



Anti-fraud, bribery and corruption (ABC) (including corporate gifts and hospitality) policy

Version 1.2

March 2020

Variation

This policy is applicable to *all* ICAEW employees including staff in our non-UK offices.

This document replaces the previous policy (V1.1 Feb 2019), no changes have been made, just updated dates.

CONTENTS

A	THE POLICY	2
	When does this policy apply?	2
	What is covered by this policy	2
	Policy Statement	3
	Gifts and Hospitality	8
	What is excluded from this policy	10
	Failure to comply with this policy	10

A THE POLICY

This policy has been drafted and approved in agreement with the ICAEW ABC Review Group. It establishes a policy that we deem appropriate and fit for purpose as an anti-bribery and corruption framework within ICAEW

The ***Anti-fraud, bribery and corruption (ABC) (including corporate gifts and hospitality)*** policy shall:

- be documented and available on the ICAEW intranet for all staff;
- be communicated within the organisation;
- be managed and maintained effectively in accordance with company process;
- be available to interested parties, as appropriate.

When does this policy apply?

The policy applies to all staff at all times.

What is covered by this policy

This policy defines fraud and bribery, which are both forms of corruption, and gives examples of how fraud, bribery and corruption might happen. It sets out staff responsibilities for fraud prevention, and tells you what to do if you suspect fraud, bribery or corruption. It also explains ICAEW's response to fraud and bribery including the role and function of the ABC Incident Group (ABC IG) and an overview of the special investigation process.

This policy document also covers the handling of gifts and hospitality which may be offered to staff by third parties.

Policy Statement

1. All staff must act honestly at all times, uphold our core value of behaving with integrity, and safeguard ICAEW's reputation and resources. Although circumstances may vary, our approach is consistent: **ICAEW does not tolerate any fraud, bribery or corruption.**
2. We must all understand and comply with this anti-fraud, bribery and corruption (ABC) policy. All members of staff based in the UK and in our international regions, and everyone we work with outside the organisation, should be committed to preventing fraud, bribery and corruption. It may occur internally or externally, and may be perpetrated by employees, members, consultants, suppliers, or contractors - acting individually or in collusion.
3. Fraud, bribery and corruption may cause loss of money or other assets but they can also affect our reputation and credibility. We must work together to minimise the risk of fraud, bribery and corruption. We must take sensible steps to prevent it, and must be able to recognise and deal with it appropriately when it occurs.

What is fraud?

4. Fraud is where a person causes loss to ICAEW of its property, cash or information without proper authorisation; or which causes ICAEW or a member of staff to benefit inappropriately to the unfair detriment of ICAEW, a third party (such as a supplier or sponsor); or causes our financial accounts to be misstated or misrepresented.
5. Fraud is a term which is used to describe acts such as deception, forgery, extortion, embezzlement, misappropriation, and collusion or conspiracy to commit such acts. Fraud can be a form of stealing or theft but will always involve deceit – either through abuse of position, misrepresentation or failure to disclose information.
6. Examples are:
 - false accounting;
 - kickbacks or rebates to steer business to a supplier;
 - money laundering;
 - anti-competitive behaviour such as bid-rigging, computer fraud (for example, where IT equipment is used to manipulate programs or data by altering or manufacturing false records);
 - raising false invoices from fake suppliers;
 - not reimbursing overpayments;
 - raising false payments;
 - diverting cash/funds for personal use;
 - signing contracts that deliberately cause value to be wrongfully transferred from ICAEW; or
 - creating records that do not reflect the truth or are deliberately misleading.

What is bribery?

7. Bribery is any attempt to persuade someone to perform their duties improperly. The Bribery Act 2010, which came into force on 1 July 2011, defines bribery as 'offering, promising or giving a financial or other advantage to someone to induce them to perform or reward them for performing something improperly'. A bribe can be made indirectly via another person or

organisation eg an agent. The Act applies even if the actions are taken outside the UK. The Act also applies when a third party offers a bribe on behalf of ICAEW, ***even if they are not an ICAEW employee.***

8. For example, if one of our suppliers bribed an overseas customs official to ensure materials they were providing to us did not get held up in customs, ICAEW could be guilty of an offence. Even if such payments were regarded as 'part of doing business in that country', ICAEW could be guilty of breaking UK law.
9. As part of our defence against such an accusation, we have designed and implemented 'adequate procedures' to prevent people associated with us from offering bribes. This policy and associated training are essential elements of these 'adequate procedures', but we must also ensure our contractors and suppliers are aware of this policy and abide by it.

Facilitation payments

10. A facilitation payment is an illegal or unofficial payment made in return for services which the payer is legally entitled to receive without making such payment. This may be a minor payment made to a public official or person with a certifying function in order to secure or expedite the performance of a routine or necessary action, such as a visa, work permit, or customs clearance.
11. The offer or receipt of a facilitation payment by anyone associated with ICAEW is not permitted. However, there may be extreme circumstances, involving threat (of harm, loss of liberty etc) or physical/verbal intimidation where we emphatically discourage ICAEW personnel from putting themselves at risk. In such cases facilitation payments can be made. Any individual faced with a demand for a facilitation payment, or who is aware that a facilitation payment has been made must report this immediately.

What is corruption?

12. Corruption is any form of abuse of entrusted power for private gain, although such gains may benefit associates, friends or family members.

How do we prevent fraud, bribery and corruption?

13. ICAEW recognises that whilst we cannot completely eradicate the possibility of bribes or inducements being offered, we can put in place a robust anti-bribery framework within the organisation to raise awareness, to reduce the risk and to deal swiftly and effectively with incidents which may arise.
14. In 2018, the Chief Operating Officer took responsibility for reviewing and bolstering some aspects of ICAEW's anti-bribery and corruption framework. As part of this process he:
 - i. Commissioned the creation of a bespoke ABC webinar and ensured that all staff, as well as members of key ICAEW committees and the Board, confirmed they had viewed it before the end of the year.
 - ii. Established an ABC internal controls group ('the ABC Review Group') with representatives from across key areas of the organisation including Finance, TSD, Commercial, LPD, PSD, and Internal Audit. The purpose of the group was to identify

areas of greater potential risk within ICAEW, including key staff roles. This group also reviewed the content of the webinar to ensure it met the bespoke needs of ICAEW.

iii. Performed a self-assessment of ICAEW's ABC framework against the Ministry of Justice' Six Principles indicating how ICAEW's controls and procedures adhere to these Principles. This comprehensive review was presented to ICAEW Board for discussion as the Board has oversight responsibility for all of ICAEW's corporate risks (ABC is currently CR04) and the Board reviews this risk annually.

iv. Will continue to prepare an annual review of our ABC control framework for the Board.

15. All ICAEW personnel and related parties are responsible for maintaining a fair and honest environment and for promoting an anti-fraud culture throughout ICAEW and in our dealings with suppliers and service providers.

16. Compliance with our policies on conflicts of interest and on gifts and hospitality is an important part of sustaining the right culture. Beyond this, don't be afraid to challenge and ask questions if you don't understand something or believe something is wrong.

17. Irrespective of the amount involved, you must report all cases of suspected, attempted, or proven fraud, bribery or corruption, so that we can fully investigate and address each case. If you have any concerns, speak to your line manager, the director, human resources or the head of internal audit. Don't try to investigate the allegations yourself as this may compromise our ability to take legal action.

If you think something is wrong, it may be wrong – trust your instincts and report.

Responsibility for fraud, bribery and corruption risk management

18. **All staff**, including managers, must:

- i. act with integrity when using ICAEW resources and in the handling and use of funds, whether involved with cash or payment systems, receipts, or dealing with contractors, suppliers or other third parties;
- ii. ensure that internal controls are followed consistently; and
- iii. report any concerns immediately to their line manager, the director, human resources or the head of internal audit, if they suspect or believe there is evidence of irregular or improper behaviour or that a fraud may have been committed or a bribe offered or made. There will be no recrimination against member of staff who reports reasonably held suspicions nor any recrimination, victimising or deterrence of staff from reporting such incidents.

19. Each one of us is responsible for the prevention and detection of fraud, but **line managers** are also responsible for:

- i. identifying the risks to systems, operations and procedures;
- ii. developing and maintaining effective controls to prevent and detect fraud;
- iii. ensuring that these controls are complied with;
- iv. ensuring all their staff are aware of their responsibilities under this policy (see 18 above); and

- v. where fraud has occurred, reviewing the effectiveness of existing controls and taking action to improve them when it is necessary.

How do we respond to fraud, bribery and corruption?

- 20. On an annual basis all staff are required to confirm they have read this Policy. From 2018, all staff were required to view a bespoke training webinar including new joiners.
- 21. When we receive allegations or concerns, we will evaluate them and Internal Audit conducts a preliminary enquiry to determine what other action, if any, is required, including whether the **ABC Incident Group (ABC IG or 'Incident Group')** should meet.

The ABC IG - Role and function

- 22. The ABC IG is responsible for overseeing and managing the process and response to any incident of bribery or fraud and ensuring that it is properly investigated and reported. It will also ensure that:
 - i. appropriate action is taken in response to allegations of fraud, bribery or corruption;
 - ii. where appropriate, ICAEW seeks suitable legal advice;
 - iii. ICAEW takes appropriate legal and/or disciplinary action against perpetrators of fraud; ICAEW takes appropriate action to recover assets; and
 - iv. appropriate remedial action is recommended to minimise the risk of similar frauds occurring.
- 23. The current members of the ABC IG are:
 - i. Vernon Soare, Chief Operating Officer
 - ii. Maura Owens, Director, HR
 - iii. Alison Stokes, Head of Chief Executive's Office (if the matter relates to, or involves, a volunteer)
 - iv. The ED covering the relevant department

The MLRO is Michelle Giddings.

- 24. In the event of an incident and where a member of the Incident Group is not contactable the Chief Operating Officer will decide who should be their deputy. The team may also need to work with the Director of Communications & Brand depending on the severity of the incident reported.

The Incident response process (see Diagram A: page 11)

- 25. The incident response process is set out at Diagram A and expanded on below (*paragraphs 28 - 38*).
- 26. The ABC IG will meet in response to the reporting of an incident and instruct Internal Audit to conduct an initial review of the incident and the available information. However, the ABC IG may decide to pass the matter to the Police at this stage ie before instructing Internal Audit.

27. Based on the recommendations arising from the Internal Audit review, the ABC IG will either decide to involve external consultants, including legal advice or to deal with the matter through internal HR processes, as appropriate.

What happens during and after a special investigation?

Actions against staff and other parties involved

28. During the course of any investigation, and based on legal advice, the ABC IG may decide to recommend the suspension of one or more staff member(s) if there are reasonable grounds to believe they may be involved in fraud. The Incident Group may also initiate measures, including restricting access to premises or systems personnel, records or systems, to prevent intimidation from witnesses or the destruction/removal of evidence that may be needed to support disciplinary, civil or criminal action.
29. The ABC IG will determine whether an incident should be referred to the police, taking into account the quality of evidence available and the opinion of external advisers (if involved). If the ABC IG decides that there are sufficient grounds to refer the incident to the police, it will recommend this to the chief executive.

Reporting

30. The chief executive and the chair of the Audit Committee will be notified when an investigation has been started. The ABC IG will also decide whether to include other functional areas (such as Finance, IT, Procurement, Facilities etc).
31. The ABC IG will meet as required to oversee the progress of any investigation and take major decisions relating to the incident; this includes recommending actions, if any, that should be taken in respect of staff, third parties, or the police.
32. During the course of any investigation, and until a matter is brought to closure, the ABC IG will provide periodic confidential reports to the chair of the Audit Committee and the chief executive. These reports will summarise the situation, including information on loss incurred, any ongoing risks to ICAEW or its members, progress with recovery, any disciplinary action, any civil or criminal action, estimated resources expended and required, communication strategy (internal and external) and actions taken to prevent and/or detect similar incidents in future.

Lessons learnt

33. On completion of any investigation, the ABC IG will submit a final report to the chief executive and chair of the Audit Committee, including recommendations for preventative steps.
34. We will review this policy on a regular basis and in the context of any special investigation.

ICAEW policy in response to confirmed ABC issues

35. ICAEW will take disciplinary action (including, where appropriate, suspension or dismissal) against any member of staff involved directly or indirectly in actual or suspected fraud, including refusal to cooperate with an investigation. Such involvement will be treated as gross misconduct.

36. If a member of staff deliberately makes false or malicious allegations, ICAEW may take disciplinary action against the individual or individuals.
37. ICAEW may also consider terminating the contract of a supplier who is found to be in breach of the Bribery Act 2010, as this will constitute breach of our standard supply terms.
38. ICAEW may also take civil action for the recovery of assets, including against any third parties believed to be involved. ICAEW will pursue repayment of any losses in all cases where it is practical and cost-effective, and the ABC IG will consider all available legal actions, based on advice and external counsel as appropriate.

Associated policies

39. You should read this policy together with our:
- i. Code of Business Conduct;
 - ii. Tendering policy; and
 - iii. Whistleblowing policy.

Gifts and hospitality

40. ICAEW does not believe that it is appropriate for employees to accept gifts from any person or organisation with which it has (or might have) business connections. This is because it is important to ensure that no employee acts in any way that is inconsistent with ICAEW's objectives or with the integrity of the business by accepting a gift in circumstances where it could influence, or be seen to influence, that employee's business actions or decisions.

Permitted gifts and hospitality

41. In terms of corporate hospitality and gifts offered to staff, it is our policy not to accept:
- i. gifts of money (except for corporate endowments/donations to the Foundation);
 - ii. free membership or subscriptions (eg, sport or other clubs);
 - iii. foreign travel/holiday type offers;
 - iv. free goods or services that are normally provided by the supplier to ICAEW at a charge;
 - v. other free equipment, goods or services such as cars and housing.
42. The following are acceptable:
- i. occasional lunches or dinners, of a value equivalent to what you are allowed to spend as business entertainment;
 - ii. the receipt of seasonal hospitality or, for instance, end-of-contract expressions of gratitude from suppliers and contractors (eg, boxes of chocolates or individual bottles of drink);
 - iii. incremental items such as calendars, diaries, pens and cheap calculators; and
 - iv. occasional corporate events such as sporting fixtures, provided these events are within a reasonable time frame (ie. half day/day) and modest in value/cost.
43. If you are offered any items not covered in these lists, you should seek advice from the Chief Operating Officer or the Director, Human Resources.

44. The timing of any gift or hospitality and the role of you as recipient may also affect whether the gift is allowed.
45. During a tender process or other negotiation, staff involved in the process should not accept or give hospitality or gifts to any of the parties involved.
46. It is not appropriate for members of staff in a position to award contracts or approve payments to receive gifts or corporate hospitality if this may be perceived as a bribe.
47. Staff involved in any form of investigation or assessment of others eg, PSD, should not accept gifts or hospitality from those they are investigating or assessing.

If you are in any doubt at all about the context, value or nature of and gift or hospitality, you should seek immediate guidance and prior approval from your line manager.

Reporting

48. Any gifts received with a value over £50* must be recorded in a central register held by Human Resources. (If you are not sure of the value of the gift then it is best to record the details). Please contact Maura Owens, Director, Human Resources with the details. (*£50 is the amount derived from the Trivial Benefit financial limit which is set by HMRC and is the level below which no tax is payable on a benefit). This financial limit applies to all our international offices too.
49. If you receive a gift of any kind from an existing or potential business contact you must disclose the fact of the gift, its nature and the identity of the sender to your line manager.
50. If your line manager believes that the gift might constitute a bribe or other inducement, the Chief Operating Officer or the Director, Human Resources will deal with the matter appropriately. This may include returning the gift or declining hospitality.
51. If your line manager agrees that the gift was sent to you as a token of gratitude for work carried out to a particularly high standard or for an exceptional level of service given, then you may, at your line manager's discretion, be allowed to keep the gift. So, small gifts that are genuinely given as a token of appreciation or gratitude will be acceptable, provided that you properly declare the gift in line with this policy and provided that you do not subsequently treat the person who sent the gift more favourably than others.
52. This policy does not apply to promotional gifts ie items such as stationery or pens that bear the logo or company name of another organisation, provided that these have no significant value. However, as it is likely only a limited number of employees will receive such gifts, they should be shared among other members of staff where appropriate.
53. This policy has been updated and aligned with the Bribery Act 2010 which came into effect in July 2011 – and updated annually since.

54. Any breach or disregard of this policy will be deemed as misconduct and may lead to disciplinary action.

Policy Statement

- a. This policy states ICAEWs commitment to compliance and good practice in relation to anti-bribery, corruption and fraud, in addition to the receipt of corporate gifts and hospitality.
- b. All staff will make appropriate use of good practice in support of the delivery of our business.
- c. To implement this statement, HR should ensure:
 - new staff joiners watch the ICAEW ABC webinar and
 - there is an annual process for an all staff reminder to view the webinar with confirmation of sign off.

What is excluded from this policy

Failure to comply with this policy

Failure to comply with this policy may result in increased legal and financial risk to ICAEW. Arrangements that are not supported by the appropriate legal agreements may lead to uncertainty and a higher risk of contractual disputes arising. ICAEW could have minimal legal protection in the event of a challenge being made.

Individuals who do not comply with this policy or make financial commitments/place purchase orders and sign off invoices above their delegated authority may be subject to disciplinary action.

Document control

Date: March 2020
Expiry: March 2021
Confidentiality: ICAEW use only
Version: 1.2
Owner: Chief Operating Officer
Drafted by: Personnel from HR, Finance, PSD and the COO
Approved by: ABC Review Group
Next review date: March 2021
Linked documents:
I. Code of Business Conduct;
II. Tendering policy; and
III. Whistleblowing policy.

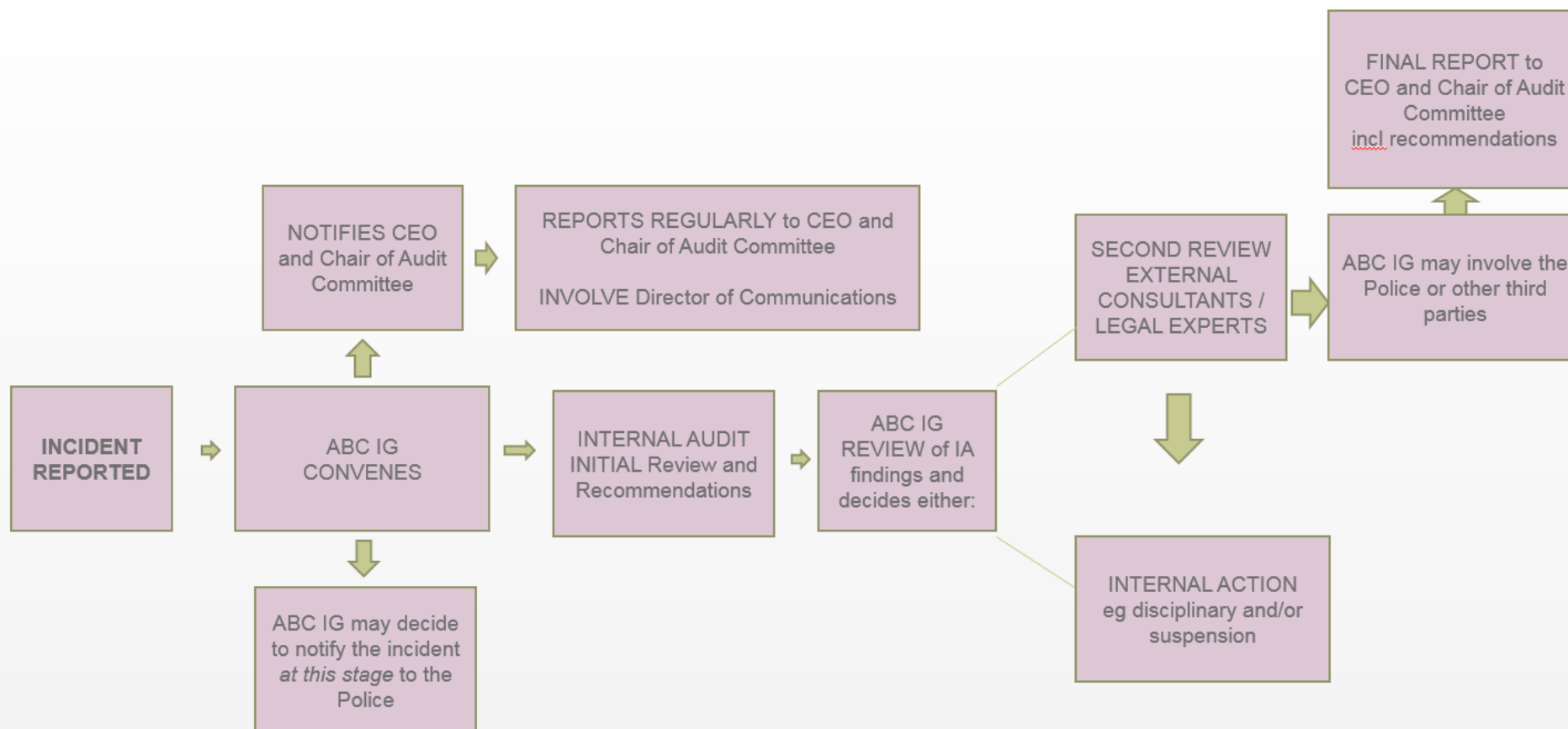


Diagram A: ICAEW Anti Bribery and Corruption Policy: Incident Response process