

Policy Name:	Fraud Policy
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Who it applies to:	Employees, Directors, Board Members, and Trustees (including any of its intermediaries, subsidiaries or Associated Companies).
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Approved By:	Corporate Policy Review Panel (CPRP)
Equality Impact Assessment Screened	Yes
Contractual terms and conditions, which will be changed following legal requirements.	Yes

Fraud Policy

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Introduction

This policy forms part of the Chartered Institute of Legal Executives' (CILEX) internal control and corporate governance arrangements. CILEX means here the Chartered Institute of Legal Executives and its subsidiaries.

The CILEX Board is committed to ensuring that effective policies operate throughout the organisation.

This policy is contractual and is intended as a statement of current CILEX policy and its commitment to operate a fair procedure, taking into account statutory and other guidelines. CILEX, therefore reserves the right to amend this policy and procedure as necessary to meet any changing requirements.

One of CILEX's core values is to conduct its business fairly, openly and honestly with a zero-tolerance approach to fraud. CILEX is committed to promoting and maintaining the highest level of ethical standards, in relation to all of its business activities. Its reputation for maintaining lawful business practices is of paramount importance and this policy is designed to preserve these values.

Purpose and Scope of the Policy

This policy is based on Fraud legislation (Fraud Act 2006), which requires that all permanent and temporary employees, Volunteers, Directors, Board Members, Trustees, Members and/or other Associated Persons including, but not limited to, contractors and their employees and agents acting on behalf of CILEX, must not either directly or indirectly:

- Make false representation: a person commits fraud by intentionally and dishonestly making a false representation. A false representation includes intentionally giving a misleading or untrue statement.
- Fail to disclose information: a person commits a fraud if they dishonestly fail to disclose information.
- Abuse their position: a person commits a fraud if they dishonestly abuse their position.

CILEX takes the most serious view of any attempt to commit fraud by any temporary or permanent employees, volunteers, Directors, CILEX Board Members, Trustees, Members and/or other Associated Person including, but not limited to, contractors and their employees and agents acting on behalf of CILEX.

Employees involved in impropriety of any kind will be subject to disciplinary action, including prosecution, if appropriate.

CILEX treats attempted fraud as seriously as accomplished fraud.

This policy should be read in conjunction with the Anti-Bribery and Corruption Policy and the Gifts and Hospitality Policy.

In September 2025, the 'failure to prevent fraud' offence introduced by the Economic Crime and Corporate Transparency Act 2023 (ECCTA) came into force.

The Home Office guidance explains that under the failure to prevent fraud offence:

"An organisation may be criminally liable where an employee, agent, subsidiary, or other 'associated person', commits a fraud intending to benefit the organisation and the organisation did not have reasonable fraud prevention procedures in place."

The list of 'base fraud' offences is set out in Schedule 13 of ECCTA.

The offence applies to:

- all large, incorporated bodies, subsidiaries and partnerships
- large not-for-profit organisations (such as incorporated charities)
- incorporated public bodies¹

"Large organisations" must meet at least two of the following criteria:

- turnover of more than £36 million
- balance sheet total of more than £18 million
- more than 250 employees

Government guidance states:

- the benefit of the fraud does not need to be financial
- the organisation or its clients do not need to receive any actual benefit for the offence to have occurred (the intention is sufficient)
- the intention to benefit the organisation or its clients does not need to be the sole or dominant motivation for the fraud: it can be a secondary motive

¹ Section 199(13) states that the offence applies to organisations incorporated or formed by any means. This includes, but is not limited to incorporation by:

- the Companies Act 2006
- Royal Charter
- statute (for example NHS Trusts)
- the Limited Liability Partnerships Act 2000
- the Co-operative and Community Benefit Societies Act 2014

- senior management does not need to know about the fraud for the organisation to be liable. Previously, corporate liability for fraud would have required evidence of wrongdoing at a senior level

Organisations found liable of this offence can be subject to an unlimited fine. An organisation will be liable where an offence has been committed unless it can demonstrate that it had reasonable fraud prevention procedures to prevent such a fraud taking place. It must be noted that although CILEX does not meet the criteria of being a 'large organisation', it is considered best practice to adhere to the Home Office principles in relation to effective fraud prevention practices.

Responsibilities

It is the contractual duty and responsibility of all employees and associated persons to ensure compliance with the Fraud Policy

CILEX and its employees should:

- Develop an anti-fraud culture and define management and employee responsibilities in this area.
- Promote an open and ethical culture within the organisation which deems unethical behaviour unacceptable and publicise ways that staff can report suspicion.
- Learn from previous incidents and communicate lessons and experiences in fraud prevention and detection.
- Co-operate with other organisations, such as our regulators and the police, in the industry-wide detection and prevention of fraud.

Directors of CILEX must meet their statutory responsibilities towards fraud, as per the Companies Act 2006.

Management has a responsibility to:

- Ensure adequate anti-fraud measures and controls are present in systems and are fully complied with.
- Identify risks to which systems, operations and procedures may be exposed.
- Develop and maintain effective controls to prevent and detect fraud.
- Remain vigilant by raising fraud risk awareness.
- Report their suspicions, while guaranteeing anonymity where requested.

Line Managers are responsible for the prevention and detection of fraud by ensuring that an adequate system of internal control exists within their areas of responsibility and these controls operate effectively.

CILEX will support anyone who raises genuine concerns under this policy, even if they turn out to be mistaken. It is also committed to ensuring nobody suffers any detrimental treatment as a result of refusing to take part in fraud or because of reporting a genuine suspicion that an actual or potential fraud offence has taken place or may take place in the future.

The **Audit and Risk Committee** has the responsibility to report to the CILEX Board on the following:

- Reviewing and approving CILEX's internal audit programme and ensuring that the internal audit function is adequately resourced and with sufficient profile within CILEX.
- Reviewing and advising on CILEX procedures around compliance with the detection of fraud and prevention of bribery.
- Being the formal primary independent contact with the Charity Commission on any investigation or enquiry into CILEX's financial affairs.

The **Corporate Compliance Manager** has lead responsibility for ensuring compliance with this policy and will review its contents on a regular basis. They will be responsible for monitoring its effectiveness and will provide regular reports in this regard to the directors of CILEX, who have overall responsibility for ensuring that the Fraud Policy complies with CILEX's legal and ethical obligations.

The Corporate Compliance Manager should Investigate impartially and thoroughly all cases or suspected cases of fraud, and where appropriate, arrange to seek to recover monies and costs through legal means.

All permanent and temporary employees, Volunteers, CILEX Board, Committee Members and Trustees (including any of its intermediaries, subsidiaries or associated companies), Members and/or other Associated Persons including, but not limited to, contractors and their employees and agents acting on behalf of CILEX are expected to understand and adhere to the principles set out in this policy, as well as prevent, detect and report any forms of fraud.

It also applies to any individual or corporate entity associated with CILEX or who performs functions, in relation to or for and on behalf of CILEX including, but not limited to, directors, agency workers, casual workers, contractors, consultants, seconded employees, agents, suppliers and sponsors ("Associated Persons").

All permanent and temporary employees, Volunteers, CILEX Board, Committee Members and Trustees (including any of its intermediaries, subsidiaries or associated companies), Members and/or other Associated Persons including, but not limited to, contractors and their employees and agents acting on behalf of CILEX are required to:

- comply with any fraud legislation that applies in any jurisdiction in any part of the world, in which they might be expected to conduct business.
- act honestly, responsibly and with integrity.
- safeguard and uphold the organisation's core values by operating in an ethical, professional and lawful manner at all times.

The CILEX Corporate Compliance Team is responsible for:

- developing and maintaining effective controls to help prevent or detect fraud.
- raising awareness amongst CILEX employees of what may constitute a fraud and how to report a suspicion.
- carrying out vigorous and prompt initial investigations if fraud occurs.
- taking appropriate disciplinary and/or legal action against perpetrators of fraud. It is best practice for experienced third-party investigators to be employed to gather sufficient evidence, so that a decision can be made regarding the next steps to take (e.g., to hand the case over to the proper authorities). Responsibility for the procurement, engagement and management of these third party's rests with CILEX Directors and Senior Managers.
- taking disciplinary action against any party whose failures have contributed to the commission of the fraud, alongside the HR Department. HR policies include reference to recruitment and screening of new staff, an effective appraisal system and exit interviews.

It is the responsibility of the Corporate Compliance Manager² to ensure that this policy is reviewed and revised as necessary to take into account stakeholder feedback, recommendations from regulatory authorities, changes in legislation or other relevant factors.

Legal Obligations

[Bribery Act 2010](#)

² And the Accountable Officer if this is a different member of staff.

[Whistleblowing Commission Code of Practice.](#)

Public Interest Disclosure Act 1998 (PIDA)

Fraud Act 2006

Police and Criminal Evidence Act (PACE) 1984

Regulation of Investigatory Act (RIPA)

Financial Regulations

Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations (MLRs) 2017

UK Data Protection legislation

European Convention on Human Rights

Economic Crime and Corporate Transparency Act 2023 (ECCTA)

References

The following CILEX Group Corporate policies fall within the reach of this policy:

- [Archive, Retention and Destruction Policy](#)
- [Anti-Bribery and Corruption Policy](#)
- CILEX Foundation Policies
- Confidentiality Policy
- Conflict of Interest Policy and Procedure – CILEX Awarding Organisation and End-Point Assessment Activities
- [Data Protection Policy](#)
- Data Protection Impact Assessment Policy
- Disciplinary Policy
- Ethical Standards Policy
- Finance Policies (including Travel and Expenses Policy)
- [Gifts and Hospitality Policy](#)
- [Information Security Policy](#)
- Logo Usage Policy
- [Personal Interest Policy](#)
- Potential Data Security Incident (PDSI) Policy
- Recruitment and Selection Policy (and other relevant HR Policies)
- [Risk Management Policy](#)
- Safer Recruitment Policy
- Safeguarding Policy
- [SAR \(Suspicious Activity Reporting\) Policy](#)
- [Sharing Information with Third-Parties Policy](#)
- [Sharing Information with Law Enforcement Authorities Policy](#)
- [Staff Handbook](#)
- [User Account Policy](#)
- [Whistleblowing Policy](#)