

# Anti-Fraud & Anti-Bribery Policy

## A. Scope

1. The objective of this policy is to safeguard the proper use of the School's finances and resources, including the finances and resources of its subsidiary companies. The School is committed to conducting its business fairly, honestly and openly and in accordance with relevant legislation, and to the highest standards of integrity. As the School is both a Company limited by Guarantee and a charity which derives much of its income from public funds, benefactions and charitable organisations, it has a particular responsibility and concern to ensure that income and resources are used solely for the purposes intended to protect its operations and reputation as well as its funders, donors, staff and students from the detriment associated with fraud, bribery and other corrupt activity.

2. This policy applies to all staff and associated members of the School (including student employees). It applies to those working on behalf of the School, such as contractors, associated academics (e.g. visiting research fellows), office-holders, and members of Council ('associated persons'), although any investigation or action into such persons may be more appropriately undertaken by their immediate employer or the police.

Suspected or actual cases of malpractice involving students (who are not otherwise acting as employees of the School) shall be dealt with according to the appropriate student-related policies, including the School's Disciplinary Procedures for Students. The School will decide which procedures to use in light of the circumstances of each case.

3. This Policy and Procedures herein should be read in conjunction with the following-
- The School's [Financial Regulations](#);
  - the [School's Whistleblowing Procedure \(Public Interest Disclosure\)](#);
  - Guidance on the School's [Ethics Code](#) (in particular, to be read in conjunction with the School's External Funding Acceptance policy & procedures);
  - the School's [Disciplinary Procedures for Students](#);
  - the School's [guidance on accepting Gifts and Hospitality](#); and
  - guidance on [What to Do if you Suspect Fraud, Bribery or Corruption has Taken Place](#)

Gifts and Hospitality- Staff should review and familiarise themselves with the School's [Guidance on accepting Gifts and Hospitality](#). Gifts and hospitality include the receipt or offer of gifts, meals, tokens of appreciation or gratitude, invitations to events, functions

or social gatherings in matters connected with our business. The guidance sets out the limits and processes required to record gifts and hospitality. Any gifts or hospitality with an estimated value of over £50 should be recorded on the School's Gifts and Hospitality register.

As per the guidance, if acceptance of a gift/hospitality creates an actual or perceived conflict of interest in respect of a decision the School must make, whether immediately or sometime after acceptance, the person should absent themselves from the decision-making process.

## B. Definitions- What are Fraud and Bribery?

4. **Fraud** is any act of deception intended for personal gain or to cause a loss to another party. This includes both financial and non-financial gain and loss. **Fraud** is an offence under the Fraud Act 2006. Section 1 of the Act creates a general offence of **fraud** and introduces three ways of committing it, which are set out in subsequent sections:

- i) Fraud by false representation (Section 2);
- ii) Fraud by failure to disclose information when there is a legal duty to do so (Section 3); and
- iii) Fraud by abuse of position (Section 4).

In each case, the defendant's conduct must be dishonest; their intention must be to make a gain; or cause a loss or the risk of a loss to another. No gain or loss needs actually to have been made.

5. **Bribery** is offering an incentive to someone to induce them to act **improperly** or rewarding them for having done so. The Bribery Act 2010 makes it an offence to offer, give, accept, receive, or request any form of 'advantage' to, or from, any individual, company or Government (including anyone working for a Government), if to do this would involve a breach of an expectation that the transaction be conducted in good faith, with integrity, and fulfilling any obligation of trust.

A bribe can be any size or value that provides the intended recipient with a benefit or advantage; they can be in the form of money, vouchers, gifts, loans, discounts, hospitality and accommodation, preferential treatment etc... Staff should review and familiarise themselves with the School's [Guidance on accepting Gifts and Hospitality](#).

The Act also creates a discrete offence of **bribery** of a foreign **public official**; and creates a new offence of failure of commercial organisations to prevent **bribery** by persons associated with them. Schedule 1 provides a definition of **bribery**.

6. Schedule 1 also defines other words or phrases that appear in bold in this Policy. Schedule 1 forms part of this Policy.
7. Schedule 2 provides examples of scenarios within a Higher Education situation.

## C. The School's approach to bribery and fraud

8. The School has no tolerance of **fraud** or **bribery** and its employees and **associated persons** must not engage in any form of **fraud** or **bribery** in connection with or relating to any activity carried out on behalf or in the name of the School.
9. As a separate obligation, no employee or **associated person** shall offer, promise, make or agree to make a **facilitation payment**.

If you are asked to make a payment which you suspect may be a **bribe** or **facilitation payment** to expedite routine services, attempt to find out if it is official in nature-

- Ask to see official documentation about the validity of the payment
- Ask for a formal receipt
- Explain UK law forbids you to make any payments not prescribed by law
- Explain you will have to report any such payments

If you are reasonably certain that it is not an official charge, you should not pay, unless this places you in personal danger. If you feel “forced under duress” (i.e. in personal danger) to make payment and if it feels safe to do so-

- Negotiate the lowest possible value of payment
- Ask for a formal receipt for records
- Attempt to make payment via card
- Prepare a written report as detailed in paragraph 15 and submit to the Chief Financial Officer in advance, or if that is not possible, as soon as reasonably practicable afterwards.

10. Whereas it is not the School’s intent to penalise diligent employees or **associated persons** who make an honest mistake in good faith, it is the School’s policy to pursue action in the case of such breaches of law or of Financial Regulations arising from **improper** behaviour that expose the School to loss or damage, whether or not there was intent to cause loss or damage and whether or not a loss or damage actually occurs.

The action in the event of breach may include disciplinary action including dismissal, civil recovery proceedings, and/or reference to professional bodies and/or the police or other appropriate criminal investigation agency. Suspected criminal acts by employees or **associated persons** involving the School will normally be referred to the police.

Individuals found guilty of an offence under the Fraud Act can face a maximum sentence of 10 years’ imprisonment and an unlimited fine.

11. From time-to-time staff may receive offers of gifts and hospitality during the course of their work. For guidance into the School’s approach to gifts and hospitality and what to do in such instances, staff should consult the [School’s Gifts and Hospitality guidance](#).

## D. Responsibilities

12. As the governing body of the School, Council and its members are ultimately responsible for the School’s anti-fraud and anti-bribery Policy and Procedures.
13. If an employee or **associated person** has a reasonable suspicion of actual or attempted **bribery** or **fraud**, they may seek confidential advice in the first instance from their line manager or the School Secretary, the Chief Financial Officer, or the School’s Governance & Ethics manager. Contact details are provided in section H at the end of the Procedure below. Unless advised otherwise, or the initial advice is adequate to allay reasonable suspicion, they should submit a written report as soon as possible thereafter to the Chief Financial Officer following the Procedure against Bribery and Fraud (section E below).
14. The Chief Financial Officer shall have the following responsibilities:
- to initiate and coordinate an investigation into any reports of suspected actual or attempted **bribery** or **fraud** according to the Procedure set out in section E below;
  - to maintain a register of the incidents of **bribery** and **fraud** that are reported to them and to report such incidents annually to the Finance & Estates Committee and to

the Audit Committee at or before approval of the annual report and accounts by these committees. The register shall be held in the Finance Division. The report will state what breach was suspected, what any investigation found, what disciplinary or other action was taken, and if appropriate what actions were or are to be taken to reduce the probability of similar breaches in the future. The Chief Financial Officer will thereby contribute to the monitoring of this Policy and are to recommend any changes to the Policy which may, from time to time, become appropriate;

- to ensure that any standard School documents and procedures reflect the requirements of this Policy;
- to coordinate the School's response to any investigation or charge;
- to communicate clearly and regularly the School's commitment to preventing **bribery** and **fraud** to the School's employees and **associated persons**, or nominate others to do so, and ensure the delivery of appropriate training (see Section G in the Procedures below for further information about training).

## E. Procedure for reporting suspected Bribery and Fraud

15. As per paragraph 13 of the Policy against Bribery and Fraud above, if an employee or **associated person** has a reasonable suspicion of actual or attempted **bribery** or **fraud**, they may seek confidential advice in the first instance from their line manager or the School's Governance & Ethics Manager, the School Secretary or the Chief Financial Officer. Contact details are provided in section H at the end of this Procedure. Unless advised otherwise, or the advice is adequate to allay reasonable suspicion, they should submit a written report as soon as possible to the Chief Financial Officer.

The written report should include:

- The name(s) of the person(s) allegedly involved;
  - A brief description of the alleged irregularity, the loss or potential loss involved;
  - Relevant dates and timeframes;
  - Documentary or other evidence to support the allegations or irregularity, where possible.
16. In the event that the suspicion of actual or attempted **bribery** or **fraud** involves the Chief Financial Officer, the report should be made to the one of the other contacts referred to in paragraph 15.
17. All persons concerned with the investigation must treat the information in strict confidence. Where necessary, information will be transmitted in confidence to relevant regulatory bodies. An unwarranted breach of confidence may be the subject of disciplinary action, and malicious or vexatious complaints may result in disciplinary action.
18. Where an allegation is made in good faith, the School will protect and support the employee or **associated person** against harassment or victimisation.
19. In the event that the employee or **associated person** feels under duress or where it is important that the identity of the person making the report is not disclosed, they may report the matter anonymously as under the [School's Whistleblowing Procedure \(Public Interest Disclosure\)](#);
20. In all cases where the police are involved, the School reserves the right, where it would be reasonable to do so, to proceed with its own disciplinary procedures and/or with civil proceedings.

21. Where a full internal investigation is required, the Chief Financial Officer shall appoint a Fraud Investigation Panel, normally consisting of the Chief Financial Officer as Chair, the School's Governance & Ethics Manager, the Director of Human Resources, and, if appropriate, the relevant head of department or research centre. The Panel will meet without delay to consider:

- the appointment of an independent Investigation Officer;
- the objectives and strategy of the investigation, with particular consideration given to restricting the scale of loss and maximising recovery of assets;
- the make-up of the investigation team (to include, where necessary, staff from backgrounds appropriate to the nature of the investigation);
- instruction for any immediate action required at the point of discovery, especially as regards to the protection of evidence;
- the need to use other external advisers, such as the School's solicitors, insurers or internal auditors;
- the need to complete the full investigation with all due speed, though without compromising a comprehensive and thorough examination of the evidence available;
- the need to safeguard the rights of any staff involved in, or affected by, the investigation;
- the need to protect the complainant from harassment or victimisation for reporting their suspicions;
- the need to protect the rights of the respondent, particularly as regards providing an opportunity at the appropriate time to comment on the allegations made;
- the need to minimise disruption to operational activities and routines.

22. In cases which they deem to require a smaller scale of investigation, the Chief Financial Officer may appoint an independent Investigation Officer directly to consider the points in paragraph 21 above.

23. The Chief Financial Officer shall report any material adverse change (such as a significant and immediate threat to the School's financial position, significant **fraud** or major accounting breakdowns) without delay to all of the following:

- the Chair of the Audit Committee
- the Chair of the Finance & Estates Committee
- the Chair of Council
- the School's internal auditors
- the School's external auditors
- the Office for Students (in circumstances where the definition of a "reportable event" is deemed to be met)

The chairs of the Audit Committee and of the Finance & Estates Committee shall also be kept informed of any on-going investigation in advance of the reporting outlined in section F below.

24. In line with HR disciplinary procedures, any employee or **associated person** who is suspected of **bribery** or **fraud** may be suspended immediately on full pay pending a full investigation. In some cases it may also be necessary to suspend other staff in order to conduct a proper investigation. When suspension of an employee or **associated person** is being considered, the line manager will normally first consult the relevant HR Partner. A manager will then meet the employee or **associated person** and explain the reason for the suspension. The suspension will subsequently be confirmed, in writing, within three working days of the meeting. In certain cases, it may be appropriate for a manager other

than the immediate line manager to undertake the suspension. In such circumstances, the employee or **associated person** will be advised, in writing, of the reason.

Suspension is not a disciplinary act and does not imply a finding of misconduct. It is a neutral act to allow an effective investigation to take place. Suspension will normally occur within one working day of the start of a disciplinary investigation and be for as short a period as possible. However, given the serious nature of allegations of **bribery** or **fraud**, the School reserves the right to suspend an employee or **associated person** at any stage of a disciplinary investigation into **bribery** or **fraud**, or where conduct of the investigation is being, or may be, affected by the presence at work of the employee. Suspension may also be considered in circumstances where the disciplinary investigation is causing distress to the employee or **associated person**.

## F. Reporting

25. On completion of the investigation, the Investigation Officer shall provide a written report for the Panel (or in smaller cases directly for the Chief Financial Officer) to include:
  - a conclusion as to whether the allegations of **fraud**, corruption or other financial irregularity have any substance;
  - the comments of the respondent in respect of the allegations made;
  - the nature and extent of any irregularity;
  - its effects upon the School;
  - who was involved (including those staff and/or management whose failure to exercise appropriate supervision or control may have contributed to the **fraud**);
  - an assessment of any weaknesses in internal controls which may have allowed the irregularity to occur, with recommendations to improve those systems of control.
26. Following consultation with the Investigation Officer, and with the Panel if one has been appointed, the Chief Financial Officer will provide an executive summary of the Investigation Officer's report for the Vice Chancellor, as well as a report for the Audit Committee and for the Finance & Estates Committee. Where the event is of sufficient seriousness (as per OFS guidance), the Chief Financial Officer will also notify the Office for Students.
27. The Chief Financial Officer shall consult the School Secretary to consider whether;
  - the School should proceed with legal action, whether criminal or civil;
  - whether to proceed with disciplinary procedures against any employee or **associated person**; and/or
  - whether any action is necessary to prevent or detect further irregularities at the School.
28. Any legal proceedings will be directed by the School Secretary in consultation with the School's legal advisors. In cases where the School Secretary has been the subject of the investigation, the Vice Chancellor shall appoint another officer for this purpose.
29. Any disciplinary action shall be taken in line with the School's Disciplinary Procedures.

## G. Training

30. Training for staff is coordinated by the Finance Division and presented at staff inductions, primarily for those in high-risk posts such as Finance Division and Research & Innovation Division. Online training modules for all staff is available (via BUFDG) which is linked on the School's webpages.

## H. Contact details

- The Chief Financial Officer - email [Chief.Financial.Officer@lse.ac.uk](mailto:Chief.Financial.Officer@lse.ac.uk) or write to the Chief Financial Officer, London School of Economics and Political Science, Houghton Street, London WC2A 2AE.
- The School Secretary (the Designated Person, for the purposes of the Public Interest Disclosure Policy) - email [secretary@lse.ac.uk](mailto:secretary@lse.ac.uk) or write to The School Secretary, London School of Economics and Political Science, Houghton Street, London WC2A 2AE.
- The Governance & Ethics Manager - email [ethics@lse.ac.uk](mailto:ethics@lse.ac.uk).



## Schedule 1- Glossary of terms

**Associated person** - anyone working on behalf of the School, such as contractors, and associated academics (e.g. visiting research fellows), office-holders, and members of Council and Court, who is not a regular employee or student employee of the School.

**Bribery** - a) offering, promising, giving, requesting, or accepting a financial or other advantage in circumstances occurring inside or outside the UK which are intended to induce or reward **improper** performance of a function or activity that:

is of a public nature, performed in the course of a person's employment, connected with a business or trade, or performed on behalf of a body of people; and

a reasonable person in the UK would expect to be performed in good faith, impartially or in accordance with a position of trust;

b) offering or giving financial or other advantage to a **public official** outside the UK (or somebody else nominated by that official) intending to influence the official in the performance of their official functions in order to obtain or retain business or a business advantage.

**Facilitation payments** - payments intended to secure or expedite routine or necessary Government action by a **public official**. A **facilitation payment** may include a payment to a **public official** to do their job properly as well as payment to do their job **improperly**.

**Facilitation payments** are usually small, unofficial or covert payments which are sought in order to do a job properly or more quickly or for preferential treatment and usually for things you are entitled to. For example; customs clearance, work permits, licences, official documents, road blocks etc.

**Fraud** - offences outlined in the Fraud Act 2006 are:

- i) fraud by false representation (Section 2);
- ii) fraud by failure to disclose information when there is a legal duty to do so (Section 3); and
- iii) Fraud by abuse of position (Section 4).

In each case, the defendant's conduct must be dishonest; his/her intention must be to make a gain; or cause a loss or the risk of a loss to another. No gain or loss needs actually to have been made.

In practice, and for the purposes of this Policy, **fraud** includes acts such as deception, **bribery**, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, money-laundering, false accounting, false representation, concealment of material facts and collusion, and dishonest, irregular or illegal acts, characterised by a deliberate intent at concealment or false representation, resulting in the diversion of resources, whether or not for personal gain, for the benefit of an individual or group of individuals at a consequent loss to the School.

**Improper** - a) a failure to perform a function or activity in good faith, impartially or in accordance with a position of trust; or b) not performing the function at all. In deciding whether a function or activity has been performed **improperly** outside the UK, any local custom or practice must be disregarded unless it is permitted or required by the written law of the country in which it is performed.

**Public official** - someone who holds a legislative, administrative or judicial position of any kind, whether appointed or elected; someone who exercises a 'public function' for any country or territory (or any subdivision of such a country or territory); or an official of or agent of a public international organisation (for example the UN, EU, World Bank).



## Schedule 2- Examples of fraud or bribery in a Higher Education setting

The following are examples of activities that are/could lead to be considered fraudulent in a Higher Education setting. This is not an exhaustive list of scenarios.

### **Admissions & Recruitment**

- Payments or gifts offered to admissions staff to secure a place for an applicant
- A donor offers a substantial donation to the School to ensure a specific applicant is awarded a place

### **Procurement**

- A potential supplier offers payment, gifts or hospitality to staff in an attempt to influence the award of a major contract
- A supplier provides gifts and meals on an ongoing basis to a staff member as a means of continuing the School's relationship with them

### **Research**

- An academic on an international trip pays a small sum to foreign customs officials to avoid excessive delay in obtaining clearance documents to travel/work

### **Academic**

- An academic is asked to give an overly positive peer review in exchange for a similar review of their own work
- A student offers their examiners payment/gifts to raise their dissertation mark

## Review schedule

Review interval	Next review due by	Next review start
3 years	October 2027	September 2027

## Version history

Version	Date	Approved by	Notes
V2	October 2024	FMB	

## Links

Link
<a href="#">Financial Regulations</a>
<a href="#">School's Whistleblowing Procedure (Public Interest Disclosure)</a>
<a href="#">Ethics Code</a>
<a href="#">Disciplinary Procedures for Students</a>
<a href="#">Guidance on accepting Gifts and Hospitality</a>
<a href="#">What to Do if you Suspect Fraud, Bribery or Corruption has Taken Place</a>

## Contacts

Position	Name	Email
Chief Financial Officer	Mike Ferguson	Chief.Financial.Officer@lse.ac.uk
School Secretary		secretary@lse.ac.uk
Governance & Ethics Manager	Katie Crystal	ethics@lse.ac.uk

## Communications and Training

Will this document be publicised through Internal Communications?	Yes/ No
Will training needs arise from this policy	Yes/ No
If Yes, please give details	