

Anti-fraud, bribery and corruption policy (Employee and temporary workers)

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Owner: Samantha Bache, Head of Finance and Procurement	

Summary of policy

The General Dental Council (GDC) requires our employees to at all times to act honestly and with integrity and to safeguard the resources for which they are responsible.

The GDC will not accept any level of fraud or corruption and will treat any such matter with the utmost seriousness. Each case will be thoroughly investigated and dealt with following the appropriate procedure detailed in the fraud response plan. The GDC is committed to preventing fraud from occurring and to developing an anti-fraud culture. To achieve this, the GDC will:

- Maintain and develop effective controls to prevent fraud.
- Ensure that if fraud occurs a vigorous and prompt investigation takes place.
- Take appropriate disciplinary and legal action if fraud is discovered.
- Review systems and procedures to prevent similar frauds.
- Investigate whether there has been a failure in supervision and take appropriate disciplinary action where supervisory failures occurred.
- Record and report all discovered cases of fraud.

The following principles apply in the GDC:

- Employees must have, and be seen to have, the highest standards of honesty, propriety and integrity in the exercise of their duties.
- The GDC will not tolerate fraud, impropriety or dishonesty and will investigate all instances of suspected fraud, impropriety, or dishonest conduct by employees.
- The GDC will take proportionate action – including disciplinary action, dismissal and/or criminal prosecution against any employee who, in the course of their work defrauds or attempts to defraud the GDC or uses GDC information to carry out fraud.
- The GDC will co-operate fully with an external investigating body.
- The GDC will always seek to recover funds lost through fraud, although recovery action may be delayed to avoid prejudicing any criminal investigation.
- All frauds will be reported to the Audit & Risk Committee.

The purpose of this policy is to provide definitions of fraud, bribery and corruption, and define authority levels, responsibilities for action and reporting lines in the event of suspected, attempted or actual fraud, bribery or irregularity.

Scope

This policy applies to all GDC employees, including all directors, employees, fixed term contractors and temporary workers and is concerned with fraud and bribery committed by employees in the course of their work. A separate policy is maintained as part of the Governance Manual which applies to Council Members and Associates of the GDC.

Under anti-bribery legislation the GDC is required to have in place policies which are designed to prevent persons associated with the GDC from offering or accepting bribes. This policy, together with a policy which applies to Council members and Associates, and the hospitality policy, is designed to comply with this obligation.

It is the responsibility of our employees to read and be familiar with the contents of this policy and any related procedures, and to identify and notify any suspected cases of fraud or fraud risk.

Further information

If you have any questions relating to this policy, please contact:

- Samantha Bache, Head of Finance and Procurement
- Gurvinder Soomal, Executive Director, Registration and Corporate Resources

Introduction

What is fraud?

The Fraud Act 2006 details the legal definitions of fraud and is used for the criminal prosecution of fraud offences.

The Fraud Act 2006 c.35 - A person is guilty of fraud if he or she is in breach of any of the following:

- Fraud by false representation.
- Fraud by failing to disclose information.
- Fraud by abuse of position.

For the purpose of this policy, fraud is defined as a dishonest action designed to facilitate gain (personally or for another) at the expense of the GDC. This definition includes various criminal behaviours including deception, forgery, theft, misappropriation, collusion and misrepresentation. No definitive legal definition of fraud exists.

What is bribery?

Bribery is the offering or acceptance of inducements designed to influence official action or decision-making. These inducements can take many forms including cash, holidays, event tickets, meals, etc. The Bribery Act 2010 laid out more formally what could be considered an offence, it includes:

- Offering a bribe.
- Being bribed.
- A corporate offence of failure to prevent bribery. It is, however, a defence if an organisation has 'adequate procedures' in place to prevent bribery.

Facilitation payments, which are payments to induce officials to perform routine functions they are otherwise obligated to perform, are also classed as bribes under the Bribery Act. Organisations can continue to pay for legally required administrative fees or fast-track services as these are not considered facilitation payments.

Employee fraud falls into four main categories and are referred to as "fraud" in this policy:

- Theft, the misappropriation or misuse of GDC assets for personal benefit.
- Bribery and corruption.
- Financial malpractice/irregularity.
- Fraud against another organisation.

What is corruption?

Corruption is the offering, giving, soliciting or acceptance of an inducement or reward (including any gift, loan, fee, or advantage) which may influence the action of any person. An example of corruptions is a payment, favour or gift given to an employee of the GDC as a reward, or an incentive, to that person for any actions (or inactions) contrary to the proper conduct of their duties.

What is theft?

The Theft Act 1968 details the legal definition of theft. For this policy, theft is defined as the taking without consent and with the intention of not returning any property belonging to the GDC, including cash, equipment, data, etc. Theft does not necessarily require fraud to be committed.

What is financial malpractice/irregularity?

This term is used to describe any actions that represent a deliberate, serious breach of accounting principles, financial regulations or any of the GDC's financial governance arrangements. For example, falsely claiming overtime, travel and subsistence, sick leave or special leave (with or without pay). They do not have to result in personal gain.

What is money laundering?

Money laundering is the process of channelling 'bad' money into 'good' money in order to hide the fact the money originated from criminal activity. Money laundering often occurs in three steps: first, cash is introduced into the financial system by some means ("placement"), the second involves a financial transaction in order to hide the illegal source ("layering"), and the final step entails acquiring wealth generated from the transactions of the illicit funds ("integration").

The legislation in respect of Money Laundering is set out in the following:

- Proceeds of Crime Act 2002 as amended by the Crime and Courts Act.
- 2013 and the Serious Crime Act 2015.
- The Money Laundering Regulations 2007.
- The Terrorism Act 2000 as amended by the Anti-Terrorism, Crime and Security Act 2001, the Terrorism Act 2006 and the Terrorism Act 2000 and Proceeds of Crime Act 2002 (Amendment) Regulations 2007.

What could indicate that an employee could be guilty of fraud?

There are a number of 'red flags' that would indicate that an employee could be guilty of fraud. Examples include:

- Employee reluctance to take leave.
- Always working late.
- Refusal to take promotion.
- Suppliers / contractors only wanting to deal with one employee.
- Well-rounded payment figures (£100,000).
- Pattern of small payments to the same recipient.
- Missing documents – lack of audit trail.
- Unexplained wealth.
- Large amounts of money paid to small suppliers and consultants.
- Vendors without physical addresses.

Fraud response plan

The GDC has established arrangements through its Whistleblowing Policies for staff, Council members and Associates (including statutory committee members and, for this purpose, temporary workers and contractors) to report any concerns they may have without fear of prejudice or harassment. This applies to concerns relating to fraud and to any other concerns within the context of the Public Interest Disclosure Act 1998.

What should be reported?

Concerns which should be reported include, but are not limited to staff/Council members/Associates or others committing or attempting to commit:

- Any dishonest or fraudulent act.
- Forgery or alteration of documents or accounts.
- Misappropriation of funds, supplies or other assets.
- Impropriety in the handling or reporting of money or financial transactions.
- Profiting from an official position.
- Disclosure of official activities or information for advantage.
- Accepting or seeking value from third parties by virtue of official position or duties.
- Theft or misuse of property, facilities or services.
- Offering or receiving bribes.

External organisations' actions which should be reported include:

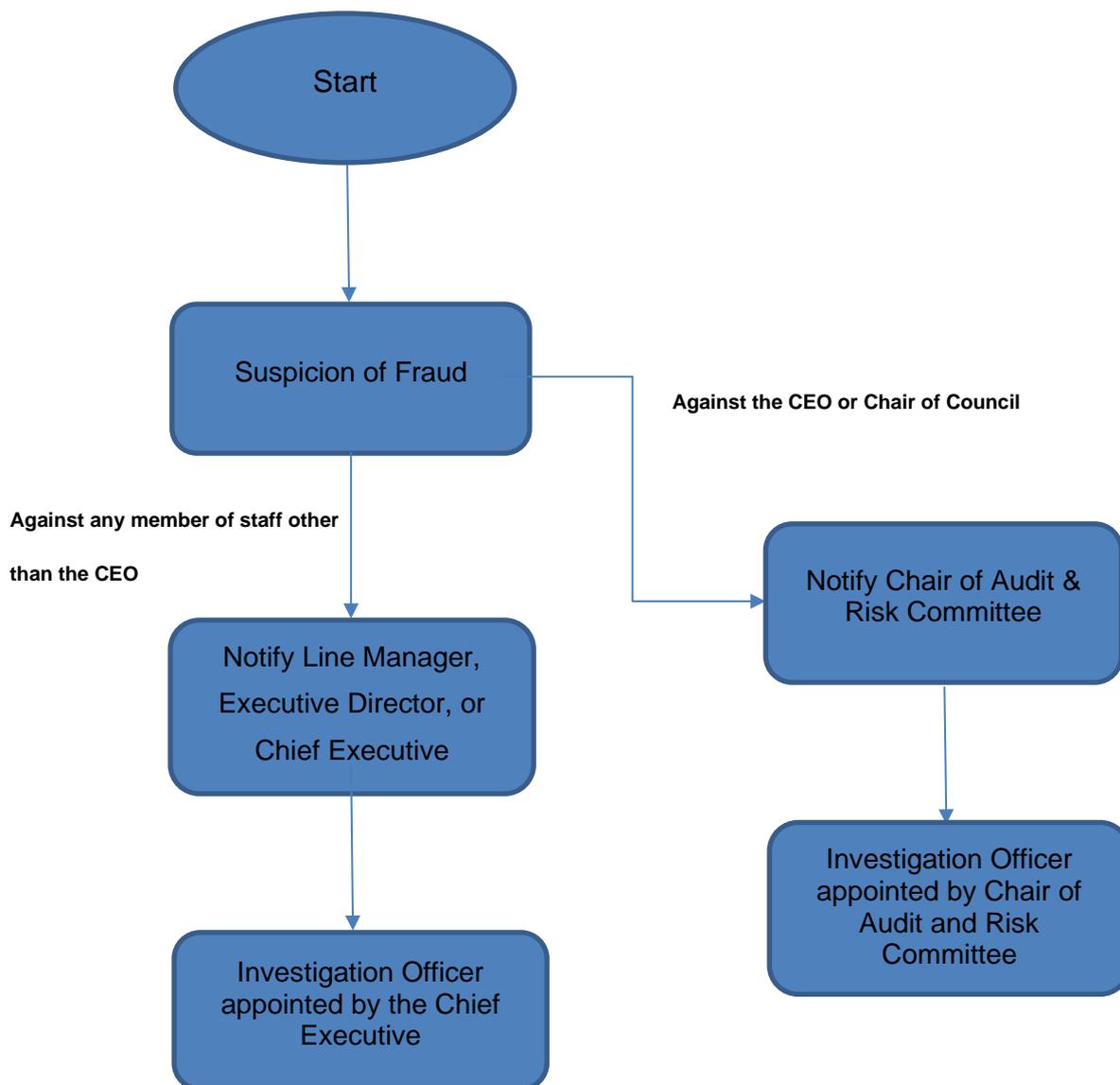
- Being offered a bribe or inducement by a supplier.
- Receiving fraudulent (rather than erroneous) invoices from a supplier.
- Reported allegations of corruption or deception by a supplier.

Where should suspected fraud be reported to?

In the event of any employee becoming aware of fraud being alleged, discovered or suspected (other than against the Chief Executive) this **must** be reported immediately to their line manager, an Executive Director or directly to the Chief Executive.

Where the suspicion of fraud is against the Chief Executive, this **must** be reported immediately to the Chair of the Audit and Risk Committee.

Diagram 1: fraud response plan – reporting procedure



Who will conduct the investigation?

Allegations of fraud or corruption will be investigated by a suitably qualified senior member of staff independent of the area under suspicion or by a suitably qualified external person (“**the investigating officer**”) appointed by the Chief Executive, or if they are the subject of the allegation, the Chair of the Audit & Risk Committee.

Before making such an appointment, the Chief Executive/Chair of Council may consult any member of the Executive Management Team, the Chair of Council, the Chair of the Audit & Risk Committee and any other person whom they consider appropriate.

What happens during the investigation?

If the initial enquiry reveals that further investigation needs to take place, it may be necessary to preserve the available evidence. Evidence may take various forms and the way it should be handled is as follows:

- **Original documents** – these should be handled as little as possible and placed in a protective folder with only one person responsible for maintaining them.
- **Computer held data** – the computer should be secured, and the IT department consulted on how to best retrieve the data.
- **Cash** – where cash needs to be counted, this should be done so by the person responsible for it and their manager. A statement should then be signed to confirm a correct record of the amount.
- **Video evidence** – any video recording that could provide information of value should be secured so that it can be treated in accordance with the rules of evidence. Under no circumstances should it be viewed by anyone.

Progress on any fraud investigations will be reported to the Chief Executive/Chair of Council who will report to the Chair of Council and/or the Chair of the Audit & Risk Committee and any other person or organisation they consider appropriate under all the circumstances.

What happens if we are contacted by the press in relation to suspected or actual fraud, bribery or corruption?

All press releases and publications relating to potential or actual cases of fraud, bribery or corruption are to come directly from the Head of Communications and Engagement. If any member of staff speaks to the press without the express authority of the Chief Executive or the Chair of Council, it may be regarded as a breach of this policy.

Roles and responsibilities

Chief Executive (Accounting Officer)

The Chief Executive, as the Accounting Officer is responsible for establishing the internal control system designed to counter the risks faced by the GDC, as set out in the Statement of the GDC's Chief Executives responsibilities in the Annual Report & Accounts and per the Finance Policies & procedures that are approved annually by the Council.

The system of internal control is designed to respond to and manage the whole range of risks that the organisation faces. The system of internal control is based on an on-going process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively. Managing fraud risk will be seen in the context of the management of this wider range of risks.

The Chief Executive/Chair of the Audit & Risk Committee will be responsible for receiving the report of the investigating officer and considering an appropriate response. The Chief Executive/Chair of the Council is also responsible for reporting the outcome and response to any fraud investigations, to the Chair of the Audit & Risk Committee.

Executive Director, Registration and Corporate Resources

The Executive Director, Registration and Corporate Resources is responsible for the identification of risk and will monitor the control systems in place and support the Chief Executive. Where delegated by the Chief Executive this includes:

- establishing an effective anti-fraud policy and fraud response plan, commensurate to the level of fraud risk identified in the fraud risk profile.
- developing appropriate measures to manage fraud.
- designing an effective control environment to prevent fraud.
- Reporting to and liaising with the local police on individual cases and for issuing guidance to members and management about fraud and corruption related legislation and procedures.
- making sure that all staff are aware of the organisation's anti-fraud policy and know what their responsibilities are with combating fraud.
- taking appropriate action to recover assets.
- ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future.

Investigating Officer

The investigating officer will be responsible for investigating allegations of fraud including:

- Carrying out a thorough investigation if fraud is suspected, with the support of the Audit & Risk Committee, where necessary.
- Gathering evidence, taking statements and writing reports on suspected frauds.
- Liaising with the Executive Director, Registration and Corporate Resources and the Chief Executive (or, where the allegation is made against the Chief Executive, with the Chair of the Audit & Risk Committee) where investigations conclude that a fraud has taken place.

- Identifying any weaknesses which contributed to the fraud.
- If necessary, making recommendations for remedial action.

To carry out these duties the investigating officer will have unrestricted access to the Chief Executive, the Executive Director, Registration and Corporate Resources, the Audit and Risk Committee, the GDC's Internal and External Auditors, and the GDC's Corporate Legal advisers.

Managers & Directors

Managers are the first line of defence against fraud. Managers must have, and be seen to have, the highest standards of honesty, propriety and integrity in the exercise of their duties. They should be alert to the possibility that unusual events may be symptoms of fraud or attempted fraud and that fraud may be highlighted as a result of management checks or be brought to attention by a third party.

Whilst the Executive Director, Registration and Corporate Resources has overall responsibility for the identification of risk and will monitor the Finance Policies and Procedure control systems in place, other Directors and Managers are responsible for:

- Being aware of the potential for fraud and recording any relevant risks in the operational risk register.
- Ensuring that a system of internal control appropriate to the risk involved exists within their area of responsibility, and those controls are properly operated and complied with the key departmental operational controls are managed through Standard Operating Procedures maintained by each directorate.
- Reviewing and testing internal control systems to satisfy themselves the systems continue to operate effectively.
- Managers should inform their Director if there are indications that an external organisation (such as a contractor or registrant) may be trying to defraud (or has defrauded) the GDC or its members of staff carrying out their duties. Time is of the essence in reporting suspicions.
- Managers should also inform their Director if they suspect an employee may be involved in fraudulent activity, impropriety or dishonest conduct.
- Managers and Directors should take care to avoid doing anything which might prejudice the case against the suspected fraudster, especially in relation to the reporting suspected instances of money laundering.

Employees

Employees must have, and be seen to have, the highest standards of honesty, propriety and integrity in the exercise of their duties. Employees are responsible for:

- Acting with propriety whether they are involved with cash, payment systems, receipts or dealing with contractors or suppliers.
- Reporting details of any suspected fraud, impropriety or other dishonest activity immediately to their line manager or the responsible manager. More guidance on how to report concerns can be found in the GDC whistleblowing policy.
- Assisting in the investigation of any suspected fraud.

Employees reporting or investigating suspected fraud should take care to avoid doing anything which might prejudice the case against the suspected fraudster.

Appropriate fraud vetting is undertaken by the GDC in respect of employees which hold senior positions, those who have access to our bank and investment accounts.