

## Audit and Risk Committee – for assurance

**Title:** Fraud reporting – alignment with functional standards

**Meeting date:** 19 June 2023

**Time required:** 10 minutes

**Presenter:** Louise Byers

### 1. Objective of this report

To give the Committee assurance on the ICO's counter-fraud activities and compliance with the Government Functional Standard for Counter Fraud (GovS013 – Counter Fraud).

### 2. Recommendation

2.1. That the Audit and Risk Committee notes the report.

### 3. Background

3.1. The ICO is committed to the highest ethical standards as set out in its Code of Conduct and takes its duty to protect public funds very seriously. We have an averse risk appetite to fraud, bribery and corruption whether it is attempted from outside the ICO or within. We are committed to a culture where all staff are able to speak up about wrongdoing at work, safe in the knowledge that they will not face adverse consequences for doing so.

3.2. The ICO has a counter fraud framework of interrelated policies and procedures which help us counter fraudulent and corrupt activity and encourage reporting. This includes our: Whistleblowing Policy and Procedure; Gifts and Hospitality Policy; Procurement Policy; Risk Management Policy and Risk Appetite; Declaration of Interest and Secondary Employment Policy; Recruitment and Selection Policy and Procedure; and Disciplinary Policy and Procedure.

3.3. We have assessed our compliance with the Government Functional Standard for Counter Fraud (GovS013: Counter Fraud) (“the Standard”) overall as “good”.

3.4. To strengthen and provide clarification regarding our counter fraud framework, we have recently developed a new Counter Fraud, Bribery and Corruption Policy and procedure (Annex A) to reflect

the relevant mandatory and good practice criteria as set out in the Standard.

- 3.5. This policy and procedure detail a comprehensive approach to minimise the risk of fraud, bribery and corruption at the ICO and set out the responsibilities and accountability for counter-fraud, including the responsible Board member and functional lead along with the process for reporting, investigating and taking action where such acts are suspected or discovered. These provisions provide detailed examples, specific to the ICO, to help staff recognise instances of fraud, bribery and corruption in their work.
- 3.6. The policy and procedure have been communicated to staff through internal communication channels (IRIS and 'Weekly Word' newsletter) in May 2023 so that colleagues understand their roles and responsibilities in identifying, preventing and reporting fraud and corruption. We intend to follow this up by providing regular communications to staff to update them on our counter-fraud activities and share good practice. The policy has also been published on the external ICO website.
- 3.7. This paper outlines the ICO's current approach to reduce the risk of fraud, bribery and corruption to an absolute minimum, the reporting arrangements and outlines how we propose to further strengthen our counter fraud arrangements going forward.

## 4. Controls

- 4.1. The ICO uses the Three Lines Model for effective risk management and control. The counter-fraud controls are set out in the Counter Fraud, Bribery and Corruption Policy and are referred to in the Internal Compliance Lines of Defence paper also before the Audit and Risk Committee at its June 2023 meeting. The Three Lines are as follows:

**First line** - We have policies and dedicated governance

teams in place to oversee the effectiveness of, and compliance with, our policies and to focus on areas of higher risk which might require additional controls. There is particular focus on escalation and reporting to ensure substantial risk issues have quick visibility at the right level. Fraud and corruption are minimised through well designed and consistently operated management procedures which restrict opportunities for fraud. Measures in place include effective

leadership, denial of opportunity, employee screening and training on conduct and systems. Systems are designed with detective checks in mind, including the need for segregation of duties, reconciliation procedures, random checking of transactions, review of management information and exception reports.

**Second line:** Any non-compliance identified as a result of internal assurance and compliance work would be highlighted to Resources Board and Risk and Governance Board as appropriate. The Risk and Governance Board provides guidance and challenge to the first line on the management of fraud, bribery and corruption risks and tests compliance with the counter-fraud policies. The Audit and Risk Committee receive reports at each of its meetings regarding any instances of fraud and whistleblowing within the organisation. All members of Management Board are required to make an annual declaration that they are not aware of any instances of fraud.

**Third line:** The fraud risk is considered when developing the annual internal audit plan, which incorporates a yearly audit on financial controls as standard. The risk of fraud is actively considered as part of individual audits and Internal Audit can have a role in investigating incidents of fraud, bribery and corruption or can act as a resource to those investigating such incidents. The external auditor's annual review of financial controls and validation testing provides a further deterrent to fraud. Both Internal and External Audit report into the Audit and Risk Committee.

- 4.2. **Reporting arrangements** Any concerns of fraud, bribery or corruption would be reported to the Counter Fraud Functional Lead which is the Director of Risk and Governance. Material fraud would be reported as part of the annual reporting process.
- 4.3. **Reports over the last 12 months:** There have been no reported instances of fraud for investigation over the last 12 months. Similarly, no concerns have been identified through our control mechanisms or raised through Internal Audit.

## 5. Next steps

- 5.1. Based on the aims set out in our Counter Fraud Policy and in order to move towards achieving compliance with the next level of "better" as set out in the Standard, we have identified the following actions to strengthen our approach to countering fraud, bribery and corruption:

- Undertake a counter fraud risk assessment.
  - Prepare a counter fraud strategy which acknowledges the fraud risks facing the ICO and sets the overall counter fraud aims. The strategy will link together existing counter fraud related policies and set out actions to strengthen our counter fraud arrangements.
  - Review the extent to which counter fraud risks are identified through service risk management arrangements. Assess whether arrangements can be strengthened with additional counter fraud input (eg through risk workshops).
  - Undertake general fraud awareness training for staff and incorporate training into the ICO induction programme.
  - Undertake specific fraud awareness training for staff in priority service areas as identified through the fraud risk assessment.
  - Raise awareness of the latest cyber issues and promote good practice.
  - Identify and participate in regional and local data matching and counter fraud exercises.
  - Review wider governance and other policies (eg employee related policies, gifts, interests, financial regulations) to ensure they cover all required areas and are consistent with the counter fraud policy.
- 5.2. Our overall aim is that by the end of Q1 2024, we will have both maintained and improved our arrangements across these areas.
- 5.3. The effectiveness of this action plan will be subject to regular review by the Director of Risk and Governance, the Risk and Governance Board and monitored by Audit and Risk Committee.

## 6. Publication decision

- 6.1. This report can be published internally and externally without redactions.

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**Consultees:** Louise Byers, Jo Butler, Chris Braithwaite

**Annexes:** Annex 1 – Counter Fraud Policy and Counter Fraud procedure

## Counter Fraud, Bribery and Corruption Policy

<b>Document name</b>	Counter Fraud Policy
<b>Version number</b>	Version 1.00
<b>Status</b>	Draft
<b>Department/Team</b>	Corporate Planning, Risk and Governance
<b>Relevant policies</b>	<a href="#">Code of Conduct</a> , <a href="#">Declaration of Interest and Secondary Employment Policy</a> , <a href="#">Disciplinary Policy and Procedure</a> , <a href="#">Gifts and Hospitality Policy</a> , <a href="#">Procurement Policy</a> , <a href="#">Recruitment and Selection Policy and Procedure</a> , <a href="#">Risk Management Policy and Risk Appetite</a> , <a href="#">Whistleblowing Policy and Procedure</a>
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### Foreword

Fraud and corruption are significant risks to the UK public sector and have far reaching financial and reputational consequences. We believe that the overwhelming majority of our employees, contractors and suppliers are honest and act with integrity. However, we recognise that, like any organisation, the ICO is not immune to deliberate and opportunistic acts of fraud and corruption from those determined to carry them out. We take our duty to protect public funds very seriously and we have an averse risk appetite to fraud and corruption in all its forms, whether it is attempted from the ICO or within. We will always take robust action where such acts are suspected or perpetrated.

We all have a part to play in stamping out fraud and corruption and must remain vigilant to the many forms that it may take. The success of our counter fraud, bribery and corruption measures depends on all of us helping to tackle wrongdoing and raising concerns when we have suspicions. At the ICO, we are committed to a culture where all staff are able to speak up about wrongdoing at work, safe in the knowledge that they will not face adverse consequences for doing so.

This document sets out a comprehensive approach to reduce the risk of fraud, bribery and corruption to an absolute minimum at the ICO and gives details on how we can all help in the fight to deter, prevent and identify fraud.

## Key messages

The main objective of this policy is to:

- Form part of the ICO's framework for the prevention, detection and investigation of fraud, bribery and corruption.
- Clearly outline the ICO's commitment to tackling fraud, bribery and corruption.
- Set the cultural tone for the organisation.
- Support all staff (including temporary and agency workers and secondees) to understand their roles and responsibilities in identifying, preventing and reporting fraud and corruption.
- Help consultants, contractors, vendors and other organisations or individuals with links to the ICO to understand how and when to raise any concerns.

## Does this policy relate to me?

The ICO has an averse risk appetite to fraud, bribery and corruption in all its forms. As such, all staff, agency workers, secondees, consultants, vendors, contractors, Non-Executive Directors and any organisations or individuals with a relationship with the ICO have a role to play in identifying and reporting fraud and corruption and should familiarise themselves with the policy.

This policy applies to any actual or suspected irregularity, deception or dishonesty committed with the intent of providing gain for the perpetrator or other parties, or inflicting loss (or risk of loss) on another.

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### 1. Introduction

- 1.1. All staff are expected to comply with the ICO Code of Conduct, which sets out the standards of behaviour and conduct expected of employees, including the need to act with openness, integrity and honesty at all times. It draws on the recommendations of the Committee on Standards in Public Life, chaired by Lord Nolan, and has parallels with the Civil Service Code.
- 1.2. This policy sets out the ICO's commitment to preventing, deterring and detecting all forms of fraud, bribery and corruption. The ICO has robust systems and processes in place to achieve this. All suspected or identified instances of fraud, bribery or corruption will be taken seriously and investigated promptly and thoroughly.
- 1.3. Senior management will ensure appropriate risk assessments are conducted in relation to fraud, bribery and corruption and that the control framework is robust. If an incident has occurred due to the breakdown of systems or processes, senior management will take immediate action to ensure that appropriate controls are strengthened to prevent reoccurrence.
- 1.4. Those committing fraud, bribery or corruption will be dealt with firmly and swiftly. The action taken will depend on the circumstances but may include disciplinary measures, dismissal, referral to regulatory authorities and/or criminal prosecution (this list is not exhaustive). The ICO will seek to recover any losses incurred in full.

1.5. The ICO will ensure that all staff, temporary staff and contractors:

- understand what is meant by 'fraud', 'bribery' and 'corruption';
- understand their role in preventing or identifying fraud, bribery and corruption;
- are encouraged to report suspected fraud, bribery or corruption; and
- are protected from any adverse consequences if they raise a concern about fraud, bribery or corruption. The ICO has a Whistleblowing Policy ('Speak Up') to protect anyone who wishes to raise concerns about behaviour or practice: [Whistleblowing Policy and Procedure](#)

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## 2. Definitions

2.1. '**Fraud**' is commonly used to describe the use of deception to deprive, disadvantage, or cause loss to another party. This can include activities such as theft, embezzlement, misuse of funds and false accounting. The Fraud Act 2006 defines three classes of fraud:

- false representation;
- failing to disclose information; and
- abuse of position.

2.2. The Act requires that, for an offence to have occurred, the person must have acted dishonestly, and that they have acted with the intent of making gain for themselves or anyone else, or inflicting loss (or risk of loss) on another.

A non-exhaustive list of examples of fraud under these definitions is shown in Annex A.

2.3. '**Bribery**' is the offer of a financial or other advantage as an inducement to another party to persuade them to perform their functions improperly or reward them for doing so. The Bribery Act 2010 sets out offences relating to the making of bribes, requesting or accepting a bribe, and bribing foreign public officials.

A non-exhaustive list of examples of bribery is shown in Annex A.

2.4. The ICO is accountable for the actions of any third parties who work on its behalf, eg contractors and agents (known as "associated persons" under the Bribery Act 2010). There is also a corporate offence of failing to prevent bribery which requires organisations to



have adequate procedures in place to prevent its associates from engaging in bribery.

2.5. '**Corruption**' - The Bribery Act 2010 is designed to tackle bribery and corruption in their most common forms under UK law. Corruption is a form of dishonesty and refers to an individual who has given or obtained advantage through means which are illegitimate, immoral and/or inconsistent with their duty to an organisation or the rights of others. It is the abuse of entrusted power for personal gain. Examples include accepting incentives during procurement processes or taking money or favours in exchange for services.

Further examples are provided in Annex A.

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### 3. Responsibility for managing the risk of fraud, bribery and corruption

3.1. The ICO will actively manage the risk of fraud, bribery and corruption by:

- assessing and evaluating the organisation's overall vulnerability to fraud, bribery and corruption and identifying the most vulnerable areas of the organisation;
- measuring the effectiveness of the fraud, bribery and corruption risk management processes.

3.2. The ICO's Risk Management Policy provides the framework for continuing to embed risk management across the organisation, and outlines elements of the system of internal controls used to respond to operational risks. The ICO uses the Three Lines of Defence Model for effective risk management and control:

3.2.1 **First line of defence** - We have policies and dedicated governance teams in place to oversee the effectiveness of, and compliance with, our policies and to focus on areas of higher risk which might require additional controls. There is particular focus on escalation and reporting to ensure substantial risk issues have quick visibility at the right level.

Fraud and corruption are minimised through well designed and consistently operated management procedures which restrict opportunities for fraud. Measures in place include effective leadership, denial of opportunity, employee screening and training on conduct and systems. Systems are designed with detective checks in mind, including the need for segregation of duties, reconciliation procedures, random checking of transactions, review of management information and exception reports.

- 3.2.2 **Second line of defence:** The Risk and Governance Board (RGB) meets monthly and retains oversight of risk management, including the management of the fraud risk. It provides guidance and challenge to the first line on the management of fraud, bribery and corruption risks and tests compliance with the counter-fraud policies. The Audit and Risk Committee receives regular reports on counter fraud activity, incidents and whistleblowing referrals.
- 3.2.3 **Third line of defence:** The fraud risk is considered when developing the annual audit plan, which incorporates a yearly audit on financial controls as standard. The risk of fraud is actively considered as part of individual audits and Internal Audit can have a role in investigating incidents of fraud, bribery and corruption or can act as a resource to those investigating such incidents. The external auditor's annual review of financial checks and balances and validation testing provides a further deterrent to fraud. Both Internal and External Audit report into the Audit and Risk Committee.
- 3.3. The ICO is committed to regularly reviewing our approach to tackling fraud and corruption and horizon scanning to increase the ICO's awareness of emerging fraud risks such as those associated with digital and cyber security.
- 3.4. The ICO is committed to working together with, and exchanging information with, other local and national agencies in full compliance with the General Data Protection Regulation (GDPR) in order to detect and prevent fraud.
- 3.5. The table in Annex C sets out responsibilities for managing the risk of fraud, bribery and corruption.

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## 4. What to do if you suspect wrongdoing

- 4.1. If you are concerned about fraud, bribery or corruption, it is important you report it immediately. All reports will be treated in confidence and there will be no adverse consequences if you raise genuine concerns, even if you are later found to be mistaken. All reports will be investigated swiftly and thoroughly.
- 4.2. Staff should report any suspicions in the first instance to the Counter Fraud Functional Lead - who is the ICO's Director of Corporate Planning, Risk and Governance. If this person is not available (or is under suspicion) then concerns should be reported to the Board Member Accountable for Counter Fraud - who is the ICO's Deputy Chief Executive.

Further guidance for staff who develop suspicions of fraud, bribery or corruption can be found at Annex B.

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## 5. Responsibility for investigating and responding to suspected instances of fraud, bribery and corruption

- 5.1. All cases of actual or suspected fraud, bribery and corruption will be robustly and promptly investigated and appropriate action will be taken, including referral to the Police, where appropriate.
- 5.2. The ICO has put in place procedures for reporting and investigating suspicions of fraud, bribery or corruption which are set out in the Counter Fraud, Bribery and Corruption Procedure.
- 5.3. The Counter Fraud Functional Lead is responsible for the investigation of suspected instances of fraud, bribery and corruption in the first instance. Their responsibilities, and those of other members of staff, in investigating and responding to suspected instances of fraud and corruption are set out in Annex C.

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## Feedback on this document

If you have any feedback on this document, please [click this link](#) to provide it.

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## Version history

Version	Changes made	Date	Made by
1.0	Policy written	January 2023	Claire Churchill
2.0			

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## Annexes

### Annex A – Identifying fraud, bribery and corruption

The examples below are intended to help staff recognise instances of fraud, bribery and corruption at the ICO and are not intended to be exhaustive.

All staff should familiarise themselves with the types of improprieties that could possibly occur within their areas of responsibility, and should be alert for any indications of irregularity in their area or beyond.

<b>Fraud</b>	<b>Bribery</b>	<b>Corruption</b>
<ul style="list-style-type: none"> <li>• Deliberate personal gain or benefit as a result of misuse of ICO funds.</li> <li>• Falsifying financial statements.</li> <li>• Embezzlement - taking money which an individual has been entrusted with on behalf of another party.</li> <li>• Receiving goods or equipment and not recording its receipt.</li> </ul>	<ul style="list-style-type: none"> <li>• Alteration of casework findings, outcomes or awards in return for money.</li> <li>• Alteration or destruction of any documentation or records in return for an inducement.</li> <li>• Accepting gifts and/or hospitality from current or potential suppliers of goods or services during procurement exercises. Please see the Procurement Policy for further details of processes to be followed.</li> </ul>	<ul style="list-style-type: none"> <li>• Conspiring with a supplier to falsify the amount paid on an invoice so that the supplier evades paying income or corporate taxes.</li> <li>• Buying unnecessary or inappropriate goods and services.</li> <li>• Excessive gifts and hospitality given to employees to influence business decisions or tasks.</li> <li>• Concealing invoices.</li> </ul>

<b>Fraud</b>	<b>Bribery</b>	<b>Corruption</b>
<ul style="list-style-type: none"> <li>• Submitting false qualifications, professional registrations and/or references to obtain employment.</li> <li>• Failing to declare criminal convictions. The Recruitment and Selection Policy and Procedures gives details of the Criminal Records Declarations required.</li> <li>• Falsifying expense claims eg excessive expenses, or expenses which are not reflective of actual activities or were never wholly incurred.</li> <li>• Falsely claiming to be off sick.</li> <li>• Falsifying time records and claiming for hours not worked.</li> <li>• Completing private work during ICO work time.</li> </ul>	<ul style="list-style-type: none"> <li>• Accepting excessive levels of gifts and/or hospitality knowing that it is intended to influence the outcome of a decision or other outcome. This can take many different forms eg gift cards, gifts, entertainment and shopping trips, payment of travel and other expenses, secret rebates, or charitable or political donations. Please see the Gifts and Hospitality Policy for further details.</li> <li>• Making, requesting or receiving improper payments or personal "commissions".</li> <li>• Facilitation payments, which may include a payment to a public official to do their job properly, as well as payment to do their job improperly.</li> </ul>	<ul style="list-style-type: none"> <li>• False representation by knowingly making false statements of fact during negotiations, which induces the other party to enter into a contract.</li> <li>• Demanding or taking money or favours in exchange for services.</li> <li>• Collusion or exchanging favours with other organisations which result in employees' interests not being accurately represented.</li> </ul>

<b>Fraud</b>	<b>Bribery</b>	<b>Corruption</b>
<ul style="list-style-type: none"> <li>• Falsifying records to steal ICO property.</li> <li>• Corporate identity fraud, eg using the ICO's logo or letterhead for personal reasons and/or to imply the document has been sanctioned or that the document is sent for and on behalf of the ICO.</li> <li>• Forgery, including forging company cheques for personal benefit.</li> </ul>		

**Annex B – Quick reference guidance note - What to do if you suspect fraud, bribery or corruption**

<b>Do</b>	<b>Don't</b>
<ul style="list-style-type: none"> <li>• <b>Report your suspicions immediately</b> to the Counter Fraud Functional Lead (ICO's Director of Corporate Planning, Risk and Governance). If this person is not available (or is under suspicion) then report the matter to the Board Member Accountable for Counter Fraud – who is the ICO's Deputy Chief Executive. Further alternative reporting lines are listed in the Code of Conduct.</li> <li>• <b>Record all relevant details</b> including relevant documents, the names of parties believed to be involved, details of the suspected offence, records of any telephone or other conversations, dates and times and any witnesses. Notes should be timed, signed and dated but do not need to be unduly formal.</li> <li>• <b>Keep any evidence</b> - the more direct and tangible the evidence, the better the chances of an effective investigation.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Don't be afraid of raising concerns</b> - the Public Interest Disclosure Act and 'Speak Up' (the ICO Whistleblowing Policy) provide protection for employees who raise reasonably held concerns through the appropriate channels. The matter will be treated confidentially and sensitively and you will not suffer discrimination or victimisation as a result of following these procedures.</li> <li>• <b>Only communicate your concerns to an authorised person</b> - there may be a reasonable explanation for the events that give rise to your suspicion. Spreading unproven concerns may harm innocent people.</li> <li>• <b>Don't approach the person you suspect, or try to investigate the matter yourself</b> - there are special rules relating to the gathering of evidence for use in criminal or civil cases and it may affect the chain of evidence if these rules are not followed.</li> </ul>



## Annex C – Counter fraud, bribery and corruption responsibilities

Stakeholder	Responsibilities for managing risk	Responsibility for investigating and responding to suspected instances of fraud, bribery and corruption
Information Commissioner	Accountable for the effectiveness of the ICO's arrangements for countering fraud, bribery and corruption.	As the <b>Accounting Officer</b> , has overall responsibility for public funds entrusted to the ICO and has a duty to report any confirmed cases of fraud, bribery or corruption.
Deputy Chief Executive	Accountable for the risk management of fraud, bribery and corruption, and for the operation of the ICO's anti-fraud, bribery and corruption policies.	As the <b>Board Member Accountable for Counter Fraud</b> , has responsibility for ensuring the Counter Fraud Functional Lead is suitably experienced and qualified, and has sufficient resources to undertake any investigations. Also has the responsibility for reporting any confirmed cases of fraud, bribery or corruption.
Audit and Risk Committee	To ensure that the control framework to prevent and detect fraud, bribery and corruption is effective.	To consider the effectiveness of the arrangements for reporting concerns under this policy.
Management Board	To develop a strong Counter Fraud culture within the organisation, and ensure the effective operation of the corporate governance framework.	To implement any changes recommended as a result of an investigation by the Counter Fraud Functional Lead.

<b>Stakeholder</b>	<b>Responsibilities for managing risk</b>	<b>Responsibility for investigating and responding to suspected instances of fraud, bribery and corruption</b>
<p>Director of Corporate Planning, Risk and Governance</p>	<p>To be accountable to the Deputy Chief Executive for the day-to-day management of the fraud, bribery and corruption risk. To actively seek out best practice in Counter Fraud and integrate into the ICO's policies and procedures. To be a member of the government Counter Fraud Profession, and maintain:</p> <ul style="list-style-type: none"> <li>• a detailed understanding of the ICO's fraud, bribery and corruption risks;</li> <li>• an effective method for communicating these to the Management Board and the Audit and Risk Committee;</li> <li>• a good understanding of the ICO, and the context within which it operates, alongside the limitations it may have in dealing with fraud, bribery and corruption;</li> <li>• a good understanding of the ICO's fraud, bribery and corruption controls, their effectiveness and limitations.</li> </ul> <p>As the <b>Counter Fraud Champion</b>, to promote awareness of fraud, bribery and corruption within the ICO, and inform process improvements and drive cultural change.</p>	<p>As the <b>Counter Fraud Functional Lead</b>, to be accountable to the Deputy Chief Executive for investigating concerns in respect of fraud, bribery and corruption, following the procedures set out in the Counter Fraud Bribery and Corruption Procedure. To ensure the Risk Register is updated to reflect any improved controls as a result of investigations into concerns raised under this policy. To produce a full lessons learned report for any confirmed instance of fraud, bribery or corruption.</p>

<b>Stakeholder</b>	<b>Responsibilities for managing risk</b>	<b>Responsibility for investigating and responding to suspected instances of fraud, bribery and corruption</b>
Directors	To ensure the effective operation of the corporate governance framework within area of responsibility, including the Counter Fraud, Bribery and Corruption Policy. To identify risks within their directorates. To ensure that the control framework to prevent and detect fraud, bribery and corruption is effective.	To be a recognised point of contact for staff members to raise concerns with regarding risk or wrongdoing, including suspicions of fraud, bribery and corruption. To report any concerns promptly to the Counter Fraud Functional Lead.
Risk and Business Continuity Manager	To consider fraud, bribery and corruption risks as part of the ICO's corporate risk management arrangements.	To update the Risk Register to reflect any improved controls as a result of investigations into concerns raised under this policy.
External Audit	As part of its external audit work, the NAO will review the adequacy of the relevant controls operated by the ICO.	As part of its external audit work, the NAO is required to identify and assess the risks of material misstatement of the financial statements, which includes the risk of fraud.
Internal Audit	To report on the effectiveness of controls to the Audit & Risk Committee.	To report any suspected instances of fraud, bribery and corruption highlighted by internal audits to the Counter Fraud Functional Lead.

<b>Stakeholder</b>	<b>Responsibilities for managing risk</b>	<b>Responsibility for investigating and responding to suspected instances of fraud, bribery and corruption</b>
Heads of and Team Leaders	To promote employee awareness of fraud, bribery and corruption. To ensure that there are mechanisms in place within their areas to assess the risk of fraud, bribery and corruption and to reduce these risks by implementing robust internal controls.	To be a recognised point of contact for staff members to raise concerns regarding risk or wrongdoing, including suspicions of fraud. To report any concerns promptly to the Counter Fraud Functional Lead.
Staff	To comply with ICO policies and procedures. To be aware of the possibility of fraud, bribery or corruption and to fully implement internal controls as required in their area.	To report any concerns to the Counter Fraud Functional Lead or an alternative as set out in this policy.
Public, Suppliers, Contractors, Consultants	To be aware of the possibility of fraud, bribery and corruption. To ensure that effective controls are in place within their own organisations to mitigate risks to the ICO.	To report any concerns to Counter Fraud Functional Lead or an alternative as set out in this policy.



## Counter Fraud, Bribery and Corruption Procedure

<b>Document name</b>	Counter Fraud, Bribery and Corruption Procedure
<b>Version number</b>	Version 1.00
<b>Status</b>	Draft
<b>Department/Team</b>	Corporate Planning, Risk and Governance
<b>Relevant policies</b>	<a href="#">Code of Conduct</a> , <a href="#">Declaration of Interest and Secondary Employment Policy</a> , <a href="#">Disciplinary Policy and Procedure</a> , <a href="#">Gifts and Hospitality Policy</a> , <a href="#">Procurement Policy</a> , <a href="#">Recruitment and Selection Policy and Procedure</a> , <a href="#">Risk Management Policy and Risk Appetite</a> , <a href="#">Whistleblowing Policy and Procedure</a> , <a href="#">Counter Fraud, Bribery and Corruption Policy</a>
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<b>Security classification</b>	Official

### Key messages

The main objective of this procedure is to:

- Form part of the ICO's framework for the prevention, detection and investigation of fraud, bribery and corruption.
- Act as the ICO's Fraud Response Plan.
- Support all staff (including temporary and agency workers and secondees) to understand how to raise any suspicions about fraud, bribery or corruption and to set out the steps to be taken following such a report.

## Does this procedure relate to me?

All staff, agency workers, secondees, consultants, vendors, contractors, and any organisations or individuals with a relationship with the ICO have a role to play in identifying and reporting fraud and corruption and should familiarise themselves with this procedure.

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## 1. Introduction

This procedure is intended to assist individuals who believe that fraud, bribery or corruption has occurred and supplements the guidance provided in the Counter Fraud, Bribery and Corruption Policy and [Whistleblowing Policy and Procedure](#)

The ICO is committed to investigating all reports of fraud, bribery and corruption swiftly and thoroughly. All disclosures will be treated in confidence, with no adverse consequences for those who raise genuine concerns, even if they are later found to be mistaken.

This procedure has been devised with the aims of:

- minimising delay in taking any appropriate action;
- reducing the impact of any fraud, bribery or corruption which takes place, including monetary loss;

- ensuring that all potential instances of fraud, bribery or corruption are investigated;
- maximising the possibility and amounts of recovery;
- identifying perpetrators of fraud, bribery or corruption and increasing the likelihood of successful disciplinary or legal action;
- minimising the possibility of adverse publicity; and
- ensuring that lessons learned from any instances of fraud, bribery or corruption are acted upon.

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## 2. What is fraud, bribery and corruption?

- 2.1. **'Fraud'** is a dishonest act by an individual with the intention of making gain for themselves or anyone else, or inflicting loss (or risk of loss) on another. This can include activities such as embezzlement, misuse of funds, false accounting and falsifying expense claims, time records or qualifications.
- 2.2 **'Bribery'** is the offer of a financial or other advantage as an inducement to another party to persuade them to perform their functions improperly or reward them for doing so. Examples include altering casework findings in return for money and accepting gifts from suppliers during procurement exercises to influence the decision.
- 2.3 **'Corruption'** is the abuse of entrusted power for personal gain and can include buying unnecessary or inappropriate goods and services, receiving excessive hospitality to influence business decisions and conspiring with suppliers to falsify invoices to evade tax.

Further examples are provided in Annex A.

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## 3. Responsibilities

- 3.1. Individual members of staff are responsible for:
- acting with propriety in the use of official resources and in the use of public funds:



- reporting suspected instances of fraud, bribery and corruption to the Counter Fraud Functional Lead as soon as possible.
- 3.2 Managers are also responsible for identifying the risks to which systems and procedures are exposed in their area and being a recognised point of contact for staff members to discuss concerns about fraud, bribery and corruption.
- 3.3 The Counter Fraud Functional Lead is responsible for investigating suspected instances of fraud, bribery and corruption in the first instance and reporting the findings to the Board Member Accountable for Counter Fraud, which is the Deputy Chief Executive. The Board Member for Counter Fraud will report the matter, as required, to the Information Commissioner, the Sponsor Unit of the Department for Science, Innovation and Technology, the Audit and Risk Committee and in any required returns.
- 3.4 The Audit and Risk Committee is notified of any confirmed instances of fraud, bribery and corruption and lessons learned. It is responsible for ensuring that the control framework to prevent such acts is effective and considers the effectiveness of the arrangements for reporting such concerns.
- Further details can be found at Annex B.

## 4. What to do if you suspect wrongdoing

- 4.1 As soon as you discover or suspect a fraudulent or corrupt act, you should report the matter to the **Counter Fraud Functional Lead - who is the ICO's Director of Corporate Planning, Risk and Governance**. If this person is not available (or is under suspicion) then the matter should be reported to the Board Member Accountable for Counter Fraud – who is the ICO's Deputy Chief Executive.
- 4.2 Any concerns raised externally (eg by contractors, suppliers, Internal Audit etc) should be reported to the Counter Fraud Functional Lead, in the same way as for staff.

## 5. Investigating fraud, bribery and corruption

**5.1 Investigation and considerations** - The Counter Fraud Functional Lead will determine the form of investigation and any appropriate action. They will commence enquiries without delay, including:

- establishing the facts of the situation;
- protecting any individual who may have been unwittingly involved;
- ensuring that any evidence that is discovered can be used in any subsequent action;
- regularly monitoring the progress of the investigation; and
- recording all decisions made in relation to the investigation.

5.2 The primary objective should be to ensure that public funds are protected. Prompt action is likely to be important in maximising recovery of any funds which have been lost or are thought to be vulnerable. The initial investigation should attempt to determine whether there is any possibility of further offences taking place. If so, the following actions should be considered:

- freezing bank accounts;
- suspending BACS or cheque payments; and
- suspending individuals and/or removing their access to property and systems.

**5.3 Treating colleagues fairly** - It is important to ensure that any employee(s) under suspicion of committing fraud, bribery or corruption is treated fairly. Any action taken by management to suspend or dismiss an employee in this situation will only be taken in line with the Disciplinary Policy and Procedure, and in conjunction with the Director of People Services. If the decision is made to allow the suspected employee(s) to remain in the workplace, additional pre-authorised checks may be necessary, including, for example, a search of the work area, filing cabinets and computer files.

**5.4 Evidence of criminal offence** - Where there is evidence that a criminal offence may have taken place, it may be appropriate to involve the Police. Consideration should also be given to involving other parties such as:

- bank staff - to discuss the desirability or possibility of recalling BACS/CHAPS payments, cancelling cheque payments or withdrawing and replacing pre-printed payment stationery;
- a legal adviser for advice on recovery of other assets.

## 6. Action following investigation

### 6.1. **Reporting verified cases of fraud, bribery and corruption-**

Where an investigation has taken place and fraud, bribery or corruption has been identified, the Counter Fraud Functional Lead will report the circumstances and action taken to the Board Member Accountable for Counter Fraud, which is the Deputy Chief Executive who will report the matter, as required, to:

- the Information Commissioner;
- our Sponsor Unit at the Department for Science, Innovation and Technology;
- the Audit and Risk Committee; and
- in any required returns.

### 6.2. **Sanctions** - Where evidence of fraud is discovered and those responsible can be identified:

- appropriate disciplinary action will be taken in line with the Disciplinary Policy and Procedures;
- full co-operation will be given to investigating and prosecuting authorities.

### 6.3. **Recovery of assets** - The ICO will seek to recover all assets lost or misappropriated as a result of fraud, bribery or corruption. The process of recovery will depend upon the nature and circumstances surrounding the loss, whether the fraud results in criminal charges, and whether the fraud was committed by an employee or third party. Once the size and extent of the loss has been confirmed, we will take action to trace and freeze the lost assets, where possible, so that the recovery process can be commenced.

**6.4 Lessons learned** – The Counter Fraud Functional Lead will produce a full lessons learned report for any confirmed instance of fraud, bribery or corruption. This will cover:

- a description of the area in which the fraud occurred;
- identification of any shortfall in current procedures which contributed to the committing of the fraud or corruption;
- recommendations on actions which could be taken to prevent or reduce the effect of any future occurrence, including addressing any control weaknesses;
- clear responsibilities for each action.

Any lessons learned will be disseminated to relevant staff and the Audit and Risk Committee.

**6.5 Risk register updates** - The risk register will be updated to reflect any new risks identified, and any new mitigating controls.

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## Feedback on this document

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## Version history

Version	Changes made	Date	Made by
1.0	Procedure written	January 2023	Claire Churchill
2.0			

## Annexes

### Annex A – Identifying fraud, bribery and corruption

The examples below are intended to help staff recognise instances of fraud, bribery and corruption at the ICO and are not intended to be exhaustive.

All staff should familiarise themselves with the types of improprieties that could possibly occur within their areas of responsibility, and should be alert for any indications of irregularity in their area or beyond.

<b>Fraud</b>	<b>Bribery</b>	<b>Corruption</b>
<ul style="list-style-type: none"> <li>• Deliberate personal gain or benefit as a result of misuse of ICO funds.</li> <li>• Falsifying financial statements.</li> <li>• Embezzlement - taking money which an individual has been entrusted with on behalf of another party.</li> <li>• Receiving goods or equipment and not recording its receipt.</li> </ul>	<ul style="list-style-type: none"> <li>• Alteration of casework findings, outcomes or awards in return for money.</li> <li>• Alteration or destruction of any documentation or records in return for an inducement.</li> <li>• Accepting gifts and/or hospitality from current or potential suppliers of goods or services during procurement exercises. Please see the Procurement Policy for further details of processes to be followed.</li> </ul>	<ul style="list-style-type: none"> <li>• Conspiring with a supplier to falsify the amount paid on an invoice so that the supplier evades paying income or corporate taxes.</li> <li>• Buying unnecessary or inappropriate goods and services.</li> <li>• Excessive gifts and hospitality given to employees to influence business decisions or tasks.</li> <li>• Concealing invoices.</li> </ul>

<b>Fraud</b>	<b>Bribery</b>	<b>Corruption</b>
<ul style="list-style-type: none"> <li>• Submitting false qualifications, professional registrations and/or references to obtain employment.</li> <li>• Failing to declare criminal convictions. The Recruitment and Selection Policy and Procedures gives details of the Criminal Records Declarations required.</li> <li>• Falsifying expense claims eg excessive expenses, or expenses which are not reflective of actual activities or were never wholly incurred.</li> <li>• Falsely claiming to be off sick.</li> <li>• Falsifying time records and claiming for hours not worked.</li> <li>• Completing private work during ICO work time.</li> </ul>	<ul style="list-style-type: none"> <li>• Accepting excessive levels of gifts and/or hospitality knowing that it is intended to influence the outcome of a decision or other outcome. This can take many different forms eg gift cards, gifts, entertainment and shopping trips, payment of travel and other expenses, secret rebates, or charitable or political donations. Please see the Gifts and Hospitality Policy for further details.</li> <li>• Making, requesting or receiving improper payments or personal "commissions".</li> <li>• Facilitation payments, which may include a payment to a public official to do their job properly, as well as payment to do their job improperly.</li> </ul>	<ul style="list-style-type: none"> <li>• False representation by knowingly making false statements of fact during negotiations, which induces the other party to enter into a contract.</li> <li>• Demanding or taking money or favours in exchange for services.</li> <li>• Collusion or exchanging favours with other organisations which result in employees' interests not being accurately represented.</li> </ul>

<b>Fraud</b>	<b>Bribery</b>	<b>Corruption</b>
<ul style="list-style-type: none"> <li>• Falsifying records to steal ICO property.</li> <li>• Corporate identity fraud, eg using the ICO's logo or letterhead for personal reasons and/or to imply the document has been sanctioned or that the document is sent for and on behalf of the ICO.</li> <li>• Forgery, including forging company cheques for personal benefit.</li> </ul>		

## Annex B – Counter fraud, bribery and corruption responsibilities

Stakeholder	Responsibility for investigating and responding to suspected instances of fraud, bribery and corruption
Information Commissioner	As the <b>Accounting Officer</b> , has overall responsibility for public funds entrusted to the ICO.
Deputy Chief Executive	As the <b>Board Member Accountable for Counter Fraud</b> , has responsibility for ensuring the Counter Fraud Functional Lead is suitably experienced and qualified, and has sufficient resources to undertake any investigations. Also has responsibility for reporting any findings from the Counter Fraud Functional Lead, as required, to the Information Commissioner, the Sponsor Unit of the Department for Science, Innovation and Technology, the Audit and Risk Committee and in any required returns.
Audit and Risk Committee	The Audit and Risk Committee is notified of any instances of fraud, bribery and corruption and lessons learned. It is responsible for ensuring that the control framework to prevent such acts is effective and considers the effectiveness of the arrangements for reporting such concerns.
Management Board	To implement any changes recommended as a result of an investigation by the Counter Fraud Functional Lead.
Director of Corporate Planning, Risk and Governance	As the <b>Counter Fraud Functional Lead</b> , to be accountable to the Deputy Chief Executive for investigating concerns in respect of fraud, bribery and corruption, following the processes set out in this procedure. To ensure the Risk Register is updated to reflect any improved controls as a result of investigations into concerns raised under this procedure and to undertake a lessons learned report following the investigation.



<b>Stakeholder</b>	<b>Responsibility for investigating and responding to suspected instances of fraud, bribery and corruption</b>
Directors	To be a recognised point of contact for staff members to raise concerns regarding risk or wrongdoing, including suspicions of fraud, bribery and corruption. To report any concerns promptly to the Counter Fraud Functional Lead.
Risk and Business Continuity Manager	To update the Risk Register to reflect any improved controls as a result of investigations into concerns raised under this procedure.
External Audit	As part of its external audit work, the NAO is required to identify and assess the risks of material misstatement of the financial statements, which includes the risk of fraud.
Internal Audit	To report any suspected instances of fraud, bribery and corruption highlighted by internal audits to the Counter Fraud Functional Lead.
Heads of and Team Leaders	To be a recognised point of contact for staff members to raise concerns regarding risk or wrongdoing, including suspicions of fraud. To report any concerns promptly to the Counter Fraud Functional Lead.
Staff	To report any concerns to the Counter Fraud Functional Lead or an alternative as set out in this procedure.
Public, Suppliers, Contractors, Consultants	To report any concerns to Counter Fraud Functional Lead or an alternative as set out in this procedure.