

Practical Action

FINANCIAL CRIME POLICY

Version	0003.00
Date	June 2024
Scope	All employees, Trustees, Consultants and Others acting on behalf of Practical Action and its Subsidiaries
Review Date	June 2027

Approval required from	Finance Audit and Risk Committee (FAR)
Policy Owner:	Head of Internal Audit
Responsible Director:	Chief Operating Officer
Approval date	June 2024

Exceptions	Contact the Policy Owner
Derogations	Contact the Responsible Director

Protecting Practical Action from – Financial Crime: Fraud, Bribery, and Money Laundering

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1 Introduction

Practical Action, as a UK charity has a number of legal requirements placed upon it, both in relation to UK legislation and charity law to ensure that proportionate controls are put in place to protect us from potential harm. A key element of this is to protect the charity’s assets from all forms of financial crime including fraud, corruption, bribery and money laundering.

We do not and will not tolerate any form of financial crime in our organisation, and it is our mission to facilitate the development of controls that will aid in the detection and prevention of any type of financial crime or misconduct within Practical Action. Those found guilty of any form of financial crime will face the most serious consequences including dismissal and possible criminal charges.

The resources entrusted to us by our donors make a significant impact on the lives of our beneficiaries and we all play a part, however large or small, in ensuring these funds are used honestly, diligently and effectively.

2 Roles and responsibilities:

- Clarifications on the policy content should be sought from the **policy owner** in the first instance. Any changes required to the policy as a result of clarity issues will be submitted through this individual to the **responsible director** for consideration.
- The **policy owner** is responsible for timely review of the policy in accordance with the agreed review timetable.
- Derogations from this policy require the advance written approval of the **responsible director**.
- The **responsible director** will seek formal approval of significant changes to this policy from the **Practical Action Board of Trustees** or their delegated representatives.
- Ultimately, the **Board of Trustees** are publicly accountable and have legal duties and responsibilities under charity law to safeguard the funds and assets of Practical Action.
- **All staff** are bound by this policy.

3 Linked Practical Action policies

- Global Complaints Framework and Global Complaints (Whistleblowing) Policy – provide guidance on raising a concern or complaint. [Global-Complaints-and-Whistleblowing-Policy.pdf \(practicalaction.org\)](#)
- Protecting Practical Action from Terrorist Financing Policy. [Protecting-PA-from-Terrorist-Financing-Mar-24-v3-Final.pdf \(practicalaction.org\)](#)
- Conflict of Interest Policy - Gifts and Hospitality – defines what is deemed acceptable in the acceptance and giving of gifts and hospitality.

4 Policy scope

This policy applies to any financial irregularity or suspected irregularity, involving any employees, volunteers, consultants, suppliers/contractors, partners, beneficiaries, trustees, and any other parties who have a business relationship with any Practical Action offices.

Any investigative activity required will be conducted without regard to the suspected individual's length of service, position/title, or relationship to Practical Action.

5 Policy statement

All Practical Action staff have a duty of care to protect Practical Action assets and are therefore responsible for the detection and prevention of fraud, bribery, money laundering, and other financial irregularities.

Any irregularity suspected or detected must be reported immediately to your **director**, a member of the **financial crime team**, or by using the **whistleblowing** channels (unless there are exceptional circumstances).

All cases will be reported to the Finance, Audit and Risk Committee (FAR) at least every quarter until the case is closed. Donors and the Charities Commission will also be informed as and when required under the guidance and advice of the financial crime team and FAR.

See S.9 for further guidance about reporting financial crime.

6 Actions constituting fraud or financial crime

Fraud is defined as the intentional and false representation or concealment of any type of dishonesty or financial misconduct. The following acts are considered as fraud or financial crime:

- Falsified expenses or invoices.
- Misappropriations of funds, supplies or other assets.
- Inappropriate handling or reporting of money or financial transactions.
- Profiting as a result of inside knowledge.
- Inappropriate disclosure of confidential information.
- Destruction, removal or inappropriate use of records, vehicles, furniture, fixtures and equipment.
- Any dishonest or fraudulent act; any similar or related irregularity.

If there is any question as to whether an action constitutes fraud, please refer to a member of the **Financial Crime Team** (*See Appendix A*).

7 Actions constituting bribery

Bribery is giving or receiving an unearned reward to influence someone's behaviour. Bribery is often done in secret and against the rules so that the recipient will act in a certain way that is contrary to what they would do in ordinary circumstances OR so that the recipient will not act in a way that they are threatening to do.

Bribery is **illegal**, it is **unethical**, and it is not allowed under Practical Action Policy (the only exception is if it is necessary for your personal safety or for that of someone else.)

It is wrong:

- Whether the value is high or low
- Whether the bribe is money, or any item of value, or any act of favour
- Whether the bribe took place or not – i.e. if it was accepted or not
- Whatever you call it – e.g. back-handers, facilitation payments
- Whatever the normal practice is in your country

In all circumstances, even if a bribe didn't actually take place, you should report the matter as soon as possible. (See S.9)

8 Actions constituting money laundering

Money laundering is the process of concealing the origins of money obtained illegally by passing it through a complex sequence of banking transfers or commercial transactions. The overall scheme of this process returns the 'clean' money to the launderer in an obscure and indirect way.

Practical Action takes its responsibilities very seriously and is fully committed to the highest ethical standards, in order to ensure the proper use and protection of funds and assets. Practical Action will not tolerate actions constituting money laundering by any employees, volunteers, consultants, suppliers/contractors, partners, beneficiaries, trustees, or any other parties who have a business relationship with any Practical Action offices, partners or service users.

It is not possible to give a definitive list of ways in which to spot money laundering but facts which tend to suggest that something 'odd' is happening may be sufficient for a reasonable suspicion of money laundering to arise. The following are the types of risk factors which may, either alone or cumulatively with other factors, suggest the possibility of money laundering activity:

- A new customer/supplier with no previous history with Practical Action;
- A secretive customer: for example, one who refuses to provide requested information without a reasonable explanation;
- Concerns about the honesty, integrity or identity of a customer;
- Illogical third-party transactions: for example, unnecessary routing or receipt of funds from third parties or through third party accounts;
- Involvement of an unconnected third party without logical reason or explanation;
- Payment of a substantial sum in cash;
- Overpayments by a customer; Overpayments to vendors/suppliers;
- Absence of an obvious legitimate source of the funds;
- Doubtful or unexplained movement of funds to and from overseas;
- Where, without reasonable explanation, the size, nature and frequency of transactions or instructions is out of line with normal expectations;
- Cancellation or reversal of an earlier transaction.

9 Reporting financial crime

All concerns of potential, attempted and actual financial crime should be reported promptly and confidentially. This includes, but is not limited to fraud, bribery, theft, and money laundering. The reporting options are:

- To your director
- To any member of the Financial Crime Team (FCT)
- Whistleblowing
- Chief Executive or Treasurer (in exceptional circumstances)

Director - if you choose to tell your director, they then have a responsibility to promptly inform the FCT, unless your concern is about any member of the FCT.

Financial Crime Team - it is helpful if you use the Financial Crime Reporting Template in NETconsent (Finance Forms), or you can contact members of the FCT directly. (See Appendix A).

Whistleblowing - If for any reason you don't want to tell your director or contact the Financial Crime Team directly about any concerns that you have, then the Global Complaints (Whistleblowing) Policy provides you with other options by which you, or other persons external to Practical Action, can raise concerns. [Global-Complaints-and-Whistleblowing-Policy.pdf \(practicalaction.org\)](#) Whistleblowing concerns can be about anything connected to Practical Action that is illegal, immoral, irregular, dangerous, or unethical. Unless there are exceptional circumstances involving FCT members, all whistleblowing related to financial crime will be passed on to the FCT

Exceptional circumstances – If your concern is in any way connected to your director then you should not communicate with them about it. If any member of the FCT is implicated, the suspected irregularity should be reported to the Chief Executive or Treasurer (Chair of the Finance, Audit and Risk Committee).

In some usually exceptional circumstances, FCT will inform FAR soon after allegations are received. All cases will be reported to the Finance, Audit and Risk Committee (FAR) at least every quarter until the case is closed. Donors and the Charities Commission will also be informed as and when required under the guidance and advice of the financial crime team and FAR.

10 Investigating & reporting responsibilities

Suspected fraud or financial crime of any nature will be investigated in an independent, open-minded and professional manner with the aim of protecting the interests of both Practical Action and the suspected individual(s). This is important in order to avoid damaging the reputation and privacy rights of persons suspected but subsequently found innocent of wrongful conduct and to protect the organisation from potential liability.

The investigation process will vary according to the circumstances of each case with initial guidance provided by the **Financial Crime Team**. The **FCT** will assign leadership and responsibility for the investigation of all suspected fraudulent or criminal acts as defined in this policy.

Leadership of the investigation is often assigned to a member of the FCT. Alternatively, it may be delegated to a Regional/Country or Unit Director, or Finance Manager. When investigations are delegated outside of the FCT, a team member will still be assigned to provide oversight and support.

On completion of the investigation, the lead investigator will issue an updated financial crime report to the **financial crime team** with clear actions and recommendations as required.

In all cases donors whose funds may have been affected should be informed as soon as an investigation is sanctioned – the FCT will determine the most appropriate way to do this.

To enable action to be taken swiftly, and where it has not been possible to convene the whole team, any two members of the FCT have the authority to make decisions and instigate action on behalf of the FCT whilst keeping other members informed.

11 Confidentiality & retention of documents

All information received should be treated as strictly confidential. Investigation processes or results will not be disclosed or discussed with anyone other than those who have a legitimate need to know.

All records should form part of a formal file, held by people & culture or the FCT (dependant on the findings on completion of the investigation) and all temporary files and general correspondence which identifies an individual should be deleted immediately after the case is closed.

The individual reporting any incident will be instructed as follows:

- Do not contact the suspected individual in an effort to determine facts.
- Do not discuss the case, facts, suspicions or allegations with anyone unless specifically asked to do so by line management of the financial crimes team.
- Do not create or share notes, files, emails or other records that will not form part of the formal file.

12 Dismissal and legal action

If an investigation results in a recommendation to suspend, dismiss or prosecute an individual, then the recommendation will be reviewed for approval and actioned by the People & Culture department in consultation with our legal advisors if required.

Appendix A - Financial Crime Team

The Financial Crime Team (and the current post holders as at April 2024) are:

- Chief Operating Officer (Rachel Parr)
- Head of Internal Audit (Andrew Brazell)
- Head of International Operations (Alex Bush)
- Head of UK Finance (Barry Cox)
- Head of IT & Business Services (Marco Ratti)
- Senior Internal Auditor (Jyoti Karki)

The same contact names should be recorded in the Financial Crime Reporting Template in NETconsent (finance forms)