

Counter Fraud, Bribery and Anti-Corruption Policy Statement

This statement sets out the National Gallery's policy in relation to fraud, bribery and corruption. The Gallery takes this extremely seriously and is fully committed to the highest ethical standards. The Gallery has an ongoing commitment to continue to improve its resilience to fraud, bribery and corruption and other forms of financial irregularity.

The Gallery advocates strict adherence to its anti-fraud, bribery and corruption framework and associated procedures. There will be a zero-tolerance approach to fraud, bribery and corruption in all of its forms. The Gallery will not tolerate fraud, bribery or corruption by its trustees, employees and all suppliers, consultants, contractors, agency staff, sponsors, partners or any other person associated with the Gallery. The Gallery will take all necessary steps to investigate all allegations of fraud, bribery or corruption and pursue sanctions in each case including removal from office, disciplinary action, dismissal, civil action for recovery or referral to the police.

The Gallery fully recognises its responsibility for spending public money and holding public assets. The prevention, and if necessary, the investigation, of fraud and corruption is therefore seen as an important aspect of its duties which it is committed to undertake.

This Policy Statement is underpinned by a Counter Fraud, Bribery and Anti-Corruption Strategy. The Strategy sets out what actions the Gallery proposes to take over the medium-term future to continue to develop its resilience to fraud and corruption. It sets out the key responsibilities with regard to fraud prevention, what to do if fraud is suspected and the action that will be taken by management.

Counter Fraud, Bribery and Anti-Corruption Strategy

Introduction

The National Gallery advocates strict adherence to its counter-fraud framework and associated policies. In the majority of cases this would be a zero-tolerance approach to all forms of fraud, bribery, corruption and theft arising from with the Gallery or by association with it. The Gallery recognises that fraud and other forms of financial irregularity can:

- Undermine the standards of public service that the Gallery seeks to achieve
- Reduce the resources available to the gallery to achieve its strategic objectives
- Have major consequences which reduce public confidence in the Gallery

This Strategy defines both the proactive and reactive components of a good practice response to fraud risk management. It sets out the key responsibilities within the Gallery with regard to fraud prevention, what to do if fraud is suspected and the action that will be taken by management. This strategy also sets out the steps required to comply with the Government Functional Standard for Counter Fraud, Bribery and Corruption (GovS 013). The Gallery already has procedures in place that reduces the likelihood of fraud, bribery and corruption occurring which include:

- Staff code of conduct
- Gifts and hospitality policy
- The terms and conditions which apply to tenderers and suppliers to the Gallery
- Financial scheme of delegation
- A system of internal control
- A system of risk assessment
- Disclosure of pecuniary interests and conflicts of interest
- Hours of work and how to record them procedure
- Whistleblowing procedure
- Travel and expenses policy
- Procurement processes

Definitions

What is fraud?

The Fraud Act 2006 identifies fraud as a single offence which can be committed in three separate ways:

- False representation
- Failure to disclose information where there is a legal duty to do so
- Abuse of position

Put simply, fraud is an act of deception intended for personal gain or to cause a loss to another party.

What is bribery?

Bribery is an inducement or reward offered, promised or provided to gain personal, regulatory or contractual advantage. There are four key offences under the Bribery Act 2010:

- Bribery of another person
- Accepting a bribe
- Bribing a foreign official
- Failing of a commercial organisation to prevent bribery

The National Gallery is classed as a 'commercial organisation' under the Act. There is also a corporate offence under the Act for a failure by a commercial organisation to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation.

What is Corruption?

Corruption is the deliberate misuse of a position for direct or indirect personal gain. This can be further defined as the personal acceptance of a reward which should properly be received by the Gallery.

What is Theft?

Theft is the misappropriation of cash or other tangible assets. It is defined in the 1968 Theft Act: 'A person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it'

Scope

The Gallery will not tolerate fraud, bribery, corruption or other forms of financial irregularity by anyone associated with the Gallery. This includes trustees, employees and all suppliers, consultants, contractors, agency staff, sponsors, and partners. As well as theft of money, false accounting and corrupt practices, the strategy also encompasses misuse of assets, illegal use or disclosure of data and fraud perpetrated through the improper use of IS systems.

Strategic Aims and Objectives

The aims and objectives of this strategy are to:

- Protect the Gallery's assets and resources and ensure that they are not misused or misappropriated through fraud, bribery, corruption or theft.
- Create and promote a robust 'anti-fraud' culture across the Gallery through policies, procedures, communication and training.
- Have in place effective counter fraud systems and procedures which:
 - Ensure that the resources dedicated to combatting fraud are sufficient and appropriate to an organisation of the Gallery's size and complexity
 - Proactively deter, prevent and detect fraud, bribery corruption and theft
 - Enable the Gallery to apply appropriate sanctions and recover all losses
 - Provide recommendations to inform policy, system, risk management and control improvements.
- Create an environment that enables the reporting of any genuine suspicions of fraudulent activity.
- Ensure that the rights of individuals raising legitimate concerns are properly protected.
- Work towards full compliance with the Government Functional Standard for Counter Fraud, Bribery and Corruption (GovS 013).

What is the Gallery's Approach to Countering Fraud?

Whilst all stakeholders have a part to play in reducing the risk of fraud, trustees and senior management are ideally positioned to influence the ethical tone of the organisation and play a crucial role in fostering a culture of high ethical standards and integrity. Trustees and staff at all levels are expected to lead by example in ensuring adherence to established rules and procedures and to ensure that all procedures and practices are legally sound and honest.

As with any risk face by the Gallery, it is the responsibility of managers to ensure that fraud risk is adequately considered within their departments and in support of achieving strategic priorities, business plans, projects and outcomes.

Adequate supervision, recruitment and selection, scrutiny and healthy scepticism must not be seen as distrust but simply as good management practice shaping attitudes and creating an environment opposed to fraudulent activity.

Good governance procedures are a strong safeguard against fraud and corruption. The Audit Committee is a key forum for ensuring that this is carried out and audited on a regular basis.

Specific Responsibilities

Stakeholder	Specific Responsibilities
The Director	<ul style="list-style-type: none"> • The Director, as Accounting Officer, is ultimately responsible for the effectiveness of the Gallery's arrangements for managing the Gallery's risk of fraud, bribery and corruption.
Trustees	<ul style="list-style-type: none"> • To support the development of a strong counter fraud, bribery and anti-corruption culture
Audit Committee	<ul style="list-style-type: none"> • To monitor the Gallery's counter fraud, bribery and anti-corruption arrangements.
Director of Finance	<ul style="list-style-type: none"> • To make proper arrangements for the Gallery's financial affairs and to ensure that the Gallery has an adequately resourced and effective Internal Audit • Carrying out a vigorous and prompt investigation if fraud, bribery or corruption is suspected to have occurred; • Ensuring that appropriate corrective action is taken should fraud, bribery or corruption be detected. • Ensuring the taking of appropriate legal action to recover losses against perpetrators of fraud.
Executive Committee, Heads of Department	<ul style="list-style-type: none"> • Ensuring there are effective controls within their Directorate to prevent and detect fraud, bribery and corruption. • Ensure that processes are promptly followed to investigate suspected instances of fraud, bribery and corruption.

Head of Legal	<ul style="list-style-type: none"> • To advise trustees and staff on ethical issues, standards and powers to ensure that the trustees operate within the law and statutory codes of practice • Advising on the inclusion of anti-bribery and corruption clauses in the Gallery's contracts.
Head of Finance	<ul style="list-style-type: none"> • Developing and maintaining effective controls to prevent and detect fraud and/or bribery; • Liaising with the Internal Controls Committee and Audit Committee to ensure that the risk register takes account of all fraud and/or bribery risks and has been subject to regular review; • Establishing and maintaining appropriate mechanisms for reporting fraud risk issues and reporting to DCMS in accordance with <i>Managing Public Money</i>; • Making sure staff are aware of the Gallery's anti-fraud, bribery and corruption policy and their responsibilities in relation to combating fraud and /or bribery; • Monitoring the gifts and hospitality register.
Head of Human Resources	<ul style="list-style-type: none"> • Advising on disciplinary policy and procedure in cases of actual or suspected fraud and/or bribery.
Staff	<ul style="list-style-type: none"> • Acting with propriety in the use of official resources and in the handling and use of public funds whether they are involved with cash or payment systems, receipts, budgets, assets or dealing with suppliers or contractors; • Being alert to the possibility that unusual events or transactions could be indicators of fraud and/or or bribery; • Reporting details immediately to their line manager and/or to the Director of Finance if they suspect that fraud and/ or bribery has been committed or see any suspicious acts or events;

	<ul style="list-style-type: none"> • Complying with the Gallery's Code of Conduct in relation to gifts and hospitality; • Being aware of the Whistleblowing Procedure.
Head of Internal Audit	<ul style="list-style-type: none"> • Delivering an opinion to the Accounting Officer on the adequacy of the arrangements for managing the risk of fraud, bribery and corruption. • Ensuring that management has reviewed its risk exposures and identified the possibility of fraud, bribery and corruption as a business risk; • Assisting management in conducting investigations; • Regularly reviewing and testing the control systems.

Response Plan

This plan has been developed to support the Gallery's anti-Fraud Bribery and Corruption Risk Management Statement. It sets out how staff should report suspicions of fraud and/or bribery and how investigations will be conducted and concluded.

The plan has been developed with reference to the Gallery's Whistleblowing Procedure.

Action required at the point of discovering fraud and/or bribery

If a member of staff discovers fraud and/or bribery or has reasonable belief that fraud and/or bribery is occurring within the Gallery, he or she should inform their Head of Department immediately. If it is not appropriate to take the matter to the Head of Department in the first instance, he or she should inform the Director of Finance or the Director of the Gallery.

The Director of the Gallery should be immediately informed of any case of suspected fraud and / or bribery unless the Director is under suspicion. If the Director of the Gallery is under suspicion the Chairman or Chair of the Audit Committee should be informed.

It is important that the member of staff does not take any action to forewarn the alleged perpetrator. Under no circumstances should a member of staff attempt to investigate the suspected fraud and/or bribery personally.

Investigation process

The Head of Department will consult the Director of Finance and other senior managers as appropriate, to decide whether an investigation will be carried out. The Head of Human Resources will be informed of any investigation involving Gallery staff.

(It should be noted that the investigation process outlined below does not preclude a further process undertaken in accordance with the Gallery's Disciplinary Policy and Procedure.)

The investigation process will usually be led by the Director of Finance and performed by Internal Audit or a suitable alternative and will include:

- Clarifying and documenting the nature and circumstances surrounding the suspect activity;
- Securing any evidence in a legally admissible form (where possible, evidence should be photographed in the location where found before being handled, it should then be carefully handled, with no marks made on original documents, and kept securely. A record must be kept of anyone handling evidence);
- Ensuring the threat of further fraud and/or bribery and any possible future losses is removed, for example by changing procedures, suspending payments, or suspending an employee under suspicion (although in the last such case any decision would be taken in consultation with the Head of HR);
- Informing the Chair of the Audit Committee and the Chair of the Trustees immediately in relation to any concern as to the conduct of the Director. In this instance the Chair of the Trustees shall advise and consult with the Permanent Secretary of DCMS as appropriate;
- Advising the Chair of the Audit Committee, Chair of the Trustees, DCMS and the NAO where serious fraud has been detected (judged principally by the potential financial value of any loss) or where any instance of bribery has been detected;
- Consideration of whether to advise the police. Any decision to advise the police should be taken in consultation with the Director of the Gallery and the Chair of the Audit Committee;
- Where police involvement has been sought, the investigation process will follow the advice of the police;
- Where police involvement is not considered necessary, the investigation will be managed internally;
- Producing an investigation report and acting on the report recommendations, for example taking disciplinary action in accordance with guidelines set out in the Disciplinary policy and procedure;
- Consideration as to how best to recover assets lost or misappropriated, which might include repayments by agreed arrangement, possibly through payroll deductions where fraud has been committed by employees.

Applying the lessons learnt

The Gallery is committed to ensuring that opportunities for fraud, bribery and corruption are reduced to the lowest possible level of risk. In the event that fraud, and /or bribery is

discovered the Gallery will take steps to ensure lessons learnt from the event are applied to existing policies and practices. This might include implementing changes to the existing system of controls, increasing awareness of the risk of fraud and/or bribery, disseminating lessons learnt where there may be implications for the organisation as a whole.

Reporting losses

All losses resulting from frauds or thefts are recorded by the Finance department and reported quarterly to DCMS.