

the7stars foundation's trustees understand their responsibility to mitigate the risk of challenges to fulfilling their charitable objectives. Whilst the trustees are not required by law to have a risk management in place (as the foundation's income is below £500,000), or follow a particular method. Following the charity commission's recommendation regarding best practice, the foundation has set out the below as their relevant policy:

Anti-Fraud Policy

the7stars foundation takes the most serious view of any attempt to commit fraud by foundation staff, trustees, applicants for funding, and those working on their behalf.

the7stars foundation is committed to the prevention and combat of fraudulent activity through the following measures:

1. Compliance with the Data Protection Act
2. Regarding Individual Applicants: A stringent application process inclusive of a reference request, proof of identity request and supporting documentation for their application. A face-to-face interview may be conducted where appropriate.
3. Regarding Organisation Applicants: A stringent application process inclusive of supporting document and proof of charity registration.
4. All successful grant applicants are to receive a funding award statement which outlines the purpose and objectives of the grant which the grantee must commit to by signing.

the7stars foundation requires all staff and trustees to act honestly and with integrity at all times, furthering the charitable objectives set out in the foundation's governing document and in the foundation's best interests. Staff and trustees must act to safeguard the resources for which they are responsible.

In the event of a grant recipient failing to meet application's objectives and deliverables, the7stars foundation is committed to responding with proportionate balance. It is understood unexpected things happen, and there may be some innovation or minor project changes, and in this instance, the recipients are to have an opportunity to engage and work with the trustees to realign missteps. It is at the discretion of the trustees, and on a case-by-case basis whether funding objectives are open to modification.

In the unlikely event of actions taking place, which distort the ethos of the foundation, the trustees reserve the right to request the funds to be returned. In the event of fraud or criminal activity, the trustees will contact the police.

What is Fraud?

Generally, fraud involves the intention to deceive a person or organisation in order to obtain an advantage, avoid an obligation or cause loss. For trusts and foundations, the term 'Fraud' can be used to describe a range of activities, including deception, double funding, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

The term also includes the use of information technology equipment to manipulate programmes or data dishonestly.

Responsibilities

The Trustees

The trustees are responsible for overseeing the foundation's governance, and are ultimately responsible for mitigating risk. Key tasks for trustees are as follows:

- ★ Trustees to carry out vigorous and prompt investigations if fraud occurs
- ★ Trustees to take appropriate disciplinary and/or legal action against perpetrators of fraud
- ★ Trustees to take appropriate disciplinary action against staff where their failures have contributed to the commission of fraud.

The Director

The Director is responsible for the day to day operation and management of the foundation. The Director is responsible for the prevention and detection of fraud by ensuring adequate systems of control exist throughout the organisation and these controls operate effectively.

There is a need for the Director to:

- ★ Identify and assess the risk involved in all operations of the foundation
- ★ Develop and maintain effective controls to prevent and detect fraud
- ★ Ensure compliance with controls
- ★ Ensure agreed procedures are followed
- ★ Be responsible for investigating suspected fraud
- ★ Report suspected/actual fraud to the Chair of the Trustees
- ★ Complete a review of control systems once an investigation has been completed

Fraud Response Plan

the7stars foundation has prepared a fraud response plan, which can act as a checklist of actions and guide to follow, in the event of suspected fraud.

Actions to be taken within the first 48 hours:

1. Meeting to be convened of those involved in dealing with the suspected fraud
2. An initial assesment of the extent and nature of the fraud to be made
3. Collect all relevant evidence
4. If staff are complicit in the fraudulent activity, seek personnel advice to ensure actions are fair and reasonable in the circumstances
5. Limit the possibility of further damage
6. Make a decision on sharing information with others

Follow-Up Measures:

1. Decide whether to persecute the perpetrators
2. Reconsider whether the fraud should be reported to the police, lawyers, charity commission, insurers, other funders media
3. Agree and implement improvements to relevant control systems
4. Foundation Director to prepare a report for the board explaining what went wrong and how this can be prevented in the future.