

## Fraud policy

### 1. Introduction

- 1.1 The intention is that this policy be reviewed annually by the Audit and Risk Committee.
- 1.2 The Professional Standards Authority (the Authority) will not accept any level of fraud, bribery or corruption. Where there is a risk of fraud, corruption or bribery, either internally or externally, we will address it in a robust and controlled manner.
- 1.3 The Authority is committed to carrying out its business in an open, honest and fair manner and we expect all members, employees, consultants and contractors to act with the highest level of integrity and to assist us in promoting an anti-fraud culture.

### 2. Our written rules

- 2.1 The Authority follows the relevant legislation and procedures to make sure that our financial, working and organisational practises are properly controlled, see Appendix 1. These are an important part of our internal control process.
- 2.2 The executive leadership team must make sure that all staff have access to these rules, regulations etc and that staff receive suitable training.
- 2.3 Board members and employees must make sure that they read and understand the rules and regulations that apply to them, and act in line with them.

### 3. Fraud

- 3.1 Fraud is defined as ‘the intentional distortion of financial statements or other records by persons internal or external to the Authority which is carried out to conceal the misappropriation of assets or otherwise for gain’.
- 3.2 The Fraud Act 2006 introduced three main offences.
  - Fraud by false representation – for example lying on an application form to obtain employment
  - Fraud by abuse of position – for example using your position to siphon of funds
  - Fraud by failing to disclose information – for example not declaring a conviction.
- 3.3 If anyone commits or attempts to commit fraud they may face civil action or criminal prosecution. The Authority will also take formal disciplinary action against them. This may include ending their employment with the Authority.

## **4. Bribery**

4.1 The Bribery Act 2010 sets out four main offences

- Giving or offering a bribe
- Receiving or requesting a bribe
- Bribing a foreign public official
- Negligently failing to prevent a bribe.

4.2 Under the Act, bribery may have been committed even whether no money or goods has been exchanged.

4.3 The Authority's staff and members are expected to comply with our policy on declaring gifts and hospitality at all times.

## **5. How we expected our employees to behave**

5.1 We expect all people and organisations who are in any way associated with us to be honest and fair in their dealings with us. We expect our Board members and employees to lead by example in these matters.

5.2 Our employees have an important part to play in dealing with fraud and corruption and we expect our staff to notify us and provide information if they suspect fraud or corruption.

5.3 We will deal with all suspicions fairly and confidentially and as far as possible the Authority will not reveal the names of the people who gave us the warning. Our fraud response plan attached (Appendix 2) gives more advice on this issue for both managers and staff.

5.4 The Nolan Committee sets out the seven guiding principles that apply to people who serve the public. The Authority will develop our working behaviour around these principles, which are attached as Appendix 3.

5.5 We will deal firmly and quickly with anyone who is suspected of bribery, fraud or corruption. We will, when necessary to seek advice before embarking on a course of action which may lead to either loss of evidence or a breach of guidelines. We will refer matters to the police if we suspect any criminal activity has been carried out.

## **6. Preventing Fraud and Corruption**

6.1 The first step in beating fraud and corruption is prevention. The Authority has clear rules and procedures, within which Board members, employees, consultants and contractors should work.

6.2 The executive leadership team must make sure that suitable levels of internal checks are included in working procedures, particularly financial procedures. It is important that duties are organised so that no one person can carry out a complete transaction without some form of checking process being built into the system.

- 6.3 The Authority is committed to working and co-operating with other organisations to prevent organised fraud and corruption. Wherever possible, in accordance with the principles of the Data Protection Act, the Authority will liaise and exchange information with other organisations to deal with issues of fraud.
- 6.4 The Authority has a whistleblowing policy and we ensure that all staff are aware of the contents and brief managers on how to respond should they receive information.

## **7. Detecting and Investigating Fraud and Corruption**

- 7.1 You should read this section with our fraud response plan (Appendix 1).
- 7.2 Employees must report any suspected cases of fraud and corruption to the Director of Governance and Operations, or to another person of suitable authority.
- 7.3 Reporting cases in this way is essential to makes sure that:
- Suspected cases of fraud and corruption are investigated properly
  - The fraud response plan is carried out properly
  - There is a standard process for dealing with all suspected cases of fraud and corruption
  - People and our interests are protected.
- 7.4 The Director of Governance and Operations, in consultation with the Chief Executive, will decide on the type and course of the investigation. This will include referring cases to the police where necessary. Where fraud is proven the Authority will press for prosecution of offenders and will carry out our disciplinary procedures if appropriate.

## **8. Appendix 1 – relevant legislation and procedures**

### 8.1 These include;

- Determinations by the Secretary of State pursuant to paragraph 15 of Schedule 7 to the NHS Reform and Health Care Professions Act 2002
- Directions and general conditions under paragraph 14(1) and 7 of Schedule 7 to the NHS Reform and Health Care Professions Act 2002 in respect of payments made by the Secretary of State pursuant to paragraph 14(1) or 3
- Determination by the Secretary of State for Health for the allowances payable by the Authority, as amended from time-to-time
- The Bribery Act 2010
- Financial regulations (i.e. treasury guidance)
- Scheme of delegation (within the Governance Framework)
- Expenditure authority
- Procurement processes and procedures
- Expenses guidelines (for Board members and for staff).

## 9. Appendix 2 – fraud response plan

### Introduction

- 9.1 It is important that we all do all we can to prevent and detect fraud to make sure that we can provide services to our clients honestly and efficiently.
- 9.2 Our fraud policy document sets out the principles we are committed to in relation to preventing, reporting and managing fraud and corruption.
- 9.3 The Audit Commission has produced guidelines, which tell employees and managers what they must do if they suspect fraud or corruption. These guidelines have been incorporated into our own fraud response plan.

### Definitions

- 9.4 Fraud is defined as:  
*“The intentional distortion of financial statements or other records by persons internal or external to the Authority which is carried out to conceal the misappropriation of assets or otherwise for gain”.*
- 9.5 Theft is defined as:  
*“Dishonestly acquiring, using or disposing of physical or intellectual property belonging to the Authority or to individual members of the Authority”.*
- 9.6 Misuse of equipment is defined as:  
*“Deliberately misusing materials or equipment belonging to the Authority for financial or material benefit”.*
- 9.7 Abuse of position is defined as:  
*“Exploiting a position of trust within the Authority for financial or material benefit”.*
- 9.8 Corruption is defined as:  
*“The offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person”.*

### Procedures for reporting suspected Bribery, Fraud or Corruption

- 9.9 We rely on our staff to help us to prevent and detect fraud. It is often members of staff who are in a position to spot any possible cases of fraud and corruption at an early stage.
- 9.10 We have specific reporting lines for fraud. You should first report the matter to the Director of Governance and Operations, unless it is that person who is subject of the suspicion. In such cases suspicions should be reported to another person of suitable authority.
- 9.11 We also have a whistleblowing policy which you may use to report issues if you believe that route to be more appropriate.
- 9.12 The action that you take when you first find out about a suspected case of fraud might be vital to the success of any investigation that follows, so it is important that your actions are in line with the information given in this document.

### **Actions by employees**

- 9.13 If you suspect fraud or corruption anywhere within the Authority, you should write down your concerns immediately. Make a note of all relevant details, such as what was said on the phone or other conversations, the date, the time and the names of anyone involved.
- 9.14 Report the matter immediately to the Director of Governance and Operations. In their absence, report the matter to your Director or the Chief Executive. Give that person any notes you have made or any evidence you have gathered. Don't tell anyone else about your suspicions.
- 9.15 Do not try to carry out an investigation yourself. This may damage any subsequent enquiry and could lead to a loss of evidence.
- 9.16 If you believe that the concerns you have raised are not being dealt with then you may also raise the matter using the Authority's whistleblowing policy.

### **Actions by Directors**

- 9.17 Listen to the concerns of your staff and treat every report you receive seriously and sensitively. Do not ridicule suspicions raised by staff. Do not offer an opinion on the veracity of the allegation.
- 9.18 Make sure that all staff concerns are given a fair hearing. You should also reassure staff that they will not suffer because they have told you of their suspicions.
- 9.19 Get as much information as possible from the member of staff, including any notes and any evidence they have that may support the allegation. Do not interfere with any evidence and make sure it is kept in a safe place.
- 9.20 Report all allegations, whether justified or not, immediately to the Director of Governance and Operations or, in their absence, the Chief Executive or other appropriate person). Do not tell anyone else about your suspicions.
- 9.21 The Director of Governance and Operations and the Chief Executive (or other appropriate person) will determine whether there is a case to answer.
- 9.22 If there is a case to answer they will assign the investigation to an appropriate person with the appropriate skills and qualifications to investigate. This may in some situations be external investigators.
- 9.23 Once the investigation is complete any recommendations will be actioned immediately, these could be but are not limited to:
  - Closing the matter, where no wrongdoing is found
  - Referring the matter to the police
  - Disciplinary action.

## 10. Appendix 3 – The 7 Principles of Public Life

### Selflessness

Holders of Public office take decisions in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

### Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their performance of the official duties.

### Objectivity

In carrying out public business, including making public appointments, awarding contract, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

### Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

### Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

### Honesty

Holders of public office have a duty to declare any private interests relating to their public duties to take steps to resolve any conflicts arising in a way that protects the public interest.

### Leadership

Holders of public office should promote and support these principles by leadership and example.

## Document Control

### Version Control

Printed documents are uncontrolled. This document is only valid on the day it was printed.

Version	Description of Version	Date Completed
1.0	Anti-Fraud and corruption Strategy	21 October 2008
1.1	Updated for job titles Re-approved by audit Committee	December 2010
1.2	Updated for Bribery Act	December 2011
1.3	Re-approved by Audit Committee	December 2012
1.4	Updated following re-approval by Audit committee	December 2013
1.5	Re-approved by Audit Committee	December 2014
1.6	Re-approved by Audit Committee	November 2015
2.0	Reviewed and updated	September 2017
2.1	Review undertaken	January 2019
2.2	Review undertaken	January 2020
2.3	Governance amendments	February 2020

### Associated Documentation

Version	Description of Documentation
3.5	Whistleblowing policy