Variations

Preventing Fraud Policy

August 2019

Introduction

This policy applies to the trustees, volunteers and other stakeholders of the Scottish Charitable Organisation, 'Variations'.

In accordance with Constitution of Variations (2019), charity trustees must comply with the legal duties set out in the 2005 Act. Together, they have a collective responsibility for the financial records and controls over procedures to protect the assets of the charity.

Definition and prevention

"*Fraud is when trickery is used to gain a dishonest advantage, which is often financial, over another person*." Action Fraud

Charity trustees recognise the importance of protecting the charity's reputation and resources against fraud, and the need to take counter-fraud-work seriously. To minimise the potential risk of fraud Variations operates in a culture of openness and transparency. Charity trustees take the following steps to prevent fraud:

- All appointments to the Board of Trustees are made annually in accordance with the Constitution of Variations (2019).

- A financial update is provided at every meeting to ensure that all charity trustees know the charity's financial situation. Clear financial records, including future budgetary planning support these updates.

- A 'Report of the Trustees. Statement of income and expenditure, statement of balances, notes of accounts' is submitted to OSCR annually. This includes an independent examiners report.

- Expenditure is regularly compared from one period to the next. The use of long-established suppliers increases trustees' ability to make direct comparison regarding costs from one year to the next.

- In accordance with the Constitution of Variations (2019), bank transactions of more than £1,000 are authorised by two charity trustees or by the Variations Manager and one charity trustee. Transactions of less than £1,000 are authorised by one charity trustee or Variations Manager.

- To enable monitoring of on-line banking transactions, two charity trustees and the Variations Manager have access to on-line banking. This enables monitoring of the account by any of these three people at any time.

- Payments and donations are undertaken by bank transfer, online payment or cheque. Cash transactions are avoided wherever possible but when necessary to manage cash it will be checked by two or more people, at least one of whom will be a Trustee or Variations Manager.

- Cheques require two signatories.

- The bank is advised immediately of any changes affecting the account e.g. change of signatory

Reporting

Should suspicion of fraud be identified, the Variations chairperson should be contacted immediately. If the suspicions relate to the chairperson, the Constitution of Variations (20019) allows any charity trustee to call a board meeting to raise the concern.

Should a charity trustee be found to have acted fraudulently they will be removed from the position of trustee in accordance with the Constitution of Variations (2019).

Suspicions of criminal activity will be reported to the police.

OSCR's 'Notifiable Events' regime requires charity trustees to report events that are likely to have a significant impact on their charity. Although there is no legal requirement to report a notifiable event to OSCR, the Variations Board of Trustees will do so.

Policy reviewed: August 2019, August 2022
Next review due: August 2025

Useful links
Fraud: how to reduce the risks in your charity: OSCR (June 2018)
The small charities guide to prevent fraud: Counter Fraud Campaign (June 2017)