

# Anti-fraud and anti-bribery policy and response plan

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## 1 Introduction

The Institute for Fiscal Studies (IFS) will not accept any level of fraud, bribery or corruption. We are committed to protecting our assets and are committed to promoting honesty and integrity in all of our activities.

The IFS is committed to ensuring all of its business is conducted in an open, honest and fair manner. All staff and third parties working on behalf of the IFS are expected to adopt the highest standards of propriety and accountability, and to play a key role in promoting an anti-fraud culture.

Where fraud is suspected the IFS will take direct action. All cases will be thoroughly investigated and dealt with appropriately. The form of action taken will depend on the level and circumstances of the fraud discovered and may include disciplinary procedures, dismissal and/or criminal prosecution.

This policy applies to all staff whether permanent or temporary, and third parties working on behalf of the IFS.

### 1.1 Definition of fraud

For the purposes of this policy, fraud is defined as the use of deception to deprive, disadvantage or cause loss to another person or party. This can include theft, the misuse of funds or other resources or more complicated crimes such as false accounting and the supply of false information.

The Fraud Act 2006 introduced three main offences. They are as follows:

- fraud by false representation - e.g. lying on a CV to obtain employment
- fraud by abuse of position - e.g. finance manager uses their position to siphon off funds e.g. lying on a CV to obtain employment
- fraud by failing to disclose information - e.g. not declaring an unspent criminal conviction in order to obtain employment.

Other examples of fraud that might occur at the IFS would include:

- falsification of expense claims
- theft of cash or other company assets or stock
- falsification of invoices for payment
- failure to account for monies or invoices paid

An individual who commits fraud will face disciplinary action, civil action and/or criminal prosecution. If found guilty of fraud in a criminal court, an individual may receive a custodial sentence.

### 1.2 Definition of bribery

Bribery is a financial or other advantage that is intended to induce "improper performance" of a position of trust or a function that is expected to be performed impartially or in good faith. Bribery does not have to involve cash or an actual payment exchanging hands and can take many forms such as a gift (i.e. lavish treatment during a business trip or tickets to an event).

Bribery does not always result in a loss. The corrupt person may not benefit directly from their deeds; however, they may be unreasonably using their position to give some advantage to another.

The Bribery Act 2010 provides the four main offences:

- giving or offering a bribe
- receiving or requesting a bribe
- bribing a foreign public official (also known as facilitation payments)
- negligently failing to prevent a bribe (corporate offence).

Under the Bribery Act, an offence has been committed even if no money or goods have been exchanged and a bribe has no minimum value.

It therefore falls to all staff to ensure that they comply with the IFS's policy on declaring gifts and hospitality offered to them in the course of their work.

Individuals who commit bribery against the IFS may face criminal prosecution, civil action, disciplinary action and/or striking off (if the individual is a member). If found guilty of bribery, the individual may receive a ten-year custodial sentence and unlimited fines.

## **2 Prevention of fraud**

The IFS's policies and procedures and the Conditions of Service (including IFS Financial Policies, the Schedule of authority, and procurement policies and procedures) are designed, in part, to prevent fraud and corruption and to enhance accountability. We require all staff and third parties working on our behalf to act in accordance with these policies and procedures and the Conditions of Service.

The IFS has systems and procedures that incorporate internal controls designed to minimise the risk of fraud occurring. The IFS Risk Register identifies the risk of fraud, together with the mitigating actions in place to minimise the risk of fraud occurring. The Risk Register and the adequacy and effectiveness of internal controls is reviewed annually by the Executive Committee.

Key fraud and bribery prevention measures are:

- Gifts and hospitality policy
- Conflicts of Interest Policy
- Procurement Policy
- Whistleblowing policy (Public Interest Disclosure)
- Recruitment screening (i.e. confirming references)

### **2.1 Reporting fraud**

The IFS encourages and expects members, associates, staff and third parties working on our behalf to report incidents of suspected fraud, bribery and corruption immediately. Any delay in reporting suspected fraud, bribery and corruption may result in further losses.

Investigating allegations of fraud

The IFS's Fraud Response Plan (Annex 1) outlines the action to be taken should allegations of fraud, bribery or corruption arise.

In normal cases it will be the relevant Head of Sector, in conjunction with the Head of Finance and the Director, who will arrange for an investigation to be undertaken. Matters of a criminal nature will be reported to the Police. We will also notify other relevant bodies where applicable.

### **2.2 Training**

The IFS recognises that the success of this anti-fraud policy depends, to a large extent, on all staff and third parties working on our behalf being aware of the IFS's approach to fraud, bribery and corruption.

Details of our Anti-Fraud Policy and Fraud Response Plan are published on the intranet. In addition, fraud training will be provided to all staff within six months of commencing employment with the IFS.

### **2.3 Monitoring fraud**

The Executive Committee is responsible for reviewing the arrangements in place by which staff may raise concerns about possible improprieties. As part of this, the Executive Committee approve the Anti-Fraud Policy and Fraud Response Plan.

Any action taken by the IFS in connection with suspected fraud, bribery or corruption will be reported to the Executive Committee.

## **3 ANNEX 1 – IFS Fraud Response Plan**

### **3.1 Introduction**

In line with the IFS's commitment to its opposition to fraud, bribery and corruption this Fraud Response Plan is intended to provide direction and help to those who wish to raise their concerns about suspected fraud.

### **3.2 Definitions**

Under the Fraud Act 2006 the criminal offence of fraud can be committed in three ways: by false representation, by failing to disclose information, and by abuse of position. The Act also includes offences for obtaining services dishonestly and of possessing, making and supplying articles for use in fraud. Bribery is defined as the offering, promising, giving, accepting or soliciting of money, a gift or other advantage as an inducement to do something that is illegal or a breach of trust in the course of carrying out an organisation's activities.

The Bribery Act 2010 sets out, in broad terms, four categories of offence: (i) bribing another person; (ii) receiving a bribe; (iii) bribing a foreign public official; and (iv) the failure of a relevant commercial organisation to prevent bribery by an associated person. In essence, the Act makes it a criminal offence to give a bribe to or accept a bribe from a public or private individual, at home or abroad where the party guilty of an offence is covered by the jurisdiction of the Act. Examples of bribery include:

- A potential supplier offering money or a gift in order to influence a tendering process
- A job applicant offering a reward to increase his/her chance of being offered employment

As far as the IFS is concerned, fraud is the act of depriving the IFS or a third party of something by deceit, whether by theft, misuse of funds or other resources, or by more complicated crimes like misrepresentation, impersonation, false accounting and the supply of false information. Typically, fraud is likely to fall into one of the following categories:

- System issues – where an individual deliberately falsifies records, or manipulates data in order to circumvent the IFS's framework of internal controls (for example, the submission of false claims for expenses).
- Financial issues – where individuals or companies have fraudulently obtained money from the IFS (for example, invalid invoices for work not done).
- Equipment issues – where IFS equipment is used for unauthorised personal use.
- Resource issues – where there is a misuse of resources (for example, theft of cash or materials).

- Other issues – these include activities which are unlawful; contrary to IFS policies; which fall below established standards or practices; or improper conduct (for example, receiving inappropriate hospitality; or abuse of position for personal gain).

The Anti-Fraud Policy is supported by HR and Finance policies and procedures.

### **3.3 What staff should do if they suspect fraud**

Staff are encouraged and, indeed, expected to raise any concern that they may have, without fear of recrimination ('whistle-blowing'). To facilitate this, the IFS has a Public Interest Disclosure Policy. Any concerns raised will be treated in the strictest confidence and will be properly investigated.

Staff are often the first to spot possible cases of fraud or corruption at an early stage. Staff should not try to carry out an investigation themselves. This may damage any subsequent enquiry.

In the first instance, staff should normally raise the concern with their line manager. If the concern relates to a line manager, then staff should raise it with the Head of Finance, or with the Director. If the issue concerns the Director the concern should be raised with the Chair of Council, and if it relates to the Chair of Council the concern should be raised with the President.

### **3.4 What a non-staff member should do if they suspect fraud**

Non-staff members are encouraged and expected to raise any concerns and should normally report any concerns to the Director or the Chair of the Executive Committee. If the issue concerns the Director the concern should be raised with the Chair of Council, and if it relates to the Chair of Council the concern should be raised with the President.

### **3.5 What a third party, including members of the public, should do if they suspect fraud**

Third parties, including the general public, can report concerns direct to IFS members or staff, who will escalate the concern in line with the Anti-Fraud Policy.

In the event that a person feels unable to raise their concerns direct with the IFS, they may contact the IFS's external auditor, whose name and address can be found in the IFS's published accounts.

### **3.6 Reporting a suspected fraud**

Speaking out against acts of fraud is not easy. The IFS will take every precaution to protect an individual's identity when raising a concern if he or she does not want their name to be disclosed. Whilst every possible effort will be taken to protect an individual's identity it must be appreciated, however, that the investigation process may reveal the source of the information and a statement by the individual may be required as part of the evidence.

If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the person raising the concern. If, however, the allegations are malicious or vexatious, action may be taken against the person making the allegation.

During an investigation, staff should not voice their concerns to the press or media without the consent of the Director. To do so could jeopardise the investigation process, result in compensation claims should the suspicion/allegation prove to be unfounded and generate disproportionately negative publicity for the IFS.

Where appropriate the IFS will ensure that the person raising the concern is kept informed of the investigation and its outcome.

### **3.7 What a manager should do when a suspicion is reported to them**

Any manager who has received information about a suspected fraud or a suspicion of corruption must report it immediately to the Head of Finance who will, where appropriate, ensure that the Director is informed.

The Head of Finance should satisfy themselves that there are reasonable grounds for the suspicion, and arrange for an investigation to be undertaken. At this point:

- The Chair of the Executive Committee should be notified of the investigation.
- The investigation should be assigned to a person with appropriate experience or qualifications.
- The Head of Finance will log reports of suspected/actual frauds in the central Fraud Register.
- Any decision to refer the matter to the Police will be made in consultation with the Director.
- Management should take immediate action to prevent further loss, and should take steps to safeguard any evidence.
- Any relevant documentation (or other items) should be secured in their original format.

The final outcome of an investigation could result in a court appearance. It is therefore important that the investigation can withstand the rigours of cross-examination. Evidence is crucial and evidence should be preserved in a legally admissible form.

A detailed record of the investigation should be maintained. This should include a chronological file recording details of telephone conversations, discussions, meetings and interviews, details of documents reviewed, and details of any tests and analyses undertaken.

No information should be divulged to anyone other than the small group of individuals directly involved in managing the investigation. Responsibility for divulging information to the media will be taken by the Director.

### **3.8 Providing feedback on fraud investigations**

Within ten working days of a concern being raised, the relevant Head of Sector will contact the person who raised the concern, to indicate how the matter will be dealt with.

### **3.9 Supporting policies**

The Anti-Fraud Policy is supported by the following policies and procedures.

- Whistleblowing policy
- Conflicts of Interest policy
- Gifts and Hospitality policy

## 4 Policy review

### 4.1 Summary of reviews

Date	Reviewed by	Issues found	Action taken	Notes
24/01/23	EH	N/A	N/A	Reviewed policy but no changes needed.

### 4.2 Log of changes made

Date	Changes made	Changes made by	Major or minor change?	Approved by (major changes only)