control exists within their areas of responsibility, and that controls operate effectively.
- Preventing and detecting fraud, as far as possible.
- Reviewing the control systems for which they are responsible, regularly.
- Where frauds have taken place, implementing new controls, to reduce the risk of similar fraud reoccurring.

Staff and Volunteers

Individual members of staff and volunteers, are responsible for:

- Acting with propriety in the use of official resources, and in the handling and use of charitable funds, whether they are involved with cash or payments systems, receipts, or dealing with contractors or suppliers.
- Reporting immediately to their line manager, or next most senior manager, if they suspect that a fraud has been committed, or see any suspicious acts or events.
- Being alert to the possibility that unusual events or transactions could be indicators of fraud.
- Alerting their manager, when they believe the opportunity for fraud exists e.g. because of poor procedures, or lack of effective oversight.
- Act in accordance with the 'Do's and Don't's schedule (Appendix 1)

Raising a concern

Individuals are encouraged to raise concerns about any issue, suspicion of fraud, or malpractice, at the earliest possible stage. If you are unsure whether a particular act constitutes fraud, or if you have any other queries, these should be raised with the Chief Operating Officer.

Protection

Employees or volunteers who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. In accordance with the provisions of the Public Interest Disclosure Act 1998, and as set out in the US Whistleblowing policy, (appendix 2), individuals will not suffer retaliation or harassment, for reporting in good faith, any compliance concerns. The organisation aims to encourage openness, and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

The Charity is also committed to ensuring no one suffers any detrimental treatment, as a result of refusing to take part in fraud, or because of reporting in good faith, their suspicion that an actual or potential fraudulent act has taken place, or may take place in the future.

US Fraud Response Plan

Introduction

As outlined in the Charity's Fraud Policy, staff and volunteers are at all times, required to act honestly and with integrity, and to safeguard the charitable resources, for which they are responsible. The United Synagogue will not accept any level of fraud or corruption, consequently, any case of suspected fraud will be thoroughly investigated, and dealt with appropriately. This Fraud Response Plan is a procedural guide for required actions, which must be followed in the event of a suspicion or report of fraud or malpractice, either actual, or attempted.

Objective

It is important that managers, staff, volunteers and others, know what to do in the event of a fraud, or suspected fraud, so that appropriate action can be taken without delay. The objective of this Fraud Response Plan, is to ensure that all suspicions of fraud are reported, and that timely and effective action is taken, to prevent loss of funds or other assets, identify the person(s) responsible, and maximise the organisation's ability to take successful disciplinary and/or legal action. This plan forms part of the organisation's overall fraud policy.

Reporting a fraud

When a complaint of fraud or malpractice is made, the member of staff who first receives the complaint, must pass this information as soon as is reasonably possible, to the Chief Operating Officer and/or the Compliance Officer, who are both permanent members of the Fraud (and Malpractice) Response Team (FRT).

Complaints of malpractice will be investigated by the FRT, unless the complaint is against a member of the FRT, or is in any way related to the actions of a member of the FRT. In such cases, the complaint should be passed to the Chief Executive for referral. In the case of a complaint, which is any way connected with, but not against, a member of the FRT, the Chief Executive will nominate a senior manager to act as the alternative investigating officer.

Complaints against the Chief Executive should be passed to the President, who will liaise with the FRT, to nominate an appropriate investigating officer.

Fraud Response Team

Membership of the team may vary, depending on initial indications of the severity and complexity of the suspected fraud, but in addition to the permanent members, may also include:

- the Director responsible for the area of the suspected fraud
- the Legal Services Director
- the HR Director

For smaller, less complex frauds, it may not be appropriate to establish a full Fraud Response Team, but the Chief Operating Officer should always be a member, and should be kept informed of progress at all stages of the investigation.

The FRT should quickly determine the following:

- whether an investigation is necessary
- who will lead the investigation, (the person chosen to lead the investigation should be appropriately experienced and independent of the activity affected by the alleged fraud)
- any necessary additional resource to support the investigation
- any immediate need for police involvement
- additional support requirements, (e.g. IT facilities, a secure room, administrative support etc)
- any immediate need for legal advice
- any immediate need for external technical advice or support, (e.g. forensic accountant)
- any immediate need to establish a PR/media strategy, for dealing with the case (both internally and externally)
- any immediate need to suspend staff, conduct searches, and remove staff access (e.g. to files, buildings, computer systems etc), the decision to suspend a member of staff will be taken as a last resort in cases where it is the only way to safeguard the organisation from further losses
- any immediate need to report the potential fraud externally (e.g. Charity Commission, external auditors, funders/donors, tax authorities etc)

Certain action may need to be taken immediately, to prevent further losses. The HR Director should lead on any decisions and action, regarding staff suspensions, and removal of access to files, systems and offices.

The Investigation

Objectives

The objectives of the investigation should be agreed by the FRT at the outset. Likely objectives would be to:

- identify the culprit(s)
- establish the facts surrounding the fraud, and ascertain total losses
- remove the threat of further losses. (In some exceptional cases it may be necessary to allow further losses, in order to gain additional evidence and increase the chances of successful criminal, civil, or disciplinary action. This should normally only be allowed under police guidance).
- obtain sufficient evidence for successful disciplinary, criminal, or civil action

Investigation plan

The FRT should draw up an investigation plan, to ensure that all salient issues are covered, in order that the objectives of the investigation can be achieved. The Plan may cover some or all of the following:

- identification and recording of the persons involved, and facts of the case
- handling internal and external communications
- actions to prevent further losses
- actions to secure evidence. Normally, evidence should be secured in a way that will be least likely to alert the suspect(s), or others
- liaison with HR, and dealing with employees under suspicion
- interviews to be conducted
- timetables or milestones for involving the police, or other external experts

- analysis of evidence
- internal reporting (e.g. to management team, trustees, ARC etc)
- discussing with internal and external legal advisors
- reporting to Charity Commission and/or other regulatory and government bodies

Communications during and after the investigation

Although there will always be a balance to be struck between communication and confidentiality, the FRT need to ensure, that everyone with a need to know, is kept suitably briefed throughout the investigation, and at the reporting, acting on findings and debriefing stages. Communication with any person(s) under suspicion, needs to be conducted in accordance with the organisation's HR policies, and with guidance from the HR Director.

Third parties who may need to be alerted or informed might include; the police, regulatory authorities, insurers, legal advisors, external auditors, and the Charity Commission. The FRT should decide who is to communicate with these third parties, and under what circumstances.

Securing evidence

In securing and handling evidence, it should be assumed that all evidence may need to be presented in court, and should therefore be treated accordingly. (Even if criminal or civil action is not planned, it is sensible to adopt this approach). Normally, all evidence should be kept securely, under lock and key, with access limited to those working on the investigation. A record should be maintained of anyone handling evidence.

Evidence such as computer data, transferable media, videotapes, etc., should only be handled by suitably trained and skilled personnel. Where evidence, or other relevant information is to be shared with another body, careful consideration should be given to any data protection and confidentiality requirements.

Individuals under suspicion

There is always a possibility, that an allegation of fraud may eventually prove to be unfounded, therefore in order to respect the individual(s) concerned, and ensure good working relations after an investigation, any action taken, such as suspension or interviewing, should be handled very carefully, and always with guidance from the HR Director.

Interviews/statements

When interviewing individuals under suspicion, it must be made clear whether it is a formal interview, or an informal discussion. It should be explained that you have no pre-set view, the suspicion should be outlined, and the employee given adequate time to respond.

If formal questioning is needed, because a criminal offence is suspected, then the interview should be conducted in accordance with the principles of the UK Police and Criminal Evidence Act (PACE). Investigators must therefore be suitably skilled and experienced in this regard, and such interviews should only be carried out with the approval of the Chief Operating Officer.

Ideally, statements should be taken from witnesses using their own words. The witness must be happy to sign the resulting document as a true record, the witness can also be given a copy of the statement if required.

It is very important to keep comprehensive and accurate notes on file, in the event that they are needed for future reference (e.g. court, tribunal, disciplinary hearing). Notes should always show the date of interview, time started, time finished, and be signed and dated by the interviewer.

Reporting

Every investigation of suspected fraud or financial irregularity should result in a report by the FRT, regardless of whether any members of staff are dismissed, or prosecutions made. The report should record:

- the scale of the fraud
- when and how it was perpetrated and by whom
- what (if any) action has been taken against the perpetrator(s)
- the actions taken or needed, to prevent further similar losses in future, and to recover what has been lost
- how the fraud was detected, and whether or not existing controls were effective

The report should be issued to the Chief Executive, Chief Operating Officer, US treasurer, Compliance Officer and the relevant Director.

Since the report may be used both internally for disciplinary hearings, and/or externally for civil or criminal proceedings, conclusions and opinions should be substantiated by evidence, and defamatory statements should be avoided.

Review of findings and actions arising

The report findings should be reviewed by relevant managers, in particular the lessons learned, in order to help avoid future frauds. If the fraud was significant, the findings should be discussed by the Audit Committee.

Senior Managers should satisfy themselves that, so far as is practically possible, that a similar fraud could not occur again, or at the least, the amount of potential loss has been minimised. Also, that the perpetrators have been properly dealt with, and recovery has been pursued robustly.

Any actions arising from the final report, should be allocated to named individuals with appropriate due dates for completion.

Closing the case

It is important that any decision to close the case is clearly documented and communicated to those involved. The case may be closed for a number of reasons, including:

- All action points arising from the final report have been completed
- The Fraud Response Team decides there is insufficient evidence to support the allegations
- The United Synagogue does not wish to incur further costs investigating the case

The decision to close the case and the reason for doing so, should be documented by the Chief Operating Officer, and should be added to the investigation file.

Appendix 1 – Do’s and Don’ts

Do:

Make a note of your concerns

- Write down the nature of your concerns
- Make a note of all the relevant details, such as what is said over the telephone or any other conversations
- Note the names and, if known, the position of those involved
- Notes do not need to be overly formal, but should be timed, signed and dated
- Notes should be held in a secure place
- Timeliness is most important. The longer you delay writing up, the greater the chances of recollections becoming distorted and the case being weakened
- Note the date and time when the suspicion was reported onwards

Report your concerns promptly

- In the first instance, for internal fraud report your suspicions to your line manager. If this action is inappropriate further guidance on disclosure can be found in either the Fraud or Whistleblowing policies.
- If you are unsure who to report to, contact the Compliance Officer for advice.
- All concerns must be reported to the Chief Operating Officer and/or Compliance Officer.

Retain any evidence you may have

- The quality of evidence is crucial and the more direct and tangible the evidence, the better the chances of an effective action.
- Retain and keep all relevant records/evidence that may have been handed over or discovered as a result of the initial suspicion in a secure and confidential location and had them over to a member of the Fraud Response Team at the earliest opportunity.

Don’t:

Be afraid of raising your concerns

- The Public Interest Disclosure Act provides protection to employees who raise reasonably held concerns through the appropriate channels.
- The Charity’s Whistleblowing policy provides guidance on how to do this.
- You will not suffer discrimination or victimisation as a result of following these procedures, and the matter will be treated sensitively and confidentially.

Convey your concerns to anyone other than authorised persons

- There may be a perfectly reasonable explanation for the events that give rise to your suspicions. Spreading unnecessary concerns may harm innocent persons and the reputation of the Charity.
- Don’t discuss your suspicions with anyone other than the individual you formally raised the issue with.
- Don’t report the matter to the police unless you have been authorised to do so by the Fraud Response Team.

Approach the person you suspect or try and investigate the matter yourself

- There are special rules relating to the gathering of evidence for use in criminal cases and to protect human rights. Any attempt to gather evidence by persons who are unfamiliar with these rules may prevent appropriate action being taken.
- Don't interfere with or alter any documentary or computer based evidence as a result of any suspicion
- Don't attempt to interview or question anyone unless authorised to do so.

US Whistleblowing Policy

Introduction

Employees and volunteers of the United Synagogue (the Charity), are expected to conduct the organisation's business with the highest standards of integrity and honesty. Individuals are therefore encouraged to report any wrongdoing that falls short of these business principles. This policy enables employees to raise concerns about the conduct of other staff or volunteers, without fear of undue recrimination.

Principles

- The Charity is committed to achieving high standards of integrity and accountability, and expects the same commitment from employees, volunteers, and those working for the organisation.
- The Charity aims to provide an open environment, so that employees, volunteers and those working for organisation can raise issues they believe to be in the public interest, with the confidence that they will be acted upon appropriately.
- Employees will be protected from detrimental treatment, i.e. victimisation or dismissal, if they raise concerns.
- This procedure complies with the Public Interest Disclosure Act 1998.

Purpose

This process is intended to assist individuals who believe they have discovered malpractice or impropriety. It is not designed to question financial or business decisions taken by The United Synagogue, nor should it be used to reconsider any matters which have already been addressed under harassment, complaint, disciplinary or other procedures.

Scope

This policy is intended to address concerns that are in the public interest, and may at least initially be investigated separately, but might then lead to the invocation of other procedures e.g. disciplinary.

These concerns could include:

- Financial malpractice, impropriety, or fraud
- Abuse of position
- Failure to comply with a legal obligations or statutes
- Dangers to health & safety, or the environment
- Criminal activity
- Improper conduct, or unethical behaviour
- Failure to comply with the United Synagogue Safeguarding (child and vulnerable adult protection) policies
- Attempts to conceal any of these

The Charity expects staff to use the 'Whistleblowing' procedures in place, rather than air their complaints outside the organisation.

Safeguards

Protection

Employees who disclose such concerns will be protected under this policy, provided the disclosure is made:

- In good faith
- In the reasonable belief of the individual making the disclosure that it tends to show malpractice or impropriety.
- To an appropriate person (see below).

No protection from internal disciplinary procedures, is offered to those who choose not to use the procedure. In an extreme case, malicious or wild allegations could give rise to legal action, on the part of the persons complained about.

Confidentiality

The Charity will treat all such disclosures in a confidential and sensitive manner. The identity of the individual making the allegation may be kept confidential, so long as it does not hinder or frustrate any investigation. However, the investigation process may reveal the source of the information, and the individual making the disclosure may need to provide a statement, as part of the evidence required.

Anonymous Allegations

This Charity encourages individuals to put their name to any disclosures they make. Concerns expressed anonymously are much less credible, but they may be considered, at the Charity's discretion. Factors taken into account will include:

- The seriousness of the issues raised
- The credibility of the concern
- The likelihood of being able to confirm the allegation from other attributable sources

Untrue Allegations

If an individual makes an allegation in good faith, which is not confirmed by subsequent investigation, no action will be taken against them. If however, an allegation is made frivolously, maliciously, or for personal gain, disciplinary action may be taken against that individual.

Making a Disclosure

When a complaint of malpractice is made, the member of staff who receives the complaint must pass this information, as soon as is reasonably possible, to the Chief Operating Officer and/or the Compliance Officer, both of whom are permanent members of the Fraud (and Malpractice) Response Team (FRT). All disclosures will be investigated as follows:

- Complaints of malpractice will be investigated by the FRT, unless the complaint is against a member of the FRT, or is in any way related to the actions of a member of the FRT. In such cases, the complaint should be passed to the Chief Executive for referral.
- In the case of a complaint, which is any way connected with, but not against a member of the FRT, the Chief Executive will nominate a senior manager to act as the alternative investigating officer.
- Complaints against the Chief Executive should be passed to the President, who will liaise with the FRT to nominate an appropriate alternative investigating officer.

- The complainant has the right to bypass the line management structure, and take their complaint directly to the Chief Executive. The Chief Executive may in turn refer the complaint back to the FRT, if they feel that the FRT can appropriately investigate the complaint without any conflict of interest.

If the above options are either not suitable, or not acceptable, the complainant may approach either the Director of Legal Services, or the Human Resources Director, who can advise them on the implications of the legislation, and the possible internal and external avenues of complaint open to them. If there is evidence of criminal activity, then the FRT should inform the police. The United Synagogue will ensure that any internal investigation does not hinder a formal police investigation.

Timescales

Due to the varied nature of these sorts of complaints, which may involve internal investigators and/or the police, it is not possible to lay down precise timescales for such investigations. The FRT should ensure that the investigations are undertaken as quickly as possible, without affecting the quality and depth of those investigations.

The FRT, should, as soon as practically possible, send a written acknowledgement of the concern to the complainant and thereafter (if appropriate), report back to them in writing, the outcome of the investigation, and on the action that is proposed. If the investigation is a prolonged one, the FRT should keep the complainant informed, in writing, as to the progress of the investigation and as to when it is likely to be concluded. All responses to the complainant should be in writing and sent to their home address.

If appropriate, a copy of the outcomes will be passed to The Charity's Internal and External Auditors to enable a review of the procedures.

Post investigation

If the complainant is not satisfied that their concern is being properly dealt with by the FRT, they have the right to raise it in confidence with the Chief Executive or President, or one of the designated persons described above.

The Charity recognises the lawful rights of volunteers, employees, and ex-employees, to make disclosures to prescribed bodies, such as the Health and Safety Executive, the Charity Commission, or other regulators, or, where justified, elsewhere.