

The Chartered Institution of Highways and Transportation (CIHT)

Anti-Fraud Policy

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| Created by | Director of Corporate & Business Services |
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| Review Frequency | SLT to review every 3 years with any recommended changes subject to approval by the Audit Committee |

1. Purpose

CIHT expects individuals and organisations (e.g. suppliers, contractors and service providers) that it interacts with will act towards CIHT with integrity and without thought or actions involving fraud, bribery or corruption.

CIHT operates a zero tolerance policy towards fraud by its employees, Members, Trustees, Regional Officers, Chair, Treasurer, contractors and all other associated persons. CIHT treats attempted fraud as seriously as accomplished fraud.

Breaches of this policy are likely to constitute serious disciplinary, contractual and/or criminal action for the individual(s) concerned.

Fraud or theft can affect both our finances and reputation and, depending upon value, may require reporting to our regulators. It is an ever-present threat and must be a concern to all members of staff

CIHT requires staff at all times to act honestly and with integrity and to safeguard the resources for which they are responsible.

2. What is fraud?

Fraud is defined in the Fraud Act 2006, which gives three main fraud offences:

- Fraud by false representation
- Fraud by failing to disclose information
- Fraud by abusing a position of trust

and includes theft, misappropriation of funds, bribery & corruption, false accounting, deception and collusion.

The Bribery Bill (in force from April 2011) reforms criminal law to allow more effective prosecution of bribery at home or abroad. The CIHT anti bribery and corruption policy should be read alongside this policy.

3. Types of fraud:

3.1 Internal fraud, involving people (staff and volunteers) within the organisation – for example:

- Intercepted cash or cheque donations by an employee
- Misuse of company credit cards to order goods for personal use
- Falsification of travel and subsistence or other expense claims

- Theft of supplies or equipment from the office.
- Working elsewhere whilst off sick

3.2 External fraud, where fraud is perpetrated outside of an organisation, committed by people who are not directly involved, for example:

- False invoices to obtain money from the Institution
- Identity fraud e.g. by hijacking an organisation's bank account
- Phishing emails requesting confidential information, which is then used by fraudsters to obtain funds illegally
- Unauthorised fundraising in a charity's name e.g. fraudulent disaster appeal websites

Irregularities in the tendering and/or pricing of supplies and services to CIHT by contractors

4. Responsibilities

Trustees have a legal duty and responsibility under charity law to protect the funds and other property of the Institution so it can be applied for its intended beneficiaries. Under CIHT standing orders, Trustees have delegated this responsibility to the Chief Executive Officer.

4.1 Audit Committee

- Approve any recommended changes to the policy.
- Receive reports on suspected or actual cases.

4.2 Chief Executive Officer

- Overall accountability for managing the risk of fraud.
- Determine where investigations will be held and who the Lead Investigation Officer will be.
- Ensure that:
 - A procedure is in place to enable reporting of concerns related to fraud, theft or any other irregularity;
 - The risk of fraud, theft and financial irregularities is considered;
 - Effective controls are developed and maintained to prevent and detect fraud and theft;
 - Those engaged in countering fraud have the appropriate authority, skills and knowledge to undertake this work effectively; and
 - Findings from fraud, theft and financial irregularity investigations lead to relevant system changes.

4.3 Senior Leadership Team

- Promote a culture of honesty and openness – supporting our values.
- Keep the policy under review

4.4 All Managers

- Ensure staff are aware of this policy.
- Promote of a culture of honesty and openness.
- Be mindful of fraud and theft risk as part of day to day activities.
- Prevent and detect incidents via:
 - Ensuring compliance with wider policies and Financial Regulations; and
 - Ensuring that controls are in place and adhered to in day to day activities.
- Report any concerns.

4.5 All staff/volunteers

- Follow and comply with CIHT policies and processes;
- Adhere to day to day controls;
- Be mindful and vigilant for fraud or theft risk; and
- Report any concerns.

5. Reporting

All members of staff are expected to remain alert to the warning signs of fraud and have a duty to report suspicions of fraud as soon as reasonably practicable. There is also a duty to raise concerns where areas of weakness in internal procedures are identified to their line manager. Failure to report known or reasonably suspected fraud promptly, may result in disciplinary action up to and including dismissal.

Staff should either report to their line manager in the first instance or if you suspect they are involved, you can report to a Director. Alternatively, you can use the CIHT whistleblowing procedure set out in the Whistleblowing policy. If you use this procedure to report concerns, we give you our assurance that you will benefit from all of the statutory protections accorded to whistleblowers and in particular, you will not suffer from any form of retribution or detrimental treatment as a result.

Any instance of fraud, attempted fraud or suspected fraud, discovered within CIHT or notified by an external source, at whatever level or location, or of whatever level of significance, is to be reported to the line manager for the area / function within which the event has taken place. If the immediate line manager is not available, the incident must be reported to another member of the Senior Leadership Team.

Once alerted, the line manager or Director must, as a matter of urgency, advise the Director of Corporate Services and /or the CEO with details of the event;

- the amount of potential loss to the Institution;
- the amount of any actual loss to the Institution;
- details of how the potential/actual loss occurred;
- any actions already initiated by the director;
- any other relevant details to enable the seriousness of the incident to be assessed.

▪ Recording Fraud

In addition to the reporting of fraud as above, all instances of fraud and attempted fraud will be reported to the Audit Committee.

▪ Response Procedure

The CEO and/or Director of Corporate and Business Services will determine and direct the appropriate action to be taken in each instance of fraud or attempted fraud reported: this being dependent on whether the incident is significant or not.

Significant incidents are generally defined as being those which may impact on the Institute's reputation, involve amounts over £5,000, demonstrate material weaknesses of internal control systems, or could have implications for or be replicated elsewhere in the Institute. However, the determination of significance and appropriate action will depend on each unique incident, and the responsibility for this lies with the Director of Corporate Business Services and/or CEO who will (as appropriate):

- respond to the relevant Director and line manager, and advise him/her of action to be taken and by whom
- liaise with the line manager and other directors involved

- monitor progress of any investigation to its conclusion, satisfactory resolution, and determination of resultant action(s), and completion of a written report on the incident, if significant;
- advise the CEO, and the Chair of Audit committee and the Chair of the Board of Trustees
- involve the Head HR if an employee is involved/suspected
- involve the Director of Communications if the Institute's reputation may be implicated;
- institute further investigation/action, which may involve the external auditors or other external investigatory body that might be appointed;
- communicate directly with the police and any other legal or regulatory bodies involved, including the Charity Commission

Any investigation involving a member of staff will be carried out in line with CHT's established Disciplinary Policy and Procedure, but will also be conducted with due regard to rules of evidence and any possible future criminal or civil actions.

These include that the employee involved:

- is entitled to know the nature of the allegations against them, or the suspicions.
- is entitled to have a representative present at any interview, who may speak on their behalf;
- is given the opportunity to state their case, and is entitled to know the outcome of the investigation into the incident.