

3. Bribing foreign public officials
4. Failure of a business to prevent bribery

Bribery, or fraud of any kind, comes in many forms: cash, gifts, hospitality, entertainment, etc. In order to reduce the risk of bribery and fraud, your company should develop a specific anti-fraud and bribery policy that addresses these issues.

What Is an Anti-fraud and Bribery Policy?

An anti-fraud and bribery policy is a framework of checks and limits to lessen the risk of corruption. Include in your policy a specific outline of what is considered inappropriate. This outline may detail situations involving the expectation of a favour in return for a gift, hospitality or expense. Establish procedures that employees should follow during these possible fraud and bribery scenarios. This will provide you and your employees with real-world strategies for defending against fraud and bribery.

Checks and Limits: The Main Sections of a Policy

An effective anti-fraud and bribery policy should include the following principal components:

- Your company's approach to controlling bribery attempts for employees at all levels
- Clear, concise rules about accepting gifts, hospitality or donations from individuals or companies
- Procedural outlines on how to conduct certain aspects of your business operations such as negotiating contracts
- In-depth information on how best to avoid or stop conflicts of interest when establishing new business or maintaining current business relations

A well-written anti-fraud and bribery policy can protect you, your company and your employees from costly penalties.

Anti-fraud and Bribery Policies

Insight for business owners and risk managers—provided by *Crendon Insurance Brokers Ltd*

As a director or officer, you possess a great deal of influence regarding how your company operates, as well as how your company affects the community. This responsibility makes you an ideal target for bribery in order to sway your opinion.

The UK Bribery Act 2010 defines **bribery** as giving or receiving a financial or other advantage in connection with the 'improper performance' of a position of trust, or a function that is expected to be performed impartially or in good faith. The government's Serious Fraud Office defines **fraud** as an act of deception intended for personal gain or to cause a loss to another party.

The UK Bribery Act 2010 describes the following four main offences regarding bribes:

1. Paying bribes
2. Receiving bribes

Risks of Fraud and Bribery

If you, as a director or officer, are found accepting bribes, there are severe consequences for you and your company. The possible penalties of fraud and bribery, outlined in the UK Bribery Act 2010, are listed below:

- Maximum 10 years imprisonment for accepting or soliciting bribes
- Possible unlimited fines for the company or organisation for failure to prevent bribery
- Criminal and civil liability charges for accepting or soliciting bribes

Fraud and bribery experts have determined that the following five components represent the main bribery risks:

1. Excessive gifts, entertainment and hospitality
2. Facilitation payments, which bribers use to pressure bribees to perform or speed up the performance of their existing duties
3. Reciprocal agreements
4. Third-party actions for which your company may be held responsible
5. Dishonest record-keeping, which companies can use to conceal fraudulent action

Best Practices for Preventing Fraud and Bribery

Whenever you are offered a gift or hospitality, you should ask yourself several questions to determine whether accepting the gift complies with your business' anti-fraud and bribery policy:

- Has the gesture been made openly?
- Is there an attached obligation or expectation?
- Is the gift or gesture of reasonable value and appropriate for the situation?
- Does the gift or hospitality adhere to your company's rules?

- Is it compliant with all relevant laws?

Document any gifts you accept to prove your compliance with your company's anti-fraud and bribery policy.

To help your company comply with the law and prove it took actions to prevent fraud and bribery, implement the following components across your organisation:

- Anti-fraud and bribery procedures that are proportional to your business' risk—meaning if your business is exposed to strong fraud and bribery risk, you should establish equally strong anti-fraud and bribery procedures
- Organisation-wide commitment to anti-fraud and bribery policies
- Risk assessments encompassing both internal and external fraud and bribery risks
- Thorough review of any new business partners and contracts
- Constant communication and training on how to avoid fraud and bribery
- Processes for monitoring and reviewing anti-fraud and bribery policies to ensure effectiveness

The risks of fraud and bribery far outweigh the potential benefits—keep your company safe by crafting an anti-fraud and bribery policy, and keep yourself safe by adhering to it. For more information on risk management strategies for directors and officers, contact **Crendon Insurance Brokers Ltd** today.

