

## Methodist Council Anti Fraud Policy and Fraud Response Action Plan

<b>Contact Name and Details</b>	Nick Moore, Head of Support Services, <a href="mailto:mooren@methodistchurch.org.uk">mooren@methodistchurch.org.uk</a>
<b>Status of Paper</b>	Final
<b>Action Required</b>	Decision
<b>Resolution</b>	89/1. The Council adopts the Anti Fraud Policy and Fraud Response Action Plan as contained in the report.

### Aim of Policy

1. The Methodist Council will not tolerate fraud, bribery or corruption, and anyone found to have committed these offences may be prosecuted. The Council is committed to preventing fraud and thoroughly investigating any alleged or suspected fraud. All members of the Connexional Team are expected to share this commitment, familiarise themselves with the fraud policy and attend relevant training as directed.
2. In addition to the Anti-Fraud Policy, the Methodist Council has a Financial Policy and Procedures policy which details the controls that are in place to aid in the prevention and detection of fraud against the Methodist Council.

### Definition of Fraud

3. A fraud is a dishonest or illegal act by an individual or group, characterised by a deliberate intent at concealment or false representation, resulting in the actual or potential loss of resources, whether or not for personal gain.

If there is any question as to whether an action or incident constitutes fraud, the Connexional Secretary or Head of Support Services should be contacted for guidance.

### Scope of Policy

4. This policy applies to any irregularity, or suspected irregularity, involving any member of the Connexional Team as well as volunteers, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with the Methodist Council that impacts on operations for which the Methodist Council is responsible.
5. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the Methodist Council. For any employees found to have committed fraud, the relevant disciplinary procedure will be followed and for any ministers or volunteers who are members of the Methodist Church found to have committed fraud, the complaints and discipline procedure in Part 11 of the Constitutional Practice and Discipline of the Methodist Church will be followed. Criminal charges will be brought against anyone found to have committed fraud.
6. **Actions Constituting Fraud** include, but are not limited to:
  - Misappropriation of funds, including grants distributed by the Methodist Council;

- Misuse or unauthorised removal of any physical item or electronic record belonging to the Council; including furniture, electronic devices, or other assets;
- Impropriety in the handling or reporting of money or financial transactions;
- Profiteering as a result of insider knowledge of the Methodist Council's or Church's activities;
- Disclosing for personal gain confidential/proprietary information regarding activities engaged in by the Methodist Council;
- Accepting or seeking anything of material value from contractors, vendors, or other persons;
- Seeking to obtain agreement to provide goods or services to the Methodist Council whilst breaching its anti-bribery policy and procedures.

**7. References for employees Disciplined or Prosecuted for Fraud**

Any requests for an employment reference for a member of the Connexional Team who has been disciplined or prosecuted for fraud shall be referred to the Human Resources and Development Manager (or their nominee). Human Resources and Development shall draft the appropriate reference.

**8. Fraud Response Plan**

The Fraud Response Plan sets out the Methodist Council's procedures for ensuring that all allegations and reports of fraud or dishonesty are properly followed up, are considered in a consistent and fair manner and that prompt and effective action is taken. Its objectives include:

- Improving the likelihood and scale of recoveries
- Minimising the risk of any subsequent losses (to assets and reputation); reduce any adverse operational effects; specify the degree of confidentiality required;

**Initiating Action**

9. Anyone who suspects a fraud has been or may be committed must raise their concern with a member of the Senior Leadership Group of the Connexional Team (SLG) where they have reason to believe someone, either within or outside the organisation, may have committed or be about to commit an act of fraud or corruption against the Methodist Church. Any member of the SLG who is informed of a suspected fraud shall immediately report it to the Connexional Secretary (or the Head of Support Services in the absence of the Connexional Secretary).
10. A formal Public Interest Disclosure (Whistleblowing) Policy has been established to provide a framework for this and to afford protection to employees who supply information, provided this is undertaken in good faith and without malice.
11. The person reporting the fraud should not:
- Contact the suspect to determine facts or demand restitution;
  - Discuss the case with anyone or attempt to carry out investigations or interviews unless specifically asked to do so by the Connexional Secretary/Head of Support Services.

**Fraud Response Group**

12. A Fraud Response Group (FRG) will consist of the Connexional Secretary, Head of Support Services and the Director of Financial Operations and one member of the Council who shall be appointed to this group annually by the Council. The group shall consult with such other members of the Team as is considered necessary.
13. Upon the reporting of a suspected fraud to the Connexional Secretary or Head of Support Services a meeting shall be held of the FRG either in person or by phone, usually within one working day, to consider the initial response.

14. The FRG will have:
- free and unrestricted access to any records and premises, whether owned or rented by the Council; and
  - the authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises, without prior knowledge or consent of any individual who might use or have custody of any such items or facilities, when it is within the scope of their investigation.

Advice shall be sought by the FRG on the implications of the Data Protection Act 1998 to their investigation.

#### **Establishing and securing evidence**

15. The Fraud Response Group will:
- Report the suspected fraud to the Charity Commission;
  - Report the suspected fraud to the police where appropriate;
  - Notify the insurers of the potential loss;
  - Carry out initial fact finding to confirm or dismiss the concern, ascertaining the exact loss involved;
  - Liaise with the Human Resources and Development Manager regarding suspension of an employee or the Assistant Secretary of the Conference regarding the suspension of a minister or member of the Methodist Church;
  - Liaise with the Human Resources and Development Manager regarding the role of HR and D in the investigation of the fraud, or if a minister or volunteer is part of the investigation with the relevant Local Complaints Officer;
  - Ensure any evidence secured and prevented from being destroyed. This will include any IT systems and electronic documents or communications that may have been used to carry out the fraud;
  - Liaise with the Internal Services Manager/Senior IT Engineer to ensure that the person suspected of committing fraud has their access to the Connexional Team's computer systems suspended and computers, mobile phone and credit cards will need to be retrieved;
  - Undertake interviews with relevant parties. Interviews should only be undertaken in accordance with the relevant formal procedures and with a member of HR and D staff present.
16. The FRG shall consider whether it is necessary to investigate systems other than those which have given rise to suspicion, through which the suspect may have had opportunity to misappropriate the assets of the Methodist Church.
17. The Chair of the Audit Committee, the Secretary of the Conference and the Connexional Treasurers shall be informed as soon as any financial loss is verified.

*NB: It is essential that any action or gathering of evidence does not prejudice the Methodist Council's ability to prevent fraudulent activity or recover losses incurred through fraud, by discussing the fraud with individuals who are not part of the Fraud Response Group/ SLG/ Council members those officially informed of the fraud.*

*Staff investigating fraud should follow advice from the Charity Commission and/or Action Fraud as applicable.*

#### **Conclusion of FRG investigation**

18. Following the interviews and securing of evidence, the FRG shall meet to make recommendations based on the information obtained as to what action should be taken, if

any, against the member of the Connexional Team, to recover the loss and minimise the risk of a similar loss in the future.

### **Reporting**

19. For all fraud, on completion of a special investigation, a written report should be submitted to the Audit Committee and to the Methodist Council.
20. The report will include the following:
  - A description of the incident, including the value of any loss, the people involved and the means of perpetrating the fraud;
  - The measures taken to prevent a recurrence;
  - Action needed to strengthen future responses to fraud, with a follow-up report on whether actions have been taken.

This report will be prepared by the Head of Support Services on behalf of the FRG and approved by the Connexional Secretary.

### **Formal Action<sup>1</sup>**

21. If an investigation by the Fraud Response Group (FRG) results in a recommendation to initiate formal action by way of the employment disciplinary procedure or Part 11 procedure against an individual, the recommendation will be considered by the HR and Development Manager and the Conference Officer for Legal and Constitutional Practice. Legal advice shall be sought if necessary.

### **Recovery of Losses once Investigation is Concluded**

22. Consideration shall be given by the FRG as to whether it would be cost effective to begin civil action to recover any losses.

### **Administration of the Policy**

23. This policy shall be reviewed annually by the FRG in consultation with the Audit Committee who shall propose any amendments to the policy to the Council.

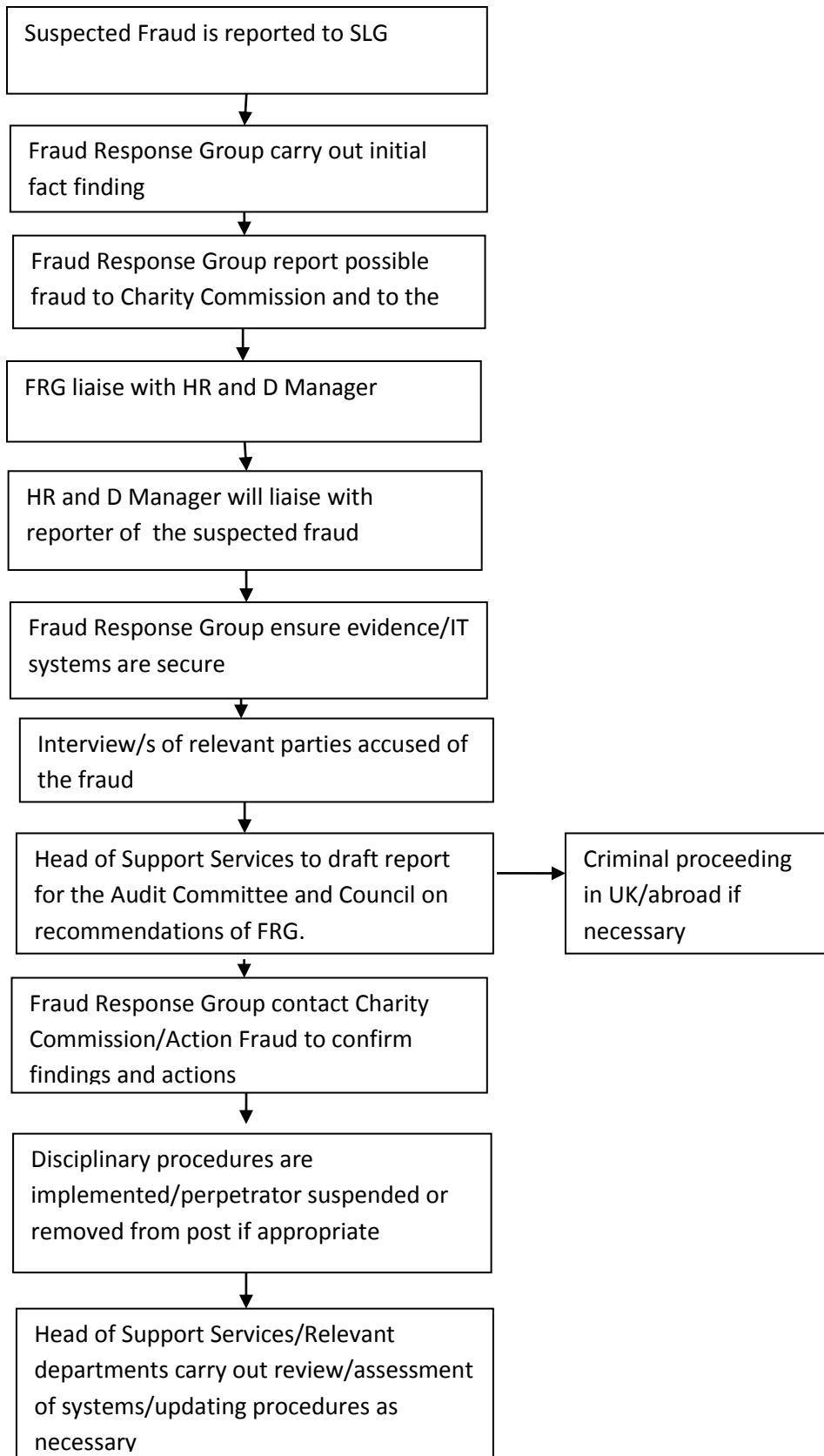
### **\*\*\*RESOLUTION**

- 89/1. The Council adopts the Anti Fraud Policy and Fraud Response Action Plan as contained in the report.**

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<sup>1</sup> In the event of a trial, the individuals carrying out the investigation may be used as witnesses by the Crown Prosecution Service.

**Appendix A - Diagram of Responsibilities in a Reported Fraud**



## Appendix B - Fraud Act 2006

*Fraud (1) A person is guilty of fraud if he is in breach of any of the sections listed in subsection (2) (which provide for different ways of committing the offence). (2) The sections are— (a) section 2 (fraud by false representation), (b) section 3 (fraud by failing to disclose information), and (c) section 4 (fraud by abuse of position).*

*Fraud by false representation (1) A person is in breach of this section if he— (a) dishonestly makes a false representation, and (b) intends, by making the representation— B 2 Fraud Act 2006 (c. 35) (i) to make a gain for himself or another, or (ii) to cause loss to another or to expose another to a risk of loss. (2) A representation is false if— (a) it is untrue or misleading, and (b) the person making it knows that it is, or might be, untrue or misleading. (3) “Representation” means any representation as to fact or law, including a representation as to the state of mind of— (a) the person making the representation, or (b) any other person. (4) A representation may be express or implied. (5) For the purposes of this section a representation may be regarded as made if it (or anything implying it) is submitted in any form to any system or device designed to receive, convey or respond to communications (with or without human intervention). 3 Fraud by failing to disclose information A person is in breach of this section if he— (a) dishonestly fails to disclose to another person information which he is under a legal duty to disclose, and (b) intends, by failing to disclose the information— (i) to make a gain for himself or another, or (ii) to cause loss to another or to expose another to a risk of loss. 4 Fraud by abuse of position (1) A person is in breach of this section if he— (a) occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person, (b) dishonestly abuses that position, and (c) intends, by means of the abuse of that position— (i) to make a gain for himself or another, or (ii) to cause loss to another or to expose another to a risk of loss. (2) A person may be regarded as having abused his position even though his conduct consisted of an omission rather than an act.*