

Royal Northern College of Music

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

**Policy & Procedure**

**Department: Finance**

**Document owner: Director of  
Finance**

**Approval Committee: Audit  
Committee**

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**RNCM**  
ROYAL NORTHERN  
COLLEGE of MUSIC

## 1. Introduction

The College is committed to the values of probity and accountability and requires all staff, at all times, to act honestly and with integrity and to safeguard the resources for which they are responsible.

The College will uphold all laws relevant to countering bribery, corruption and fraud in all the jurisdictions in which the College operates. However, the College remains bound by the laws of the UK, including the Bribery Act 2010 and the Fraud Act 2006, in respect of the College's conduct both at home and abroad.

As part of its overall concern for high standards of integrity and probity, the College must be willing to receive and investigate complaints and allegations in respect of bribery, corruption, fraud or irregularity regardless of value. Even though such matters may occur infrequently it is important that all College staff are aware of the steps which are to be followed where there are allegations or suspicions of bribery, corruption, fraud or other irregularity.

The purpose of this policy is to:

- (a) set out the College's responsibilities, and of those working for the College, in observing and upholding the College's position on bribery, corruption and fraud; and
- (b) provide information and guidance to those working for the College on how to recognise and deal with bribery, corruption and fraud issues.

This policy applies to all staff (whether permanent, hourly paid, fixed-term or temporary), consultants, contractors, trainees, casual staff and agency staff, volunteers, interns, agents, or any other person associated with the College (collectively referred to as **staff** in this policy).

It is the responsibility of all staff to support and promote an anti-bribery and anti-fraud culture. Any member of staff that is aware of occurrences of bribery, corruption or fraud and does not report it may be classed as aiding in the bribery or fraud itself and may be subject to the College disciplinary procedures.

This document should be read in conjunction with the following College Policies:

- Financial Regulations;
- Disciplinary Policy and Procedures;
- Policy on Public Interest Disclosure (Whistleblowing);
- Ethical Fundraising and Gift Acceptance Policy.

## 2. Bribery

### What is Bribery?

A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.

### Examples:

#### Offering a bribe

You offer a potential benefactor tickets to a major College event, but only if they agree to make a financial donation to the College. This would be an offence as you are making the offer to gain a commercial and contractual advantage. The College may also be found to

have committed an offence because the offer has been made to obtain business for the College. It may also be an offence for the potential benefactor to accept your offer.

### **Receiving a bribe**

A supplier of the College gives your nephew a job, but makes it clear that in return they expect you to use your influence in our organisation to ensure the College continues to do business with them. It is an offence for a supplier to make such an offer. It would be an offence for you to accept the offer as you would be doing so to gain a personal advantage.

### **Bribing a foreign official**

You arrange for the College to pay an additional payment to a foreign official to speed up an administrative process in order that a necessary licence can be obtained to start up a College abroad. The offence of bribing a foreign public official has been committed as soon as the offer is made. This is because it is made to gain a commercial advantage for the College. The College may also be found to have committed an offence.

## **2.1 Gifts and Hospitality**

This policy does not prohibit normal and appropriate hospitality (given and received) to or from third parties. The College appreciates that the practice of giving business gifts varies between countries and regions and what may be normal and acceptable in one region may not be in another. The test to be applied is whether in all the circumstances the gift or hospitality is reasonable and justifiable. The intention behind the gift should always be considered.

The giving or receipt of gifts is not acceptable if:

- (a) it is made with the intention of influencing a third party to obtain or retain funding or a commercial advantage, or to reward the provision or retention of funding or a commercial advantage, or in explicit or implicit exchange for favours, benefits or funding;
- (b) it is made to a government official, agent or representative to “facilitate” or expedite a routine procedure. Gifts should not be offered to, or accepted from, government officials or representatives, or politicians or political parties, without the prior approval of the Director of Finance;
- (c) it does not comply with local and/or UK law, as relevant;
- (d) it is given to an individual and not in the name of the College;

It is not acceptable for an individual (or someone on their behalf) to:

- (a) threaten or harass another member of staff who has refused to commit a bribery offence or who has raised concerns under this Policy; or
- (b) engage in any activity that might lead to a breach of this Policy.

In certain circumstances it may be appropriate to accept a token gift of little intrinsic value, such as pens, diaries and calendars. If in doubt you should seek advice from your line manager.

A gift and hospitality register must be maintained by all schools and departments and will be routinely collated and reviewed at Executive Committee.

## **2.2 Facilitation Payments**

The College does not make, and will not accept, facilitation payments of any kind. Facilitation payments are typically small, unofficial payments made to secure or expedite a routine government action by a government official. They are not commonly paid in the UK, but are common in some other jurisdictions in which the College operates.

Should a facilitation payment be mandatory, then prior approval from a members of Executive must be obtained.

## **2.3 Donations**

The College does not make charitable donations.

## **3. Fraud**

It is the responsibility of management to implement systems of internal control to minimise the risk of fraud and other irregularities within the area of their responsibility. To this end management must assess the types of risk involved, regularly review and test the control systems and ensure that controls are being complied with and continue to operate effectively.

In establishing and maintaining effective controls it is generally desirable that:

- wherever possible, there is a separation of duties so that control of a key function is not vested in one individual.
- backlogs are not allowed to accumulate.
- in designing new systems, consideration is given to building in proper safeguards against internal or external fraud.
- there is clear definition of responsibility and authority delegated to heads of academic and support areas within the College.
- there is a comprehensive planning process supported by operational plans and budgets which are reviewed regularly and updated as necessary.
- an effective internal audit function complements an Audit Committee which approves the annual audit programme.

These controls currently operate within the College. Any system of control can only provide reasonable, but not absolute, assurance against fraud, corruption or other irregularity which may arise.

### **3.1 What is Fraud?**

The following definitions cover the types of irregularities to be investigated under this policy:

#### **Fraud**

The Fraud Act 2006 provides a framework within which there are three potential areas that an individual may be guilty of fraud if in breach. These are fraud by:

- a) False representation: a person commits a fraud if they intentionally and dishonestly make a false representation.
- b) Failing to disclose information: a person commits a fraud if they dishonestly fail to disclose information.

c) Abuse of position: a person commits a fraud if they dishonestly abuse their position.

In (a) to (c) above, the individual is deemed to have committed a fraud if they make a false representation, fail to disclose information or abuse their position for the purpose of:

- i. making a gain for themselves or another; or
- ii. causing a loss to another or to expose another to a risk of loss.

The College will investigate any complaint or allegation in respect of fraud or irregularity regardless of value.

### **Theft**

Dishonestly appropriating the property of another with the intention of permanently depriving them of it (Theft Act 1968).

### **False Accounting**

Dishonestly destroying, defacing, concealing or falsifying any account, record or document for any accounting purpose, with a view to personal gain or gain for another, or with intent to cause loss to another, or furnishing information which may be misleading, false or deceptive (Theft Act 1968).

### **Bribery and Corruption**

Offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.

### **Other Irregularity**

Any breach of the standards of financial integrity required by the College, including a breach of the Financial Regulations.

## **4. Notification of Suspected Irregularity**

Staff must ensure that they read, understand and comply with this Policy. The prevention, detection and reporting of bribery, fraud and other forms of corruption are the responsibility of all those working for the College or under the College's control. All staff are required to avoid any activity that might lead to, or suggest, a breach of this Policy. Any employee who breaches this Policy will face disciplinary action, which could result in dismissal for gross misconduct.

The making of allegations by one member of staff against others is a serious matter covered separately in the Policy on Public Interest Disclosure (Whistleblowing). Staff should be aware of this policy prior to making any allegations.

Suspected irregularity may be discovered in a wide variety of ways, but in all cases it is important that each member of staff feels able to report their concerns in confidence and that they are aware of the means by which they are able to do so. Employees should, on no account, conduct their own investigations or interviews where they suspect wrongdoing has occurred.

Where members of staff have reasonable grounds to believe that irregularities are occurring or have taken place, they are able to report concerns in the following main ways:

#### **i) To Line Management**

If a member of staff discovers or suspects an irregularity then it must be reported to line management as a matter of urgency. The line manager must follow the procedures set out within this policy.

#### **ii) To the Director of Finance**

#### **iii) To Internal Audit**

In some cases a member of staff who discovers or suspects an irregularity may prefer to report their suspicion to an independent officer. The primary function of Internal Audit is to provide an independent and objective assurance and consulting activity across the College, and has been established to assist the organisation by evaluating the control environment and governance processes. One of Internal Audit's responsibilities is to investigate cases of suspected irregularity on behalf of the College and it will always consider concerns raised by employees or the public.

Internal audit contact details are as follows:

Ian Musgrave, [imusgrave@uniac.co.uk](mailto:imusgrave@uniac.co.uk)

[enquiries@uniac.co.uk](mailto:enquiries@uniac.co.uk)

#### **iv) To the Chair of the Audit Committee**

In cases where the allegation relates to the Principal or another senior officer the notifying employee may report their suspicions to the Chair of Audit Committee. This must be in writing giving all necessary details.

Chair of Audit Committee contact details are as follows:

David Roper, [davidroper001@gmail.com](mailto:davidroper001@gmail.com)

Whichever path is followed, when reporting incidents or suspicions staff should provide as much detail as possible to assist an investigation. The following should be considered:

- who is involved
- when did the alleged incident(s) take place
- what irregularity has occurred, and
- what additional detail can be provided to assist the investigation.

If during the course of an internal investigation senior management inform the police of the circumstances, the investigation may then proceed simultaneously with the police investigation. All employees are expected to co-operate fully with the police and any subsequent lawful request by them for information.

Every reported incident will be dealt with fairly, rigorously, and in strictest confidence. No disciplinary action will be taken against any employee reporting in good faith where a subsequent investigation proves that no bribery or irregularity has been committed. The College accepts no liability for the consequences of unfounded allegations, nor can the College provide protection from civil suit should the allegations be disproved and the aggrieved party takes civil action.

The normal penalty for all proven incidents of bribery, corruption or fraud, is summary dismissal; the perpetrator may also be liable to prosecution.

## 5. Initial Investigation

Once irregularity is suspected it is essential that any investigation is conducted in a professional manner.

All telephone calls, verbal allegations, letters or other forms of communication that suggest that fraudulent activity has occurred must be logged by the person receiving the information. The minimum detail required:

- Date
- Time
- Method of communication e.g. whether a written communication (letter), email or verbal communication
- Nature of the allegation.

Where the initial approach is not directly to the Director of Finance or Internal Audit, the person who receives the initial approach must notify (other than when relating to the Director of Finance) the Director of Finance who in turn will notify Internal Audit immediately (whether the incident is to be pursued or not).

For each allegation the most senior manager who is responsible for the area concerned and the Director of Finance will appoint an “investigating officer” to take charge of the investigation on a day to day basis. This will usually be a manager within the relevant subject area, although in certain circumstances it may be appropriate for the investigating officer to be the Internal Auditor; each case will be determined by the Director of Finance on its merits.

At this stage there is a need to assess whether there is a requirement for any member of staff to be suspended from duty. The decision to suspend an employee will be taken by the Principal or the Director of Finance, taking into consideration the advice of the investigating officer and a senior member of the Human Resources Department. If an employee is not suspended initially this aspect should be kept under review at all stages of the ensuing investigation. Whenever a member of staff is suspended from duty they will be informed in writing of the reasons for their suspension.

Where there is a requirement to suspend the person(s) under investigation, they should be supervised at all times before being escorted from the College’s premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the College. Any security passes and keys to premises, offices and furniture should be retrieved from the suspect(s). The College will also consider disabling any access to IT systems and changing the locks to the suspect(s) office to ensure access to the College is limited.

It should be borne in mind that the suspension of an employee is **not** to be regarded as a disciplinary measure but as a means of carrying out further enquiries. It should be implemented only to enable a thorough investigation of the facts and/or where it is clearly undesirable for the employee to remain on duty.

A staff member who has been suspended for three weeks or more may appeal against the suspension.

The investigating officer will conduct an initial fact-finding exercise. This will include:

- arranging to interview staff
- confirming events such as dates / times / staff involved

- identifying a plan of action
- identifying the reporting process, ensuring that confidentiality is maintained.

The investigating officer must open a file to record details of the facts and circumstances relating to the suspected irregularity. This should contain details of:

- telephone conversations
- face-to face-discussions / interviews
- a record of documents / computer files reviewed
- tests undertaken with results and conclusions drawn.

It is important at this stage to secure all relevant evidence so as to ensure it is not subsequently altered or destroyed. This should include:

- prime documents
- certified copies of documents
- physical items
- computer data.

The file should be indexed and all details recorded no matter how insignificant they may initially appear.

As part of this process the employee(s) against whom allegations have been made will usually be interviewed and have the right to be accompanied by an appropriate trade union official or work colleague at all disciplinary meetings and appeal meetings. There is no entitlement to legal representation or accompaniment by any other outside person, with the exception of a trade union official. It is expected that one individual only will accompany the staff member.

In any discussions with the employee(s) it should be stressed that, at this stage, the investigating officer is carrying out a fact-finding investigation. The employee(s) will be told what allegations are being investigated; they will also be advised that, dependent on the outcome of the bribery enquiry, a formal disciplinary hearing and/or the involvement of the police may be necessary.

At the conclusion of the initial investigation it will be appropriate to produce an interim report which will provide sufficient detail to allow an assessment to be made as to whether an irregularity has occurred. The interim report should:

- be addressed to the Director of Finance or the Chair of Audit Committee where it relates to the Principal or another senior officer
- set out the findings to date
- set out the interim conclusions drawn from those findings
- either
  - recommend there is no further action to be taken
  - OR**
  - seek approval to continue the investigation.

If it is decided to continue the investigation then future reporting arrangements and any changes to the original plan of action should be confirmed in writing by the Director of Finance.

The investigation should be recorded in the fraud incident register.



## 6. Subsequent Investigation

If the investigation is to be continued then the Principal and the Director of Finance Planning must consider whether the police should be informed of the circumstances. If the police decide that a formal investigation is necessary they will lead the investigation from that point conducting all necessary interviews and obtaining access to records and documents. All members of staff must co-operate fully with the police. Contact with the police following their initial involvement will be via the investigating officer or the Director of Finance (or senior designate).

Should the police decide to formally investigate a suspected irregularity this will not prejudice any internal disciplinary procedures. However, it is appropriate to allow the police to take the lead in any investigation. The police may advise that the member of staff is suspended if this has not already taken place; they may also advise on the need to secure certain records to prevent their destruction or alteration if this has not already been completed as part of the initial investigation.

After a reasonable period if the internal investigation concludes that there has been a breach of the College's disciplinary codes, it would be appropriate for the investigating officer to inform the police that the College needs to carry out its internal disciplinary procedures. It is not usually appropriate to await the conclusion of the police investigations before commencing internal procedures since it usually takes several months for a case to reach court (during which time an employee may have been suspended on full pay).

During the course of any internal investigation which may well be running simultaneously with the police investigation, it is important for the investigating officer or the Director of Finance (or senior designate) to liaise closely with the police to avoid taking any action which may prejudice or jeopardise the criminal investigation.

Arrangements for the internal investigation will be agreed with the Internal Auditor by the Director of Finance in consultation with the Principal, and/or the Chair of Audit Committee as may be necessary. The Internal Auditor may request that others assist in this process. The procedures adopted will depend upon the nature of the case but will take into account:

- the need to protect evidence from tampering or removal
- the need to complete an investigation with all due speed, relative to the requirement for thoroughness
- the availability of the College's disciplinary procedures, including the power to suspend
- the possibility that external services, e.g., of a legal nature, may be required to assist the enquiry
- the possibility of legal proceedings
- the requirement of natural justice for any person who may be involved.

At the conclusion of the internal investigation a final report must be produced by the investigating officer, and will be the definitive document upon which the College will base its decisions. The final report will normally be addressed to the Director of Finance, the Principal, and/or the Chair of Audit Committee as may be necessary for their consideration and any decisions will be taken by them based upon the content of the report. The format of the report may differ case by case but will normally contain details of:

- how the investigation arose

- the employee(s) concerned, their position in the College and their responsibilities
- how the investigation was undertaken
- the facts and evidence identified
- the findings regarding the irregularity itself
- recommendations relating to any changes to College systems and procedures arising from weaknesses identified during the course of the investigation.

The final report will be received by Audit Committee.

Where the circumstances set out in the report indicate that the employee(s) have a case to answer, then it will be appropriate to apply the College's internal disciplinary procedures.

Where the outcome of the enquiry requires this, the Principal will arrange for any internal disciplinary proceedings concerning a member of staff to be implemented, by the Head of Human Resources, using the College's Disciplinary Policy and Procedures. The investigation undertaken as part of the Anti-Bribery and Anti-Fraud Policy replaces the investigation stage of the Disciplinary Policy.

The College is entitled to reach a decision (which could include dismissal) in advance of any police investigation.

If the employee(s) admit guilt to the police at the outset, it is possible that the case may reach court within a short timescale. In this situation it may be appropriate to refer the case to the Head of Human Resources to decide whether or not to defer the internal disciplinary process until after the court hearing.

If the police decide there is insufficient evidence to merit criminal prosecution, action, in accordance with College's Disciplinary Policy, may be taken.

Police investigations, because they are in pursuit of a criminal conviction, are governed by the Police and Criminal Evidence Act (PACE) and there are particular rules followed by the Police regarding the interviewing of suspects. Internal investigations are not covered by the PACE regulations however consideration should be given to these regulations before any interview is performed, since compliance with PACE determines whether evidence is admissible in criminal proceedings. If in doubt about the requirements of PACE it is important to take specialist advice. Any interviews of employees in connection with allegations should be carried out in accordance with guidelines for the recommended conduct of such interviews.

There could be instances where, during the course of interviewing an employee, it becomes quite clear to the investigating officer that this person may have committed an irregularity. In such situations it is necessary to obtain the authorisation of the Principal and Director of Finance to inform the police. When they are not available and the investigating officer considers that a delay may provide an opportunity for the concealment of the irregularity or fabrication of a plausible explanation for the matters under review, authorisation from other members of Directorate or the Chair of the Audit Committee may be obtained.

The Director of Finance should normally inform the person who reported the suspected irregularity of the outcome of the investigation.

## **7. Notification to External and Governing Bodies**

The Regulations of the Office for Students (OfS) require that the Designated Officer (Principal) notify the following bodies of irregularities occurring within the College:

## **External Audit**

The College has a duty to report all suspected irregularities to its external auditors. This will be done by the Designated Officer (Principal) at the earliest opportunity.

## **Internal Audit**

The College has a duty to report all suspected irregularities to its internal auditors. This will be done by the Designated Officer (Principal) at the earliest opportunity.

## **Police**

As may be seen from the preceding paragraphs, it is the policy of the College to involve the police, where considered appropriate by the Principal and Director of Finance, at any stage of the investigation of any suspected irregularity after an initial investigation has been carried out.

## **Chair of the Board of Governors and Chair of Audit Committee**

Details of any serious weakness, significant fraud or major accounting breakdown will be reported by the Designated Officer (Principal) to the Chair of the Board of Governors and Chair of Audit Committee. External and Internal auditors must report directly to the Chair of the Board of Governors and Chair of Audit Committee any matter they discover in the normal course of their work which the Designated Officer refuses to report. The Chair will report appropriate details of investigations to the respective committees.

## **OfS**

Details of any serious weakness, significant fraud or major accounting breakdown will be reported by the Designated Officer to the OfS Accounting Officer. External and Internal auditors must report directly to the OfS Accounting Officer any matter they discover in the normal course of their work which the Designated Officer refuses to report.

## **8. Role of the Audit Committee in Proven Cases**

The Chair of Audit Committee will draw the final report to the attention of the Audit Committee, by way of a specially convened meeting should the nature and seriousness of the report's findings indicate that this would be appropriate. The Chair of Audit Committee will also ensure that the Chair of Governing Body is informed.

The Audit Committee will consider the report from the Internal Auditor and will decide whether any further steps are required within the College to prevent such irregularities occurring in the future.

The Audit Committee will make a full report to a meeting of College Board following such an investigation.

## **9. References for Employees Dismissed in Connection with Irregularities**

If the College receives a request for a reference in respect of an employee who has been dismissed as the result of an irregularity investigation then the Head of Human Resources must be contacted for guidance as to the wording of any reference provided.

## **10. Managing Public Relations**

Any requests for information from the press or anyone outside the College concerning any investigation of irregularity must be referred directly to the Director of Marketing and Student Recruitment and the Principal or Director of Finance.

Under no circumstances should the investigating officer or other manager/employee provide statements to press or external persons.

## **11. Fraud Incident Register and Summary Reporting**

The Designated Officer (Principal) is responsible for ensuring that a log of all suspected instances of frauds or serious weakness is maintained. Maintenance of the log may be delegated.

The Designated Officer (Principal) is responsible for presenting to the Audit Committee an annual fraud report, which should contain the annual return to OfS.

## **12. Record-keeping**

The College must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties. Staff must declare and keep a written record of all hospitality or gifts accepted or offered, which will be subject to managerial review.

Staff must ensure all expenses claims relating to hospitality, gifts or expenses incurred to third parties are submitted in accordance with the College's expenses policy and specifically record the reason for the expenditure.

All accounts, invoices, memoranda and other documents and records relating to dealings with third parties, such as clients, suppliers and business contacts, should be prepared and maintained with strict accuracy and completeness.