

Fraud Policy

Including Bribery and Serious Irregularity



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1 Introduction

- 1.1** There is a continuing need to raise staff awareness of their responsibility to safeguard public resources against the risk of fraud. The overall purpose of this statement, the Fraud Policy, is to detail responsibilities regarding the prevention of fraud, which includes bribery and serious irregularity. The procedures to be followed in the event of a fraud, bribery or serious irregularity being detected or suspected are detailed in the Charity Commission for Northern Ireland's (CCNI) Fraud Response Plan. Both documents relate to fraud, bribery or serious irregularity and loss within CCNI. The Management Statement and Financial Memorandum (MSFM) sets out the need for CCNI to ensure it has sufficient financial and management controls to safeguard public funds. The Commission will also comply with The Nolan Committee Standards in Public Life (see Annex 1).
- 1.2** CCNI requires all staff, at all times, to act honestly and with integrity and to safeguard the public resources for which they are responsible. Fraud, bribery or serious irregularity is an ever-present threat to these resources and the organisation's reputation, and hence must be a concern to all members of staff. CCNI has a zero tolerance approach` in relation to fraud, bribery or serious irregularity and is resolved to take all practical steps to eradicate it. CCNI policy is to take practical steps to prevent fraud, bribery or serious irregularity, and thoroughly investigate all suspected allegations and incidents (anonymous or otherwise) and, where appropriate, refer to the police at the earliest juncture.
- 1.3** The purpose of this policy document is to:
- Set out CCNI's ethical standards;
 - Provide a definition of fraud, bribery or serious irregularity (reflecting also the requirements of the Bribery Act 2010);
 - Set out responsibilities for fraud, bribery or serious irregularity prevention and detection;
 - Set out procedures for reporting suspected and proven cases of fraud, bribery or serious irregularity through the Fraud Response Plan;
 - Set out responsibilities for the investigation of suspected fraud, bribery or serious irregularity and the prosecution of offenders through the Fraud Response Plan;
- 1.4** The objective of this Fraud Policy Statement is to create a working environment in CCNI that encourages all staff to be alert to the possibility of fraud and to know how to deal with it if it is suspected. Breach of this policy will be treated as a disciplinary matter.
- 1.5** CCNI is committed to promoting equality of opportunity and good relations in accordance with Section 75 of the Northern Ireland Act 1998. This policy should be interpreted in a manner consistent with the aforementioned legislation.

2 CCNI ethical standards

2.1 The effectiveness of CCNI's system of internal control is the responsibility of everyone in CCNI and how each of us behaves is a key element in the effectiveness of the system. CCNI is required and is committed to applying the highest standards of corporate governance. Among other things, this means maintaining high legal, ethical and moral standards as we go about our business every day. The purpose of this section is to describe the behaviours which demonstrate our commitment to the highest ethical standards.

2.2 We all must act honestly and with integrity to safeguard the public resources for which we are responsible. Each one of us is expected to exercise integrity, objectivity and confidentiality in our work.

2.3 In respect of integrity, each of us is expected:

- To perform our work with honesty, diligence and responsibility;
- Declare any potential conflict of interest;
- To observe the law and report wrongdoing;
- Not to take part knowingly in any illegal activity, or in any acts that discredit CCNI.

2.4 In respect of objectivity, each of us is expected:

- not to participate in any activity or relationship that may affect or appear to affect our unbiased judgement;
- not to accept a financial or other advantage intended to induce or reward the improper performance of our function or activity, where benefit could create a conflict between personal and organisational interests.

2.5 In respect of confidentiality, each of us is expected:

- Not to disclose confidential information about CCNI's work to anyone outside CCNI save where disclosure is required by the operation of law; and
- Not to use CCNI information for any personal gain or in any manner that would be contrary to the law or reflect badly on the organisation.
- The ethical standards described above are expected to be manifest in the individual behaviours exhibited by CCNI staff.

3 Definition of fraud, bribery and serious irregularity

3.1 There are a number of criminal offences that relate to what we might commonly term as "fraud" and are covered by the Theft Act (NI) 1969 and the Theft (NI) Order 1978. However the Fraud Act 2006 created a new general offence of fraud with three possible ways of committing it.

- **Fraud by false representation;** if an individual dishonestly makes a false representation and intends by making the representation to make

gain for himself or another, or to cause loss to another or expose another to risk of loss;

- **Fraud by failing to disclose information;** if an individual dishonestly fails to disclose to another person information which 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;** if an individual occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person, and 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 expose another to a risk of loss.

CCNI recognises that it may be exposed to both internal or external fraud.

Internal fraud is any fraud perpetrated by a member of staff. CCNI staff disciplinary procedures encompasses the handling of fraudulent activity involving an employee.

External fraud concerns fraud perpetrated from outside CCNI such as an applicant, contractor or supplier. There are numerous ways in which this type of fraud can be attempted or carried out. NB - Frauds within charities are dealt with under the Commission's Enquiries procedures.

3.2 Four basic elements are necessary for a fraud to occur:

- People to carry out the fraud. They may be individuals within the organisation, outside the organisation, or a group of people working inside or outside the organisation.
- Assets to acquire fraudulently.
- Intent to commit the fraud.
- Opportunity.

Fraud can also be committed through the alteration, concealment or destruction of manual/computer records, the misuse of computer facilities, computer programs and the Internet. The suspicion that any of these acts has taken place should be regarded as potentially fraudulent and dealt with as such.

Further to this the **Bribery Act 2010** came into force on 1 July 2011 and introduced four new statutory offences covering:

- 1) offering, promising or giving a bribe, (*this covers the offering, promising or giving of a bribe* (active bribery) by an individual to another person to perform improperly a relevant function or activity, or to reward a person for the improper performance of such a function or activity).
- 2) requesting, agreeing to receive or accepting a bribe, (this is where a person receives or accepts (passive bribery) a financial or other advantage to perform a function or activity improperly).
- 3) offence of bribing a foreign public official to obtain or retain business (this is where a person directly or through a third party offers, promises or gives any financial or other advantage to a foreign public

official in order to obtain or retain business or an advantage in the conduct of business).

- 4) a corporate offence of failing to prevent bribery by those acting on their behalf (a commercial organisation could be liable to prosecution if a person associated with it bribes another person intending to obtain or retain business or an advantage in the conduct of business for the organisation).

A **serious irregularity** can be regarded as an action, or the failure to take an action, that results in the loss or compromise of Commission assets, where the action or failure to take an action is not, in itself, a fraudulent action. Commission assets include but are not restricted to, its money, information, data, documents, equipment or software.

- 3.3** Managers must ensure that the opportunities for fraud, bribery or serious irregularity are minimised. While some people would never contemplate perpetrating a fraud, bribery or serious irregularity, others may if they thought they could get away with it. A high chance of being caught will deter. Opportunities to commit fraud, bribery or serious irregularity may be reduced by ensuring that a sound system of internal control, proportional to risk, has been established and that it is functioning as intended.

4 CCNI'S Responsibilities

- 4.1** As with Government departments, the responsibilities of arms-length bodies are as set out in Annexe 4.7 of MPMNI and in the booklet 'Managing The Risk of Fraud (NI) – A Guide For Managers', with which all managers and staff should familiarise themselves (see DFP Accountability and Financial Management Division website: www.dfpni.gov.uk/afmd). This will be supplemented by the provision of fraud policy awareness to staff as necessary.
- 4.2** CCNI's Accounting Officer is responsible for establishing and maintaining a sound system of internal control that supports the achievement of CCNI policies, aims and objectives. The system of internal control is designed to respond to and manage the whole range of risks that the CCNI faces. The system of internal control is based on an ongoing process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively. Managing fraud, bribery or serious irregularity risk will be seen in the context of the management of this wider range of risks.
- 4.3** The Commission is also responsible for ensuring that, when designing and implementing new policies, programmes and systems, they need to consider where the vulnerabilities to fraud, bribery or serious irregularity exist and build in controls to manage those risks. Internal Audit is available to offer advice to managers on risk and control issues in respect of existing and developing systems/programmes.
- 4.4** Although CCNI's CEO as delegated Accounting Officer bears overall responsibility and is liable to be called to account for specific failures, these responsibilities fall directly on line management and staff. All suspected

fraud, bribery or serious irregularity will be reported to CCNI's sponsoring department, Department for Social Development, and the Chair of the Commission's Audit and Risk Assurance Committee.

- 4.5** CCNI is aware of the need to be vigilant against targeting by organised criminals and gangs, and manipulation by associated persons. In addition, to the Fraud Policy, the Fraud Response Plan and Information Security Policy, CCNI will adopt the sponsoring department's Money laundering policy. CCNI will report any suspected money laundering activities to the National Crime Agency, through the sponsor department's Corporate Investigations Unit, on a timely basis.

The areas of work on which CCNI's fraud, bribery and serious incident mitigation focus will be investigation of concerns, procurement of goods and services, and providing advice at hosted events. This are all subject to the risk assurance processes.

5 Management responsibilities

- 5.1** Line managers are responsible for ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively. The responsibility for the prevention and detection of fraud, bribery or serious irregularity rests primarily with all managers. All managers should, therefore, identify and document the risks involved within their areas of responsibility. This will primarily be considered as part of monthly updates by managers to and review of the corporate risk register by SMT.
- 5.2** All managers need to assess the types of risk involved in the business area for which they are responsible; to review and test regularly the control systems for which they are responsible; and to ensure that controls are being complied with, and satisfy themselves that their systems continue to operate effectively. A formal consideration of the fraud, bribery or serious irregularity risks facing each business area must be completed annually as part of the review of risk registers. Consideration should be given to any new and emerging fraud, bribery or serious irregularity risks that may have arisen.
- 5.3** Managers are also responsible for ensuring that when designing and implementing new policies, programmes and systems, they need to consider where the vulnerabilities to fraud, bribery or serious irregularity exist and build in controls to manage the risks.

Key considerations when establishing and maintaining effective controls are as follows:

- All staff must be provided with fraud, bribery or serious irregularity awareness training and in particular bribery.
- Staff are aware of the rules relating to confidentiality of information;
- A conflicts of interest register is maintained and kept under review;
- A register of Gifts & Hospitality will be maintained;

- Wherever possible, there is some separation of duties so that control of a key function is not vested in one individual;
- Supervision should be greater in any work area where separation of duties and rotation of staff is not practical;
- Backlogs are not allowed to accumulate; and
- In designing any new system, consideration is given to building in safeguards to prevent and/or detect internal and external fraud, bribery or serious irregularity.

5.4 Internal Audit is available to offer advice and assistance on control issues as necessary.

5.5 It is the responsibility of the CEO to report any fraud or attempted fraud, proven or suspected directly to CCNI's Audit and Risk Assurance Committee and the sponsor department. Thereafter, it is the responsibility of the Department for Social Development to report to the Department of Finance and Personnel and the Comptroller and Auditor General (C & AG).

6 Staff responsibilities

6.1 Every member of staff has a duty to ensure that public funds are safeguarded and therefore, everyone is responsible for:

- (a) Ensuring they are fully aware of the requirements of the Commission's policies and guidance that relate to fraud and bribery and which address the proper ethical conduct of staff;
- (b) Acting with propriety in the use of official resources and the handling and use of public funds in all instances. This includes cash and/or payment systems, receipts and dealing with suppliers;
- (c) Conducting themselves in accordance with the seven principles of public life detailed in the first report of the Nolan Committee 'Standards in Public Life' (see Appendix 1), of selflessness, integrity, objectivity, accountability, openness, honesty and leadership; and
- (d) Being vigilant to the possibility that unusual events or transactions could be indicators of fraud, bribery or serious irregularity and alerting their line manager where they believe the opportunity for fraud, bribery or serious irregularity exists. Examples are provided in Appendices 2, 3 and 4.

6.2 In addition it is the **responsibility of every member of staff** to report details immediately if they suspect an act of fraud, bribery or serious irregularity has been attempted or committed. However, if line management involvement is suspected, the matter should be raised with the next senior officer/manager or CEO as per the Commission's Fraud Response Plan.

6.3 The Public Interest Disclosure (NI) Order 1998 protects the rights of staff who report wrongdoing. If you are in any doubt, refer to CCNI's Whistle

Blowing Policy or speak to a senior officer. Advice is also available through the independent charity Public Concern at Work on 020 7404 6609. Their lawyers can give free confidential advice at any stage regarding a concern about serious malpractice at work. An employee can, of course, also seek advice from a lawyer of their own choice, at their own expense.

- 6.4** Section 5 of the Criminal Law Act (Northern Ireland) 1967 (Withholding Information) also places the onus on individuals to report/pass evidence to the Police. The involvement of the Police Service of Northern Ireland is dealt with in the Fraud Response Plan.
- 6.5** Staff should also assist in any investigations by making available all relevant information, by co-operating in interviews and if appropriate provide a witness statement. Any information provided by staff will be treated confidentially.
- 6.6** As stewards of public funds, CCNI Commissioners and staff must have, and be seen to have, high standards of personal integrity. Staff and Commissioners should not accept inducements from a third party which might be seen to compromise their integrity. Any offer of hospitality, or gifts etc over the value of £25 which are received should be recorded in the Gifts & Hospitality register kept by the Finance & Admin Officer. Staff and Commissioners should declare any potential conflicts of interest in relation to undertaking the Commission's functions, powers and duties.
- 6.7** It is also essential that staff and Commissioners understand and adhere to laid down systems and procedures, including those of a personnel/management nature such as submission of expenses claims and records of absence, flexi and annual leave.
- 6.8** All press enquiries should be passed to communications officer or the CEO. Staff are not authorised to deal with press on the issue of suspected fraud, bribery or serious irregularity.
- 6.9** Internal Audit is responsible for:
- delivering an opinion to the Accounting Officer on the adequacy of the arrangements for managing the risk of fraud, bribery or serious irregularity and promotion of a counter fraud culture;
 - assisting in the deterrence and prevention of fraud, bribery or serious irregularity by examining and evaluating the effectiveness of controls in place; and
 - ensuring that CCNI has reviewed its risk exposures and identified fraud, bribery or serious irregularity as a business risk.

7 Investigations

- 7.1** Line managers should be alert to the possibility that unusual events or transactions can be symptoms of fraud, bribery or serious irregularity or attempted fraud, bribery or serious irregularity. Fraud, bribery or serious irregularity may also be highlighted as a result of specific management checks or be brought to management's attention by a third party.

- 7.2** It is CCNI's policy that there will be consistent handling of all suspected fraud, bribery or serious irregularity cases. In case of internal allegations these will be handled without regard to position held or length of service. As a matter of course, supervisory negligence will be considered as part of any investigation.
- 7.3** Investigators should have free access to all staff, records and premises in order to carry out investigations.
- 7.4** Prior to undertaking an initial preliminary investigation, line managers should contact the CEO for advice and guidance on the approach to take and follow the guidance provided in CCNI's Fraud Response Plan. Irrespective of the source of suspicion, it is for the appropriate line management to undertake an initial examination to ascertain the facts (normally the Head of unit) and to confirm or repudiate the suspicions, which have arisen so that, if necessary, further investigation may be instigated. After suspicion has been roused prompt action is essential. **However, as detailed in the Fraud Response Plan, it is imperative that such enquiries should not prejudice subsequent investigations or corrupt evidence, therefore, IF IN DOUBT, ASK FOR ADVICE.** The sponsor department has in place a Corporate Investigations Unit which will undertake all investigative work once cases have been referred to them. They are also available to provide advice and guidance in relation to fraud, bribery or serious irregularity.

8 Disciplinary action

- 8.1** After full investigation, CCNI will take civil, criminal and/or disciplinary action in all cases where it is considered appropriate.
- 8.2** Where supervisory negligence is found to be a contributory factor, disciplinary action should also be initiated against those managers or supervisors responsible.
- 8.3** CCNI's Disciplinary Procedures and Code of Conduct provide guidance on conduct and disciplinary procedures. Compliance with this Fraud Policy is compulsory and failure to do so may result in disciplinary action.
- 8.4** Losses resulting from fraud, bribery or serious irregularity should be recovered, subject to the policy on write-offs, if necessary through civil action.
- 8.5** Any offence that generates proceeds is capable of attracting criminal confiscation. Asset recovery will be considered, where appropriate, either through the criminal process or civil courts.
- 8.6** It is CCNI's policy that all fraud, bribery or serious irregularity will be publicised as a deterrent.

9 Communicating this policy

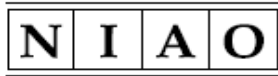
- 9.1** CCNI will ensure that all staff (temporary, full-time, permanent and part-time) and Commissioners are made aware and receive a copy of this policy.

10 Conclusion

- 10.1** It is appreciated that the circumstances of individual irregularities and/or fraud, bribery or serious irregularity will vary, but it is important that all are vigorously and promptly investigated and that appropriate remedial action is taken. Management should be conscious of their responsibility to protect public funds and as such, should always be alert to the potential for fraud, bribery or serious irregularity.
- 10.2** This Fraud policy and the Fraud Response plan will be reviewed annually, or following an incident of fraud, bribery or serious irregularity to ensure that it reflects changes which may be necessary to strengthen future responses to fraud, bribery or serious irregularity.
- 10.3** Any queries in connection with this policy should be made to the Head of Corporate Services or CEO.

Appendix 1 NIAO Bribery & Corruption Checklist

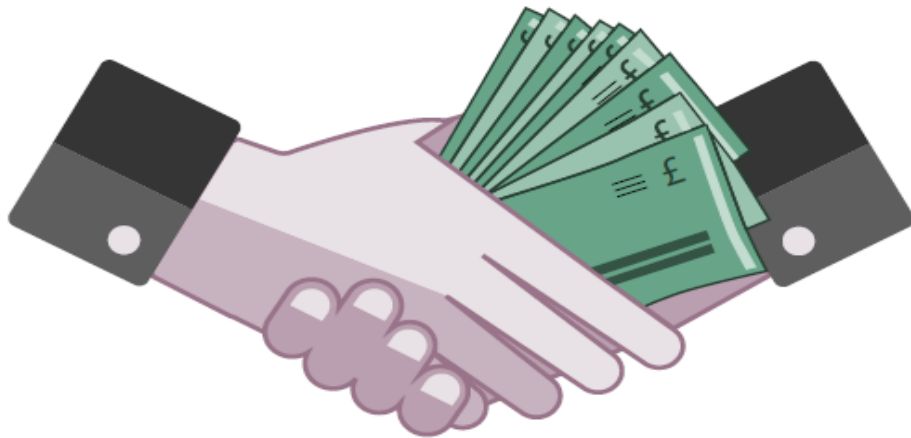
Updated following staff input February 2023



Northern Ireland Audit Office

Managing the Risk of Bribery and Corruption

Self-assessment Checklists



November 2017

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Checklists

Organisations

The following checklists have been drawn together from a range of sources¹ and are designed to help NI public sector organisations identify and address any bribery and corruption risks they may face. The checklists have been kept reasonably brief and high level for the purposes of the Good Practice Guide² in which they appear, but organisations with significant bribery and corruption risks can access the more detailed checklists from which these have been compiled (see source details at Appendix 3 of the Good Practice Guide). The checklists are based on the six key principles as described in Part 3 of the Guide.

The checklists are provided as aide-memoires only and should not be used as a substitute for an open, honest and ethical culture.

When considering bribery and corruption risk and using the checklists, organisations should ensure that they adhere to the principle of **proportionality**.

Individuals

The checklist on page 11 will help individual public officials determine whether they are familiar with, and adhere to, all relevant policies and procedures.

1 *The Bribery Act 2010: Guidance*, Ministry of Justice, February 2012, *Countering Small Bribes*, Transparency International, June 2014, *The 2010 UK Bribery Act Adequate Procedures Checklist*, Transparency International and *Bribery and Corruption Assessment Template*, Home Office, December 2016

2 *Managing the Risk of Bribery and Corruption: a Good Practice Guide for the NI Public Sector*, NIAO, November 2017

Proportionate Procedures

Procedures adopted by an organisation to counter bribery and corruption risk should be proportionate to its level of risk. Procedures may be either stand-alone or part of wider guidance, for example on procurement, and should include measures already in place to strengthen governance and accountability and address wider fraud risks.

Yes No

Good Practice	Y/N	Action Required
This organisation has a formal policy which highlights a zero tolerance of bribery and corruption.	Y	Fraud Policy (incl Bribery) adopted by Board and annually reviewed by A&RA ctte with update to Board
This organisation has anti-bribery and corruption procedures which are proportionate to the risks identified and the size and complexity of the organisation.	Y	
This organisation has procedures in place for raising and reinforcing awareness, particularly with those open to greater risk of bribery and corruption.	Y	Annual all staff awareness session and discussion of development of Commission remit re new and existing areas being at risk of bribery and corruption. +
This organisation has sound system controls in place which will help reduce the risk of bribery and corruption, such as separation of duties and delegated authority levels.		Various procedures include separation of duties eg finance and delegation in line with MSFM and Board approved operating procedures. Assurance check process reviews delegation and sign offs. +
This organisation has sound financial controls in place which will help reduce the risk of bribery and corruption, such as transparent accounting records and a requirement for full supporting documentation for all transactions.	Y	Finance procedures feature regularly in audit programmes and receive satisfactory assurances. IA 2021-22 assignment examined this areas and concluded satisfactory assurance.
This organisation seeks to minimise or avoid the use of cash payments.	Y	The Commission operates electronic payments and on line is normal payment method, very low value of petty cash held, used for sundry items.
This organisation has strong internal and external audit functions and an effective audit committee.	Y	
This organisation has a comprehensive set of policies in place which address possible bribery and corruption risks, for example conflicts of interest, gifts and hospitality and anti-fraud policies.	Y	Conflicts of interest, gifts and hospitality and anti fraud policies all signed off by Board and part of organisational assurance processes.
This organisation has clear and effective procedures in place for those wishing to raise concerns about actual or potential bribery or corruption.	Y	Raising Concerns about the Commission policy signed off by Board with A Board level Champion appointed, endorsed by TU, annually reviewed by A&RA ctte +
This organisation has effective procedures in place for dealing with any bribery or corruption detected, e.g. a fraud or bribery response plan.	Y	Fraud (incl bribery) response plan signed off by Board, endorsed by TU, annually reviewed by A&RA ctte

Top Level Commitment

Those at the top of an organisation are best placed to ensure that it conducts its business in a fair, honest and open way. Clear and visible commitment from senior management is an essential element of an ethical culture.

Good Practice	Y/N	Action Required
This organisation has formally committed to business integrity and ethics.	Y	As per Fraud (including bribery) policy
This organisation has a Code of Conduct or similar document which includes a clear anti-bribery and corruption statement.	Y	
The Chair, Board and senior management of this organisation provide a 'tone from the top' which enhances a culture of integrity and supports an anti-bribery and corruption stance.	Y	
The Chair, Board and senior management of this organisation have clearly assigned responsibility and authority for implementing anti-bribery and corruption arrangements.	Y	
The Board or equivalent body considers bribery and corruption risks as part of wider discussion of fraud and whistleblowing concerns at its meetings.	Y	Standing items on A&RA ctte

Risk Assessment

A risk assessment is key to establishing the bribery and corruption risk faced by an organisation. It will also inform the proportionality of the controls introduced to mitigate risks identified.

Good Practice	Y/N	Action Required
The Board or equivalent body has oversight of the risk assessment process.	Y	Board has overall responsibility
The risk assessment process includes consideration of bribery and corruption risk.	Y	
The risk assessment is documented and periodically reviewed.	Y	
The process for identifying bribery and corruption risk ensures that all key risks will be identified (for example, by consulting with staff across all business functions, and particularly those in higher risk areas).	Y	Annual all staff awareness session and discussion of development of Commission remit re new and existing areas being at risk of bribery and corruption, including any legislative developments and/or court judgments.
The business functions at particular risk from bribery and corruption have been identified.	Y	As per annual update report to A&RA ctte
The employees most likely to be exposed to bribery and corruption risk have been identified by, for example, reviewing the register of interests.	Y	Identified at annual staff discussion session, cross team working risks have also been reviewed.
Assessment of bribery and corruption risk has been used to inform relevant policies and procedures.	Y	Separation of duties and controls are a key consideration in development and review of policies and procedures.
Bribery and corruption risks have been evaluated and prioritised so that mitigating controls can be properly targeted.	Y	As per annual review process

Due Diligence

Due diligence is an accepted element of wider good governance within an organisation. The application of due diligence in relation to the bribery and corruption risk posed by associated persons should be proportionate and risk-based. Due diligence can be applied both to third party associates and internal members of staff.

Good Practice	Y/N	Action Required
Due Diligence – Third Parties		
Risk-based due diligence is carried out on contractors, suppliers and other associates before appointment and periodically thereafter.	Y	The Commission avails of a range of frameworks through DfC Procurement Team and DoF Central Procurement Division and also makes use of other frameworks such as the civil panel from DSO. It +
Contractors, suppliers and other associates are made aware of this organisation's ethical position in relation to bribery and corruption and are expected to act accordingly.	Y	The Commission avails of a range of frameworks through DfC and DoF Procurement Teams and also makes use of other frameworks such as the civil panel from DSO. It relies significantly on other +
Where there is a higher risk level, associates are contractually required to comply with our anti-bribery and corruption policy and procedures.	Y	The Commission relies on DfC and DoF and others involved in creating and managing frameworks to ensure anti bribery policies and procedures.
Where there is a higher risk level, there is contractual provision for access to the associate's records for inspection purposes.	Y	The Commission relies on DfC and DoF and others involved in creating and managing frameworks to ensure anti bribery policies and procedures.
Where there is a higher risk level, there is provision for termination of the contract where bribery or corruption by the associate is suspected or proven.	Y	The Commission relies on DfC and DoF and others involved in creating and managing frameworks to ensure anti bribery policies and procedures.
There are procedures for the application of sanctions to third party associates when incidents of bribery or corruption occur.	Y	The Commission relies on <u>DfC</u> and <u>DoF</u> and others involved in creating and managing frameworks to ensure anti bribery policies and procedures.

Good Practice	Y/N	Action Required
Due Diligence – Employees and other Officials		
This organisation’s recruitment process includes procedures to ensure that it is fair, transparent and free from bribery and corruption.	Y	CCNI recruitment processes follow NICS model practice and Commissioner decision making responsibilities.
This organisation carries out appropriate due diligence when recruiting Board members.		NA Sponsor Dept are responsible for Board recruitment, appointment and ongoing evaluation and monitoring
This organisation carries out appropriate due diligence when recruiting employees, particularly to positions with a higher risk of bribery and corruption or positions of trust.	Y	CCNI recruitment processes follow NICS model practice and Commissioner decision making responsibilities.
Employees must sign up to a Code of Conduct (which should include a clear anti-bribery and corruption statement) when they join this organisation and must continue to be made aware of its provisions.	Y	As part of the employment contract employees are required to act in accordance with the Fraud (incl bribery policy)
Board members and Councillors are required to sign up annually to a Code of Conduct or equivalent statement.		NA Sponsor Dept are responsible for Board recruitment, appointment and ongoing evaluation and monitoring
Employees and other officials (e.g. Board members and Councillors) receive training on bribery and corruption awareness and countering bribery and corruption risk.	Y	As part of annual awareness and training session plan and ongoing Board and committee training

Communication and Training

Communication promotes awareness and understanding of the organisation's policies and procedures in relation to bribery and corruption and provides a deterrent to acts of bribery or corruption by internal or external associated persons or agents. Training may range from raising awareness of the risks with new employees as part of induction arrangements, to specialised training for those in key posts.

Good Practice	Y/N	Action Required
Internal Communication		
This organisation has a clear anti-bribery and corruption policy and procedures which are communicated in an accessible way to all employees. (Depending on the level of risk, provisions in relation to bribery and corruption may be included in the anti-fraud policy or may be in a stand-alone policy.)	Y	As above
This organisation provides a secure, confidential and accessible means by which employees can raise concerns or seek advice in relation to bribery and corruption risk, without fear of reprisal.	Y	As above re Raising Concerns about the Commission
External Communication		
This organisation's anti-bribery and corruption stance is clearly stated and communicated to all third party associates. (This may be, for example, by way of a policy statement and/or code of conduct on the organisation's website.)	Y	The policy is on the web site
Every opportunity is taken in external communications to emphasise this organisation's commitment to fairness, openness and honesty, as a deterrent to improper behaviour.	Y	As per corporate values

Good Practice	Y/N	Action Required
Training		
Bribery and corruption awareness training is given to all staff. (This may be as part of general fraud awareness training.)	Y	As above
Those employees at a higher risk of bribery and corruption (e.g. those who work within procurement, planning or regulatory functions) are given more detailed, tailored anti-bribery and corruption training.	N	Given the relatively small size of the organisation and the nature of cross team working this is no felt appropriate and indeed could limit awareness of the risks.
Where appropriate, third party associates are included in tailored anti-bribery and corruption training.	N	
Training is provided to all staff on how they can raise concerns about bribery and corruption risks, or seek advice.	Y	Raising a concern about the Commission awareness sessions
Training is provided to staff who may receive reports of concerns, so they have the confidence to deal appropriately with concerns raised.	Y	

Monitoring and Review

An organisation's bribery and corruption risks can change over time, for example if it assumes new functions. There is a need to periodically monitor and review anti-bribery and corruption arrangements to ensure they remain adequate and fit for purpose.

Good Practice	Y/N	Action Required
Internal financial control systems are subject to periodic review and audit to ensure they remain effective in countering bribery and corruption risk.	Y	
There is periodic review of high risk transactions, for example large scale procurements or significant planning decisions, to ensure compliance with anti-bribery and corruption procedures and controls.	Y	There are proportionate processes in place, eg business cases and authority for use of statutory powers.
There is periodic review of fraud and whistleblowing caseload within the organisation, to determine whether the cases highlight any new bribery and corruption risks.	Y	Standing item on A&RA ctte
There is periodic review of the register of interests to determine whether any new conflicts of interest may have arisen which could leave an employee more susceptible to the risk of bribery and corruption.	Y	
Employees, particularly those in high risk functions, are required to confirm periodically that they comply with anti-bribery and corruption arrangements, for example by signing up to a Code of Conduct which includes anti-bribery and corruption provisions.	Y	Various line managers sign monthly declarations in relation to operating in line with polices and procedures.
The Audit Committee or Board periodically reviews anti-bribery and corruption procedures and controls, and challenges where necessary.	Y	Annual review
The results of review activities feed into systems controls reviews and the strengthening of controls where necessary.	Y	

Checklist for Individual Public Officials

Bribery and corruption risk can affect individual public officials. Officials need to be aware of the risks they face and how they can minimise those risks.

Good Practice	Y/N	Action Required
I am aware of the ethical standards required of me in my role as a public official.		
I am aware of, and abide by, the provisions of my organisation's Code of Conduct.		
I am aware of my organisation's policies on: <ul style="list-style-type: none"> • fraud and corruption • bribery • gifts and hospitality • conflicts of interest; and • whistleblowing. 		
I know where to access these policies.		
I am aware of the need to declare any actual or potential conflicts of interest.		
I have declared any such conflicts of interest.		
I am familiar with my organisation's policy on gifts and hospitality.		
I fully comply with the gifts and hospitality policy.		
I am aware of the potential bribery and corruption risks I may face as a public official.		
I am aware that the risks are more significant if my responsibilities relate to high risk areas such as procurement, planning or regulation.		
I avoid over familiarity with contractors and suppliers and act in an appropriate way to avoid any sense of obligation.		
I am familiar with the procedures to follow if I need to raise a concern about actual or potential bribery or corruption.		

Appendix 2 Commission Bribery risk assessment

*This assessment applies to the actions of Commissioners and staff.
March 2023*

What is the range of opportunities for bribery?

It is acknowledged each business area will have unique risks. However, the key risks appear to relate to registrations, the awarding of approvals/consents ie ex gratia payments, authorising transactions, S46 and S 96 directors' benefits, cy-près/administrative schemes, waivers for (disqualified) Trustees, award of contracts/payments, endorsements/appearances, assessing annual returns and compliance work, dispensations from audit and reporting requirements, enquiry decision making, recruitment exercises.

Are any of these markets/business sectors known to have general or specific bribery risks?

It was identified that there is a potential issue around small scale inducements to staff while undertaking site visits (compliance & enquiries), and with charities operating overseas eg importing/exporting equipment/supplies, where there may be cultural differences in attitudes to cash handling and inducements to assist decision making.

Are there any high value/particularly significant transactions that the organisation enters into on a regular/irregular basis?

Re-occurring expenditure with outside contractors is minimal. Appointment of legal representatives and accountants to undertake work and IT are areas of irregular/one off activity and significant spend. An update on business cases, including these two areas, is a standing agenda item for the A&RA committee.

Do any transactions involve intermediaries, agents, representatives, consortia, Joint Venture partners?

Yes some involve DoF, DfI, DfC and CCEW officials.

Does the organisation depend on limited but high importance decision makers, or a mix of decision making?

There is a mix of decision making roles across a range of levels including operation of Schedule 1 committee. No decision making related work is contracted out. The Commission uses a range of CPD frameworks and lists, and CPD is engaged for procurement. The work of any Interim Manager the Commission may appoint to a charity by order would be legally outside our remit as the Commission has no remit to become involved in the administration of a charity.

Annex 1

Nolan Committee's Standards in Public Life

The Seven Principles of Public Life

1. **Selflessness** - Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or their friends.
2. **Integrity** - Holders of public office should not place themselves under any financial or other obligations to outside individuals or organisations that might influence them in the performance of their official duty.
3. **Objectivity** - In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
4. **Accountability** - Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
5. **Openness** - Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
6. **Honesty** - Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
7. **Leadership** - Holders of public office should promote and support these principles by leadership and example.

Annex 2

Factors that might point to an enhanced risk of Fraud, Bribery or Serious Irregularity

- Missing expenditure vouchers and unavailable official records
- Crisis management coupled with a pressured business climate
- Profitability declining
- Excessive variations to budgets or contracts
- Refusals to produce files, minutes or other records
- Related party transactions
- Increased employee absences
- Borrowing from fellow employees
- An easily led personality
- Covering up inefficiencies
- Lack of Board oversight
- No supervision
- Staff turnover is excessive
- Figures, trends or results which do not accord with expectations
- Bank reconciliations are not maintained or can't be balanced
- Excessive movement of cash funds
- Multiple cash collection points
- Remote locations
- Unauthorised changes to systems or work practices
- Employees with outside business interests or other jobs
- Large outstanding bad or doubtful debts
- Poor morale
- Excessive control of all records by one officer
- Poor security checking processes over staff being hired
- Unusual working hours on a regular basis
- Refusal to comply with normal rules and practices
- Personal creditors appearing at the workplace
- Non taking of leave
- Excessive overtime
- Large backlogs in high risk areas
- Lost assets
- Officers with excessively flamboyant characteristics/lifestyle
- Employees suffering financial hardships
- Employees apparently living beyond their means
- Heavy gambling debts
- Signs of drinking or drug abuse problems
- Conflicts of interest
- Lowest tenders or quotes passed over with scant explanations recorded
- Employees with an apparently excessive work situation for their position
- Managers bypassing subordinates
- Subordinates bypassing managers
- Excessive generosity
- Large sums of unclaimed money
- Large sums held in petty cash
- Lack of clear financial delegations
- Secretiveness
- Apparent personal problems
- Marked character changes
- Excessive ambition
- Apparent lack of ambition
- Unwarranted organisation structure
- Absence of controls and audit trails.
- Socialising with clients – meals, drinks, holidays
- Seeking work for clients
- Favourable treatment of clients – e.g. allocation of work
- Altering contract specifications
- Contract not completed to specification
- Contractor paid for work not done.
- Grants not used for specified purpose – e.g. Leasing capital equipment instead of purchasing

- Not ensuring proper email address when emailing customer information
- Lack of thorough investigations of alleged wrongdoing
- Unofficial receipts being used
- Official receipt books not locked away in accordance with guidance
- Staff not reading guidance that has been circulated

External

- Tip-offs by telephone or letter, including anonymous tip-offs. If the tip-off is by telephone, staff should attempt to gain as much information as possible and make a file note of the conversation immediately;
- Identification of irregularities in documents – invoices, purchase orders, tenders, quotations;
- Telephone conversations and/or meetings with applicants/registered charities, contractors or suppliers. All telephone conversations where there is suspected fraud, bribery or serious irregularity should be recorded in the form of a file note by staff.

Corporate Fraud

- Lack of thorough investigations of alleged wrongdoing
- Pecuniary gain to organisation – but no personal gain

Annex 3

Common Methods and Types of Fraud, Bribery or Serious Irregularity

- Payment for work not performed
- Forged endorsements
- Altering amounts and details on documents
- Collusive bidding
- Overcharging
- Writing off recoverable assets or debts
- Unauthorised transactions
- Selling information
- Altering stock records
- Altering sales records
- Cheques made out to false persons
- False persons on payroll
- Theft of official purchasing authorities such as order books
- Unrecorded transactions
- Transactions (expenditure/receipts/deposits) recorded for incorrect sums
- Cash stolen
- Supplies not recorded at all
- False official identification used
- Damaging/destroying documentation
- Using copies of records and receipts
- Using imaging and desktop publishing technology to produce apparent original invoices
- Charging incorrect amounts with amounts stolen
- Transferring amounts between accounts frequently
- Delayed terminations from payroll
- Bribes
- Over claiming expenses
- Skimming odd pence and rounding
- Running a private business with official assets
- Using facsimile signatures
- False compensation and insurance claims
- Stealing of discounts
- Selling waste and scrap.
- Accessing data on the Commission's computer systems without a business reason

Annex 4

Examples of Good Management Practices Which May Assist in Combating Fraud , bribery or serious irregularity

- All income is promptly entered in the accounting records with the immediate endorsement of all cheques
- Regulations governing contracts and the supply of goods and services are properly enforced
- Accounting records provide a reliable basis for the preparation of financial statements
- Controls operate which ensure that errors and irregularities become apparent during the processing of accounting information
- A strong internal audit presence
- Management encourages sound working practices
- All assets are properly recorded and provision is made known or expected losses
- Accounting instructions and financial regulations are available to all staff and are kept up to date
- Effective segregation of duties exists, particularly in financial accounting and cash/securities handling areas
- Close relatives do not work together, particularly in financial, accounting and cash/securities handling areas
- Creation of an agency climate to promote ethical behaviour
- Act immediately on internal/external auditor's report to rectify control weaknesses
- Review, where possible, the financial risks of employees
- Issue accounts payable promptly and follow-up any non-payments
- Set standards of conduct for suppliers and contractors
- Maintain effective security of physical assets; accountable documents (such as cheque books, order books); information, payment and purchasing systems
- Review large and unusual payments
- Perpetrators should be suspended from duties pending investigation
- Proven perpetrators should be dismissed without a reference and prosecuted
- Query mutilation of cheque stubs or cancelled cheques
- Store cheque stubs in numerical order
- Undertake test checks and institute confirmation procedures
- Develop well defined procedures for reporting fraud, investigating fraud and dealing with perpetrators
- Maintain good physical security of all premises
- Randomly change security locks and rotate shifts at times (if feasible and economical)
- Conduct regular staff appraisals
- Review work practices open to collusion or manipulation
- Develop and routinely review and reset data processing controls
- Regularly review accounting and administrative controls
- Set achievable targets and budgets, and stringently review results

- Ensure staff take regular leave
- Rotate staff
- Ensure all expenditure is authorised Conduct periodic analytical reviews to highlight variations to norms
- Take swift and decisive action on all fraud situations
- Ensure staff are fully aware of their rights and obligations in all matters concerned with fraud
- Ensure checks on computer system accesses are carried out in accordance with current guidance
- Ensure correct procedures are followed in the handling of cash and other valuable items