Anti-Fraud Policy

1. Introduction

Fraud encompasses a collection of irregularities and illegal acts characterised by intentional deception. It can be perpetrated for the benefit or to the detriment of the organisation and by individuals or in collusion with others, outside and / or inside the organisation.

Common types of fraud involve someone obtaining our assets inappropriately by deception, such as grants, data, software, IT equipment, brand, employment, contracts etc. This can include theft, the misuse of funds or other resources or more complicated crimes such as misstatement of financial documents or records to conceal the theft or other irregularity. Definitions of fraud can be found at Appendix A.

Examples of fraud include but are not limited to:

- Theft of funds or other company property
- False accounting or other falsification of financial records, expenses or costs
- Forgery, alteration, destruction or removal of documents
- Inappropriate use of company property
- Seeking or accepting cash, gifts or other benefits from a third party in exchange for preferential treatment of the third party in their dealings with the company
- Blackmail or extortion
- Cyber fraud, phishing and/or scamming activities
- An employee requires or accepts kickbacks from partners for grant awards or payment remittances

These can be insider fraud, committed internally by employees, workers, consultants, board / committee members or Youth Futures service providers, and / or externally by third parties. We treat attempted fraud as seriously as accomplished fraud.

We have established procedures to encourage employees to report actual, attempted or suspected fraud and / or other forms of illegal activity without fear of reprisal as outlined in our **Whistleblowing Policy**. Any acts of bribery are covered by our **Anti-Bribery & Corruption Policy**.

The Charity Commission has published guidance on fraud protection and cyber-crime, containing useful information and advice. The Home Office provide guidance to organisations on the offence of failure to prevent fraud. Further resources can also be found on the Prevent Charity Fraud website.

2. Policy statement

With this policy and associated Youth Futures policies and procedures, we aim to deter, detect and investigate activity which may involve fraud. This policy sets out the behaviours we expect to ensure compliance with relevant legislation, our values and ethical standards; and gives guidance on what our employees, workers, consultants, board members and other representatives are expected to do to help us counter fraud.

3. Scope of this policy

This policy applies to employees, board members and our other representatives, including workers, consultants, contractors and agents acting for, or on our behalf.

We take serious view of any attempt to commit fraud. Failure to adhere to this policy could result in breaches of the law, breaches of contract and/or reputational damage to Youth Futures and could, therefore, result in disciplinary action through the employee disciplinary procedures and potentially criminal prosecution.

We are committed to:

- Maintaining adequate internal systems of control to help prevent and detect fraud in line with the Charity Commission guidance on internal financial controls for charities
- Compliance with the Economic Crime and Corporate Transparency Act 2023 by ensuring we have reasonable fraud prevention processes in place, which are regularly monitored and reviewed
- Educating our employees and those working on our behalf on the standards we expect, by ensuring that they are provided with training, awareness and knowledge of this policy
- Investigating all allegations of fraud and commencing disciplinary and/or legal action where appropriate
- Reporting to the Board and the Oversight Trust on any confirmed fraudulent activity and all aspects of fraud risk management and conducting an annual assessment of fraud risk.

4. Roles and responsibilities

All employees, workers, consultants, board / committee members and other representatives must ensure that, they familiar with and understand their responsibilities, under this policy and that they do all that is required of them to eliminate the risk of fraud and to report any suspected fraud without delay. All employees must complete mandatory fraud prevention training and be alert to the risk of fraud. Board / committee members, employees, workers, consultants and other representatives are provided with training and information relevant to their roles and need to be alert to the risk of fraud.

The CEO is the designated officer responsible for fraud prevention at Youth Futures.

The Senior Leadership Team (SLT) are responsible for ensuring this policy is implemented and that any incidents within their directorates are reported immediately.

Other managers are responsible for being familiar with this policy and complying with it. They also have a responsibility to ensure that their reports and other representatives they are responsible for, are made aware of the types of fraud and dishonesty that might occur within their team.

Any suggestion that Youth Futures has been involved in fraudulent activity could damage our reputation, expose us to regulatory and criminal investigations and put our funds and future at risk. Following this policy will help to ensure that we do not become involved in such activity and that any suspected incidents are investigated promptly.

It is the duty of every employee or any person working on our behalf to help prevent and identify Fraud by:

- filing and maintaining clear and verifiable financial records for all transactions, expenses and receipts (including those claimed under the Expenses Policy) and accounts, invoices and other documents and records relating to dealings with third parties (e.g. clients, suppliers and business partners)
- reporting any information which is within their knowledge concerning fraudulent activity, or if they suspect that a conflict with this policy has occurred or may occur in the future
- ensuring they do not engage in any activity that might be classed as fraudulent or lead to a breach of this policy
- assisting in the investigation of suspected fraud.

5. Procedures for this policy

Reporting suspicious transactions or activity:

We expect employees to report all reasonable suspicions of fraud. We will investigate all instances of actual, attempted and suspected fraud committed by board / committee members, employees, workers, 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.

If you are unsure whether a matter falls within the scope of this policy or wish to report suspected fraudulent activity, please discuss with your line manager initially. If you feel this is not appropriate, please contact the Head of Finance or Director of Finance and Resources. If you are still unsure or have any concerns in using these reporting options, please consult our **Whistleblowing Policy**.

The Public Interest Disclosure Act 1998 protects employees who raise concerns about certain matters of public interest in good faith. Employees can obtain free independent advice from the Employee Assistance Programme helpline, available to all employees - It is also able to offer free and confidential legal and practical advice.

Attempted or actual fraud will be reported to Action Fraud, the national reporting centre specifically for reporting frauds and has an online fraud reporting service, available 24 hours a day. The website includes an A to Z of fraud types.

Fraud incidents will also be reported to the Oversight Trust in line with our reporting commitments to the parent company.

For all employees and other representatives

If you become aware of suspected fraud or other irregularity, 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. Report the matter immediately to either your line manager, the Head of Finance, or the Director of Finance and Resources. If the Head of Finance or Director of Finance and Resources are implicated in the matter, it should be reported directly to the Chief Executive.

Oher representatives including partners, agents etc should report to their lead contact within Youth Futures, unless the lead contact is implicated in the matter, in which case they should contact the Head of Finance or Director of Finance and Resources. Their contact details can be found on our website.

When you report your concerns, arrange to hand over your notes and any evidence you have gathered to the appropriate investigator. Confidentiality for all parties will be maintained over reports made in good faith which cannot be substantiated following investigation.

You must not:

- contact or discuss the matter with the suspected perpetrator;
- discuss the case facts, suspicions, or allegations with anyone else inside or outside of the organisation (including the Media and via use of personal or business Social Media accounts) unless specifically asked to do so – for example by those investigating or;
- attempt to personally conduct investigations or interviews.

For managers:

If you have reason to suspect fraud or corruption in your work area, you:

- should listen to the concerns of your team and treat every report you receive seriously and sensitively. Make sure that all concerns are given a fair hearing. You should also reassure team members that they will not suffer because they have reported their suspicions to you;
- should gather as much information as possible from the person reporting the incident, including any notes and any evidence they have that may support the allegation. Do not interfere with any evidence and make sure it is kept safely;
- should not attempt to carry out an investigation yourself. This may damage any internal investigation or criminal enquiry; and
- should report the matter immediately to the Head of Finance or the Director of Finance and Resources. If the Head of Finance or Director of Finance and Resources are implicated in the matter, it should be reported directly to the Chief Executive.

The investigation process:

The Head of Finance or Director of Finance and Resources is responsible for initiating and overseeing all fraud investigations, and for recording all allegations and outcomes, unless they are conflicted. In which case the Chief Executive will assume responsibility.

A lead investigator will be appointed dependent on the nature of the allegation and any conflicts which may be apparent. In most cases a member of the SLT will be notified immediately and asked to lead the investigation. Where this is not appropriate due to potential conflict or where they may potentially be implicated by the allegation, an alternative approach will be agreed with the Chief Executive. If the Chief Executive is also conflicted, the approach will be agreed with the Chair of the Audit, Finance and Risk Committee.

All investigative work will comply with the standard of our disciplinary procedures to ensure that all investigations conform to a high standard and in accordance with legislation.

Investigation results will not be disclosed to or discussed with anyone other than those who have a legitimate need to know. This is important to avoid damaging the reputations of persons suspected, but subsequently found innocent of wrongful conduct, and to protect Youth Futures from potential civil liability.

In cases where an individual is suspected of fraud which a subsequent investigation does not substantiate, it is important that the potential damage to the individual's reputation is minimised. Whoever originally reported the suspected fraud or irregularity will be informed that the investigation has revealed no wrongdoing.

All investigations will be carried out with discretion and sensitivity and without regard to any person's position, relationship to the company or length of service. Those carrying out the investigation will confine themselves to investigating those matters which are the subject of, or are relevant to, the suspected fraud.

All investigations will include consideration of relevant legislation including the Police and Criminal Evidence Act 1984, Data Protection Act 2018, Public Interest Disclosure Act 1998, European Convention on Human Rights and our People policies.

Once the investigation has been completed, a written report will be prepared which states the facts discovered by the investigation.

Post-investigation

Where a fraud has occurred, management must make any necessary changes to systems and procedures to ensure that similar frauds will not recur. The investigation may highlight where there has been a failure of supervision or a breakdown/absence of control and if so, any necessary improvements should be implemented on a timely basis.

The Audit, Finance and Risk Committee can offer advice and assistance on matters relating to internal control, if considered appropriate.

Matters of alleged fraud will be dealt with under the procedure laid down our **Disciplinary Procedure**. Proven allegations of fraud will result in dismissal. Where appropriate, we may refer significant fraud to the police with a view to initiating criminal prosecution.

Where the company has suffered loss, restitution will be sought of any benefit or advantage obtained and the recovery of costs will be sought from individuals responsible for fraud. Legal advice will be sought as appropriate.

Overarching principles

Issues reported to Finance and Resources, line managers, SLT members, the Head of People, or reported using the channels outlined in our **Whistleblowing Policy** will be investigated in line with the following principles:

- We recognise that the decision to report a suspicion can be difficult to take, not least because of the fear of reprisal from those responsible for the suspected fraud. In accordance with our People policies, we will not tolerate harassment or victimisation and will take all practical steps to protect those who raise an issue in good faith.

- We will endeavour to protect the identity of employees if they do not want their names to be disclosed. However, it should be recognised that an investigation of any suspected fraud may need to identify the source of the information and a statement by an employee may be required as part of the evidence.

- We discourage anonymous allegations, and any issues reported anonymously will be considered only at our discretion. In exercising this discretion, the factors considered will include; the seriousness of the issue; the credibility of the allegations and supporting evidence; and the likelihood of confirming the allegation from attributable sources.

- If an allegation is made in good faith, but is not confirmed by investigation, we guarantee that no action will be taken against the person making the allegation and;

- If an allegation is made frivolously, in bad faith, maliciously or for personal gain, disciplinary action may be taken against the person making the allegation.

Appendix A: Definitions

Fraud: A deliberate intent to acquire money or goods dishonestly through the falsification of records or documents. The deliberate changing of financial statements or other records by either; a member of the public, someone who works or is a representative of Youth Futures. The criminal act is the attempt to deceive, and attempted fraud is therefore treated as seriously as accomplished fraud.

Theft: Dishonestly acquiring, using or disposing of physical or intellectual property belonging to the company or to individual members, supporters or clients of the company.

Misuse of Equipment: Deliberately misusing materials or equipment belonging to Youth Futures.

Abuse of Position: Exploiting a position of trust within the organisation

Insider Fraud: Fraud committed by somebody within the company, such as a board member, employee or other representatives. Examples of insider fraud include (but are not limited to) financial and accounting fraud, unauthorised payments to individuals, inflated expenses and the theft of information.

False accounting: False accounting fraud involves an employee or an organisation altering, destroying or defacing any account; or presenting accounts from an individual or an organisation so they do not reflect their true value or the financial activities of that company.

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Appendix B: Fraud Risk Assessment and Mitigations

Risks	Appetite	Net Score	Risk Mitigations
1. We fail to have adequate controls in place to prevent fraud by people in high-risk roles such as individuals with access to sensitive data, financial systems or authority over critical business processes	**Cautious** **(1-4)**	**2 x 2 = 4**	
IN APPETITE: we have an ongoing risk-based system of internal control that is designed to prevent and detect fraud. This system incorporates delegated authority and segregation of duties as outlined in our SODA, financial regulations and other corporate policies. They help set a transparent and anti-fraud culture.			Ongoing monitoring, reviewing and reporting on access to critical business systems. Also, ongoing control over potential override of internal controls and / or influencing financial reporting. These measures include: Internal audit reviews – ***quarterly*** Banking controls – ***ongoing*** Procurement procedures, including invoice approvals and payments – ***ongoing*** Payroll controls - ***monthly*** HR procedures – ***ongoing*** IT and systems admin - ***ongoing***
2. We fail to manage the application of our funds appropriately, leading to misuse or fraud by grantees or other external parties	**Cautious** **(1-4)**	**2 x 2 = 4**	
IN APPETITE: ongoing monitoring and assessment of all spend (grant committee decisions, ongoing monitoring by finance, grants and evaluation teams). Internal processes and controls appropriately developed and assurance from internal and external audits, plus regular committee reviews.			Business as usual (continuing with existing controls e.g. grant procedures) and finance continuous improvement activities (automation, increased reporting, additional finance resource, internal audit plan) ***– ongoing*** Focussed internal audit reviews - ***Q3 / Q4, 2025*** Focussed financial training for teams assessing financial health of grantees and contractors – ***ongoing***
3. We fail to effectively manage our procurement and payment processes, leading to insider fraud or collusion with external parties	**Cautious** **(1-4)**	**2 x 2 = 4**	
IN APPETITE: ongoing monitoring and assessment of all spend (procurement practice, grant committee decisions, finance processes etc). Internal processes and controls appropriately developed and assurance from internal and external audits, plus regular reviews by management and committees.			Oversight of the procurement and payment processes by the finance team - ***ongoing*** Segregation of roles in procurement and payment – ***ongoing***

Risks	Appetite	Net Score	Risk Mitigations
			Focussed internal audit reviews - ***Q3 / Q4, 2025***
4. We fail to prevent the risk of material misstatement in the financial statements (and other financial reports) arising from fraud risk.	**Cautious (1-4)**	**2 x 2 = 4**	
IN APPETITE: we have a robust system of internal control; risk management and governance framework designed to prevent and detect fraud. The internal and external audits components are designed to indicate the possibility that fraud may exist.			Independent external and internal auditors. Attitude of professional scepticism in their work and factoring fraud risk in the design of their work plan – ***ongoing***
5. We fail to have in place and adhere to robust data protection practices, risking data misuse, theft or loss	**Cautious (1-4)**	**2 x 2 = 4**	
IN APPETITE: Established DPO and IT Systems policies in place and operational including access controls and periodic reviews. Large projects have DPIAs in advance. Detailed knowledge and awareness by relevant team members.			Business as usual: DPO ongoing input into our business processes including annual audits. IT Systems access control monitoring by IT Manager and Next2IT Large projects have DPIAs in advance **– *ongoing*** Detailed knowledge and awareness by relevant team members (e.g. evaluation, operations team) **– *ongoing***
6. We fail to maintain an anti-fraud culture, enabling statutory compliance and a healthy environment for successfully delivering our strategy	**Cautious (1-4)**	**2 x 2 = 4**	
IN APPETITE: Building on our effective governance and leadership arrangements, there is ongoing work to continuously improve our practice and maintain a culture that align with our values and ambition.			Business as usual: ongoing implementation and review of internal control, risk management and governance arrangements at all levels of the organisation Roll out the updated anti-fraud policy and related procedures – ***Q4, 2025*** Mandatory training and raising awareness programme – ***by Q2, 2026***