



Fraud, Bribery & Corruption Policy

Human Resources

September 2018

1. Introduction

The Museum of London (Museum) is committed to the highest standards of ethics, honesty, openness and accountability. It is crucial that we protect the museum, its reputation and brand, and the public funds at our disposal.

The museum has a zero-tolerance approach to any form of fraud, bribery, and corruption. One of the aims of the museum's internal rules and regulations is to protect its assets and interests against loss or damage as a result of fraud or corruption. The museum therefore has measures in place to detect, prevent or deter fraud, and will respond appropriately and rigorously to any identification of fraud and concerns of fraud received. The museum fully enforces all applicable legislation including the UK Bribery Act 2010 and Criminal Finance Act 2017.

The purpose of this policy is to set out the organisation's approach to fraud, including the standards and procedures required to ensure compliance with such a policy and with all UK anti-bribery and corruption laws. It sets out in detail the steps the museum will take when, despite these measures, we are notified of suspected or attempted fraud.

For the avoidance of doubt, any reference within this policy to fraud includes any forms of fraud, bribery, corruption or otherwise intentionally dishonest acts.

2. Statement of intent

The museum requires all individuals whom it has dealings with to act honestly and with integrity at all times. This includes employees, workers, volunteers, contractors and other third parties. All reports of fraud will be promptly and thoroughly investigated and, if founded, appropriate legal and/or disciplinary action will be taken. Attempted fraud will be treated as seriously as actual fraud, as will failure to report a fraud of which a person is aware. The museum will seek to recover any losses sustained as a result of fraud from those involved.

3. Definitions and examples

Fraud

A deliberate use of deception or dishonesty to disadvantage or cause loss, either financially or non-financially, to another person or party.

Bribery

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.

Corruption

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.

Conflict of interest

Where an individual has private interests that may or actually do influence the decisions that they make as an individual or representative of an organisation.

Under The Fraud Act 2006, fraud can be committed in the following ways:

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. Examples include:

- Providing false information on your application form or CV;
- Falsifying personal identification documents;
- Claiming expenses or allowances to which you are not entitled;
- Fraudulently altering accounting records;
- Making inflated claims for overtime or flexi-time;
- Submitting phantom bids from dummy companies to give the impression of proper competition;
- Using another worker's account to gain unauthorised access to museum computer networks, databases or social media outlets.

Fraud by failing to disclose information

Examples include:

- Not declaring a potential conflict of interest, for example, having a personal relationship with a supplier, which has also led to: paying for goods or services that are not required; or awarding a contract or preferential terms to a supplier; or awarding a contract to a relative or other connected party;
- Not disclosing that you are personally subject to new criminal proceedings or a criminal conviction whilst working for the museum;
- Not reporting fraud of which you are aware.

Fraud by abuse of position

This applies to those occupying a position in which they are expected to safeguard, or not act against, the financial interests of another person or organisation. Examples include:

- Theft or unauthorised removal of the museum's collection and/or property;
- Falsifying documents or records that are under your control;
- Knowingly authorising fraudulent expenses;
- Knowingly using museum finances or property for personal gain or for the personal gain of another individual;
- Setting up dummy suppliers and/or submitting invoices for payment for own personal benefit;
- Providing information to one supplier or job applicant to give them an advantage over other suppliers or applicants.

4. Responsibilities

All individuals, whilst acting on the behalf of the museum, must:

- Follow the standards of conduct as contained in the Code of Conduct for Employees and Code of Conduct for Volunteers and Workers (non-employees).
- Follow the museum's policy on gifts and hospitality, ensuring that any hospitality they offer, or hospitality offered to them, is moderate, reasonable and appropriate, and serves a legitimate business purpose, and not accepting gifts, hospitality or benefits of any kind from a third party that might be seen to compromise their integrity.
- Conduct themselves with integrity, openness, accountability and honesty.
- Ensure that all third parties are aware of and acknowledge the museum's zero tolerance to fraud before entering into a new relationship with them.
- Carrying out appropriate due diligence on third parties in advance of any relationship being established.
- Be alert to close relationships between parties in the supply chain or with other key stakeholders.
- Seek a breakdown of all fees/costs upfront and question anything which appears unusual.
- Be alert to the possibility that unusual transactions or events could be indicators of fraud.
- Be on the alert for suppliers with poor ethical standards.
- Co-operate fully with internal checks, reviews or fraud investigations.
- Report any actual or suspected fraud.

- Uphold the Nolan Principles of Public Office: selflessness, integrity, objectivity, accountability, openness, and honesty.

All managers must always:

- Manage the risk of fraud by identifying the risks to which systems and procedures are exposed, and ensure there is an adequate and effective system of internal controls within their areas of responsibility which are reviewed regularly;
- Seek to prevent and detect fraud;
- Ensure that controls are complied with;
- Report all cases of attempted, suspected or proven fraud to the Director of Assets immediately;
- Take leadership in ensuring that they exhibit the Nolan Principles in their own behaviour, actively promoting and robustly supporting them and being willing to challenge poor behaviour wherever it occurs.

Overall responsibility for managing the risk of fraud is held by the Museum Director. The day to day responsibility has been delegated to the Director of Assets. Their responsibilities are to:

- Undertake a regular review of the fraud risks associated with each of the museum's strategic objectives;
- Ensure an effective fraud response plan;
- Ensure an effective control environment to prevent fraud;
- Ensure all staff are aware of this policy and receive appropriate training;
- Take appropriate action to minimise the risk of previous frauds reoccurring.

The role of the Audit and Risk Management Committee is to oversee and monitor the museum's strategy to prevent and identify fraud. In doing so, the Committee may rely on management, the independent auditor, and the internal auditor. This includes:

- Ensuring the museum has policies in place to prevent and identify fraud
- Working with management to ensure suitable controls and procedures are in place
- Taking the necessary steps when fraud is detected

The Committee is kept informed by management via quarterly reporting on the risk of fraud (via the Strategic and Major Risk Register) and would be informed by management if any attempted, suspected or proven fraud occurs.

5. Regulation

As well as governing operations, internal and external regulations form a key component of the internal control environment. Following and applying these creates a strong platform from which to combat the risk of fraud and corruption.

These include:

- Financial Regulations
- Employee Code of Conduct and Governors' Code of Practice
- Money Laundering Regulations
- Fraud Act 2006
- Theft Act 1968, 1978 and Theft (Amendment) Act 1996
- Prevention of Social Housing Fraud Act 2013
- Bribery Act 2010
- Computer Misuse Act 1990

6. How to report fraud

All individuals affiliated with the museum are encouraged to report suspected or attempted fraud. There are a number of ways that individuals may raise a concern or report a suspected fraud or irregularity; any reports received will be treated confidentially in accordance with the museum's Whistleblowing Policy.

As soon as an employee becomes reasonably concerned about a matter, they are encouraged to raise this in the first instance with their line manager. All managers have a responsibility to act on concerns raised. The line manager should report the concern to the contacts listed below as soon as practicably possible.

If, however, individuals are not comfortable raising concerns with their line manager, there are a number of other reporting channels, as set out below:

- The Director of Assets (email: directorofassets@museumoflondon.org.uk)
- The Head of Human Resources
- The Chair of the Audit and Risk Management Committee

The museum will respond to all allegations of fraud seriously and confidentially. Nobody will be penalised for raising concerns in good faith, even if they prove to be unfounded. Anyone who harasses or victimises someone for reporting alleged fraud may themselves be subject to disciplinary action.

The Museum will co-operate fully with internal and external checks, reviews or fraud investigations. The museum will maintain a system for recording all

allegations of actual or suspected fraud, the action taken, and the outcome of any investigation. This information will be used to inform risk management and control processes.

7. Investigation

Appropriate action will be taken to ensure that all evidence can be appropriately secured until it can be handed over to the investigator. Individuals suspected of fraud will, in most cases, be suspended whilst the investigation is completed. Whilst suspended, staff will have access to the building and IT systems revoked. These actions can only be taken following the advice of the Head of Human Resources or the Director of Assets.

The museum will take all reports of suspected fraud seriously and will investigate proportionately and appropriately in accordance with this policy. Where appropriate, the museum will work in conjunction with the Police on any criminal investigation where fraud is identified.

The Investigation process will be as follows:

- I. On receiving an allegation, the Director of Assets will inform the Museum Director and the Head of Internal Audit at the Corporation of London. Internally, the Head of Finance and Head of Human Resources will be notified, as appropriate. The Director of Assets will also be responsible for alerting the police, if/when appropriate. The remainder of this process may be informed by any decision by the police to mount a criminal investigation.
- II. In managing the investigation of fraud, the Director of Assets will liaise closely with the Head of Internal Audit at the Corporation of London. The investigation itself may be carried out by Internal Audit, or specialist investigators may be appointed in some circumstances. The museum will liaise with legal counsel or to bring in external specialist investigation support as and when needed. Other posts in the museum may necessarily be involved, however, this will be limited to as few staff members as possible.
- III. The appointed investigator will undertake a preliminary investigation to establish the facts and issue an investigation report.
- IV. The preliminary investigation report will be given to the Director of Assets

and copied to the Heads of Finance and Human Resources.

- V. The Director of Assets will decide whether a formal investigation is appropriate.
- VI. The formal investigation will normally be carried out by Internal Audit without undue delay. The investigation may include interviewing relevant parties, collating relevant evidence, statements and evidence relating to the concern.
- VII. The formal investigation report will be produced and issued to the Director of Assets, who will then decide in consultation with the Heads of Finance and Human Resources what action, if any, should be taken.
- VIII. Individuals found to have been involved in perpetrating fraud against the museum will be subject to action under the museum's Disciplinary Policy and Procedure. Fraud is normally regarded as gross misconduct, which if proved, could result in summary dismissal.

8. Post investigation

- I. The Director of Assets will be responsible for ensuring that lessons learned from the investigation, including any recommendations, are evaluated and result in the strengthening of the systems involved. Progress will be reported to the next meeting of the Audit and Risk Management Committee.
- II. The Head of Human Resources will consult with the Director of Assets over any disciplinary action deemed appropriate.
- III. The Director of Assets will consult with the Museum Director to determine whether it would be of benefit to the museum to publicise the outcome of the investigation as a deterrent to other potential perpetrators.

9. Recovery actions

The overriding objective is to recover all cash or assets lost or misappropriated as a consequence of the fraud. Recovery of losses should begin as soon as the nature and extent of the loss has been established. In some cases this will not be possible until the investigation has been completed.

- I. If the museum has suffered a loss, restitution of any benefit or advantage obtained will be sought and the recovery of costs will be sought from individual(s) responsible for fraud. As a first step the individual(s) concerned will be asked to make good the loss.
- II. If an external contractor or consultant has perpetrated the fraud:
 - Any payments due should be stopped immediately.
 - If payment has already been made, a decision will need to be made as to the best approach to recover the money, and legal advice may be sought at this stage.
- III. If a member of staff/worker has perpetrated the fraud, then Human Resources should be involved throughout the recovery process.
- IV. It may be appropriate to consider recovering the loss from any monies due to the individual on termination. The advice of the Head of Human Resources should be sought before attempting to make recovery.
- V. Where an individual is an employee and a member of the LGPS Pension Scheme, if they are guilty of fraud, the museum may be able to recover the loss from the capital value of the individual's accrued benefits in the Scheme, which are then reduced as advised by the actuary. The advice of the Head of Human Resources should be sought. The advice of the City of London Pensions Manager will also be sought when consideration is being given to recovering funds from benefits accrued through their LGPS membership
- VI. A police investigation may also be in progress that could ultimately lead to a criminal prosecution, which may include compensation for losses caused by the fraud.
- VII. In all the above cases it may be necessary to take robust action to maximise financial recovery for the museum through penalties, court action, financial settlements, or through the Proceeds of Crime Act. This decision will be made by the Director of Assets on the advice of the Heads of Finance and Human Resources, Internal Audit, and the museum's legal advisor.