



# Counter Fraud Policy

Document Control

Policy owner: Director

Approved by: Board of Trustees

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## 1. Purpose

The Natural Sciences Museum, Sheffield (“NSM”) is committed to the highest standards of honesty, integrity, accountability and stewardship.

This policy sets out NSM’s approach to preventing, detecting, reporting and responding to fraud and related misconduct. Its purpose is to:

- protect NSM’s funds, collections, data, assets and reputation;
- support a culture of honesty and accountability;
- make clear that fraud and related misconduct will not be tolerated;
- ensure suspicions are reported and addressed promptly; and
- support compliance with charity law, criminal law and good governance expectations.

The Charity Commission’s current guidance states that fraud can affect any charity and that internal financial controls are essential to protect assets, manage risks and maintain public trust.

## 2. Scope

This policy applies to:

- Trustees;
- the Director;
- Heads of Department;
- employees;

- volunteers, interns and students;
- contractors, consultants and agency staff;
- visiting researchers and formal visitors working with NSM systems, collections or premises; and
- anyone acting on behalf of NSM.

This policy also applies, so far as relevant, to any subsidiary, trading company or controlled entity of NSM, unless that entity has adopted an equivalent policy approved by its own board and aligned with this one.

### **3. Policy Statement**

NSM has zero tolerance for fraud, attempted fraud, bribery, corruption, theft, false accounting, deliberate misuse of funds, dishonest concealment, abuse of position, or any similar conduct intended to secure an improper benefit or cause loss.

NSM will:

- take proportionate steps to prevent fraud and related misconduct;
- maintain suitable internal controls;
- investigate credible concerns promptly and fairly;
- take disciplinary, contractual or legal action where appropriate; and
- report matters to the police, regulators, insurers, funders or other authorities where required.

### **4. Governance and Authority**

NSM's authority structure is:

Trustees → Director → Heads of Department → staff

#### **4.1 Trustees**

The Trustees have overall responsibility for ensuring that NSM has appropriate counter-fraud arrangements and internal controls. Charity Commission guidance says trustees remain responsible for financial management and internal financial controls even where work is delegated.

The Trustees will:

- approve this policy and any material amendments;
- oversee significant fraud risks and serious incidents;
- ensure appropriate action is taken where material concerns arise; and
- receive reports on significant fraud matters, investigations and lessons learned.

## 4.2 Director

The Director is responsible for implementing this policy and ensuring suitable arrangements are in place across NSM.

The Director will:

- promote a culture of honesty and vigilance;
- ensure proportionate fraud controls are in place;
- appoint or designate a Counter Fraud Lead if appropriate;
- ensure allegations are assessed and investigated appropriately; and
- escalate serious matters to the Trustees.

## 4.3 Heads of Department

Heads of Department are responsible for applying this policy in their departments. They will:

- maintain appropriate local controls;
- ensure staff understand this policy;
- report concerns promptly;
- support investigations; and
- review weaknesses identified through incidents or audits.

## 4.4 Staff and others

All persons covered by this policy must:

- act honestly and in NSM's best interests;
- protect NSM assets, information and funds;
- follow financial and operational controls;
- report suspicions promptly; and
- cooperate with reasonable enquiries and investigations.

## **5. What This Policy Covers**

For the purposes of this policy, fraud and related misconduct include, but are not limited to:

- fraud by false representation;
- fraud by failing to disclose information where there is a legal duty to do so;
- fraud by abuse of position;
- theft or misappropriation of money, stock, collections material, equipment or other assets;
- false accounting or falsification of records;
- payroll, expenses, procurement or grant fraud;
- donor, fundraising or sponsorship fraud;
- cyber-enabled fraud, phishing, invoice diversion or payment redirection scams;
- dishonest misuse of data, card details or financial information;
- bribery, kickbacks or improper inducements;
- conflicts of interest concealed for improper gain; and
- attempted fraud as well as completed fraud.

The Fraud Act 2006 expressly provides for fraud by false representation, failure to disclose information, and abuse of position. Charity Commission guidance also highlights that charities can be targeted for money, information or data, including through cyber-related methods.

## **6. Related Legal Framework**

This policy supports compliance with, among other things:

- the Fraud Act 2006;
- the Bribery Act 2010;
- charity law duties concerning stewardship and responsible management of resources;
- the Data Protection Act 2018 and UK GDPR where personal data is involved;
- employment and contract law; and
- where relevant, the Economic Crime and Corporate Transparency Act 2023.

The Bribery Act 2010 guidance explains that commercial organisations can defend the section 7 failure-to-prevent offence by showing they had

adequate procedures, and the official guidance is built around six principles: proportionality, top-level commitment, risk assessment, due diligence, communication and monitoring and review.

Where NSM has a subsidiary, trading company or R&D vehicle, NSM and that entity must also consider whether the newer failure-to-prevent-fraud regime could apply. That offence has been in force since 1 September 2025 and applies only to large incorporated bodies and partnerships meeting two of the three statutory thresholds, calculated across the organisation including subsidiaries.

## **7. Principles of Counter Fraud Control**

NSM will manage fraud risk through the following principles:

### **7.1 Prevention**

NSM will seek to prevent fraud through strong governance, appropriate controls, staff awareness, segregation of duties, due diligence and secure systems.

### **7.2 Detection**

NSM will maintain systems that help identify irregularities, anomalies, suspicious transactions, control failures and attempted fraud.

### **7.3 Reporting**

Concerns must be reported promptly and handled seriously.

### **7.4 Investigation**

Investigations will be proportionate, fair, confidential so far as possible, and properly documented.

### **7.5 Response**

Where fraud or attempted fraud is identified, NSM will take appropriate corrective, disciplinary, civil, contractual, insurance, regulatory or criminal action.

## 7.6 Learning

NSM will review incidents and near misses to strengthen controls and reduce recurrence.

## 8. Fraud Risk Areas

Fraud risk may arise in any part of NSM's work, but particular attention should be given to:

- banking, payments and cash handling;
- procurement and supplier set-up;
- expenses and payroll;
- grants, restricted funds and project budgets;
- fundraising, donations, Gift Aid and sponsorship;
- retail, ticketing and event income;
- stock, equipment and fixed assets;
- collections access, loans, acquisitions and disposals;
- data, digital systems and cyber security;
- partnerships, subsidiaries and collaborative projects; and
- gifts, hospitality and conflicts of interest.

The Charity Commission's controls guidance stresses that charities need financial controls over income, expenditure, banking, related-party payments, hospitality and assets, and that fraud also threatens data as well as money and property.

## 9. Prevention Measures

NSM will maintain proportionate controls, which may include:

- clear delegated authority and approval limits;
- separation of duties wherever practical;
- secure payment and banking arrangements;
- supplier verification and change-of-bank-detail checks;
- budget monitoring and financial review;
- asset registers and inventory controls;
- documented procurement and expenses procedures;
- conflict of interest declarations;
- recruitment screening where appropriate;
- access controls for systems, buildings and collections areas;
- staff awareness and fraud-related training; and

- monitoring, spot checks or audit activity where appropriate.

The Charity Commission's updated guidance says internal financial controls should be embedded across the organisation, led from the top, understood by everyone, and proportionate to the charity's size, structure and activities.

## **10. Bribery, Gifts and Improper Inducements**

No person acting for NSM may offer, promise, give, request or accept a bribe or improper inducement.

Gifts, hospitality, sponsorship and similar benefits must be handled strictly in accordance with NSM's Gifts and Hospitality Policy and Conflicts procedures.

The Bribery Act 2010 creates offences for offering, promising or giving a bribe; requesting, agreeing to receive or accepting a bribe; bribery of a foreign public official; and failure by commercial organisations to prevent bribery by associated persons.

## **11. Subsidiaries and Associated Persons**

Where NSM has a subsidiary or controlled commercial entity, the same standards of honesty, reporting and control are expected across the group.

Intercompany arrangements should clearly allocate:

- responsibility for controls;
- authority for investigations;
- information-sharing and reporting expectations;
- ownership of losses, claims and recoveries; and
- escalation to the NSM Trustees where issues may affect the museum or group.

If NSM or any subsidiary ever falls within the scope of the ECCTA failure-to-prevent-fraud regime, fraud prevention procedures must be reviewed in light of the official guidance and the organisation's specific risks. The Home Office guidance states that the offence applies to large incorporated bodies and partnerships, including criteria assessed across the whole organisation including subsidiaries.

## **12. Reporting Concerns**

Anyone who knows of, suspects, or has reasonable grounds to believe that fraud or related misconduct may have occurred must report it promptly.

Concerns should normally be reported through the following route:

Staff / volunteers / contractors → Head of Department → Director → Chair of Trustees

However, if the concern involves the Head of Department, the Director, or anyone in that reporting chain, the concern should be reported directly to the next appropriate level or to the Chair of Trustees.

No one is expected to investigate the matter personally before reporting it.

## **13. Protection for Those Raising Concerns**

NSM will treat concerns raised in good faith seriously and will seek to ensure that no one suffers retaliation for reporting a genuine concern.

Malicious or knowingly false allegations may themselves be treated as misconduct.

## **14. Initial Response to an Allegation**

On receiving a concern, NSM will take such immediate steps as are reasonable and proportionate, which may include:

- securing records, systems, evidence or assets;
- limiting further access or payments;
- preserving audit trails;
- taking legal or HR advice;
- notifying insurers, funders or banks;
- considering whether a personal data breach has occurred; and
- deciding whether the matter requires internal investigation, external investigation, or immediate referral to an external authority.

## **15. Investigation**

Investigations will be proportionate to the seriousness and nature of the allegation.

Depending on the circumstances, NSM may investigate through:

- the Director;
- a designated Counter Fraud Lead;
- an external investigator, auditor or adviser; or
- referral to police or another authority.

Investigations should, so far as appropriate:

- be fair and objective;
- maintain confidentiality as far as possible;
- avoid alerting suspects unnecessarily where that would prejudice the inquiry;
- preserve relevant evidence; and
- be documented.

A formal investigation under this policy does not prevent separate disciplinary, grievance, safeguarding, regulatory or criminal processes.

## **16. Reporting to External Authorities**

NSM will report matters externally where required or where it is appropriate to do so.

This may include reporting to:

- the police;
- Report Fraud / Action Fraud for fraud and cyber fraud;
- the Charity Commission by serious incident report;
- the Information Commissioner's Office if a personal data breach is involved;
- banks, insurers, funders or counterparties; and
- any other relevant regulator or authority.

The Charity Commission requires charities in England and Wales to report serious incidents promptly and fully, including incidents involving significant loss of money or assets, harm to work, or reputational harm,

even where the matter has also been reported elsewhere. Official charity cyber-crime guidance also directs charities to Report Fraud, including via the 24/7 line for a live cyber attack.

## **17. Disciplinary and Other Action**

Where fraud or related misconduct is established, or where there has been serious control failure or dishonesty, NSM may take action including:

- disciplinary action up to and including dismissal;
- termination of volunteer, consultant, contractor or visitor arrangements;
- civil recovery action;
- referral to the police or another authority;
- notification to funders, insurers or partner institutions;
- recovery of property, overpayments or losses; and
- withdrawal of delegated authority or access rights.

## **18. Confidentiality, Data Protection and Records**

NSM will handle allegations, investigations and related records sensitively and in accordance with law and operational need.

Information will be shared only with those who need it for legitimate purposes such as investigation, legal advice, disciplinary action, reporting or safeguarding.

Where personal data is processed, NSM will do so in accordance with its Data Protection Policy and applicable data protection law.

## **19. Training and Awareness**

NSM will provide fraud-awareness and control awareness appropriate to roles and risks.

This may include training on:

- financial controls;
- procurement and supplier fraud;
- cyber-enabled fraud and phishing;

- conflicts of interest;
- gifts and hospitality;
- incident reporting; and
- responsibilities of Trustees and senior staff.

The Charity Commission's controls guidance says everyone in a charity should understand and follow internal financial controls, and that trustees, staff and volunteers should be trained in them.

## **20. Monitoring and Review**

NSM will review the effectiveness of its counter-fraud arrangements periodically.

This may include:

- review of incidents and near misses;
- internal audit or spot checks where appropriate;
- review of policy compliance;
- fraud risk assessment;
- review of whistleblowing, data breach or disciplinary trends; and
- updates following legal, operational or structural changes.

## **21. Non-Compliance**

Failure to comply with this policy may result in:

- corrective action or retraining;
- withdrawal of delegated authority;
- disciplinary action;
- termination of volunteer, contractor or collaborator arrangements;
- escalation to the Trustees; or
- referral to external authorities where appropriate.

## **22. Review**

This policy takes effect on 01/04/2026 and will be reviewed by 01/04/2029, or earlier if required by:

- a material fraud incident;
- a significant control failure;
- changes in law or Charity Commission guidance;

- creation or restructuring of an NSM subsidiary; or
- other operational or governance change.