



# Fraud and Bribery Prevention Policy

Approved: Audit and Risk Assurance Committee, 18 August 2020

Approved: NIMC Board of Directors, 29 September 2020

Review date: September 2021

<b>Policy Title</b>	Fraud and Bribery Prevention Policy
<b>Policy Sponsor &amp; Owner</b>	Director
<b>Committee</b>	Audit Committee - Board
<b>Date Approved</b>	Audit Committee – 18 August 2020 Board – 29 September 2020
<b>Review date</b>	September 2021
<b>Related Policies</b>	Gifts and Hospitality Policy Raising Concerns Policy Code of Conduct for Staff Code of Conduct for Board Members Board of Directors Code of Practice
<b>Related Procedures</b>	Procurement Procedures Fraud and Bribery Prevention Response Plan Travel and Subsistence Claims Procedures
<b>Related Guidance:</b>	Managing Fraud Risk in a Changing Environment: A Good Practice Guide Managing the Risk of Bribery and Corruption: Self-Assessment Checklist (Nov 2017) Whistleblowing in the Public Sector: A Good Practice Guide for Workers and Employers Fraud Act 2006 DAO (DFP) 09/11: Bribery Act 2010 The Bribery Act 2010: Guidance – Ministry of Justice

## **1. Introduction**

- 1.1** The Northern Ireland Museums Council (NIMC) expects Board members and staff to act honestly and with integrity at all times and to safeguard the resources which are at the Council's disposal.
- 1.2** NIMC will not tolerate any level of fraud, money bribery or corruption.
- 1.3** NIMC's policy is to thoroughly investigate all suspected frauds and bribery allegations (anonymous or otherwise) and where appropriate, refer matters to the police at the earliest juncture.
- 1.4** NIMC is also committed to ensuring that opportunities for fraud and corruption are reduced to the lowest possible level of risk.

## **2. Purpose**

- 2.1** The purpose of this policy is to confirm that NIMC has zero tolerance towards fraud and bribery and to detail its responsibilities regarding the prevention of fraud and bribery.
- 2.2** This policy covers fraud and bribery within NIMC and applies to staff, Board Members, contractors and recipients of grants awarded by NIMC.
- 2.3** The procedures to be followed in the event of a fraud or bribery being detected or suspected are detailed in the Fraud and Bribery Response Plan.

## **3. What is Fraud?**

- 3.1** Fraud is the obtaining of financial advantage or causing of loss by implicit or explicit deception. It is the mechanism through which the fraudster gains unlawful advantage or causes unlawful loss.
- 3.2** Fraud is not a victimless crime and is generally used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, money-laundering, false representation, concealment of material facts and collusion.
- 3.3** Computer fraud is where information technology equipment has been used to manipulate computer programs or data dishonestly (for example by altering or substituting records, destroying or suppressing records, duplicating or creating spurious records), or where the existence of an IT system was a material factor in the perpetration of fraud (i.e. where the fraud was unlikely to have occurred if there had been no IT system). Theft or fraudulent use of computer facilities, computer programs and the Internet is included in this definition. The suspicion that any of these acts has taken place should be regarded as potentially fraudulent.

- 3.4** The Fraud Act 2006 came into effect on 15<sup>th</sup> January 2007. The Act states that a person is guilty of fraud if s/he is in breach of any of the following:
- **Fraud by false representation**, ie if a person dishonestly makes a false representation and intends by making the representation to make a gain for himself or another, or to cause loss to another or expose another to risk of loss;
  - **Fraud by failing to disclose information**, i.e. if a person dishonestly fails to disclose to another person information which s/he is under a legal duty to disclose and intends, by means of abuse of that position, to make a gain for himself or another, or to cause loss to another or expose another to risk of loss; and,
  - **Fraud by abuse of position**, i.e. if a person occupies a position in which s/he is expected to safeguard, or not to act against, the financial interests of another person, and s/he dishonestly abuses that position, and intends, by means of the abuse of that position, to make a gain for himself or another, or to cause loss to another or to expose another to a risk of loss.

#### **4. What is Bribery?**

The Bribery Act 2010 received Royal Assent on 8 April 2010. The Act creates a new offence under section 7 which can be committed by commercial organisations which fail to prevent persons associated with them from committing bribery on their behalf. NIMC may be perceived as such an organisation.

Guidance from the Ministry of Justice indicates that organisations will have a full defence against prosecution regarding an associated person bribing another with the intention of obtaining or retaining business, if it can show that it had adequate procedures in place to prevent associated persons from bribing.

In light of this the procedures which follow are informed by the six recommended principles, namely that:

- the procedures are proportionate to the bribery risks the Council faces, and the nature and scale of the organisation;
- there is a top-level commitment within NIMC to preventing bribery by persons associated with it;
- the risks relating to bribery are assessed;
- due diligence is applied proportionally and on a risk based approach in respect of persons performing services for NIMC;
- bribery prevention policies and procedures are embedded and understood throughout NIMC;
- NIMC's policies and procedures designed to prevent bribery are monitored and reviewed.

## **5. Roles and Responsibilities**

### **5.1 Director**

The Director, as Accounting Officer for NIMC, is responsible for establishing and maintaining a sound system of internal controls, which include the management of the risk of fraud and bribery.

Such controls will include:

- advising the Board on the establishment and maintenance of an anti-fraud and bribery policies;
- ensuring that fraud and bribery are appropriately assessed within the Council's overall risk management framework;
- operating appropriate pre-employment screening measures;
- ensuring all staff are aware of the Fraud Prevention Policy and that fraud awareness training is provided as appropriate and, if necessary, more specific anti-fraud training and development is provided to relevant staff;
- taking account of reports on incidents of fraud and bribery, and implementing any necessary changes to procedures as a consequence of reported findings;
- where possible ensure a segregation of duties amongst staff and a regular review of associated systems;
- and, testing the potential for fraud within any new procedures prior to their introduction.

### **5.2 Board Members and Staff**

Board Members and Staff have a duty to ensure that public funds are safeguarded and therefore must act with propriety in the use of the Council's resources. They will conduct themselves in accordance with the seven principles of public life detailed in the first report of the Nolan Committee 'Standards in Public Life', and be vigilant to the possibility of fraudulent activity in their day to day work.

It is expected that Board Members and staff would immediately report any suspicion that a fraud is being attempted or perpetrated, or if they see suspicious acts or events.

Board Members and Staff will be expected to assist and cooperate with all investigations concerning the perpetration of fraud through, for instance, making information available, attending interviews and providing witness statements. As they must have, and be seen to have, high standards of personal integrity, it is essential that staff members protect their reputation as such by maintaining a clear understanding of Council's systems and procedures, especially those relating to the acceptance of gifts and hospitality, expenses, annual leave, flexi-time and leave of absence.

The rights of staff in this regard are protected through the Council's 'Whistleblowing Policy'.

### **5.3 Audit Committee**

NIMC's Board has issued terms of reference to its Audit Committee which includes a responsibility to provide advice to the Board and Director on anti-fraud and bribery policies, whistle-blowing processes and arrangements for special investigations.

The Audit Committee will review the Council's risk management plan at each of its meetings, which includes risks associated with fraud and bribery.

### **5.4 Internal Audit**

Internal audit is responsible for providing opinions regarding the adequacy and effectiveness of NIMC's systems of internal control, but this responsibility does not extend to ensuring that systems for the prevention, detection and investigation of irregularities (including fraud) are in operation.

NIMC's internal audit function will assess and review the key controls and functions which are deemed to be at most risk of fraud and/or bribery and will report any irregularities discovered.

## **6. Authority**

**Policy Sponsor, Owner and Contact:** Director