



**BIRMINGHAM  
CHILDREN'S TRUST**

## **Anti-fraud, Bribery and Corruption Policy**

### **Policy summary**

The Trust has a 'zero tolerance' policy towards fraud, bribery and corruption. It will always seek to take disciplinary and /or legal action against those found to have perpetrated any of these offences.

The Trust is committed to developing an anti-fraud culture and keeping the opportunities for fraud, bribery and corruption to the absolute minimum.

The Trust will assess the risks of fraud, bribery and corruption, establish processes and controls to minimise these risks, and regularly review the effectiveness of its control systems.

The Trust requires all staff to immediately report any incidents or suspicions of fraud, bribery or corruption to an appropriate manager or the internal audit team. The Trust will not penalise anyone for raising a concern in good faith.

The Trust will take all reports of fraud, bribery and corruption seriously, and investigate proportionately and appropriately.

The Trust requires all those receiving Trust funds or representing the Trust, including its suppliers, grant recipients, partners, contractors and agents, to act in accordance with this policy. This includes reporting to the Trust any suspected or actual instances of fraud, bribery or corruption involving Trust assets or staff.

## **Introduction**

1. The Trust complies with applicable legislation, including the Fraud Act 2006, the Bribery Act 2010, and with other regulatory requirements and applicable guidance.
2. The Trust is committed to conducting business fairly, openly and honestly and in accordance with the highest ethical and legal standards.

## **Purpose**

3. The purpose of this policy is to set out the Trust's stance on fraud, bribery and corruption and its approach to preventing, detecting, reporting and investigating fraud, bribery and corruption.

## **Scope**

4. This policy is applicable to, and must be followed by, all staff, Trustees, Board Members including consultants, non-executive directors and contractors. Failure to comply could result in disciplinary action, including dismissal and/or legal action.
5. The Trust requires all those receiving Trust funds or representing the Trust, including its suppliers, grant recipients, partners, contractors and agents, to act in accordance with this policy.

## **Policy**

### **Policy Statement**

6. The Trust has a 'zero tolerance' policy towards fraud, bribery and corruption. This means that the Trust:
  - a) does not accept any level of fraud, bribery or corruption within the organisation or by any other individual or organisation receiving Trust funds or representing the Trust; 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.
7. The Trust is committed to developing an anti-fraud culture and keeping the opportunities for fraud, bribery and corruption to the absolute minimum.
8. The Trust requires all staff to act honestly and with integrity at all times and to safeguard the resources for which they are responsible.

## **Risk and internal control systems**

9. The Trust 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.
10. The Trust 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.
11. The Trust 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.
12. The Trust will make all those receiving Trust funds or representing the Trust, including its suppliers, grant recipients, partners, contractors and agents aware of this policy.
13. The Trust will work with relevant stakeholders, including comparable organisations, relevant regulators and government organisations to tackle fraud.
14. The Trust 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**

15. 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.
16. Reports should be made to an appropriate manager or to the Corporate Fraud Team within Birmingham Audit.
17. The Trust also requires all those receiving Trust funds or representing the Trust, including its suppliers, grant recipients, partners, contractors and agents, to report any suspected or actual instances of fraud, bribery or corruption involving Trust assets or staff.
18. To make a report, call the Corporate Fraud Team (CFT) on 0121 303 2185 or e-mail the 'FINAUDIT' mailbox

Email Birmingham Audit externally via [birminghamaudit@birmingham.gov.uk](mailto:birminghamaudit@birmingham.gov.uk)

Write to Birmingham Audit,

10 Woodcock Street

Zone 02

PO Box 16587

Birmingham

B2 2HW

A report can also be made via the Council's web site at [www.birmingham.gov.uk](http://www.birmingham.gov.uk) 'Birmingham Audit – Report a Fraud'

19. If in doubt, then Public Concern at Work will give free and totally independent advice on how to proceed. More information can be found in the Whistle Blowing Policy.
20. The Trust 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.
21. The Trust 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**

22. The Trust will fully meet its obligations to report fraud, bribery and corruption to third parties.

### **Investigation**

23. The Trust will take all reports of actual or suspected fraud, bribery and corruption seriously, and investigate proportionately and appropriately as set out in this policy.
24. The Trust 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, this may include dismissal. It will also seek to recover any assets lost through fraud.

### **Recording of losses**

25. All losses as the result of fraud must be recorded and reported in compliance with the Trust's governance framework.

### **Specific risk mitigation measures**

26. To manage the exposure to bribery and corruption, all gifts and hospitality received by staff and given to Public Officials must be approved in line with the delegated authorities and recorded on the Gifts and Hospitality Register.
27. 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 their manager.

### **Responsibilities**

28. Birmingham Audit (BA) is the Trust's internal auditor. All suspected fraud must be reported to Birmingham Audit. Where irregularities are suspected, BA will, in appropriate cases, undertake an investigation and report to management or will promptly provide advice and guidance to assist managers with their investigation.
29. It is the responsibility of Directors, non-Executive Directors and managers to maintain good control systems and procedures, and ensure that all staff comply with the instructions contained therein.
30. The Corporate Fraud Team within Birmingham Audit is responsible for recording all instances of actual or suspected fraud, bribery and corruption, ensuring that they are investigated proportionately and appropriately, and reported where appropriate to external parties. They are 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.
31. Trust Managers are responsible for ensuring that their staff 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 all incidents of fraud, bribery or corruption are managed and investigated in line with this policy. They should liaise with and support the Corporate Fraud Team in doing this.
32. Managers receiving reports of fraud, bribery and corruption are responsible for reporting them to the Corporate Fraud Team, and agreeing with them how the case will be managed and who will be responsible for investigation.
33. All staff are responsible for complying with this policy.

## Definitions

34. **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.
35. **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.
36. A **facilitation payment** is a type of bribe. An example is an unofficial payment or other advantage given to a public official to undertake or speed up the performance of their normal duties.
37. **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.
38. 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.

## 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 the Trust:

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 accounting records.

Expenses fraud:

- Staff claiming expenses or allowances to which they are not entitled, including by falsifying receipts.
- Staff using Purchase card for personal expenses.
- Staff using Trust assets, such as mobile phones, for their own personal use.
- Partners or contractors falsifying travel and subsistence or other expense claims.

Fraud involving impersonation:

- Staff or third parties impersonating the Trust 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 or donations.

Payroll fraud:

- Staff creating non-existent employees for directing payments.
- 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 Trust could be liable if someone offers a bribe on its behalf, including employees and third parties carrying out Trust business, such as partners and suppliers. The Act applies to UK organisations operating overseas, so the Trust 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 Trust:**

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 Trust paying travel and accommodation costs to a third party where this is not standard business practice
- Trust 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 'un-invoiced')
- 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.

- Obtaining information that would put an individual or the Trust at an advantage, such as 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 Trust policy and practice, is allowable. Judgement however is required and the decision depends upon the level of hospitality provided and the level of influence the person receiving it had on the business decision in question.