



Records



Digital



Datashred



Relocation



Technology

Anti-Fraud Policy

Introduction

We recognise that corporate fraud is becoming increasingly common within the UK and the amount of money involved is also growing fast. Responsibility for preventing, detecting and reporting corporate fraud lies with all employees throughout the organisation.

More commonly it is the senior management who are best placed to detect any fraud which is going on and/or to put controls in place to prevent it happening in the first place. Ultimately, however, responsibility lies with the directors of a company.

We take good corporate governance very seriously, it is therefore appropriate for the directors to issue the following policy note together with guidance as to what constitutes a fraudulent act and what to do if an employee suspects that a fraud has taken place.

What is fraud?

Fraud is 'an intentional deception to obtain an advantage, avoid an obligation or cause loss to another person or company'. This will include deception where a person knowingly makes a false representation, does not disclose information, or abuses a position. This is therefore a fairly wide definition which covers many activities. Some signs of potential fraud may include the following:

- Missing inventory or assets;
- Transactions taking place that were at an odd time, odd frequency, unusual amount or to odd recipients;
- Discrepancies in accounting records and unexplained items on reconciliations;
- Missing documents, or only photocopied documents being available;
- Excessive voids or credits;
- Common names or addresses of payees or customers;
- Backdated or otherwise altered documents;
- Duplicate payments;
- Overcharging by contractors;
- Payment for fictitious supplies;
- Selling services/goods cheap in return for personal financial gain;
- Paying bribes to win contracts;
- False accounting; and
- Over claiming hours worked or expenses.

Please note that the list on the previous page is by no means exhaustive.

Bribery and corruption are types of fraud and Harrow Green has a separate Anti-Corruption and Bribery Policy which you should have regard to in all of your dealings with suppliers and third parties.

In general corporate fraud can be broken down into sales frauds, purchasing frauds and theft of assets. Sales frauds are those relating to the sales activity of an organisation e.g. under charging customers deliberately for our services, manipulating sales figures in the accounts, paying unauthorised inducements to win work. Purchasing frauds relate to activities involving the procurement of goods and services by the company e.g. over paying contractors/suppliers with collusion from employees, paying for goods/services not received, overvaluing stocks, paying VAT incorrectly. Theft of assets includes stock leakage, stealing cheques, paying for personal goods using the company's money, personally retaining proceeds from the disposal of customers' assets, falsifying timesheets and expense claims.

In most cases it is obvious when activities are fraudulent or dishonest however it is not always the case. Probably the biggest grey area is in the area of customer entertaining and introductory fees for work. For avoidance of doubt it is never acceptable for us to pay cash to a customer personally for any purpose. Entertaining or treating a client at a moderate level is however acceptable e.g. paying for the occasional meal, providing tickets to sporting events and providing non cash gifts at Christmas. The guide has to be that these costs should not be material i.e. less than £1000 per annum, and if this level is to be exceeded for any reason, director approval of the cost must be obtained in advance. In any circumstances a legal receipt must be obtained to support the expenditure. The other fairly grey area is introductory fees/consultancy payable on the successful award of a contract. Here the rules are that any payment must be supported by a valid invoice from the payee, the fee should be proportional to the work awarded and the fee should not be made to an employee of the company awarding us the work. Again any such payments must be authorised by a director of Harrow Green. Fees should not be paid for repeat work with a customer unless agreed at the outset of working with a customer. If requested by the customer to disclose any such fees payable on the award of a contract this would have to be complied with.

Why do we need to have an Anti-Fraud Policy?

By publishing an Anti-Fraud Policy the directors are setting out what is acceptable behaviour and what is not. As stated above this policy operates in conjunction with our Anti-Corruption and Bribery Policy and you are required to familiarise yourself with both policies and any related Harrow Green guidance. Anyone who is suspected of acting in a dishonest and fraudulent way could be subjected to an internal investigation which if upheld is likely to result in disciplinary action being taken and external authorities being informed.

There are various reasons for the Board to take such a tough line on fraudulent activity:

- Firstly and most obviously in many cases the activities are illegal
- Those committing the frauds are more often adversely impacting on the profits of the organisation. As company directors we are appointed to maximise shareholder wealth
- As directors of the company we have a duty not to falsify the accounting records of the organisation and mislead the auditors
- If the directors and senior managers are not committed to preventing and detecting fraud how can we expect the employees to act honestly.
- If we condone dishonest practices then there is a risk that the company or individual employees within the organisation can be compromised and/or blackmailed by other parties with knowledge of the practices.

What should you do if you discover or suspect fraud?

Where an employee suspects fraud or corruption has occurred, or is about to take place, they should contact the managing director and either the chief operating officer or a divisional director. If an employee believes that either of those people have committed fraud or engaged in corrupt activities, then they should contact their divisional director or any other director if required. Copies and notes of any relevant documents or conversations should be kept. A discussion will then take place to determine the facts or set out the concerns of the employee. Where appropriate they will then contact the relevant divisional director.

Where the fraud involves the theft of assets this can alternatively be notified in the first instance to the divisional manager or

director.

The employee should not approach or confront the individual or individuals concerned neither should they discuss the matter with anyone else nor contact the police.

There will be no recriminations against staff that report reasonably held suspicion, and victimising or deterring staff from reporting concerns will be treated as a serious disciplinary matter.

Equally however, abuse of the process by raising malicious allegations will also be regarded as a disciplinary matter.

Any alleged fraud will be investigated and dealt with under the Disciplinary and Dismissal Procedure.

If you feel it is appropriate and think concerns may not be addressed within Harrow Green they can be raised with Restore plc (at 66 Grosvenor Street, London W1K 3JL, Tel: 020 7409 2420) in accordance with the corporate (Restore) policy

Controls to be put in place to prevent fraud occurring

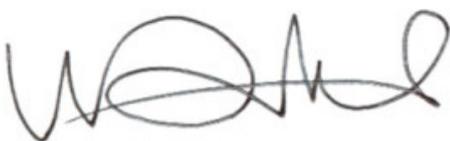
With immediate effect the board wishes to implement the following controls and procedures to reduce the risk of fraud taking place within the organisation.

- Where Harrow Green procures goods and services from a supplier 'related to' an employee of Harrow Green (i.e. a director or significant shareholder of the supplier is a relative/partner of a Harrow Green employee), this must be disclosed to the divisional director in writing. A copy of the letter must then be put on file to before we can continue to trade with the supplier. Failure to notify such a relationship will be dealt with under the Disciplinary and Dismissal Procedure.
- Where a trading relationship is approved, purchase orders and delivery notes must be signed off by the line manager of the employee who is related to the supplier and not by the employee themselves.
- If an employee feels at all uncomfortable about anything that they are being asked to do by a line manager in respect of conducting business with suppliers or other third parties then this should be reported immediately to the relevant divisional director.
- Corporate entertaining costs in relation to any customer in any one year which exceeds £500.00 must be authorised by a director.
- Any introductory fees to be paid out must be approved and signed off by a director.
- Individuals who have instigated changes in operational procedures which have saved the Group money may be eligible for a bonus in recognition of this.

Hopefully this note and its contents are self-explanatory however if you have any queries please do not hesitate to contact the managing director, chief operating officer or your divisional director.

This document will be reviewed annually or when significant changes in legislation are notified.

Signed on behalf of Harrow Green Limited



Nigel Dews – Managing Director