

## Commercial Crime

The following Conditions apply to the Commercial Crime Section.

### Audit

If in relation to any claim You have failed to fulfil the following condition, which is material to that claim, We will not pay that claim.

Independent professional accountants or auditors will examine Your accounts at least every 12 months.

### Bank Account Reconciliation

If in relation to any claim You have failed to fulfil the following condition, which is material to that claim, We will not pay that claim.

All cash book entries will be checked by someone other than the Employees responsible at least once in every 30 days against bank statements, receipts and other supporting documentation and the balance tested against cash and un-presented cheques.

### Cash Balances, Floats and Petty Cash

If in relation to any claim You have failed to fulfil the following condition, which is material to that claim, We will not pay that claim.

The amount of cash balances, floats and petty cash will be laid down and will be subject to a physical check against supporting documents by someone other than the Employees responsible at least every 30 days.

### Cheque Issue

If in relation to any claim You have failed to fulfil the following condition, which is material to that claim, We will not pay that claim.

- (1) Cheques will only be signed after they have been fully completed.
- (2) All manually prepared cheques with a value over £5,000 will be signed by at least two authorised signatories.
- (3) If cheques are prepared and signed by computer or machine
  - (a) dual control will be exercised over the operation
  - (b) at least one further manual signature will be applied where the value of the cheque exceeds £25,000
  - (c) supporting documentation will be examined and authorised prior to signing by computer or machine
- (4) All signatories, will examine the supporting documentation against the cheque prior to signing.

### Computer Security

If in relation to any claim You have failed to fulfil the following condition, which is material to that claim, We will not pay that claim.

- (1) All update and amendment access to computer systems and programs containing accounting, stock and other valuable records will be protected by passwords. Passwords will be chosen by and confidential to the user and will be changed at least every 90 days
- (2) If You allow dial-up, internet or other external access to Your computer systems You will protect them with firewalls and anti-virus software which You will update regularly.

### Debtors

If in relation to any claim You have failed to fulfil the following condition, which is material to that claim, We will not pay that claim.

- (1) Where You allow credit, statements of account will be issued at least once in every 30 days. If the issue of statements involves any Employees who receive payments then all accounts including all suppressed and suspense accounts will be reviewed by someone other than the Employees responsible at least once in every 90 days
- (2) Management action will be taken before an account becomes 90 days overdue.

### Funds Transfer Controls

If in relation to any claim You have failed to fulfil the following condition, which is material to that claim, We will not pay that claim.

- (1) In respect of funds transfers involving electronic instructions
  - (a) at least dual control will be imposed to ensure that no one Employee can complete a funds transfer payment from beginning to end
  - (b) all Employees involved will require unique passwords to access the terminal, computer or system. Passwords will be confidential to the user
- (2) In respect of all telephone and facsimile instructions the bank or financial institution will be instructed to telephone an Employee other than the person who sent, issued, gave or transmitted, or purported to send, issue, give or transmit, the instructions to check that they are valid prior to transferring the funds
- (3) You will comply with all process and security controls agreed with the bank or other financial institution, through which Your transfers are made.

### Money Received and Banking

If in relation to any claim You have failed to fulfil the following condition, which is material to that claim, We will not pay that claim.

- (1) Any Employee who receives or collects money and/or cheques in the course of their duties away from The Premises will be required to remit them to You at least 1 time(s) per week
- (2) All money and cheques received by Employees at The Premises, including that remitted in (1) above, will be banked at least 2 time(s) per week.

### **Payee Account Changes**

If in relation to any claim You have failed to fulfil the following condition, which is material to that claim, We will not pay that claim.

(1) Where a request is made by a supplier or other payment recipient to change bank details on Your payment system, the request will be verified by contacting an authorised representative of the supplier or payment recipient, using contact details held on file, rather than those contained on the change instruction itself, prior to making any changes

(2) When paying invoices, any variances on existing payment details are checked and verified with the payment recipient using contact details held on file rather than those contained on the invoice itself, prior to making the payment.

### **Payroll**

If in relation to any claim You have failed to fulfil the following condition, which is material to that claim, We will not pay that claim.

The cast of the payroll will be examined at least once in every 90 days by someone other than the Employees responsible to check that the total amount drawn is correct and that there are no past or fictitious Employees included.

### **Purchases**

If in relation to any claim You have failed to fulfil the following condition, which is material to that claim, We will not pay that claim.

In respect of purchases with a value of over £1,000 of machinery, equipment, goods, materials, services, contracts and sub-contracts, no one Employee will be able to perform the following three stages on their own

(1) order

(2) certificate receipt or completion, and

(3) authorise payment.

### **References**

If in relation to any claim You have failed to fulfil the following condition, which is material to that claim, We will not pay that claim.

For all Employees engaged in any role

(1) that involves handling Money, payments, orders, statements of account, stock

(2) that involves having update and amendment access to accounting and stock recording systems

(3) in Your accounts, information technology, information systems or computer departments

(4) with a supervisory, management or directorial content

on or after the date this Section was first inceptioned, satisfactory written or fully documented verbal references will be obtained directly from former employers.

Such references must cover the preceding 2 year(s) of employment and must be provided in the event of a claim.

Any gaps in the preceding 2 year(s) of employment must be accounted for.

References need not be obtained in respect of Employees who have satisfactorily and continuously been employed by You for at least 12 months in any capacity other than stated in (1) to (4) above.

In respect of Employees joining directly from school or Government sponsored youth training schemes at least one character reference will be obtained.

### **Social Engineering**

If in relation to any claim You have failed to fulfil the following condition, which is material to that claim, We will not pay that claim.

(1) Employees involved in the processing of payments will be made aware in writing of the danger of social engineering fraud whereby fraudulent payment requests purporting to come from Your senior management are made to those involved in the payment process. Such fraudulent requests typically being stated as urgent and confidential with unusually high values involved and payment requests being made to unknown payees situated within or outside the Territorial Limits

(2) Employees will be instructed in writing of the need to adhere to Your laid down payment procedures and verify the legitimacy of unusual, urgent and/or confidential payment instructions by calling back the person using the contact information previously stored and not the one given during the call or within the email.

### **Stock Control**

If in relation to any claim You have failed to fulfil the following condition, which is material to that claim, We will not pay that claim.

All stocks, including any raw materials and work in progress, will be subject to at least once in every 12 month(s) a physical check against verified stock records by someone other than the Employees responsible.