



**The British
Psychological Society**

Promoting excellence in psychology

ANTI FRAUD PROCEDURE

For use by	All Society employees; Members of the Society involved in Society activities; agents, consultants and contractors acting for the Society.
Owner	Director of Finance
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ANTI FRAUD PROCEDURE

1. Introduction

- 1.1. The Anti Fraud Procedure supports the Society's approach to fraud by setting out ways in which staff and Members can voice their concerns about suspected fraud or corruption and to establish a framework for investigating potential fraud.
- 1.2. It should be read in conjunction with the Anti-Fraud Policy.

2. Aims

The aims of the Anti Fraud Procedure are:

- 2.1. To ensure that suspected fraudulent activity is addressed fairly, consistently, appropriately and in a timely manner.
- 2.2. That Society assets and reputation are protected
- 2.3. To allow staff and Members to report concerns and know they will be dealt with in an agreed procedure.

3. Scope

- 3.1. This document applies to all employees, including temporary staff, and Members.

4. Guidelines – for those who suspect that fraud is occurring or has occurred

4.1 Initial actions

If you suspect potential fraudulent activity within the Society:

Do:

- 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.
- Consider the possible risks and outcomes of any action you take.
- Make sure your suspicion is supported by facts.

Do not:

- Become a private detective and personally conduct an investigation.
- Do not approach the person involved (this may lead to them destroying evidence).
- Do not discuss your suspicions or case facts with anyone other than the person to whom you should make the initial report unless asked to do so as part of a formal investigation.

Remember:

- You may be mistaken or there may be an innocent or good explanation.
- The process may be complex and the situation may lead to a period of disquiet or distrust in the organisation despite you having acted in good faith.

5. Reporting fraud

- 5.1. Should members of staff or Members wish to report any concerns or allegations they should contact the Chief Executive or Honorary General Secretary (Members) or the most appropriate person identified within the Whistleblowers Policy (staff).

6. Relevant Procedures

- 6.1. In the event that an incident of fraud is reported, the Society will immediately investigate the allegation. The Society has clearly defined procedures for dealing with allegations against staff (Disciplinary Policy and Procedures) and members (Member Conduct Rules) and the investigation of fraud will take place within these.
- 6.2. In addition to enacting its internal procedures, the Society will notify the police authorities and the Charity Commission as and when appropriate.

7. Investigation of fraud

- 7.1 Whether undertaken within the context of the Society's Disciplinary Policy and procedure or Member Conduct Rules, an investigation will take place led by a nominee of the Chief Executive (if the allegation concerns a staff member); a nominee of the Honorary General Secretary (if the allegation concerns the Chief Executive or a Society Member) or a nominee of the President (if the allegation concerns the Honorary General Secretary).
- 7.2. The Investigator will liaise as appropriate and in strictest confidence with the heads of teams within the office in order to make evidence secure, and involve other members of staff or Society Members as necessary in order to conduct a thorough investigation of the circumstances.
- 7.3. Within the Disciplinary Policy and Procedure and an investigation within the context of the Member Conduct Rules, the Chief Executive or Honorary General Secretary will

lead on any decisions and action regarding staff suspensions and removal of access to files, systems and offices.

8. Securing evidence

- 8.1. 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.
- 8.2. 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.
- 8.3. Evidence such as computer data, transferable media, should only be handled by suitably trained and skilled personnel.
- 8.4. Where evidence, or other relevant information, is to be shared with another body, careful consideration should be given to the requirements of the Data Protection Act. Where there is any doubt, expert advice must be sought.
- 8.5. Evidence may take different forms and will need to be handled in different ways:-

Original Documents

- handle as little as possible
- put in protective folder and label the folder
- do not mark in any way
- assign responsibility to one person for keeping the documents
- keep a clear record of how and where the documents were obtained
- keep a record of anyone who subsequently handles the documents

Computer Held Data and Transferable Media

- keep secured in an appropriate environment
- data should only be retrieved from computers by those who are technically qualified

Photocopied Documents

- in some cases it may be preferable or necessary to leave original documents in situ and take photocopies for further analysis and investigation
- photocopies should be clearly marked as such
- photocopies should be signed and dated, and certified as a true copy of the original.

9. Employees under suspicion

- 9.1. The key factors in deciding to suspend staff will normally be prevention of further losses and prevent the removal or destruction of evidence. In some cases, it may be preferable not to suspend even at the risk of further losses (eg to gather further evidence). Any decision to suspend must be taken by the Chief Executive or if he/she is absent, by the Honorary General Secretary.
- 9.2. Any employees under suspicion who are allowed to remain at work should be closely monitored. This may include: physical surveillance of movements, monitoring of IT usage, monitoring of telephone, email and internet usage etc.
- 9.3. Other matters to consider include:
 - searching the suspects work area; desk, cabinets, files, computer etc
 - restricting access by the suspect to files, computers etc.

10. Interviews and statements

- 10.1. Early consideration should be given to police involvement, or consultation. The decision to involve the police must be taken by the Chief Executive or Honorary General Secretary and will take into account the seriousness of the circumstances.
- 10.2. 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 be given a copy of the statement if desired.
- 10.3. Notes must be kept on file in the event that they are needed for future reference (eg court, tribunal, disciplinary hearing). Such notes should always show: date of interview; time started; time finished; and, be signed and dated by the interviewer.
- 10.4. An evidence file should be prepared for use in any disciplinary hearings and for potential submission to the police. This may include a summary of the fraud, highlighting (if known) the amount, the modus operandi, and the location, and including photocopies of key supporting documents and contact details of the person leading the investigation.

11. Record keeping

- 11.1. Clear records and logs of events, communications, key dates etc, must be kept.
- 11.2. Unnecessary records or copies and all papers relating to the investigation must be securely destroyed at the conclusion of the investigation.
- 11.3. The communication of sensitive information via email should be avoided where possible.

12. Preventing further loss

- 12.1. The investigator should make a preliminary assessment of the potential for further losses and how best to prevent them, and make recommendations to the Chief Executive or Honorary General Secretary as to what, if any, immediate actions are necessary.
- 12.2. As the investigation continues, and more information emerges, further recommendations for action may be needed.
- 12.3. When the extent of the fraud, and the identity of the perpetrator has been determined, the Chief Executive and /or the Board of Trustees must consider how the loss can realistically be recovered and take any action thought necessary. The policy of the Society is to always seek recovery of losses where appropriate to do so.

13. Reparation and recovery of losses

- 13.1. During the investigation an individual may offer to repay the amount that has been obtained improperly. Those involved in the investigation should neither solicit nor accept such an offer (as it may be construed as having been obtained under duress). Any offer made should be recorded and legal advice sought by Personnel.
- 13.2. If an offer of restitution is made while disciplinary or legal proceedings are still under way, legal advice should be sought by Personnel.
- 13.3. After disciplinary proceedings have been completed, where a member of staff is to be dismissed, consideration will be given to recovering any amounts due from any outstanding salary or expense payments.
- 13.4. After disciplinary proceedings have been completed and a Member is to be penalised under the Member Conduct Rules, consideration will be given to instigating civil proceedings for recovery.
- 13.4. Where the fraud has been committed by the employee of a contractor or supplier all or part of the loss may be recoverable from the business concerned. It may be possible to reach an agreement that the loss can be deducted from any outstanding debts or that additional goods/services will be supplied free of charge.

14. Reporting and reviewing

- 14.1. Every investigation of suspected fraud or financial irregularity should result in a report regardless of whether any members of staff are dismissed, Members disciplined or prosecutions made. The report will record, the scale of the fraud, when and how it was perpetrated and by whom. In addition the report will record; what action has been taken against the perpetrator, the actions to prevent further similar losses and to recover what has been lost. It will also usually be pertinent to note how the fraud was detected and whether or not existing controls were effective.
- 14.2. The report will be issued to the Chief Executive; the Audit and Risk Committee and the Board of Trustees who will review the findings. A copy should also be made available to the external auditors via the Director of Finance. It is important to strictly limit the distribution of the report. Copies will not be provided automatically to suspects or their representatives. However if a disciplinary hearing takes place the individual and their representative will be entitled to receive a copy.
- 14.3. If the fraud was serious, the report should also be submitted to the Charity Commission in line with their protocol.
- 14.4. The Trustees should satisfy themselves that, so far as is practically possible, that a similar fraud could not occur again and /or the amount of potential loss minimised, the perpetrators have been properly dealt with and recovery has been pursued robustly.
- 14.5. Any actions arising from the final report should be allocated to named individuals with appropriate due dates for completion.

15. Archiving

- 15.1 All documents associated with the investigation should be archived in a secure location with adequately restricted access and any redundant documents and papers, or duplicate copies, should be carefully shredded.

16. Communication

- 16.1 The effectiveness of this Procedure requires good communication at all stages.
- 15.2 Communication should be clear and transparent, to encourage reporting and instil confidence that concerns will be followed promptly and fairly. Assurances on confidentiality should be given as and when possible and required.
- 15.3. The person who raises concerns should be kept up to date, but with due regard to confidentiality.
- 15.4. Third parties who may need to be alerted or informed may include the police, insurers, legal advisors, external auditors and the Charity Commission. Established lines of communication should ideally already be in place with these groups to ensure that a timely and consistent approach is made and that the right information is passed on in the early stages of the investigation. Those authorised to act will be the Chief Executive or the Honorary General Secretary.
- 15.5. All communication with the Press will be approved by the Chief Executive or member of the SMT prior to release.
- 15.6. Finally, care will be required on communicating with the person who raised concerns. It may be necessary to manage expectations as it may not be possible to maintain confidentiality, for example if disciplinary action is to be taken or a prosecution sought.
- 15.7. The following types of communication are considered inappropriate and may result in disciplinary action:
- discussing the case outside the organisation;
 - confrontation / discussion between the person reporting the fraud and the suspected perpetrator;
 - inappropriate remarks by unconnected members of staff; and
 - gossip and hearsay.