

Title	Fraud, Loss, Bribery & Corruption Policy
Owner	COO
Version	Final
Visibility	Public
Approved by	Board,
Who must follow this policy	All directors, staff and volunteers
Next review due	July 2027
Related policies & procedures	<a href="#">Whistle blowing policy</a> , <a href="#">Misconduct Policy &amp; Procedure</a> , <a href="#">Charity Commission Reporting Guidance</a> , <a href="#">Wrongdoing Reporting &amp; Investigation Flowchart</a> , <a href="#">Procurement Policy</a> , <a href="#">Staff Expenses Policy</a> , <a href="#">Financial Sanctions Controls Anti-Terrorism &amp; Anti-money laundering Policy</a> , <a href="#">Information Security Policy</a>

### Why this policy is needed

Tearfund is committed to conducting all aspects of its work fairly, openly and honestly and in accordance with the highest ethical and legal standards. This includes a commitment to implementing and enforcing effective systems to counter fraud, bribery, and corruption, and to minimise losses.

Tearfund complies with applicable legislation, including the UK Fraud Act 2006, the UK Bribery Act 2010, and with other regulatory requirements and applicable guidance including the [Charity Commission's Compliance Toolkit Chapter 3: Protect your charity from fraud and cyber crime](#).

Tearfund's trustees are required under charity law to safeguard the assets of the charity.

### Terms & Definitions

**Fraud** - Fraud is a commonly understood term but different definitions emphasise different aspects. Tearfund considers that 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. This includes intentional misstatement of financial reports by staff or partners for personal or organisational benefit (including covering up mistakes). The UK Fraud Act 2006 defines a general offence of fraud and sets out three ways by which fraud can be committed:

- i. Fraud by false representation. A representation is false if it is untrue or misleading, and the person making it knows that it is, or might be, untrue or misleading.
- ii. Fraud by failing to disclose information.
- iii. Fraud by abuse of position. This applies to those occupying a position in which they are expected to safeguard, or not to act against, the financial interests of another person.

**Loss** - Losses are not necessarily caused by fraud. Non-fraudulent losses include:

- genuine errors
- misplaced or lost items
- uninsured accidents
- theft or confiscation by a third party (e.g. by a community member, armed group, or government, without the involvement of Tearfund representatives or partners)

*Note: from a safety and security perspective, such incidents are likely to be treated as theft, robbery, etc. But from a financial perspective, they are likely to be treated as a loss if there was no involvement of Tearfund representatives or partners)*

- banking or financial system losses (e.g. there may be losses incurred if a bank goes into liquidation)
- so-called “fruitless” payments (e.g. where a contract has had to be cancelled and a penalty is due, or where a payment has been made for goods or services not supplied and it is not possible to recover the money).
- losses incurred due to partner organisations becoming insolvent and not being able to meet their financial contractual arrangements and responsibilities.

**Bribery** - Bribery means offering, promising, giving, requesting, accepting, agreeing to receive or act in anticipation of, a financial or other advantage to persuade/encourage a person towards, or reward another person for improper behaviour. Bribery is a form of corruption.

**Financial or other advantage** – does not have to be money, it can be anything that the person receiving it would see as being valuable either for themselves or somebody close to them. This could include contracts, non-monetary gifts or even offers of employment.

**Improper behaviour** means anything that is illegal, unethical or in breach of a duty, an expectation of good faith or impartiality, or a position of trust, whether in the public or private sector, anywhere in the world. In the workplace, this might mean stealing from an organisation, giving out confidential information, or giving unfair advantage to somebody. No matter how small the amount, any advantage given, requested or accepted in return for doing something improper is regarded as a bribe.

The Bribery Act 2010 covers all of Tearfund’s operations and transactions that take place in the UK or abroad, in the public or private sectors. The main offences under the Act are as follows:

- i. Being bribed - this can include requesting, accepting, or agreeing to accept (or even acting in anticipation of) a financial or other advantage in exchange for improperly performing a relevant function or activity
- ii. Offering a bribe - this includes offering, promising or giving a financial or other advantage to another person, with the intention that it will induce or reward the person to perform improperly a relevant function or activity
- iii. Bribery of foreign public officials - this includes either approaching someone directly to bribe them, or approaching them through a third party. There is no requirement to show that the foreign public official was being bribed to carry out their function improperly. (A bribe of a UK public official would be caught by the wider provisions mentioned above).
- iv. Failure to prevent bribery - for example, you know bribery is occurring but don't report it.

The Bribery Act also says that your organisation can be guilty of bribery if it allows bribery on its behalf by anyone, including you (employees), agents, partner organisations, or other parties acting for your organisation.

It is worth noting that the expectations within the Bribery Act that a function or activity should be, for example, performed in good faith and impartially, are set against what a reasonable person in the UK would expect. Where the activity occurs outside the UK, any local custom or practice is to be disregarded unless it is permitted or required by the written laws of that country.

Further information on bribery, including some case studies, are found in the booklet “[Anti-Bribery Principles and Guidelines for NGOs](#)”, produced by the BOND Anti-Bribery NGO Working Group.

Note that the Bribery Act 2010 covers all dealings with commercial counterparties, and is not limited to dealings with governmental or regulatory officials.

**Corruption** - corruption means 'any abuse of a position of trust in order to gain an unfair advantage'.

**Facilitation Payments** - Facilitation payments are small payments demanded by officials to provide a service that they are obligated to perform. These forms of payments are often used to 'jump the queue' or alter an outcome, and can be called 'grease' payments. Some countries e.g. the USA make specific exemptions for such payments within their anti-foreign bribery legislation, however there is no such exemption under the Bribery Act 2010, and so these payments are unlawful and are a form of bribery. UK prosecution guidance indicates that there may be public interest factors that tend against prosecution e.g. where those making the payment are in a vulnerable position or under fear of loss of life, limb or liberty but these payments are still considered bribes and staff should seek guidance from the legal team in case of any doubt or breach of this policy.

## Policy Statement

Tearfund has a 'zero tolerance' policy towards fraud, bribery, and corruption. This means that Tearfund:

- does not accept any level of fraud, bribery, or corruption within the organisation or by any other individual or organisation receiving funds from or representing Tearfund
- will always seek to take appropriate action against those found to have perpetrated, be involved in, or assisted with fraudulent or other improper activities in any of its operations
- is committed to developing an anti-fraud culture and keeping the opportunities for fraud, bribery, and corruption to the absolute minimum.

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

Tearfund mitigates fraud, bribery, and corruption by implementing and regularly reviewing robust processes, controls, and reporting procedures (see [Training, Awareness & Prevention](#) section below).

The prevention of fraud, bribery and corruption is critical because:

1. They are not consistent with Tearfund's values and what the Bible teaches (see e.g. Mark 10:19, Exodus 23:8, Leviticus 19:11,13, Deuteronomy 10:17, 16:19, Proverbs 11:1, 15:27, 20:10, 20:17, 21:6, 29:4, Amos 5:12, Micah 2:1-3)
2. They are not consistent with Tearfund's Characteristic to [act with integrity](#)
3. They are not consistent with our [Quality Standards](#) on accountability. We are accountable to God for the use of our time, and resources. We are accountable to the communities we serve, and to our partners and supporters, to be honest, trustworthy and transparent in all we do. We are committed to making what we do consistent with what we say.
4. They are criminal offences and constitute gross misconduct:
  - a. The UK and most of the countries where Tearfund works criminalise fraud, bribery, and corruption, and often impose severe penalties for individuals and organisations who perpetrate these crimes. Relevant UK laws are described below.
  - b. Fraud, bribery, or corruption of any size, including facilitation payments, are unacceptable and if anyone representing Tearfund were found to have committed or enabled them, it would constitute personal gross misconduct and the individual would be subject to Tearfund's Misconduct Policy & Procedure. This may lead to the dismissal of the individual concerned and/or criminal prosecution.

5. They pose a major risk to Tearfund. Our corporate and country-level risk assessments consistently show that fraud, bribery, and corruption are among the greatest risks to our assets, reputation, and ability to serve local communities
6. They cause major harm to society. Fraud, bribery, and corruption severely undermine critical elements of just and prosperous societies, including:
  - a. Good government
  - b. The rule of law and prevention of crime
  - c. The development of fair economic markets and opportunities.

## Reporting and Responding to Incidents/Concerns of Fraud, Loss, Bribery or Corruption

This section provides guidance on what to do if fraud, loss, bribery, or corruption is suspected or attempted. These are ever-present risks to valuable resources (both money and other assets), and also represent a threat to the reputation of Tearfund and its partners.

It is therefore Tearfund's policy that:

- All staff have the responsibility to report any suspected or attempted fraud, loss, bribery, or corruption
- All reported incidents of fraud, loss, bribery, and corruption will be taken seriously and will be investigated and responded to thoroughly.

Staff members are often the first to realise that something is wrong. Where a staff member suspects that fraud, loss, bribery, or corruption has occurred or been attempted, they must:

- Inform their line manager immediately.
  - If they feel uncomfortable about this they should report their concern to [whistleblowing@tearfund.org](mailto:whistleblowing@tearfund.org) or [Safecall](#).
  - If the concern is about a member of the Board or the Executive Team, the concern should be reported to [ombudsperson@tearfund.org](mailto:ombudsperson@tearfund.org).
- Be as specific as possible (with names, places, dates, times, quantities, values etc)

Tearfund's Whistleblowing Policy protects staff and other workers from any form of detrimental treatment (e.g. dismissal, disciplinary action, threats or any other unfavourable treatment) for reporting their concern.

In accordance with the Tearfund Partnership Agreement, partner organisations are required to immediately report all incidents or allegations of fraud or bribery within their organisations, whether involving Tearfund funds or not, to the relevant Country Director. Concerns may, however, come to the notice of Tearfund staff members in other ways (e.g. routine financial monitoring, tip-offs from third parties, etc). Whenever a concern arises in this way, the Tearfund staff member must take the matter seriously and discuss it with their line manager.

Line Managers receiving a report of possible fraud, loss, bribery, or corruption involving Tearfund or a partner must:

- Take it seriously and inform the person reporting the issue what will be done
- Inform their own line manager
- Complete the [Report an incident form](#) online through the Tearfund Incident Management System (TIMS)

*Note:* an incident report should be completed as soon as fraud, loss, bribery, or corruption is suspected or attempted (even if information is incomplete) so that there is a record of the concerns and how they have been followed up.

The concern will then be triaged and responded to by Tearfund's Financial Wrongdoing Review Team (chaired by the COO) as per Tearfund's [Wrongdoing Reporting & Investigation Flowchart](#), which includes steps for:

- Classification
- Risk assessment
- Actions to protect people, finances and assets, which may include freezing or reducing partner grants.
- External reporting, as appropriate, to the Charity Commission, police, Action Fraud, Disaster Emergency Committee, Integral Alliance, donors, other Tearfund family members, *etc.*
- Internal communication and notifications
- Investigation, if required
- Taking action after investigation
- Learning
- Closeout

All fraud, bribery, and corruption incidents and concerns are reported to the Executive Team (ET) and to the Audit, Risk & Finance Committee (ARF) every quarter, via the Notifiable Risk Register. So are any losses which are estimated to be more than £25,000 or which may have a serious reputational impact.

Any incidents or concerns [classified as Critical](#) will be notified to the ET and ARF as soon as possible by the Finance Director.

## **Closeout of Incidents/Concerns**

The authority to close incidents or concerns of fraud, loss, bribery, or corruption is delegated as follows:

- The Audit, Risk and Finance Committee approves closure of:
  - All fraud, bribery, and corruption incidents or concerns
  - All losses that meet the criteria for being recorded on the Notifiable Risk Register (NRR)
- The Finance Director approves closure of all losses that are not recorded on the NRR, valued over £5,000
- The Finance Director approves closure of all losses that are not recorded on the NRR, valued under £5,000 in their respective areas of responsibility

Closeout will only occur when the authority-holder is satisfied that the incident or concern has been satisfactorily resolved, including sufficient investigation, actions, recovery of losses, and any external reporting/closure reports where required. In the case of fraud, actions to recover losses may include action against the people involved in a fraud or whose negligent actions contributed to the fraud.

## **Training, Awareness & Prevention**

Tearfund is committed to ensuring that all trustees and staff are aware of:

- this policy,
- risks and warning signs of fraud, bribery, and corruption,
- prevention measures, and
- how to report concerns

Therefore:

- All trustees and staff are required to complete mandatory e-Learning courses within eight weeks of joining and then regularly on:

- Fraud Awareness (every 12 months)
- Anti-bribery and corruption (every 24 months)
- Whistleblowing (every 12 months)

Any instances of non-completion will be dealt with in accordance with Tearfund's Process for Ensuring Completion of Mandatory eLearning which provides for the application of Tearfund's Misconduct Policy and Procedure to staff who do not complete this training as required, unless there are exceptional extenuating circumstances or extensions are applied for in good time and granted by their line manager.

- As noted above, the [Wrongdoing Reporting & Investigation Flowchart](#) includes steps for learning from incidents
- Detailed Financial Guidelines exist for country offices and finance or compliance staff, including controls for fraud prevention:
  - [Finance Manual for Standard & Catalytic Country Programmes](#)
  - [Checking Financial Reports, Guidance](#)
  - [Partner Financial Project Reporting - Checklist for Country Office Review](#)
  - [Partner Financial Monitoring Visit TEMPLATE](#)