



40. Fraud Detection, Prevention, and Response Policy

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Woodhurst is committed to maintaining the highest standards of integrity and transparency in its business activities. This **Fraud Detection, Prevention, and Response Policy** outlines the procedures for identifying, preventing, reporting, and responding to incidents of fraud. The policy applies to all employees, contractors, consultants, and third parties associated with Woodhurst.

40.1 Purpose

The purpose of this policy is to:

- Provide clear guidelines for identifying and managing fraud risks.
- Establish a framework for preventing fraud within Woodhurst.
- Define the steps for responding to allegations or evidence of fraud.
- Protect Woodhurst's assets, reputation, and stakeholders from the adverse impact of fraudulent activity.
- Ensure compliance with applicable laws and regulatory requirements regarding fraud prevention and reporting.

40.2 Scope

This policy covers:

- All forms of fraud, including internal fraud (e.g., by employees or contractors) and external fraud (e.g., by clients or suppliers).

- Fraudulent activities that involve financial misrepresentation, misappropriation of assets, falsification of records, bribery, or any form of deception intended to result in an unfair or unlawful gain.
- Incidents occurring across all business activities and departments of Woodhurst.

40.3 Definition of Fraud

Fraud is defined as any intentional act or omission designed to deceive others, resulting in a financial or personal gain or causing financial or reputational damage to Woodhurst. Examples of fraud include but are not limited to:

- Misappropriation of company funds or assets.
- Falsification or alteration of accounting records, financial statements, or expense claims.
- Unauthorised disclosure of confidential information.
- Bribery, corruption, or collusion with external parties to defraud Woodhurst or its clients.
- Manipulation of contracts, invoices, or other procurement processes.

40.4 Fraud Prevention

Woodhurst is committed to preventing fraud through robust controls, training, and regular monitoring. The following measures are implemented to reduce the likelihood of fraud:

40.4.1 Internal Controls

- **Segregation of Duties:** Key financial and operational tasks are separated to ensure no individual has control over all aspects of a critical process, reducing opportunities for fraud.
- **Approval Processes:** Financial transactions, contract approvals, and procurement processes are subject to multi-level approvals, ensuring oversight and accountability.

- **Access Controls:** Sensitive data and financial systems are accessible only to authorised personnel, with strict controls on permissions and regular audits of access logs.

40.4.2 Fraud Risk Assessments

- **Annual Risk Assessments:** Woodhurst conducts regular fraud risk assessments to identify vulnerabilities across the business. This helps in adjusting controls and improving policies where necessary.
- **Monitoring High-Risk Areas:** Financial transactions, expense claims, procurement, and vendor payments are regularly monitored for irregularities or patterns indicative of fraud.

40.4.3 Employee Training and Awareness

- **Anti-Fraud Training:** Employees receive ongoing training on fraud prevention, including how to recognise potential fraud, report concerns, and comply with Woodhurst's anti-fraud procedures.
- **Ethical Culture:** Woodhurst promotes an organisational culture of integrity, where ethical behaviour is expected and rewarded. Open dialogue is encouraged to report any concerns without fear of retaliation.

40.4.4 Third-Party Due Diligence

- **Vendor Screening:** All third parties, including clients, suppliers, and business partners, are subject to due diligence checks, including credit checks and reviewing their reputation for ethical conduct. High-risk vendors are regularly reviewed to mitigate the risk of fraud.
- **Ongoing Monitoring:** Contracts with suppliers, clients, and partners are regularly reviewed to ensure compliance with Woodhurst's standards, and any irregularities are investigated.

40.5 Fraud Detection

Woodhurst employs a range of tools and procedures to detect fraud at an early stage:

40.5.1 Transaction Monitoring

- **Monitoring Systems:** Financial transactions are subject to daily checks designed to flag unusual or suspicious activities, such as duplicate payments, excessive expense claims, or payments to unverified accounts.
- **Manual Review of Transactions:** Key transactions, especially those exceeding certain financial thresholds, are manually reviewed by senior management or the finance department to identify discrepancies.

40.5.2 Internal Audits

- **Regular Audits:** Internal audits are conducted across departments, focusing on areas where fraud risks are highest, such as finance, procurement, and payroll.
- **Ad-hoc Audits:** Surprise audits are also conducted periodically to uncover potential irregularities or fraudulent behaviour.

40.5.3 Whistleblowing Mechanism

- **Confidential Reporting Channels:** Woodhurst provides confidential reporting channels (email, hotline) for employees to report suspected fraud anonymously. Whistleblowers are protected from retaliation or adverse consequences for raising concerns in good faith.

40.6 Fraud Reporting

40.6.1 Reporting Fraud

Any employee who suspects or identifies fraud must report it immediately to the **Fraud Response Officer (FRO) who is Alex Bywater**. The report should include details of the suspicious activity, relevant documentation, and any individuals involved.

Woodhurst ensures confidentiality and protection for those reporting fraud, including whistleblowers, and will take no adverse action against employees who report fraud in good faith.

40.7 Fraud Investigation Procedure

Once fraud is reported, the **Fraud Response Officer** will follow these steps to investigate and respond:

- 1. Initial Assessment**

The FRO will conduct a preliminary assessment of the fraud report to determine its validity and assess the potential scope of the incident.

- 2. Formal Investigation**

If the initial assessment indicates potential fraud, a formal investigation will be launched. The FRO will gather evidence, interview relevant individuals, and review records to establish the facts of the case.

- 3. Engagement with External Experts**

If necessary, external forensic accountants, legal counsel, or law enforcement agencies may be engaged to support the investigation.

- 4. Report to Senior Management**

The FRO will report findings to the Board of Directors and leadership team, detailing the nature of the fraud, individuals involved, financial impact, and recommendations for next steps.

- 5. Mitigation and Recovery**

Actions will be taken to mitigate the impact of the fraud and recover any lost assets. This may include initiating legal proceedings, contacting law enforcement, or pursuing insurance claims.

- 6. Internal Disciplinary Action**

If the fraud involves an internal employee or contractor, disciplinary action will be taken, which may include termination of employment and legal action.

40.8 Fraud Response and Recovery

After a fraud incident, Woodhurst will take the following steps to recover from the incident and prevent recurrence:

- **Legal Action and Asset Recovery:** Where applicable, Woodhurst will pursue legal action to recover any lost funds or assets. Insurance policies may be used to recover certain losses.
- **Review of Controls:** An internal review of controls will be conducted to identify weaknesses that allowed the fraud to occur, and corrective actions will be implemented.
- **Communication with Stakeholders:** Woodhurst will ensure that clients, partners, and other stakeholders are informed about the steps taken to address the incident, without compromising the integrity of the investigation.

40.9 Record-Keeping

Woodhurst will maintain detailed records of all fraud investigations, including the original report, evidence gathered, investigation findings, and actions taken. These records will be retained for a minimum of **five years**.

40.10 Training and Awareness

Fraud awareness training will be provided to all employees as part of their onboarding and refreshed annually. Training will cover fraud detection, prevention, and the procedures for reporting suspected fraud.

40.11 Consequences of Non-Compliance

Failure to comply with this policy, including failing to report known or suspected fraud, may result in disciplinary action, including termination of employment. Additionally, individuals found to be involved in fraudulent activities will be subject to criminal prosecution.

40.12 Monitoring and Review

This policy will be reviewed **annually** by the Board and Fraud Response Officer to ensure its effectiveness. Any necessary updates will be made to reflect changes in legal requirements, industry standards, or Woodhurst's business environment.

Woodhurst is committed to maintaining a transparent, honest, and ethical business environment. This **Fraud Detection, Prevention, and Response Policy** provides a structured framework for preventing, detecting, and responding to fraud, ensuring the protection of our business, clients, and stakeholders.