

# Anti-Fraud, Bribery and Corruption Policy

## Common Soil (Cotswolds) Limited



### 1.0 Policy Summary

The Directors of the Community Benefit Society have a duty to manage this non-profit organisation's resources responsibly and ensure that funds are protected, applied and accounted for.

Common Soil is committed to operating with the highest standards of integrity and promoting a culture of accountability, conducting operations in accordance with the highest ethical and legal standards. Common Soil opposes fraud, bribery & corruption as it erodes fairness, honesty, damages good governance and harms society at large. Common Soil operates a zero-tolerance policy towards fraud, bribery & corruption.

Common Soil will assess the risks of fraud, bribery and corruption, establish processes and controls to minimise these risks, and regularly review the effectiveness of its control systems.

Common Soil requires all staff to immediately report any incidents or suspicions of fraud, bribery or corruption to the Fraud Officer or another person named in Raising Concerns. The organisation will not penalise anyone for raising a concern in good faith.

Common Soil will take all reports of fraud, bribery and corruption seriously, and investigate proportionately and appropriately.

Common Soil requires all those receiving organisation's funds or representing the organisation, including its donors, suppliers, partners, contractors and agents, to act in accordance with this policy. This includes reporting to the organisation any suspected or actual instances of fraud, bribery or corruption involving its assets or staff & volunteers.

### 1.1 Relevant legislation

Fraud Act 2006

Bribery Act 2010

Criminal Finances Act 2017

Regulatory requirements and applicable guidance including Managing Public Money.

Trustees are required under charity law to safeguard the assets of the charity.

## **1.2 Scope**

This policy is applicable to, and must be followed by, all staff & volunteers including consultants and contractors. Failure to comply could result in disciplinary action, including dismissal.

## **2.0 Policy Statement**

Common Soil has a 'zero tolerance' policy towards fraud, bribery and corruption. This means that the organisation:

- a) does not accept any level of fraud, bribery or corruption within the organisation or by any other individual or organisation receiving funds or representing the organisation; and
- b) will always seek to take disciplinary and/or legal action against those found to have perpetrated, be involved in, or assisted with fraudulent or other improper activities in any of its operations.

Common Soil is committed to developing an anti-fraud culture and keeping the opportunities for fraud, bribery and corruption to the absolute minimum.

The organisation requires all staff to act honestly and with integrity at all times and to safeguard the resources for which they are responsible.

## **3.0 Definitions**

### **3.1 Fraud**

Fraud is knowingly making an untrue or misleading representation with the intention of making a gain for oneself or another or causing a loss, or risk of loss, to another.

Examples of fraud may include: falsifying expense claims; submitting false supplier invoices; understating the receipt of cash; enabling tax evasion by paying suppliers in cash for a lower price.

### **Bribery**

Bribery is the offering, promising, giving, accepting or soliciting of money, a gift or other advantage as an inducement to do something that is illegal or a breach of trust in the course of carrying out an organisation's activities.

Examples of bribery may include: a potential supplier offering you some money or a gift to influence a tendering process; a job applicant offering to pay you to increase his/her chance

of being offered employment; a contractor offering a gift (e.g., cash) to a member of staff in return for acceptance of a quote for works.

It is illegal to give or receive a bribe under the Bribery Act and organisations are liable for bribes taken or given on their behalf where it does not have adequate procedures in place.

### **3.3 Facilitation payments**

Facilitation payments are payments which induce officials to perform routine functions they are otherwise obligated to perform. Facilitation payments are bribes and there is no exemption for them under the Bribery Act. Facilitation payments do not include legally required administrative fees and legitimate fast-track services.

### **3.4 Corruption**

Corruption is the misuse of entrusted power for personal gain. This would include dishonest or fraudulent behaviour by those in positions of power, such as managers or government officials. It would include offering, giving and receiving bribes to influence the actions of someone in a position of power or influence, and the diversion of funds for private gain.

### **3.5 Tax Evasion (Fraud)**

Tax evasion is any deliberate omission, concealment or misinterpretation of information, or the false or deceptive presentation of information or circumstances in order to gain a tax advantage.

It is a criminal offence if an organisation fails to stop those acting on its behalf from facilitating tax fraud.

### **3.6 Gifts and hospitality**

These can range from small gifts (such as diaries) to expensive hospitality (tickets for major events, holidays etc). Hospitality or promotional expenditure which is proportionate and reasonable to demonstrating goods or services or reflecting your good relations is unlikely to qualify as a bribe. However extravagant gifts and hospitality may be used to disguise bribes that are intended to induce improper behaviour (e.g., to fix the outcome of a tendering process). See Age UK Notts' Code of Conduct Policy and Gift Policy for further information.

## **4.0 Responsibilities**

Common Soil entrusts all individuals across the organisation to take a proactive role in

improving the organisation's anti-bribery policy and practice.

#### **4.1 The Board**

Board members will provide leadership, resources and active support for the implementation of this policy. They are responsible for ensuring that this policy and any associated policies are fit for purpose and complied with.

#### **4.2 Fraud Officer**

The Fraud Officer will actively and visibly lead the organisation's anti-fraud, bribery and corruption policy and practice and ensure that these policies and procedures are implemented consistently.

#### **4.6 Individuals**

Individuals are responsible for not giving or receiving bribes and challenging instances where bribery may occur. They are also responsible for reporting all bribery that they are aware of via the procedures laid out in this policy.

### **5.0 Fraud & Bribery prevention**

#### **5.1 Commitment**

Common Soil clearly articulates its zero-tolerance policy on fraud & bribery externally on its website.

#### **5.2 Risk assessment**

Common Soil recognises that the threat of fraud & bribery varies across countries, areas of work, partners and transactions and that our organisation must respond proportionately to those risks. Therefore, a fraud risk assessment would be put in place to cover projects/activities which involve working in high-risk areas. As Common Soil is a local organisation supporting people in Stroud it is unlikely that volunteers and staff will manage projects or work overseas.

#### **5.3 Due diligence**

##### **5.3.1 Recruitment**

Common Soil recognises that good anti-bribery practice starts from the outset of employing an individual. All volunteers and staff will be briefed on Common Soil's anti-fraud & bribery policy, as part of the organisation's induction.

### 5.3.2 Working with service suppliers and in partnerships

Common Soil is liable under the Bribery Act if a person “associated” with it bribes another intending to obtain or retain business or a business advantage for Common Soil. The act’s definition of an associate is deliberately broad to include individuals, incorporated and unincorporated bodies supplying services to Common Soil (rather than just goods) or acting on Common Soil’s behalf as a partner or agent.

Common Soil requires all individuals engaging suppliers of services and working with partners of behalf of Common Soil to ensure that:

- service suppliers and partners are selected through a transparent and competitive selection process.
- due diligence is carried out on partners and suppliers before entering into contracts (see 5.2)

### 5.3.3 Donations

Volunteers and staff should ensure that any donation received or made by Common Soil is not an incentive to conduct its business improperly.

## 5.4 Communication

All volunteers, staff and suppliers must understand and comply with Common Soil’s anti-fraud & bribery policy. To ensure that this is communicated, Common Soil will:

- clearly articulate its zero-tolerance policy on bribery externally on its website
- brief all volunteers and staff on Common Soil’s anti-bribery policy, as part of the organisation’s induction as a minimum

## 6.0 Procedures

### 6.1 Internal Reporting

What volunteers and staff should do if they suspect or witness actual instances of fraud, bribery or corruption:

- All volunteers and staff must immediately report any suspected or actual instances of fraud, bribery or corruption. This includes offers to pay bribes, solicitation of bribes and demands to make facilitation payments. Failure to report could result in disciplinary action.

- Reports should be made to the Fraud Officer. If volunteers or staff are not comfortable reporting their concerns to the Fraud Officer, concerns should be reported to a member of the Board.
- Common Soil will not penalise anyone for raising a concern in good faith, even if it turns out to be unfounded.
- Any member of staff who harasses or victimises someone for raising a concern in good faith will themselves be subject to disciplinary action.

## **6.2 Investigation**

To enable proper investigation, volunteers and staff should record the details of any fraud/bribery or requested or attempted fraud/bribery, as soon as possible after the event. Any instances of actual or potential fraud/bribery should be properly and promptly investigated.

The objectives of an investigation should be to:

- Confirm whether fraud or a bribe has taken place, and to identify who was responsible.
- Confirm whether internal controls and anti-fraud/bribery procedures have worked in practice.
- Identify any improvements required to anti-fraud/bribery procedures. Depending on the findings of the investigation, subsequent action will be determined. This may involve disciplinary action against volunteers and staff involved or external reporting to:
  - A senior official or director of another organisation, if the person making the bribe /committing the fraud is from that organisation
  - Local police/ law enforcement agencies (if deemed appropriate)
  - Serious Fraud Office (in the UK has primary responsibility for the UK Bribery Act)
  - HMRC where the fraud is related to tax
  - Relevant government department where the fraud/bribe took place

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## Appendix A: Corruption indicators

Taken from the Serious Fraud Office website, 20 December 2013

<http://www.sfo.gov.uk/bribery--corruption/corruption-indicators.aspx>

This list is not exhaustive and the ingenuity of those involved in corruption knows no bounds! You should beware of:

- Abnormal cash payments
- Pressure exerted for payments to be made urgently or ahead of schedule
- Payments being made through 3rd party country, e.g., goods or services supplied to country 'A', but payment is being made, usually to shell company in country 'B'
- Abnormally high commission percentage being paid to a particular agency. This may be split into 2 accounts for the same agent, often in different jurisdictions
- Private meetings with public contractors or companies hoping to tender for contracts
- Lavish gifts being received
- Individual never takes time off even if ill, or holidays, or insists on dealing with specific contractors him/herself
- Making unexpected or illogical decisions accepting projects or contracts
- Unusually smooth process of cases where individual does not have the expected level of knowledge or expertise

- Abusing decision process or delegated powers in specific cases
- Agreeing contracts not favourable to the organisation either with terms or time period
- Unexplained preference for certain contractors during tendering period
- Avoidance of independent checks on tendering or contracting processes
- Raising barriers around specific roles or departments which are key in the tendering/contracting process
- Bypassing normal tendering/contractors' procedure
- Invoices being agreed more than contract without reasonable cause
- Missing documents or records regarding meetings or decisions
- Company/charity procedures or guidelines not being followed
- The payment of, or making funds available for, high value expenses or school fees etc. on behalf of others.

## **Six Red Flags to Help You Spot Workplace Bribery & Corruption**

The following [red flags](#) indicate that bribery might be taking place:

### [1. Purchasing unnecessary or inappropriate items](#)

If someone purchases unnecessary or inappropriate items, it could be an indication that there is a corrupt relationship in play. This could be between an employee and the supplier or contractor. It is important to be alert for items of large quantities, particularly if there is no visible need for such items.

### [2. Questionable invoices](#)

Has an invoice been submitted without any supporting documentation? Does it appear unprofessional and/or unmarked? Always look for a pattern of questionable invoices as this can indicate that the invoices are being used to fund bribe payments.

### [3. Continued acceptance of poor-quality goods](#)

If an employee or customer is continually accepting poor quality goods, especially after complaints have been made, this could be a strong indicator for corruption.



#### 4. Conflict of interest

Does an employee have a personal or economic interest in a particular transaction? Does their behaviour change when it comes up? Are they acting differently or suspicious? All this could indicate a conflict of interest.

#### 5. Unqualified third party

Look out for signs of corruption if the third party your company is dealing with seems unqualified for the job he/she is contracted to perform.

#### 6. Incomplete travel and expenses

Incomplete travel and expenses forms could indicate an employee is trying to hide something. It could be that they are being used to obtain money for improper payments.

By being aware of the potential signs of bribery and corruption, we can help stop it from taking place in the workplace. Not only will people know the signs to look out for, but the raised awareness could help put people off and prevent corruption from happening in the first place.