

## **Introduction**

### ***Policy statement***

Joint Equity Ltd and JEICos are committed to the highest standards in moral and ethical behaviour and is fundamentally opposed to fraud and corruption.

We consider all forms of fraud as extremely serious offenses and is committed to preventing, deterring and eliminating fraud and/or corrupt conduct, whether committed for the benefit of or to the detriment of the Company.

The Company considers any act (s) of fraud or other wrongful acts committed by its officers and staff to be completely unacceptable and in response will take all necessary disciplinary action it deems appropriate.

### ***Definition***

Fraud is defined as “any action deliberately designed to cause loss to the Company, or to obtain any unauthorised benefit, whether or not this is received personally or by others.”

Fraud and other wrongful acts may include, but are not limited to:

- misrepresenting any property purchase in Project Appraisals
- colluding with surveyors or estate agents to inflate or deflate property values
- colluding with contractors or suppliers for financial or non-financial gain
- any impropriety in mortgage applications whether to the benefit of the Company or others.
- forgery or alteration of a cheque, bank draft, or other financial document or account belonging to the Company;
- misappropriation of funds, securities, supplies, or other assets;
- impropriety in handling or reporting of money or financial transactions;
- profiting as a result of insider knowledge of Company activities;
- disclosing confidential or proprietary information to outside parties;
- accepting or seeking anything of material value from contractors, contractors, or persons providing services/materials to the Company;
- falsifying time sheets, expense claims, or other report documents;
- destruction, removal, or inappropriate use of records, furniture, fixtures, equipment and/or any similar or related irregularity;

## **Prevention**

The major thrust of an anti-fraud policy is fraud prevention. The key areas of fraud prevention include:

- leadership
- training and staff awareness
- management systems and internal controls
- financial regulations (and procedures)

### ***Leadership***

The Anti Fraud Policy is owned by Brad Bamfield the CEO with the unequivocal support of the Board of Directors.

All employees and members of executive committees are expected lead to by example in ensuring that the highest levels of ethical conduct are adopted and that the Company's regulations, procedures and policies are complied with at all times.

Staff should take special care in ensuring that their dealings with other organisations cannot give rise to conflicts of interest between their duty of employment and their personal interest. This extends to the acceptance of hospitality and gifts from these organisations.

We accept that personal relationships are important in the property and construction sectors and they can be very beneficial. To maintain the open and honest business culture the Board members and all staff are required to record in the Register of Interest any links with third parties that may give rise to a conflict of interest.

### ***Management and internal controls***

The existence of effective management systems and internal controls is at the forefront of fraud deterrence and prevention. These controls seek to ensure that no one employee has control over all aspect a transaction, therefore reducing the risk of fraud.

Independent third party advisors have an important role to play in ensuring that the Company has effective management systems and internal controls.

### ***Financial Regulations***

All employees are required to adhere to regulations and procedures when conducting the Company's business and to act in accordance with best practice and adhere to agreed internal controls.

## **Detection**

Fraud, suspected fraud or irregularity may be captured through a number of means, including the following:

- requirement of staff to report any irregularity;
- operation of proper management and control procedures;
- planned finance and project audit work

## **Fraud Response**

The fraud response plan defines the actions and reporting responsibilities, authority levels and reporting lines in the event of suspected fraud or irregularity.

The objectives of the fraud response plan are:

- responding quickly to a report of suspected fraud or irregularity
- assigning responsibility for the investigation (of the suspected fraud or irregularity);
- taking appropriate action against the offenders;
- establishing lines of communication with the police
- reporting the fraud or irregularity to the Board of Directors;
- preventing further loss
- securing evidence necessary for any potential disciplinary or criminal action;
- taking steps to recover losses;
- establishing the basis on which external specialists should be involved;
- dealing with requests for references for employees;

### ***Reporting fraud of suspected fraud***

Fraud or suspected cases of fraud should be reported in the first place to Brad Bamfield.

### ***Initial response***

Within 24 hours of the report of a suspected fraud or other irregularity the CEO will decide:

- whether further investigation is required given the available facts;
- who should conduct that investigation (the investigating manager);
- whether specialist input is required;
- action needed to prevent further losses.

### ***Preventing further losses***

Where the initial investigation provides reasonable grounds for believing that a fraud has been committed the CEO will need to consider any action required to prevent further losses. This may require the suspension of the employee(s) suspected of fraud.

Where a decision is taken by the CEO to suspend the employee(s) suspected of fraud this has to be carried out at the earliest opportunity in order to prevent the destruction or removal of evidence to support any future disciplinary or criminal action. The suspended employee

should be supervised at all times prior to leaving the premises. They should be required to return their security pass(es) and keys to all premises, offices and furniture.

#### ***Establishing and securing evidence***

The formal investigation into the suspected fraud will gather evidence of sufficient quality to substantiate (or otherwise) the case of suspected fraud. The quality of this evidence is important as it may be required for possible disciplinary or criminal proceedings.

The investigating manager must be familiar with the Company's disciplinary procedures to ensure that evidence requirements are met. He should also be familiar with evidence rules for interviews under the Police and Criminal Evidence Act.

#### ***Recovery of losses***

It is the Company's policy to seek the repayment of losses where a case of fraud has been proven. Where the loss is substantial legal advice will be sought as to the prospects of recovery and the legal bases on which this can be achieved.

#### ***Contacting the police***

The decision to contact the police will be made by the CEO after discussion with the Board.

All staff need to be aware that the presumption is that all fraud or suspected fraud will be reported to the police whatever the size and extent of the fraud.

#### ***Completion of the investigation***

On completion of the investigation a written report must be submitted to the Board of Directors. The report should contain:

- a description of the incident including the value of any loss, the employees involved and the means of perpetuating the fraud;
- the measures taken to prevent a recurrence; and
- any action needed to strengthen future responses to fraud.

#### ***References for employees***

All requests for references for employees who have been disciplined for fraud must be referred to the CEO. The CEO will respond to any such request having regard to Employment Law.