



Anti-Fraud, Bribery and Corruption Policy

Version control

Version Number*	5.0
Version Date*	30 May 2022
Owner*	COO
Reviewed by*	OMT
Signed Off by*	FARA
Next Review Date*	May 2025

*= mandatory field

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Note: This Policy was developed and approved by the International Institute for Environment and Development (IIED) for internal use. It is believed to be an accurate reflection of the legislation and other regulatory requirements at the time it was approved. It should not be incorporated into or used by other organisations without permission.

Policy overview

Purpose

Bribery, fraud and corruption undermines democracy and the rule of law and poses very serious threats to sustained economic progress in developing and emerging economies and to the proper operation of free markets more generally.

This policy document outlines the risks of fraud, bribery and corruption to which IIED is exposed to by the nature of our operations. It explains the standards and criteria, set out in the Bribery Act 2010, to which all employees and associates are required to comply.

This document also sets out the procedures for reporting suspected fraud, bribery or corruption, and for declaring an interest, if there is a connection between you and another party associated with IIED.

Statement

IIED does not tolerate fraud, bribery or corruption and is committed to ensuring that its systems, procedures and practices reduce the risk of occurrences to an absolute minimum.

In carrying out its work, IIED has a commitment to zero tolerance of fraud, bribery and corruption from its staff and partners.

Scope

This policy applies to all employees and officers of IIED, and to temporary workers, consultants, contractors, agents and subsidiaries acting for, or on behalf of, IIED ("associated persons") within the UK and overseas. Every employee and associated person acting for, or on behalf of, IIED is responsible for maintaining the highest standards of business conduct. Any breach of this policy is likely to constitute a serious disciplinary, contractual and criminal matter for the individual concerned and may cause serious damage to the reputation and standing of IIED.

IIED may also face criminal liability for unlawful actions taken by its employees or associated persons under The Act. All employees and associated persons are required to familiarise themselves and comply with this policy, including any future updates that may be issued from time to time by IIED.

Since no single policy can document or anticipate the full range of regulations, due diligence, monitoring or reporting requirements that an affiliate domestic government or donor may impose on its citizens or in their funding contracts, individual donors may supplement this Policy to meet the regulatory requirements of their domestic governments. Any such supplementary requirements must be communicated to and agreed by IIED.

Definitions

'Fraud' is a form of dishonesty, involving either false representation, failing to disclose information, or abuse of position, undertaken in order to make a gain, or cause loss to another¹.

A **'bribe'** is a financial or other type of advantage, that is offered or requested with the intention of inducing or rewarding improper performance of a function or activity; or knowledge or belief that accepting such a reward would constitute the improper performance of such a function or activity². For the avoidance of any doubt, this also explicitly prohibits the practice of facilitation payments, both by IIED and its partners. A facilitation payment is a payment, also called a "speed" or "grease" payment, made to secure or expedite the performance of a routine or necessary action to which the payer has legal or other entitlement. A common example is where a government official is given money or goods to perform (or speed up the performance of) an existing duty. The policy also covers the practice of gifts and hospitality, whether intended or not to influence behaviour.

Corruption is the abuse of entrusted power or position for private gain. The World Bank defines a **'corrupt'** practice as the 'offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.'

Policy detail

The need for an Anti-Fraud, Bribery and Corruption Policy

By instituting an active anti-fraud, bribery and corruption policy we shall:

- Actively engage staff and partners in fraud, bribery and corruption awareness, which may encourage better project management.
- Detail the reporting steps to take in the event of discovery of suspected fraud, bribery or corruption
- Help to protect IIED and partners against charges of complacency in the face of this risk.

Fraud, bribery and corruption risk at IIED

The risks to which IIED is exposed by the nature of its operations include:

1. Inflated expenses and costs – such **fraud** is difficult to detect and could arise in a number of ways:
 - Misreporting or reporting costs up to budget without regard to actual costs. For example, there are instances of partners misconstruing the nature of grant funding and treating budgets as entitlements rather than limits to spend and submitting reports identical to budget. This is fraudulent use of donor funds, albeit the partner may misconstrue the nature of the grant as a full payment for output, and needs to be addressed in the development of the partnership relationship and/or in developing clearer terms of reference or requirements, e.g. the requirement for a transaction listing may be considered, depending on the nature and materiality of the report.
 - Over claiming by trustees, staff, partners or consultants on costs and expenses.

¹ Charity Commission: "Compliance Toolkit: Protecting Charities from Harm"

http://www.charity-commission.gov.uk/Our_regulatory_activity/Counter_terrorism_work/compliance_toolkit_3.aspx#c1

² Bribery Act 2010

- Rigged procurement procedures (faked documentation, nepotism)
 - Non-compliance with local tax and employment law
 - Money laundering
 - Misappropriation of project assets
2. The types of **bribery** to which IIED is exposed by the nature of its operations could, in theory, arise where:
- IIED is seeking to influence donors to make funding decisions in IIED's favour where the expenditure was lavish or on activities irrelevant to the purpose of making the business case.
 - Facilitation payments are made, both by IIED (and/or its partners).
 - Any gifts or hospitality are accepted or given by IIED (and/or its partners) that are disproportionately generous or that could be seen as an inducement to affect a business decision.
3. Examples of **corruption** include favouring the funding of partners or projects which involve persons or entities in which you have a personal interest such as a shareholding, management/advisory position or other relationship. The Declarations of Interest Policy is important for identification of situations where there is a risk of a conflict and/or corruption.

IIED is inherently in a riskier position on many of the above items because:

- operations are remote and IIED staff only visit partners periodically
- many partners are small and therefore do not have established systems or audit
- we often operate in a milieu of passing grants through intermediary partners to smaller implementing organisations
- IIED is reliant on restricted donor funding. Where the objective is to spend grant funds, the desire to spend can outweigh decisions as to who, how and when.

The risk to IIED is not limited to internal fraud or fraud on IIED's funds. Should a partner be shown to be involved in fraud, IIED's management of grants through that partner could be called into question and have an indirect reputational impact on IIED.

Standards

The Bribery Act 2010

IIED is committed to complying with The Bribery Act 2010 in its business activities in the UK and overseas.

A relevant function or activity includes public, state or business activities or any activity performed in the course of a person's employment, or on behalf of another company or individual, where the person performing that activity is expected to perform it in good faith, impartially, or in accordance with a position of trust.

A criminal offence will be committed under The Act if:

- an employee or associated person acting for, or on behalf of, the Company offers, promises, gives, requests, receives or agrees to receive bribes; or
- an employee or associated person acting for, or on behalf of, IIED offers, promises or gives a bribe to a foreign public official with the intention of influencing that official

in the performance of his/her duties (where local law does not permit or require such influence).

IIED will 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 Institute. IIED will have a full defence if it can show that despite a particular case of bribery it nevertheless had adequate procedures in place to prevent persons associated with it from bribing.

Criteria

1. For the purposes of deciding whether a function or activity has been performed improperly the test of what is expected is a test of what a reasonable person in the UK would expect in relation to the performance of that function or activity.
2. A 'foreign public official' includes officials, whether elected or appointed, who hold a legislative, administrative or judicial position of any kind of a country or territory outside the UK. It also includes any person who performs public functions in any branch of the national, local or municipal government of such a country or territory or who exercises a public function for any public agency or public enterprise of such a country or territory, such as professionals working for public health agencies and officers exercising public functions in state-owned enterprises. Foreign public officials can also be an official or agent of a public international organisation, such as the UN or the World Bank.
3. The offence of bribery of a foreign public official does not require proof of improper performance or an intention to induce it; the payment of a bribe is sufficient to establish the offence.
4. "Reasonable and proportionate" hospitality and promotional expenditure "made in good faith" as an "established and important part of doing that business" will not be penalised (see further guidelines below).

All employees and associated persons are required to comply with this policy, in accordance with The Act.

IIED's Obligations

- IIED trustees need to protect the organisation against fraud and the risk of involvement in bribery.
- IIED is required to report any actual or suspected serious (there is no threshold stipulated) incidents of fraud or theft to the Charity Commission.
- IIED will report any actual or suspected instance of fraud to the police. It may be decided that the police will investigate.
- Additionally, many donor contracts also require IIED to report to them fraud or suspicion of fraud.
- The Act requires that commercial organisations (IIED is included in the definition) have **adequate procedures in place to prevent bribery by its employees or associated persons.**

Procedures

Reporting and Managing suspected fraud and bribery

It is the responsibility of IIED staff to report any suspected cases of fraud or bribery relating to IIED's business at the earliest opportunity to the COO - (including the use of IIED funds by a contractor for these purposes).

Where an employee or associated individual is in any doubt about the legitimacy of any payment to a third party, they should seek advice from the Financial Controller. Any decisions arising should be recorded, with a copy sent to the COO.

The COO and Financial Controller will meet to agree the action to be taken for any suspected case of Fraud, Bribery or Corruption involving IIED's business. The Head of People may be included where there are allegations of involvement of an IIED employee.

The COO and Financial Controller may need to set up an internal investigation into a suspicion of fraud or bribery, or they may decide that the investigation should be handled by the police. In all cases, any details of the suspicions or allegations must be kept confidential and limited to only those who need to know. Fraud often requires collusion and subterfuge, and it is important that alleged perpetrators or collaborators are not alerted to the suspicions, allegation or investigation.

Any internal investigation must be carried out by an experienced Finance professional, e.g. Head of FP & A, a CCAB qualified Accountant or the Compliance Manager.

The COO will submit reports to the Charity Commission (online submission of Serious Incident Report) and to the Police (via Action Fraud online submission).

The COO will maintain a register of suspected Fraud, Bribery and Corruption incidents, which will record actions and outcomes. Any incident will be reported to FARA.

If there is any suspicion that the COO is complicit or involved in fraud, bribery or corruption then an employee should report their concerns to the Company Secretary who will seek advice from the Treasurer.

Guidance

Staff Interests (Declarations of Interest)

Where staff (or their immediate families) have professional or personal relationships with partners or consultants other than those relating to normal IIED business, these will need to be declared so appropriate decisions can be taken about managing the relationships. It is especially important to do this as it will protect the staff member where a partner is involved in a case of suspected fraud, bribery or corruption.

Staff interests should be declared where there is a relationship between the Institute and an organisation with which a staff member has a separate relationship, for example as employee, consultant or trustee, or, where a member of the employee's immediate family³ has such a current relationship with the organisation.

³ Defined here as "partner, parents, siblings, children, parents, and, parents, siblings and children of partner"

The Declarations of Interest Policy should be followed, where there is any possibility of a conflict, and a declaration made on the register.

Gifts and Hospitality

The following is intended to help staff to judge what sort of gift, and what level of hospitality is acceptable (whether giving or receiving)

- (a) Where IIED is recipient, the offer should always be rejected where:
 - It is believed the giver has an ulterior motive; or
 - The offer is from anyone who is, or may be in the foreseeable future, tendering for any contract with, seeking employment with or is in dispute with IIED, even if the specific recipient is not directly involved in that area.
- (b) Where IIED is the giver, the offer should not be made where:
 - It could be perceived by a reasonable observer that IIED has an ulterior motive; or
 - The recipient is someone who is, or may be in the foreseeable future, offering donor funding for which IIED may be interested in applying, even if the specific recipient is not directly involved in that area.
- (c) It is recognised that given the nature of IIED's relationships with its partners, it may pay for accommodation, subsistence, etc. as part of project delivery (or occasionally provide these things in kind). Staff must therefore assess each specific set of circumstances and use their discretion in determining either that:
 - Any of the above exceptional circumstances could apply in which case the offer should not be made; or
 - The offer either cannot be categorically linked to the specific aims of the project or it could be construed by an observer as disproportionate in which case it should be reviewed by the line manager involved and if the offer goes ahead then it must be added to the Gifts and Hospitality Register.
- (d) If the criteria above do not apply:
 - In general, gifts or hospitality of a token value of less than £15 (or equivalent) are acceptable and do not have to be recorded.
 - Gifts or hospitality of a token value between £15 and £50 are also acceptable and should be recorded on the Gifts Register.
 - Gifts or hospitality of a value above £50 should not be accepted.
- (e) If any member of staff is in doubt about the acceptability of any gift or offer of hospitality, it is their responsibility to consult the Financial Controller (or COO).

Related policies, guidelines and documents

Code of Conduct

Whistleblowing Policy

Declarations of Interest Policy

Interests Register (declarations of interest and gifts)

Disciplinary Procedure

City of London Police – crime prevention videos

[Bribery and Corruption - consequences begin at home](#)

[Bribery and Corruption - The Conversation](#)

Related forms

None

Status

Policy reviewed by Operations Management Team on 28 May 2022.

Anti-Fraud, Bribery and Corruption Mitigation Measures will be reviewed and updated by OMT.

To be reviewed and updated every three years by OMT and FARA.

Appendix I: Anti-Fraud, Bribery and Corruption Mitigation Measures

IIED has the following measures to counter fraud, bribery and corruption in place or (planned to be put in place)

Measure
Clear guidance on staff and trustee expenses backed up by enforcement of the policy by Finance
Checking of consultant's expenses against original receipts
Recommend to all partners and suppliers that wherever possible a recognisable work email address should be used for all email communications with IIED (avoid Gmail/Hotmail etc).
Controls over payments to contractors include obtaining evidence of value given
Any changes to the person identified in a supplier or partner agreement as the primary or finance contact should be notified in writing and confirmed by the project lead.
Finance team ONLY must contact suppliers and partners by telephone to confirm any change of bank account details notified to IIED.
Reporting Fraud to the Charity Commission in line with Charity Commission guidance
Logging and disclosure of trustee and staff declarations of interest
Staff induction and training includes fraud and bribery awareness and procedures
Staff to declare interests in any partner or contractor on the Declarations of Interest Register
New Partner risk assessment and agreed risk management strategies for partnerships following risk assessments
IIED sub-contract grant template sets out partner responsibilities in preventing Fraud and the use of funds for Bribery or Corruption
IIED to maintain a register of approved partners and contractors ⁴ and their relationship to IIED. Groups will register the approval status of partners and contractors, and any potential conflicts will be addressed as per the Declarations of Interest Policy.
Any (new or existing) partners or IIED consultants who have active contracts from 1 April 2012, must have the following the following data logged: <ul style="list-style-type: none"> • Date from which relationship started • Brief Summary of Engagement with IIED • Key IIED staff contacts • Declared Interests (staff and board) • Approval status and comment • Daily Rates (where appropriate)
New and existing partners to have additionally undertaken a risk assessment (thresholds and processes to be agreed) to be evidenced on the database.

⁴ Defined here as "people or organisations operating under a signed contract for delivery of goods or services with IIED"

Measure
Payments to be made only to registered partners and contractors. If relationship is ended, date and reason to be noted and status amended.
Review of the Staff travel and expenses policy to ensure clarity and relevance to current work
Whistleblowing Policy
Declarations of Interest Policy and Register