



## **MORLEY COLLEGE LONDON**

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

<b>POLICY OWNER:</b>	Chief Finance Officer
<b>FINAL APPROVAL BY:</b>	Governing Body
<b>Policy Category:</b>	Corporate
<b>Approved by Policy Committee:</b>	23/05/2024
<b>Approved by Governing Body:</b>	15/07/2024
<b>Review Date:</b>	15/07/2028

## **1. Introduction, Purpose and Scope of Policy:**

- 1.1 Morley College London is committed to maintaining the highest standards of integrity and ethical behaviour and has a duty to its stakeholders to take all reasonable steps to prevent fraud, corruption and bribery occurring, whether perpetrated by staff, students, members of the Governing Body, contractors and suppliers, other organisations or members of the public.
- 1.2 The College has zero tolerance for fraud, corruption and bribery. This policy is designed to establish guidelines and procedures to safeguard the College's resources, reputation and relationships.

## **2. Equality and Diversity Analysis Screening:**

- 2.1 In accordance with the College's Equality and Diversity Policy, the development of this policy complies with the Equality Act 2010 in ensuring due regard to eliminating discrimination, advancing equality of opportunity and fostering good relations.
- 2.2 This policy applies equally to all persons.

## **3. Applicability:**

- 3.1 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.

## **4. Definitions:**

### **4.1 *Fraud***

The legal definition of fraud as defined in the Fraud Act 2006 is: 'The making of a false representation or failing to disclose relevant information, or the abuse of position, in order to make a financial gain or misappropriate assets'.

Fraud is one or more of the following:

- False representation. "False" in this respect means the representation must be untrue or misleading, and the person making it must know it is, or might be, untrue or misleading.
- Failing to disclose information that one is under a legal duty to disclose;
- Abuse of a position in which one is expected to safeguard, or not act against, the financial interests of another person (or organisation). To commit this offence the person's conduct must be dishonest with the intention of making a gain or causing a loss to another.
- Theft means dishonestly appropriating property, including money or other assets.

Examples of fraud:

- Sessional Lecturers claiming payment for hours they have not worked.
- False expenses claims – for example false claims for travel.
- Fraudulent job applications – for example false qualification claims.
- Working for another organisation whilst claiming sick pay from the College.
- Falsely ordering goods or services for personal benefit.
- Data fraud – for example knowingly submitting falsified records to funders, included falsifying attendance registers.
- Giving favourable treatment or contracts to a supplier you are related to.
- Under reporting of annual leave.

Computer fraud is where information technology (IT) equipment has been used to manipulate or destroy computer programmes or data or where the existence of an IT system was a material factor in the perpetration of fraud (e.g. by creating, altering, substituting or destroying files or records).

#### 4.2 *Corruption*

The offering, giving, soliciting or accepting of reward which may influence the action of any person.

#### 4.3 *Bribery*

In accordance with the Bribery Act 2010, bribery is where someone requires, gives or promises financial (or other) advantage with the intention of inducing or rewarding *improper performance*. Improper performance is a key concept and generally means where an individual does not act in good faith, impartially and/or properly.

### 5. **Statutory and regulatory requirements:**

5.1 This policy is in compliance with all relevant legislation related to anti-fraud, corruption and bribery, including but not limited to: the Fraud Act 2006, the UK Bribery Act 2010, the Theft Acts 1968 and 1978, the Proceeds of Crime Act 2002 the Computer Misuse, Act 1990 and the Money Laundering Regulations 2007.

5.2 The College is obliged to notify, through the Chief Finance Officer (CFO), the Education and Skills Funding Agency (ESFA) if fraud is deemed 'significant', where:

- the gross amount of the loss (that is before any insurance claim) is in excess of £5,000
- there is likely to be public interest because of the nature of the fraud or the people involved, especially when the fraud is committed by a governor or senior employee, regardless of the amount
- the particulars of the fraud are novel or complex
- the fraud is systematic or unusual in nature

### 6. **Policy Objectives:**

6.1 This policy sets out to create an awareness of fraud, corruption and bribery and to support staff to bring suspected acts to the Colleges attention.

6.2 It provides a response plan for the reporting and investigating of fraud, corruption and bribery, to ensure that alleged and proven fraud are dealt with in a consistent and timely manner.

### 7. **Policy Statement**

7.1 The College does not tolerate any form of fraud, corruption or bribery and is committed to taking all reasonable measures to prevent such from occurring.

7.2 The College will maintain robust control mechanisms to both prevent and detect fraud, corruption and bribery. All members of staff have a responsibility to protect the assets and reputation of the College and expected to be alert to the potential for fraud, corruption and bribery.

7.3 Mechanisms are in place for staff to report suspected fraud to College Leadership and in confidence, as outlined in [Annex A: Fraud Response Plan](#).

7.4 All staff have a responsibility to be aware of fraud and to take steps to minimise risk of theft to the College. To this end staff should be aware of the Public Interest Disclosure

(Whistleblowing) Policy. Any actual or suspected incidents of fraud should usually be reported to the Chief Finance Officer in the first instance, however, where there is any concern that Senior Management may be directly or indirectly involved in a potential fraud the Public Interest Disclosure (Whistleblowing) Policy should be invoked.

- 7.5 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.

## **8. Gifts and Hospitality**

- 8.1 It is foreseeable that staff may receive unsolicited gifts and hospitality. Where corporate hospitality is received in the normal course of business (i.e. lunch provided at a meeting) then this would not normally need to be disclosed. If possible gifts and hospitality outside the normal course of business should be politely declined, but where this is not possible, and where the estimated value of the gift or hospitality is greater than £50, the recipient should fill out the form at [Annex B: Gifts and Hospitality reporting form](#) and send it to the Chief Finance Officer and the Director of Governance, who will maintain a central Register of Gifts and Hospitality.
- 8.2 The treatment of any gifts or offer of hospitality in excess of £50 will be determined by the Chief Finance Officer and recorded on the central Register of Gifts and Hospitality. Potential treatments include retention by the recipient, donation to College competition prizes, donation to charity, or equivalent.

## **9. Implementation of Policy:**

### **9.1 Responsibility**

All staff are responsible for reporting practices which they think may be fraudulent.

The primary responsibility for preventing fraud, corruption and bribery lies with the Senior Leadership Team (SLT) through:

- a. identifying risks
- b. designing, implementing, and operating internal controls
- c. fostering an environment that promotes compliance with internal controls
- d. promoting fraud awareness amongst staff
- e. fostering an anti-fraud culture.

Monitoring of compliance with controls by College leadership will be reinforced by reviews conducted by internal audit. However, it should be emphasised that internal audit's prime function is evaluating the overall control framework operating in the College.

### **9.2 Prevention and Speaking Up**

The best protection against fraud and theft is through staff adhering to College procedures and not being inhibited to challenge matters which do not appear to be correct. A lack of guidance or ignorance of procedures is often the first excuse used by offenders.

The first defence in preventing fraud and theft is through the recruitment of staff, using best practice policies, and managers being seen to comply with controls. The emphasis throughout is on a culture that values ethical behaviour and financial probity and has a zero-tolerance policy towards fraud and theft.

The prevention and detection of fraud and theft is made possible by having strong internal controls constantly applied. Routine checks and monitoring by management to ensure that procedures are being followed are, therefore, essential especially in those areas where risk of fraud and theft is greatest.

### 9.3 *Procedure and Reporting*

Proper and consistently applied procedures play an important part in preventing fraud and theft. The College expects that suspicions about fraud and theft will be reported and investigated. The College's response plan, annexed to this policy, must be implemented when fraud is suspected.

## **10. Communication and Training:**

- 10.1 This policy will be published on the College website and intranet. Training will be provided to staff highlighting the importance of acting ethically in the best interests of the College, and of requirements to disclose potential related party transactions, be they with suppliers or college staffing matters such as appointments and appraisal.

## **11. Monitoring and Reporting:**

- 11.1 This policy will be approved by the Governing Body on the recommendation of the Audit Committee.
- 11.2 The Audit Committee shall be responsible for overseeing this policy and ensuring that, subject to compliance with any directions from the ESFA, all allegations of fraud are properly investigated, and that appropriate action is taken.
- 11.3 The CFO will be responsible for implementation and management of this policy. This policy will be reviewed every four years, or in response to direct or implicit changes in legislation, regulation or statutory guidance. In the event of suspected or actual fraud, corruption or bribery having taken place, this policy will be reviewed for operational effectiveness.
- 11.4 Any instances of fraud will be reported in accordance with the process outlined within [Annex A: Fraud Response Plan](#).

## **12. Related References, Policies, Procedures, Forms and other Appendices:**

- Public Interest Disclosure (Whistleblowing) Policy
- Financial Regulations
- Risk Management Policy
- Disciplinary Policy and Procedures for Senior Post Holders
- Disciplinary Policy and Procedures for Staff not including Senior Post Holders
- Staff Code of Conduct

## **Annex A: FRAUD RESPONSE PLAN**

### **Purpose**

This response plan provides a documented framework for staff to follow if fraud or theft is suspected or reported.

It seeks to ensure that in the event of fraud or theft timely and effective action is taken to prevent further losses, identify fraudsters, safeguard evidence, minimise adverse effects on the College and learn lessons.

### **Reporting fraud & theft**

All actual or suspected incidents of fraud and theft should be reported without delay to the Chief Finance Officer, who will normally be the Investigating Officer. Where the Chief Finance Officer is suspected of fraud or theft the report should be made to the Director of Governance and Company Secretary, who will be the Investigating Officer in those circumstances.

When reports of fraud or theft are made, the suspicions will be treated seriously, and all details provided will be recorded accurately and in a timely manner. The decision by someone to report a suspected fraud may be traumatic for them, and those reporting fraud are assured that all information will be treated in the strictest confidence.

Anonymity will be preserved where it is reasonably practicable to do so.

The Investigating Officer will be responsible for liaising in a timely manner with the Principal, the Chair of the Audit Committee, and Internal Auditors.

At this stage, management should take steps to prevent further losses, for example by suspending payments without compromising evidence or alerting the alleged fraudsters.

All significant incidents of fraud should be reported to the DfE/ESFA and to the Charity Commission. Significant fraud is an incidence that has a significant effect on the operation of the College and adverse effects on its beneficiaries. The College is transparent with its auditors and would seek their advice before further reporting. All incidences of fraud should be disclosed in the College's annual statement of Regularity and Propriety.

### **Initial enquiry**

On receiving details of a suspected theft or fraud, the Investigating Officer will undertake an initial review of the further action that will be required, liaising in a timely manner with the Principal and Internal Audit. The further action may include referral to:

- the Chief People Officer: fraudulent activity is a breach of contract and where there are reasonable grounds for suspicion, then suspension of the suspects may be required pending the outcome of enquiries. It may be necessary to plan the timing of suspension to prevent the suspects from accessing, destroying or removing evidence. The rights of staff on suspension (such as the right to union representation) must be acknowledged and staff must be informed of the reason for their suspension.
- the Internal Auditors
- Metropolitan Police: delays in contacting the Police may prejudice the gathering of evidence and future enquiries.

## **Conducting an investigation**

Once the Investigating Officer has determined that there is sufficient evidence to justify a fuller investigation, they should make a decision whether the matter should be dealt with through an internal investigation, led by College or Internal Audit staff or other specialists, or referred to the police.

For internal investigations, the Investigating Officer should also decide the detailed remit and scope of the investigation: for example, is it to confirm there is sufficient evidence to support the allegations, to gather evidence for handing to the police, or to quantify the potential loss involved.

The Investigating Officer should also decide who should undertake the investigation and determine the reporting deadlines, procedures and regular review points. On completion of an internal investigation, no decision should be taken without first liaising with the police and where relevant the Crown Prosecution Service. It is imperative that the College does not prejudice a criminal investigation.

The Investigating Officer must ensure that all details are recorded fully and accurately, bearing in mind that documentation will be required for any future action or possible prosecution.

## **Recovery of losses**

Any losses suffered by the College should be fully and accurately recorded, and costs / loss of income correctly apportioned. In addition to the direct cost of losses attributable to fraud, costs associated with the enquiry should be recorded. These will be needed under loss reporting procedures for insurers and potentially by the courts if a decision is taken to prosecute.

It will be important to consider, in the event of a loss of income involving grant funded activity, to have regard to funders' 'lagged funding' methodology. This may involve claiming lost income not just in the year in which the incident happened (Year 0), but also in subsequent years up to Year +4.

Where the loss is substantial, there should be consultation with insurers about legal advice for recovering losses through the courts, including, if relevant, freezing the suspect's assets pending conclusion of the investigation.

## **Staffing issues**

The College will follow its disciplinary procedures against any member of staff who has or is reasonably suspected of having committed or been complicit in fraud.

Any interviews with suspects should be undertaken strictly in accordance with established procedures. No interviews should take place before advice has been obtained from the Chief People Officer and, if necessary, the police on the relevant procedures to be followed, having regard to the need to avoid prejudicing any criminal proceedings.

If fraud is proven which involves staff, appropriate disciplinary action will be taken. Such action may be considered not only against those found to have perpetrated or been complicit in the fraud, but also against managers whose negligence may have facilitated it.

## **Reporting during the investigation**

During the investigation, the Investigating Officer should provide regular confidential reports to the Chair of the Governing Body, the Chair of the Audit Committee, the Principal, the

Director of Governance and the internal auditors. Where necessary, reports should be provided to the relevant Funding Body.

The scope of the report should include: quantification of losses; progress on recovery action and criminal prosecution; progress with disciplinary action; actions taken to prevent and detect similar incidents; next steps.

### **Concluding an investigation**

At the end of the investigation, irrespective of the outcome, it is important to review the position and see what lessons can be learned. Such reviews will help identify any weakness in internal control that initially led to the fraud and should highlight any deficiencies that should be addressed.

On completion, the Investigating Officer should submit a written report to the Audit Committee for consideration. The report should cover the description of the incident, the loss incurred, the people involved and means of perpetrating the fraud. It should set out the measures taken to prevent a recurrence and any timetabled actions for monitoring. It should also cover the proposed route to recover losses and prosecute offenders and the steps to be taken to manage risks to organisational reputation.



**Annex B: GIFTS AND HOSPITALITY REPORTING FORM**

Date	Gift	Recipient	Person Reporting	Estimated Value	Donated By	Accepted (Y/N)

**Guidance notes:**

Acceptance of gifts and hospitality is governed by the College’s Anti-Fraud, Bribery and Corruption Policy (section 8).

- If possible, members of staff should not accept any gifts, rewards or hospitality (or allow them to be given to their immediate family) exceeding a value of £50 from any organisation or individual with whom they have contact in the course of their work.
- Members of staff who receive gifts or hospitality that could be worth over £50 must fill in the gifts and hospitality reporting form as soon as possible and send it to the [Chief Finance Officer](#) and the [Director of Governance](#) who will maintain the central Register of Gifts and Hospitality.

## Version History

<b><i>Date</i></b>	<b><i>Nature</i></b>	<b><i>Details</i></b>
24/02	Redraft St 3	Redraft of current policy (including element of Anti-Bribery Policy from Financial Regulations) to current template
22/04	Redraft for S5	Redrafted to include comments and feedback from Stage 3 Policy Committee Review.
05/06	Redraft for Audit	Amended to include comments and feedback from Stage 5 Policy Committee review.