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MARSHALL AID COMMEMORATION COMMISSION

Counter-fraud Compliance submission, Anti-Fraud, Bribery and Corruption Policy, Conflicts of interest Policy

The following are covered in this policy paper: Counter-fraud Compliance Submission, Anti-Fraud, Bribery and Corruption Policy and Procedures, Conflict of Interest Policy

Counter-fraud Compliance Submission

The Marshall Aid Commemoration Commission's (MACC) submission follows the 12-point checklist of counter-fraud requirements issued by the FDCO:

1. Have an accountable individual at board level who is responsible for counter fraud, bribery and corruption;

At board level the Chair of the MACC is the Accounting Officer; he/she works closely alongside the Executive Secretary of the Association of Commonwealth Universities (ACU) to take responsibility for counter fraud, bribery and corruption

2. Have a counter fraud, bribery and corruption strategy that is submitted to the centre;

As an FCDO Arms' Length Body, the MACC's activities and expenditure are on a modest scale. In the current year it is spending just £2.65 million of public money. It is governed by a board of volunteers. Day to day management is sub-contracted to a Secretariat staff of five at the ACU.

The scope for fraud and corruption is very limited, as the bulk of the MACC's spending goes directly to UK universities for the Marshall Scholars' tuition fees, to Marshall Scholars for their stipends, and to the ACU for their contracted services. Discretionary spend is a tiny part of the budget.

In that light, while the MACC recognises the need for counter-fraud compliance, and has the appropriate strategy, policies and procedures in place, it believes that these should be proportionate to its relatively small size and its relatively low risk profile. As a result, although most of the requirements of the counter-fraud compliance checklist are relevant, some are not.

The MACC's Counter Fraud and Corruption strategy is aligned with the FCDO's Counter Fraud and Corruption Strategy, which seeks to minimise the risk of loss resulting from fraud and corruption. The strategy is outlined below:

The MACC's strategy is designed to encourage prevention, promote detection, ensure effective investigation where suspected fraud or corruption has occurred; and apply sanctions to enforce zero tolerance concerning those who have committed fraud or allowed fraud to be committed.

The MACC actively seeks to deter potential fraudsters from committing or attempting to commit fraudulent or corrupt acts. It does so through zero tolerance of fraud and corruption, as demonstrated by this Counter Fraud and Corruption Strategy, its Anti-Fraud, Bribery and Corruption Policy, its Anti-Fraud, Bribery and Corruption Procedure document, the sections in its Risk Register that cover fraud, bribery and corruption, and the ongoing commitment by the Audit and Risk Management (ARM) Committee to oversee fraud controls.

It encourages a strong counter-fraud culture among its Commissioners and the staff of its contracted service provider the ACU, providing easy and effective means to report suspicions of fraud or corruption, e.g. the Fraud Investigation Team (FIT) hotline, on-line reporting form and counter-fraud training seminars.

If necessary, it takes robust action when fraud or corruption are identified, by conducting thorough investigations and taking decisive action if allegations are proven, such as prosecution, dismissal, or other disciplinary action.

It engages with fraud awareness campaigns (led by AFCU) to raise awareness of fraud and corruption risk and the steps that can be taken to minimise said risk.

If necessary, it takes robust action to maximise financial recovery for the FCDO through penalties, court action, agreements and the use of provider insurance policies such as those covering corporate credit cards.

It deploys robust systems of internal control to mitigate the risk and minimise opportunities for fraud and corruption to take place

It has access via the AFCU to fraud awareness training for Commissioners and ACU staff.

The MACC has robust control mechanisms to mitigate the risk of fraud and corruption happening.

For minor cases of fraud, the ACU investigates and reports to the ARM Committee and onwards to the MACC. In the unlikely event of serious cases of fraud, the MACC would refer to the AFCU, part of the Internal Audit Department (IAD), which is responsible for fraud investigation, and would proceed according to its detailed procedures agreed with the FCDO.

Full consideration is given to fraud risk as part of each internal audit.

3. Have a fraud, bribery and corruption risk assessment that is submitted to the centre;

The assessment of risk of fraud, bribery and corruption is contained within the MACC's Risk Register, which is revised annually by the MACC's ARM Committee and approved by the MACC at Commissioners' meetings. Both ARM and MACC meetings are attended by an FCDO representative, who receives proposed revisions to the Risk Register in advance of the meetings.

4. Have a policy and response plan for dealing with potential instances of fraud, bribery and corruption;

The MACC has an Anti-Fraud, Bribery and Corruption Policy and an Anti-Fraud, Bribery and Corruption Procedure document, as shown below:

Anti-Fraud, Bribery and Corruption Policy

1. Purpose and scope

- 1.1 This policy relates to the activities of the Marshall Aid Commemoration Commission (MACC), its members, observers, members of the MACC Secretariat, any other organisation contracted to provide specific administrative or other services on the Commission's behalf, over which it can reasonably be expected to have control (hereafter referred to as 'MACC delivery partners'), and MACC Scholars, Fellows and Alumni in so far as their actions are related to MACC, subject to the qualifications below.
- 1.2 This Anti-Fraud, Bribery and Corruption Policy sets out the standards that must be met by MACC, Scholars, Fellows and Alumni and the MACC's delivery partners in order to ensure individuals comply with the UK Anti-Bribery Act 2010 and Fraud Act 2006. It sets out the standards that must be met and clarifies the actions that individuals need to make with regards to actual or perceived fraud, bribery or corruption.
- 1.3 This policy relates to fraud, bribery and corruption. References to fraud refer also to acts of bribery and corruption.

- 1.4 Complaints unrelated to fraud, bribery or corruption should be submitted using MACC's Complaints Policy.
- 1.5 MACC is committed to the prevention of fraud, bribery and corruption and the promotion of an anti-fraud culture.
- 1.6 MACC operates a zero-tolerance attitude to fraud, bribery and corruption and requires Commissioners, members of the Secretariat staff, members of selection committees, applicants, Scholars, Fellows, Alumni and delivery partners to act honestly and with integrity at all times, and to report all reasonable suspicions of fraud, bribery or corruption.
- 1.7 MACC, its delivery partners and/or FCDO will investigate all instances of actual, attempted and suspected fraud committed by the above named bodies and individuals and will where appropriate seek to recover funds lost to the MACC through fraud, bribery or corruption.

2. Definitions

- 2.1 The term **fraud** is commonly used to describe the use of deception to deprive, disadvantage or cause loss to another person or party; or secure unwarranted personal gain. An example of fraud would be to submit false qualifications or other achievements with a Scholarship application, or for a Scholar on award not to inform MACC of travel plans which may affect their stipend payments, or for a Scholar to fail to repay advances of stipend or payments an individual is not otherwise entitled to.
- 2.2 The term **bribery** is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage. An example of bribery would be for a candidate to offer money to a selection committee in order to be nominated for a scholarship, or for a Scholar to offer a gift to a Secretariat staff member/MACC Commissioner in order to have their award extended.
- 2.3 The term **corruption** is broadly defined as the abuse of entrusted power for personal gain. An example of corruption would be for a selection committee member to offer to nominate a candidate in return for a gift, or for an an Secretariat staff member to withhold payments to Scholars for personal gain.

3. Reporting Suspicions

- 3.1 Where a suspicion of fraud is against a MACC delivery partner (including a University), the suspicion should be raised in the first instance with the organisation concerned, according to their organisation's anti-fraud policy.
- 3.2 Where the suspicion is about MACC, MACC Observer, a Scholar or Fellow, or a MACC delivery partner but it would not be appropriate to address the suspicion with the partner directly, or an unsatisfactory response has been given when the suspicions were raised directly, the suspicions, with all necessary evidence should be presented in writing to MACC addressed to the Executive Secretary (or the Chair of the Commission only if the suspicion is regarding the Executive Secretary), either by email to macc@acu.ac.uk by post to Marshall Aid Commemoration Commission, Woburn House, 20-24 Tavistock Square, London, WC1H9HF, United Kingdom.
- 3.3 Where it would not be appropriate to address the suspicion with MACC, or an unsatisfactory response has been given when the suspicions were raised directly with MACC, a report should be submitted to the FCDO Fraud Investigation Team (FIT). Contact details are: reportingconcerns@fcdo.gov.uk. The telephone number is +44 (0)1355 843747.
- 3.4 The Public Interest Disclosure Act 1998 protects employees who raise concerns about certain matters of public interest in good faith. The MACC will take all reasonable steps to ensure that confidentiality is maintained in such cases, and that those making allegations are not disadvantaged in any way by doing so. In addition, free independent advice can be obtained from the charity Public Concern at Work on 020 7404 6609 (www.pcaaw.org.uk).

Anti-Fraud, Bribery and Corruption Procedure

1. Responsibilities

- 1.1 The MACC Audit and Risk Management (ARM) Committee is responsible for:
- (a) regularly reviewing its anti-fraud policy statement and compliance to ensure it remains effective and relevant; and
 - (b) ensuring MACC has processes in place to investigate all allegations of fraud and to pursue appropriate action, including legal action.
- 1.2 The MACC Secretariat is responsible for:
- (a) developing, implementing and maintaining adequate systems of internal control to prevent and detect fraud, corruption and bribery;
 - (b) ensuring that MACC and the FCDO's reputation and assets are protected against fraud;
 - (c) reporting to the ARM Committee on all aspects of fraud risk management including known or suspected fraud;
 - (d) assisting in the investigation of suspected fraud;
 - (e) monitoring compliance with internal controls and agreed policies and procedures;
 - (f) ensuring that delivery partners have the necessary policies and procedures in place to prevent and detect fraud, corruption and bribery; and
 - (g) ensuring that delivery partners have access to and are aware of MACC's Anti-Fraud, Bribery and Corruption Policy and Procedure.
- 1.3 Delivery partners are responsible for:
- (a) developing, implementing and maintaining adequate systems of internal control to prevent and detect fraud, corruption and bribery;
 - (b) ensuring that MACC and FCDO's reputation and assets are protected against fraud, corruption and bribery;
 - (c) reporting to MACC all aspects of fraud risk management including copies of all relevant policies and reports of known or suspected fraud, corruption and bribery;
 - (d) reporting to MACC any allegation of fraud, bribery or corruption made against the partner including the results of investigations into allegations related to the work of MACC;
 - (e) assisting in the investigation of suspected fraud, corruption and bribery; and
 - (f) monitoring compliance with internal controls and agreed policies and procedures.
- 1.4 FCDO Fraud Investigation Team (FIT) is responsible for:
- (a) ensuring that MACC and FCDO's reputation and assets are protected against fraud, corruption and bribery;
 - (b) assisting in the investigation of suspected fraud, corruption and bribery; and
 - (c) providing advice and assistance to MACC and its delivery partners to ensure that best practice systems are in place to prevent, detect and investigate allegations of fraud, bribery and corruption.

2. Receipt of Report of Fraud, Bribery or Corruption to MACC

- 2.1 Reports emailed to macc@acu.ac.uk or received by post will be directed to the Executive Secretary or their delegate. This includes reports referred to MACC by the FCDO or a delivery partner.
- 2.2 The Executive Secretary or their delegate will log the report on the Complaints Register in the section on allegations of fraud, bribery or corruption.

- 2.3 The Executive Secretary or their delegate will assess whether or not the allegation falls within the Anti-Fraud, Bribery and Corruption Policy.
- 2.4 Within 10 working days of receipt of the report, the Executive Secretary or their delegate will either acknowledge receipt of the report or respond noting that the matter falls outside the Anti-Fraud, Bribery and Corruption Policy. The Executive Secretary or their delegate may refer the individual to another policy if appropriate (such as the MACC Complaints Policy or Safeguarding Policy). The response will be made to the individual who submitted the report by the communication method in which the report was received.
- 2.5 Where the allegation falls within this policy the Executive Secretary or their delegate will, within 10 working days of receipt of the report, make the Executive Secretary (where the responsibility for handling reports has been delegated) and the Chair of the ARM Committee of the MACC aware of the allegation.

3. Investigation of reports received by MACC

- 3.1 The Executive Secretary or their delegate will within 30 working days of receipt of the report, consider the evidence presented and investigate as appropriate and proportionate and will, in consultation with the Chair of the ARM Committee, agree that either:
 - (a) that the allegation has no basis and should be rejected; or
 - (b) that the allegation has an evidentiary base and that there is a prima facie case for it to be considered fully under the Anti-Fraud, Bribery and Corruption Policy.
- 3.2 In the event of 3.1(b) above the Chair of the ARM Committee will decide whether:
 - (i) further action or investigation is required; and/or
 - (ii) whether the allegation should be referred to the FCDO Counter Fraud Section for further advice or investigation; and/or
 - (iii) whether new policies or procedures are required to be introduced in light of the investigation.
- 3.3 In the event of (ii) above the Chair of the Commission or their delegate will inform FCDO's Fraud Investigation Team in their capacity as the Accounting Officer to MACC.

4. Communication of decision of MACC

- 4.1 In the event of 3.1(a) above the Executive Secretary shall inform the individual who submitted the report of the decision within 10 working days of it being made.
- 4.2 In the event of 3.1(b) the Executive Secretary shall, within 10 working days of the decision being made, inform the individual who submitted the report that MACC believes that there is a prima facie case for it to be considered under the Anti-Fraud, Bribery and Corruption Policy.

5. Reporting of reports received by MACC

- 5.1 Reports received by MACC include reports received after investigations have been concluded by delivery partners or by FCDO Fraud Investigation Team.
- 5.2 The details and outcome of the allegation will be recorded in the Complaints Register in the section on allegations of fraud, bribery or corruption.
- 5.3 The Complaints Register will be tabled to the Audit and Risk Management Committee of MACC. The tabled Register will maintain the confidentiality of the person making the allegation, and (unless the allegation has been upheld) the subject of the allegation, as far as may be practical. Where appropriate, changes in policy or practice resulting from any allegation will also be recorded in the minutes of the meeting concerned.
- 5.4 The Chair of the ARM Committee shall report on any allegations that have been partially or fully upheld to the next full meeting of the Commission.

5. Have an annual action plan that summarises key actions to improve capability, activity and resilience in that year;

The MACC's Counter-Fraud and Corruption Strategy, its Anti-Fraud, Bribery and Corruption Policy and its Anti-Fraud, Bribery and Corruption Procedure document capture the key responsibilities and procedures and are kept under annual review by the ARM and the MACC itself. For a small operation running at relatively low risk of fraud and corruption, the MACC does not believe that a separate annual plan in addition to these measures is appropriate.

6. Have outcome based metrics summarising what outcomes they are seeking to achieve that year. For organisations with 'significant investment' in counter fraud or 'significant estimated' fraud loss, these will include metrics with a financial impact;

The MACC seeks to achieve zero instances of fraud and corruption. As a small operation running at relatively low risk of fraud and corruption, the MACC does not believe outcome-based metrics are appropriate.

Similarly, the MACC does not have, or need, 'significant investment' in counter fraud and does not have 'significant estimated' fraud loss, so metrics with a financial impact are not required.

7. Have well established and documented reporting routes for staff, contractors and members of the public to report suspicions of fraud, bribery and corruption and a mechanism for recording these referrals and allegations;

Reporting routes and mechanisms are covered in the MACC's Anti-Fraud, Bribery and Corruption Policy, see item 4 above.

8. Will report identified loss from fraud, bribery, corruption and error, and associated recoveries, to the centre in line with the agreed government definitions;

The MACC confirms that it will report identified loss from fraud, bribery, corruption and error, and associated recoveries, to the centre in line with the agreed government definitions. Should an identified loss occur, it is reported quarterly to the ARM Committee and the quarterly MACC meetings, all of which are attended by an FCDO representative.

9. Have agreed access to trained investigators that meet the agreed public sector skill standard;

When necessary the MACC and staff at its contracted service producer the ACU have agreed access to the FCDO's Fraud Investigation Teams trained investigators who meet the agreed public sector skill standard

10. Undertake activity to try and detect fraud in high-risk areas where little or nothing is known of fraud, bribery and corruption levels, including loss measurement activity where suitable;

The MACC's activity is limited to the UK and the US. It does not operate in high-risk areas where little or nothing is known of fraud, bribery and corruption levels. As a result, this aspect of compliance is not applicable to the MACC.

11. Ensure all staff have access to and undertake fraud awareness, bribery and corruption training as appropriate to their role;

When necessary the MACC and the Secretariat staff at its contracted service producer the ACU has access to and may undertake fraud awareness, bribery and corruption training as appropriate to their role from the FCDO's Fraud Investigation Team trainers

12. Have policies and registers for gifts and hospitality and conflicts of interest.

Conflicts of Interest Policy

The Chair, Commissioners and Commission Alumni Observers should declare any personal or business interests which may conflict with their responsibilities.

They will declare any of the following direct or indirect pecuniary interests which may conflict with their responsibilities as Commissioners for inclusion in the Register of Commissioners' Interests:

- remunerated directorships or partnerships;
- remunerated employment, office, profession or consultancy; and
- shareholdings in any company where the interest held is 3% or more of the nominal value of the issued share capital of the company.

Non-pecuniary interests and interests of close family members will be declared as they arise and will be included in the Register of Interests. These and any other declarations of interest at Commission meetings will be included in the Register of Interests as and when declarations are made.

At the beginning of each MACC Meeting the Chair will ask whether there are any conflicts of interest that should be declared. Commissioners will be required to remove themselves from the discussion or determination of matters in which they have a financial interest. In matters in which they have a direct non-financial interest, they should not participate in the discussion or determination of a matter where the interest might suggest a danger of bias.

The minutes of the meeting will record decisions about conflict of interest, and any withdrawals for particular items and the reasons for these withdrawals.

The Register of Interests will be open to public inspection and will be available upon request.

1 Indirect pecuniary interests arise from connections with bodies which have a direct pecuniary interest or from being a business partner of, or being employed by, a person with such an interest.

2 Non-pecuniary interests include those arising from membership of clubs and other organisations. Close family members include personal partners, parents, children (adult and minor), brothers, sisters and the personal partners of these.

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