

## **FRAUD, CORRUPTION & BRIBERY POLICY (including response plan)**

### **1. INTRODUCTION**

- 1.1 One of the basic principles of public sector organisations is the proper use of public funds. It is therefore important that all those who work in the public sector are aware of the risk of and means of enforcing the rules against fraud and other illegal acts involving dishonesty or damage to property.
- 1.2 The College already has procedures in place that reduce the likelihood of fraud occurring. These are described in the Financial Regulations and Procedures.
- 1.3 This document is intended to provide direction and help to staff that find they are having to deal with suspected cases of theft, fraud or corruption. It gives a framework for a response and advice and information on various aspects and implications of an investigation. This document is not intended to provide direction on prevention of fraud.

### **2. PUBLIC SECTOR VALUES**

The college embraces the following public service values:

- Accountability:** Everything done by those who work in the organisation must be able to stand the test of parliamentary scrutiny, public judgements on propriety and professional codes of conduct
- Probity:** Absolute honesty and integrity should be exercised in dealing with assets, staff, suppliers and customers
- Openness:** The organisation's activities should be sufficiently public and transparent to promote confidence between the organisation and its customers, staff and public

All those who work in the College should be aware of, and act in accordance with, these values.

### **3. THE COLLEGE'S POLICY**

- 3.1 The Corporation is committed to maintaining an honest, open and well-intentioned atmosphere within the College. It is also committed to the elimination of any fraud occurring within the College, and to the rigorous investigation of any such cases.
- 3.2 The College wishes to encourage anyone having reasonable suspicions of fraud to report them. Therefore it is also Corporation policy, which will be rigorously enforced, that no employee will suffer in any way as result of reporting reasonably held suspicions. These principles are contained within the college's Whistleblowing policy.
- 3.3 All members of staff can therefore be confident that they will not be victimised as a result of reporting reasonably held suspicions of fraud.

### **4. ROLES AND RESPONSIBILITIES**

- 4.1 Authority in investigating fraud has been delegated to the Principal, who shall also be responsible for informing third parties such as the local authority, financial statements auditors or the police when appropriate. The Principal shall inform and consult the Chair, Chair of the Audit Committee and Director of Finance in all cases.
- 4.2 It is anticipated that the Principal will delegate authority to the internal Audit Manager for leading any investigation whilst retaining responsibility him/herself.
- 4.3 Where a member of staff is to be interviewed or disciplined the Principal and/or the delegated person shall consult and take advice from the College's Human Resources advisors.

- 4.4 The College's Human Resources Advisors shall advise those involved in the investigation in matters of employment law and in other procedural matters, such as disciplinary procedures.
- 4.5 The following individuals are authorised to receive enquiries from staff confidentially:-  
Chair of the Audit Committee  
Principal  
Director of Finance
- 4.6 All staff have a duty to protect the assets of the College, which include information and goodwill as well as property.

## **5. REPORTING FRAUD**

- 5.1 Discuss with your line manager or a member of SMT.
- 5.1.1 An employee should normally discuss his/her suspicions confidentially with their line manager. The employee may instead discuss the matter confidentially with a member of the SMT. The line manager or member of SMT will inform the Principal directly of all suspicions raised. Where it is inappropriate to inform the Principal, the Chair of the Audit Committee can be informed instead, via the Clerk to the Corporation or directly.
- 5.1.2 If the suspicion involves a member of the Senior Management Team the matter should be reported to the Chair of the Audit Committee.
- 5.1.3 Time may be of the utmost importance to prevent further loss to the College.
- 5.2 The Principal considers the need to inform the Governing Body, Internal Audit service or Financial Statements Auditors.
- 5.2.1 The Principal shall inform and consult the Chair of the Corporation, Chair of the Audit Committee and Director of Finance at the first opportunity in all cases. The Internal Audit service should normally be informed immediately in all but the most trivial cases.
- 5.2.2 The Principal shall determine whether to inform the police. In addition the Principal will determine whether the Financial Statements Auditors should be informed.

## **6. MANAGING THE INVESTIGATION**

- 6.1 Normally this would be managed by the Internal Audit Manager. The circumstances of each case will dictate who will be involved and when.
- 6.2 **Diary of Events**
- 6.2.1 The manager overseeing the investigation will initiate a Diary of Events to record the progress of the investigation.
- 6.3 **Does it appear that a criminal act has taken place?**
- 6.3.1 In some cases this question may be asked more than once during an investigation. The answer to the question obviously determines if there is to be fraud investigation or other criminal investigation. In practice it may not be obvious if a criminal act has taken place. If a criminal act is believed to have occurred the police, Financial Statements Auditors and the Corporation should now be informed if this has not already occurred.

## **6.4 Involving the Police**

6.4.1 Some managers may mistakenly be reluctant to involve the Police in the belief that:

- a) they are only interested if the alleged criminal offence is greater than a specific £ value or that the Police are not interested because of potentially complex issues involved that render little chance of a successful prosecution
- b) the College prefers to deal with the incident themselves, keeping it quiet while implementing dismissal and pursuing recovery through civil action,
- c) that the Police want hard evidence before they will pursue investigations, but when it is provided they advise that the rules of evidence have not been complied with
- d) the disciplinary process has to wait behind a police prosecution.

6.4.2 Protracted internal investigations often unnecessarily delay involving the Police, thereby diminishing the value of co-operation with the Police. However, properly organised investigations, conducted by individuals with an inside working knowledge, will be of great assistance to any subsequent Police inquiry, and management should therefore not be discouraged from liaising with Police as soon as the issues involved are identified.

## **6.5 Investigate internally**

6.5.1 If it appears a criminal act has not taken place the next step should probably be an internal investigation to determine the facts, what if any disciplinary action is needed, what steps can be taken to recover a loss and what may be required to improve internal control to prevent the event happening again.

6.5.2 Where no criminal act has taken place the event could have three outcomes:-

- i. dismissal,
- ii other disciplinary action
- iii no case to answer

6.5.3 In each case the investigating manager should consider what steps can be taken to recover any loss and whether any steps are required to improve control to prevent the event happening again.

## **6.6 Disciplinary/Dismissal procedures**

6.6.1 The disciplinary procedures of the College have to be followed in any disciplinary action taken by the College towards an employee at all times.

## **6.7 Recovering a loss**

6.7.1 Where recovering a loss is likely to require a civil action it will probably be necessary to seek legal advice. Where external legal advisors are used the investigation manager must ensure there is co-ordination between the various parties involved.

6.7.2 If the loss may be covered by insurance the investigation manager should inform the manager responsible for insurance matters. There may be time limits for making a claim and in certain cases claims may be invalidated if legal action has not been taken.

## **7. GATHERING EVIDENCE**

### **7.1 Witnesses**

7.1.1 If a witness to the event is prepared to give a written statement, it is best practice for an experienced member of staff, preferably the Internal Audit Manager or Principal, to take a chronological record using the witness's own words. (The witness must be happy to sign the document as a true record, but the involvement of an independent person usually helps to keep the statement to relevant facts).

## 7.2 **Physical evidence.**

7.2.1 Upon taking control of any physical evidence, it is very important that a record is made of the time and place that it is taken. If evidence consists of several items, for example many documents, each one should be tagged with a reference number corresponding to the written record.

## 7.3 **Principal to consider if suspect should be interviewed**

7.3.1 The Principal will consider the report (written or verbal) of the investigation manager and consider if the suspect should be interviewed. In this consideration The Principal shall consult the College's Human Resources Advisors and the Police. If a crime is suspected, it is recommended that the police are consulted before any interview with the suspect takes place, if this is practical.

## 8. **INTERVIEW PROCEDURE**

### 8.1 **Interview**

8.1.1 The requirements of the Police and Criminal Evidence Act (PACE) must be considered before any interview with a suspect is performed, since compliance with PACE determines whether evidence is admissible in criminal proceedings. If in doubt about the requirements of PACE it is important to take specialist advice. The Internal Audit Manager will maintain links with the local Police force for this purpose.

### 8.2 **Is evidence gathered sufficient for dismissal?**

8.2.1 Under UK employment legislation, dismissal must be for a fair reason. The manner of dismissal must also be reasonable. All the procedures for dismissal are set out in the college's Disciplinary Procedures.

### 8.3 **Review events with police**

8.3.1 Whether or not the evidence is thought sufficient for dismissal or prosecution, if there is evidence of fraud or another criminal offence, the Police should be consulted at this stage if they are not already involved.

## 9. **BRIBERY ACT 2010 POLICY**

### 9.1 **Introduction**

The College has a zero-tolerance for bribery and corruption. The College's reputation with the community it serves and other stakeholders is underpinned by ethical behaviour, financial probity and honesty. The College aims to limit its exposure to bribery by:

- Setting out a clear anti-bribery policy, which is proportionate to the risks that the College is exposed to;
- Embedding awareness and understanding of the College's anti-bribery policy amongst all staff, "associated persons" (any person performing services for or on behalf of the

College), and external persons/organisations with whom the College has commercial relations;

- Training staff as appropriate so that they can recognise and avoid the use of bribery by themselves and others;
- Encouraging staff to be vigilant and to report any suspicion of bribery, providing them with suitable channels of communication such as the Whistle Blowing Policy and ensuring sensitive information is treated appropriately;
- Rigorously investigating instances of alleged bribery in accordance with the College disciplinary procedure; and assisting the Police and other appropriate authorities in any resultant prosecution;
- Taking firm and vigorous action against any individual(s) involved in bribery.

## **9.2 The Policy**

This policy applies to all employees and anyone acting for, or on behalf of, the College (“associated persons”), including governors, other volunteers, temporary workers, consultants and contractors.

All employees and associated persons are responsible for maintaining the highest standards of business conduct and are expected to behave honestly and with integrity. Any breach of this policy will constitute a serious disciplinary offence, which may lead to dismissal and may become a criminal matter for the individual.

The College prohibits employees and associated persons from offering, giving, soliciting or accepting any bribe. The bribe might include cash, a gift or other inducement, to or from any person or organisation, wherever they are situated, and irrespective of whether or not they are a public official/body or private person or company, by any individual governor, employee, agent or other person or body acting on the College's behalf. The bribe might be made in order to:

- Gain any commercial, contractual or regulatory advantage for the College in a way which is unethical;
- Gain any personal advantage, pecuniary, or otherwise, for the individual or anyone connected with the individual.

This policy is not intended to prohibit appropriate corporate entertainment and/or hospitality undertaken in connection with the College's business activities, provided the activity is customary under the circumstances, is proportionate, and is properly recorded/disclosed to the College in accordance with its procedures for gifts and hospitality which is set out in the College's Financial Regulations.

Employees and associated persons are requested to remain vigilant in preventing, detecting and reporting bribery. Employees and associated persons are expected to report any concerns regarding any suspected bribery in accordance with the College's procedures contained in the Whistle Blowing Policy.