Anti-Fraud, Bribery and Corruption Policy

Intended users	All staff members, trustees, contractors and volunteers
Overall responsibility for implementation	Chief Executive
Responsibility for maintenance	Director of Finance and Operations
Next review date	July 2025

Policy summary

The Centre for Sustainable Energy (CSE) has a 'zero tolerance' stance towards fraud, bribery and corruption. It will always seek to investigate and take appropriate action, including but not limited to, disciplinary and/or legal action against those found to have perpetrated fraud and other acts involving dishonesty. CSE is committed to developing an anti-fraud culture and to keeping the opportunities for fraud, bribery and corruption to the absolute minimum.

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

CSE requires all staff, trustees, contractors and volunteers to report immediately any incidents or suspicions of fraud, bribery or corruption to an appropriate manager. They are encouraged to raise any suspicion or concern, however small or immaterial this may seem. CSE will not penalise anyone for raising a concern in good faith.

CSE will take all reports of fraud, bribery and corruption seriously and investigate them proportionately and appropriately.

CSE requires all those receiving company funds or representing the company, including its suppliers, grant recipients, partners, contractors, volunteers and agents, to act in accordance with this policy and to act honestly and with integrity to safeguard the resources and reputation of the company at all times. This includes reporting to CSE any suspected or actual instances of fraud, bribery or corruption involving the company's assets, its staff or trustees.

Introduction

CSE complies with applicable legislation, including the Fraud Act 2006, the Bribery Act 2010 and with other regulatory requirements. Its Trustees are required under charity law to safeguard the assets of the Charity.

CSE is committed to conducting itself fairly, openly and honestly and in accordance with the highest ethical and legal standards.

Purpose

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

Scope

This policy applies to all CSE's activities. It is applicable to, and must be followed by, all staff, volunteers and trustees, consultants and contractors. Failure to comply could result in disciplinary and/or legal action, including dismissal.

CSE requires all those receiving company funds or representing the company, including its suppliers, grant recipients, partners, contractors, trustees, and agents to act in accordance with this policy.

Risk and internal control systems

CSE will seek to assess the nature and extent of its exposure to the risks of internal and external fraud, bribery and corruption. It will review these risks periodically, using information on actual or suspected instances of fraud, bribery and corruption to inform its review.

CSE 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.

CSE will make all those receiving company funds or representing the company, including its suppliers, grant recipients, partners, contractors, trustees and agents aware of this policy. When appropriate, CSE will work with relevant stakeholders, including comparable organisations, relevant regulators and government organisations to tackle fraud.

CSE 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.

Investigating suspected fraud or other financial irregularity

CSE will take all reports of actual or suspected fraud, bribery and corruption seriously, and investigate proportionately and appropriately as set out in this policy.

CSE will always seek to take disciplinary or legal action against those found to have perpetrated or assisted with fraudulent or other improper activities in any of its operations. This may include dismissal or removal from the board of trustees; and for suppliers, removal from our list of preferred suppliers. It will also seek to recover any assets lost through fraud.

Initial steps

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.

Reports should be made to the Director of Finance and Operations (or the Chief Executive (CEO) if the concern relates to the Director of Finance and Operations). If staff are not comfortable reporting their concerns to these people, they should contact the Chair of Trustees. In the event of a report being made to the Director of Finance and Operations, they will inform the Chief Executive within 48 hours. The Director of Finance and Operations, together with the Chief Executive, will decide on the appropriate course of action to be taken, including informing the Chair of Trustees of material items.

CSE also requires all those receiving company funds or representing the company, including its suppliers, grant recipients, partners, contractors, trustees and agents to report any suspected or actual instances of fraud, bribery or corruption involving, without limitation, the company's assets or staff or Trustees.

CSE will not penalise anyone for raising a concern in good faith, even if it turns out to be unfounded. Any member of staff or a Trustee who harasses or victimises someone for raising a concern in good faith will themselves be subject to disciplinary and/or legal action.

CSE 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.

If fraud or other financial irregularity is suspected, it is critical that all investigations into the suspected fraud are carried out in a proper and sensitive way. Hence it is extremely important that the steps are strictly adhered to. Employees should not take further action themselves, but the Director of Finance and Operations or the Chief Executive should gather together sufficient information to give to the Chair of Trustees in order for them to review the irregularity and determine if it needs to be communicated to the police and whether it is a Serious Incident to be notified to the Charities Commission.

The Chair of Trustees will nominate a lead manager for the suspected fraud incident (this will generally be the Director of Finance and Operations, Chief Executive, to take the main responsibility for subsequent steps. This will include maintaining a clear and detailed record of each stage of the investigation and the evidence gathered.

Reference should also be made to the CSE Whistleblowing Policy which provides alternative guidance on confidential reporting and escalation.

Steps following decision

The Lead Manager should either contact the police and notify Action Fraud (www.actionfraud.police.uk/) or initiate an internal investigation.

If it is decided to conduct an internal investigation, the matter should be documented and any findings or necessary changes in procedure documented and discussed with the Chair of Trustees and/or Director of Finance and Operations and Chief Executive in order to decide if there is now a need to report any Serious Incident to the Charities Commission and the police.

At any stage through this procedure, an employee accused of potential fraud or other irregularity is entitled to be accompanied by a Trade Union Representative or a friend, not acting in a legal capacity.

The Chair will normally inform the Charity Trustee appointed External Auditors.

Consultation with the police

The Lead Manager should contact the police and Action Fraud immediately if fraud or corruption is suspected following consultation with the Chair of Trustees.

The aim of the consultation should be to seek advice on:

- Whether the police agree that the allegation may amount to a criminal offence.
- Is it one the police feel they would wish to pursue?
- Is the evidence the Charity Trustees via the Lead Manager, sufficiently robust to support a prosecution?
- How do the police wish to proceed?
- Is further evidence required?

Subsequent investigation

If it is decided that the Charity Trustees will investigate further, with a view to: -

- Providing evidence to the police for their use, this will be done in accordance with the advice of the police.
- A possible internal disciplinary hearing, the investigation will be conducted in accordance with the Disciplinary Policy
- In the event of a police investigation, an employee would have the usual rights of a citizen.

Recovery of any loss

Where recovering a loss is likely to require civil action, it will be necessary to seek legal advice. Any such action must be agreed by the Trustees.

Where external legal advisers are used, the Lead Manager must ensure there is co-ordination between the various parties involved.

If the loss may be covered by insurance, the Lead Manager should inform the manager responsible for insurance who should immediately report the loss or event which may give rise to a claim for loss in accordance with the current insurance policy.

Interviews

It is possible that a suspicion of fraud or other financial irregularity may emerge part way through a routine interview or discussion with an employee. In this event, the interviewer should consider securing the relevant documentation and passing the matter to the Line Manager, Director of Finance and Operations or the Chief Executive who with inform the Chair of Trustees.

If the employee admits fraudulent conduct or other financial irregularity during the discussion, the manager should stop the interview immediately, secure any relevant documents and pass the matter to the Line Manager and/or Director of Finance and Operations who will inform the Chair of Trustees.

For the purposes of criminal proceedings, the admissibility of evidence is governed by the Police and Criminal Evidence Act (PACE) 1984. Interviews for this purpose should be conducted under caution and should not be undertaken before consultation with Human Resources and, normally, the police.

Protection of individuals

Employees have protection under the Public Interest Disclosure Act 1999 and should be assured that there will be no recriminations against anybody who reports reasonably held suspicions. Victimising or deterring employees from reporting concerns is a serious disciplinary matter. Equally, abuse of the process by raising malicious allegations is also a disciplinary matter.

Specific risk mitigation measures

CSE is committed to honest and sound business practices in compliance with common principles of ethical business and the Bribery Act 2010, recognising that it is both unethical and illegal to offer, promise, give, request, agree, receive, or accept bribes.

CSE is a charity and an SME working in a market with low bribery risk, and its overseas activities are limited to collaborative projects with EU partners. Whilst some EU countries have a higher bribery risk than the UK, the type and extent of activities engaged in overseas remain low risk. The risk of bribery is therefore considered to be low.

Responsibility for the anti-bribery policy lies with the Chief Executive. The policy is reviewed annually and forms part of the staff handbook, which is available to staff on the shared server and forms part of staff inductions. Staff are alerted to any revisions by email and through staff meetings.

Reducing and controlling the risks of bribery

- CSE works with partners that are known to be credible (e.g., established organisations within its field, previous project partners and suppliers, organisations recommended by trusted partners).
- When approached by new organisations to partner on projects, an appropriate level of research is undertaken to ensure that they are credible and appropriate partners.
- New suppliers are researched and subject to due diligence checks when subcontracted to undertake work on our behalf.

To manage the exposure to bribery and corruption, the staff and Trustees must comply with the company's policy on gifts and hospitality.

Accepting gifts, hospitality or donations

- CSE does not accept gifts, hospitality or donations which are likely to be construed as bribery.
- Acceptance of hospitality by individual staff is permitted when this is both proportional and directly relevant to their work (e.g., basic hospitality when conducting business with a client, or low value promotional items included in an event pack).
- CSE receives grants and donations on a basis of strict independence from its decision-making processes, research, publications and policy work.

No payment (whether it be a facilitation payment or otherwise), gift or service, is to be made to or received without prior notification to (and the approval of) the Director of Finance and Operations and Chief Executive.

Conducting business

CSE takes a non-collusive approach to tendering processes at all times and does not enter into anti-competitive agreements with others (e.g. price-fixing or agreeing to refrain from bidding).

CSE does not engage in attempts to influence the procurement decisions of its clients outside of the proper and legal channels for presenting its proposal or tender.

Work delivered by CSE under contract (e.g., research, evaluation, programme delivery) for any client will at all times be undertaken with integrity and honesty. CSE will never seek to mislead through omission, falsification or other misleading presentation of its results.

Avoiding conflicts of interest

CSE occasionally encounters potential conflicts of interest due to its involvement in project delivery, project evaluation and advisory roles. Potential conflicts of interest are raised with the client and partners, and new work only undertaken when all parties are satisfied that adequate provisions have been made to remove this conflict.

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 the Director of Finance and Operations.

Responsibilities

All staff and Trustees are responsible for complying with this policy.

Definitions

Fraud is knowingly making an untrue or misleading representation or failing to disclose information with the intention of making a gain for oneself or another or causing a loss, or risk of loss, to another or a deliberate intent to acquire money of goods dishonestly through the falsification of records or documents. The criminal act is the attempt to deceived and attempted fraud is therefore treated as seriously as accomplished fraud.

Theft is the dishonest taking of property belonging to another person with the intention of depriving the owner permanently of its possession.

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. A facilitation payment is a type of bribe. An example is an unofficial payment or other advantage given to someone to undertake or speed up the performance of their normal duties.

Corruption is the misuse of entrusted power for personal gain. This would include dishonest or fraudulent behaviour by those in positions of power, such as managers. 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.

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.

Further guidance

Charity commission
Compliance toolkit: protecting charities from harm
Chapter 3: Fraud and financial crime
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/654821/Chapter3.pdf

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.

For further guidance on fraud, see the summary of The Fraud Act 2006
www.legislation.gov.uk/ukpga/2006/35/pdfs/ukpga_20060035_en.pdf

Examples of fraud relevant to CSE

Procurement fraud:

- Staff colluding with suppliers and ordering and paying for goods or services that are not required 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 supplier 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 the company's bank or credit cards for personal expenses.
- Staff, without the consent of the Chief Executive, using the company's assets, for their own personal use.
- Staff or contractors falsifying travel and subsistence or other expense claims.

Fraud involving impersonation:

- Staff or third parties impersonating CSE in order to extract fees for a service which it does not provide or does not charge for.
- Staff or third parties submitting false applications from real or fictional individuals or organisation for grants.

Payroll fraud:

- Staff creating non-existent employees for directing payments.
- Staff or temporary staff making false or inflated claims for overtime or flexible working.

Further guidance on bribery

The relevant legislation in the UK is The Bribery Act 2010 www.legislation.gov.uk/ukpga/2010/23/pdfs/ukpga_20100023_en.pdf .

This was introduced to update and enhance UK law, including foreign bribery. The Act introduced a new strict corporate liability offence for companies of failing to prevent bribery. This means that CSE could be liable if an "associated person" offers a bribe on its behalf, including employees and third parties (such as partners and suppliers) carrying out the Charity's business. The Act applies to UK organisations operating overseas.

The Act created four prime offences under which it is illegal 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.
- Bribe a foreign public official in order to obtain or retain a business; and
- A new offence of an organisation failing to prevent a bribe being paid by anyone associated with the organisation – employees, or anyone working on the organisation's behalf, such as a contractor or agent.

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.

Examples (not exhaustive) of advantages that could be offered as part of a bribe relevant to CSE:

- Cash, vouchers or other cash equivalents, or a "fee".
- Gifts.

- Hospitality or entertainment outside what would be acceptable under CSE's Policy on Gifts and Hospitality.
- CSE paying travel and accommodation costs to a third party where this is not standard business practice (e.g. not expenses for staff, Trustees).
- Loans.
- Favourable business terms.
- Discount of services, or providing services free of charge (or 'uninvoiced')
- 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.
- Obtaining information that would put an individual or CSE 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.
- Hospitality that complies with CSE's Policy on Gifts and Hospitality.

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 CSE policy and practice. Judgement is required and the decision depends upon level of hospitality provided and the level of influence the person receiving it had on the business decision in question

The consequences of breaching the UK Bribery Act 2010:

- Unlimited fines for both the individual and CSE
- Imprisonment for up to ten years
- Significant reputational damage to both the individual and CSE.

Further guidance on facilitation payments

A facilitation payment is making a payment or offering an advantage to someone to undertake or speed up the performance of their normal duties. Facilitation payments are a form of bribe and are illegal under The Bribery Act 2010.

Janine Michael
Chief Executive

Last reviewed: July 2024

Fraud Process Flowchart