



## Anti-fraud, Bribery and Corruption Policy

<b>Operational Owner</b>	General Manager- Jane Sullivan
<b>Trustee Owner</b>	Joe McGarry
<b>Effective date:</b>	25/02/21
<b>Review date:</b>	25/02/23
<b>Related documents</b>	Financial Control Policy, Staff Code of Conduct

### Approval History

Version	Reviewed by	Amendment History	Approved by	Date
1.0	Joe McGarry	New Policy	Trustee Board	25/02/21

### Purpose

The purpose of this policy is to ensure that Susan's Farm's staff and associated personnel are aware of their responsibility in meeting our legal and statutory duties with regard to the risks of fraud, bribery and corruption and to reduce those risks as far as practical.

### Scope

Trustees, staff, volunteers and associated personnel all have some level of responsibility for this policy as set out below. Ultimate responsibility rests with the trustees of the charity.

### Policy Statement

The charity has a 'zero tolerance' policy towards fraud, bribery and corruption. This means that the charity:

- a) does not accept any level of fraud, bribery or corruption within the organisation or by any other individual or organisation receiving charity support or representing the charity; and
- b) will always seek to take disciplinary and/or legal action against those found to have perpetrated, be involved in, or assisted with fraudulent or other improper activities in any of its operations.

The charity is committed to developing an anti-fraud culture and keeping the opportunities for fraud, bribery and corruption to the absolute minimum. The charity requires all staff, volunteers and trustees to act honestly and with integrity at all times and to safeguard the resources for which they are responsible.

## **Risk and internal control systems**

1. The charity will seek to assess the nature and extent of its exposure to the risks of internal and external fraud, bribery and corruption. It will regularly review these risks, using information on actual or suspected instances of fraud, bribery and corruption to inform its review.
2. The charity will seek to put in place efficient and effective systems, procedures and internal controls to: encourage an anti-fraud culture; prevent and detect fraud, bribery and corruption; and reduce the risks to an acceptable level.
3. The charity will seek to equip its staff with the skills, knowledge and expertise to manage its fraud risk effectively. It will provide adequate training to make staff aware of the risks of fraud, bribery and corruption, and of their responsibilities in preventing, detecting, and reporting it.
4. The charity will make all those receiving charity funds or representing the charity, including its suppliers, beneficiaries, partners, contractors and agents aware of this policy.
5. The charity will work with relevant stakeholders, including comparable organisations, relevant regulators and government organisations to tackle fraud.
6. The charity will regularly review and evaluate the effectiveness of its systems, procedures and internal controls for managing the risk of fraud. It will do this through risk management and assurance processes and audit arrangements.

## **Reporting - internal**

7. All staff must immediately report any suspected or actual instances of fraud, bribery or corruption. This includes offers to pay bribes, solicitation of bribes and demands to make facilitation payments. Failure to report could result in disciplinary action.
8. Reports should be made to the General Manager. If staff are not comfortable reporting their concerns to the General Manager, then a report should be raised with an appropriate trustee.
9. The charity also requires all those receiving charity support or representing the charity, including its suppliers, beneficiaries, partners, contractors and agents, to report any suspected or actual instances of fraud, bribery or corruption involving charity assets or staff. Reports should be made to the General Manager or relevant trustee.
10. The charity will not penalise anyone for raising a concern in good faith, even if it turns out to be unfounded. Any member of staff who harasses or victimises someone for raising a concern in good faith will themselves be subject to disciplinary action.

11. The charity will maintain a system for recording all reports of actual or suspected fraud, bribery and corruption; the action taken; and the outcome of any investigation. It will use this information to inform its review of the risks and the effectiveness of its controls.

### **Reporting – external**

12. The charity will fully meet its obligations to report fraud, bribery and corruption to third parties. These parties include the police, Charities Commission and any other parties the investigator or trustees consider appropriate that the suspected or actual fraud, bribery or corruption must be reported to; the nature and timing of the disclosure required; and who is responsible for making the report.

### **Investigation**

13. The charity will take all reports of actual or suspected fraud, bribery and corruption seriously, and investigate proportionately and appropriately. Any investigation will be open and honest with all parties as far as can be practical whilst retaining the integrity of the investigation.
14. The investigation should be carried out by a minimum of two people none of whom should be a subject of the investigation and one of which at least should be a trustee
15. The charity will always seek to take disciplinary and/or legal action against those found to have perpetrated or assisted with fraudulent or other improper activities in any of its operations. For staff, volunteers, trustees or beneficiaries, this may include dismissal. It will also seek to recover any assets lost through fraud.

### **Approval of losses**

16. All losses as the result of fraud must be recorded and approved in line with authorities set out in the Financial Controls policy

### **Specific risk mitigation measures**

17. To manage the exposure to bribery and corruption, all gifts and hospitality received by staff, volunteers and trustees must be approved in line with the delegated authorities as recorded on the Financial Controls Policy.
18. Conflicts of interest are known to increase the risk of fraud. Therefore, all staff who have an interest in an actual or potential supplier (whether personally, or through family members, close friends or associates) must report that conflict of interest to the General Manager.

### **Responsibilities**

19. The **General Manager** is the owner of the charity's counter fraud work unless involved personally in which case the owner will be the chair of trustees.

20. The **General Manager** is responsible for creating and implementing the charity's counter fraud strategy and for managing the counter fraud function.
21. The **General Manager** is responsible for recording all instances of actual or suspected fraud, bribery and corruption, ensuring that they are investigated proportionately and appropriately, and reported to external parties. She/He is also responsible for providing advice and training to staff on preventing, detecting and investigating fraud. This includes investigating cases where specialist input is required due to the complex nature of the case. The General Manager is encouraged to use trustees to assist in this function.
22. **All staff, volunteers and trustees** are responsible for ensuring that they are aware of and support this policy and that all incidents of fraud, bribery or corruption are reported. They are also responsible for ensuring that they cooperate when an investigation takes place in line with this policy using the highest levels of openness, honesty and integrity.
23. **The General Manager or trustees receiving reports** of fraud, bribery and corruption are responsible for reporting them to the trustees as a whole and agreeing with them how the case will be managed and who will be responsible for investigation.
24. **All staff** are responsible for complying with this policy.

## Definitions

25. **Fraud** is knowingly making an untrue or misleading representation with the intention of making a gain for oneself or another or causing a loss, or risk of loss, to another.
26. **Bribery** is giving or offering someone a financial or other advantage to encourage that person to perform their functions or activities improperly, or to reward someone for having already done so.
27. A **facilitation payment** is a type of bribe. An example is an unofficial payment or other advantage given to another person to undertake or speed up the performance of their normal duties.
28. **Corruption** is the misuse of entrusted power for personal gain. This would include dishonest or fraudulent behavior by those in positions of power, such as managers or government officials. It would include offering, giving and receiving bribes to influence the actions of someone in a position of power or influence, and the diversion of funds for private gain.
29. A **conflict of interest** is where an individual has private interests that may or actually do influence the decisions that they make as an employee or representative of an organisation.

30. Notwithstanding, this document will be reviewed once every two years by the board of trustees as a minimum but could be altered at any time by the board of trustees in the light of experience.

26<sup>th</sup> January 2021

## 1. FURTHER GUIDANCE ON FRAUD

### Summary of legislation

The relevant legislation in the UK is [The Fraud Act 2006](#).

The Fraud Act 2006 defines a general offence of fraud and sets out three ways by which fraud can be committed:

- fraud by false representation. A representation is false if it is untrue or misleading, and the person making it knows that it is, or might be, untrue or misleading.
- fraud by failing to disclose information.
- fraud by abuse of position. This applies to those occupying a position in which they are expected to safeguard, or not to act against, the financial interests of another person.

In each case, the offence is to act dishonestly with the intention of making a gain for oneself or another or causing a loss, or risk of loss, to another. The criminal act is the attempt to deceive and attempted fraud is therefore treated as seriously as accomplished fraud.

### Examples of fraud relevant to Susan's Farm

Procurement fraud:

- Staff colluding with suppliers and ordering and paying for goods or services that are not required and / or have not been delivered, or are charged at an excessive rate.
- Staff or third parties creating false invoices, receipts, purchase orders or supplier identities in order to obtain payment for goods and services that have not been supplied.
- Staff awarding a contract, or preferential terms, to a supplier in return for payments, personal discounts, commission or other benefits; or awarding a contract to a relative or other connected party.

Fraudulently altering documents or records:

- Grant recipients not spending grant funds on purposes intended, or keeping funds for personal use, and falsifying records to support false claims.
- Staff issuing false receipts to customers in order to keep the funds paid for personal use.
- Staff or third parties altering vendor payment details to divert supplier payments to own bank account.
- Staff fraudulently altering exam papers or exam results or releasing details of exam papers in return for a bribe or in order to favour a relative.
- Staff fraudulently altering accounting records.

Expenses fraud:

- Staff claiming expenses or allowances to which they are not entitled, including by falsifying receipts.

- Staff using TEX card for personal expenses.
- Staff using assets, such as mobile phones, for their own personal use.
- Staff or contractors falsifying travel and subsistence or other expense claims.

Fraud involving impersonation:

- Staff or third parties impersonating the charity in order to extract fees for a service which the Council does not provide, or does not charge for.
- Staff or third parties submitting false applications from real or fictional individuals or organisation for grants.

Payroll fraud:

- Staff creating non-existent employees for directing payments.
- Staff or temporary staff making false or inflated claims for overtime or flexible working.

- **FURTHER GUIDANCE ON BRIBERY**

### **Summary of legislation**

The relevant legislation in the UK is [The Bribery Act 2010](#).

The Act makes it an offence to give or receive a bribe, i.e. to:

- Offer, promise or give a financial or other advantage to another person with the intention of inducing them to perform their functions improperly, or to reward them for having done so.
- Request, agree to receive or accept a financial or other advantage as the reward for an improper function or activity.

It also makes it an offence to bribe a foreign public official. A foreign public official is someone elected or appointed to a legislative, administrative or judicial position in an overseas government or other public agency or organisation. It is an offence to offer such a person a financial or other advantage with the intention of influencing them in the performance of their official duties.

The Act also creates a corporate offence of failing to prevent bribery. This means that the charity could be liable if someone offers a bribe on its behalf, including employees and third parties carrying out charity business, such as partners and suppliers. The Act applies to UK organisations operating overseas, so the charity could be prosecuted if any of its staff worldwide offer or solicit a bribe; this is why the policy applies globally.

### **Examples of bribes relevant to the charity:**

Advantages that could be offered as part of a bribe:

- Cash, vouchers or other cash equivalents, or a “fee”.
- Gifts.
- Hospitality or entertainment (outside what would be modest and reasonable in the business context).
- The charity paying travel and accommodation costs to a third party where this is not standard business practice (eg not expenses for staff or exam invigilators).
- Charity staff receiving travel or accommodation free of charge from a supplier
- Loans.
- Favourable business terms.
- Discount of services, or providing services free of charge (or ‘uninvoiced’)
- Provision of information that offers a business or personal advantage.

Offering or receiving one of the above advantages could count as a bribe if any of the following was offered or given in return:

- Award of contract to particular bidder.

- Performance of normal duties by a foreign public official.
- Altering exam paper or marks.
- Obtaining information that would put an individual or the charity at an advantage, such as the content of exam papers, or information about a competitive tender.
- Any other preferential treatment influenced by the receipt of an advantage.

The following would not usually count as bribes:

- Payment of an official charge, such as a visa
- Normal hospitality provided in the course of business, such as provision or acceptance of a modest meal at a working event.

Whether a provision of a particular item or service counts as a bribe depends upon the context and level of hospitality (etc) offered. The Bribery Act is not intended to prohibit reasonable and proportionate hospitality or business expenditure. Genuine hospitality or similar business expenditure that is reasonable and proportionate, in line with normal charity policy and practice. Judgement is required and the decision depends upon level of hospitality provided and the level of influence the person receiving it had on the business decision in question

## 1. FURTHER GUIDANCE ON FACILITATION PAYMENTS

A facilitation payment is making a payment or offering an advantage to a public official to undertake or speed up the performance of their normal duties. Facilitation payments are a form of bribe and are illegal under [The Bribery Act 2010](#).

### Examples of facilitation payments relevant to the charity:

- Making a payment to clear items through customs. These are not acceptable and must not be made.
- Offering a government minister exceptional hospitality (i.e. beyond a modest meal) whilst trying to win a contract.
- Making a 'non-official' payment to police to guard a building or provide security services.
- Charity staff being offered free meals or accommodation (outside what would be modest and reasonable in the business context) in an effort to obtain favourable treatment.
- Making a payment to pass through border controls.

### Exceptions

The Bribery Act recognises that there are circumstances in which individuals are left with no alternative but to make payments in order to protect against loss of life, limb or liberty, and the common law defence of duress is likely to be available.

This might apply in particular to being asked to make a payment to pass through border controls. In these circumstances, staff should follow these steps:

1. If asked for a payment, refuse. If the official insists, ask them where the requirement for a fee is displayed, and also ask for a receipt.
2. If they continue to insist, without being able to provide evidence that the fee is legitimate, ask for a supervisor and inform them that you would be prosecuted if you make this payment.
3. The Bribery Act recognises that there are circumstances in which individuals are left with no alternative but to make payments in order to protect against loss of life, limb or liberty, and the common law defence of duress is likely to be available. If you feel that refusing to pay puts you at risk of loss of life, limb or liberty make the payment and report it to as soon as possible to your manager and the Head of Counter Fraud. They will decide whether this should be reported to authorities. The

fact that you have made it difficult for the official to obtain a bribe may deter them from asking others.