



Calday Grange
Grammar School

ANTI-FRAUD & CORRUPTION POLICY

May 2016

Approved by Full Governing Body: 12th May 2016
Date of next review: May 2017

Summary

This policy and procedure defines the expected conduct of all staff engaged at the Academy, whether in paid or voluntary employment, in relation to deterring and/or detecting fraud and corruption, and who to report it to.

It includes clear guidelines on what is acceptable in terms of gifts and hospitality and how these matters are declared. Also, reference is made to other Academy policies where appropriate.

The EFA require that the Academy must be aware of the risk of fraud, theft and irregularity and address it through their internal control and assurance arrangements by putting in place proportionate controls.

1. Introduction:

- 1.1 The Academy is committed to ensuring that it acts with integrity and has high standards of personal conduct. Everyone involved with the Academy has a responsibility in respect of preventing and detecting fraud. All staff and governors have a role to play. The Academy also recognises the role of others in alerting them to areas where there is suspicion of fraud.
- 1.2 Recognising a potential fraud and being able to report it is just as important as the measures to prevent and detect.
- 1.3 It is the duty of all employees and Governors at the Academy to take reasonable steps to limit the possibility of corrupt practices, and it is the responsibility of the Responsible Officer and Auditors to review the adequacy of the measures taken by the Academy to test compliance and to draw attention to any weaknesses or omissions.
- 1.4 Any investigation carried out in relation to alleged irregularities is linked to the Academy's Disciplinary Policy.

2. Definitions:

2.1 Fraud

Fraud is a general term covering theft, deliberate misuse or misappropriation of assets or anything that leads to a financial advantage to the perpetrator or others upon whose behalf he or she acts, even if these "others" are in ignorance of the fraud. Fraud is in fact intentional deceit and for this reason it cannot include negligence.

Fraud incorporates theft, larceny, embezzlement, fraudulent conversion, false pretences, forgery, corrupt practices and falsification of accounts.

2.2 Corruption

The term 'corrupt practices' is defined for the purpose of this code as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by the Academy, its staff or Governors.

2.3 Gifts and Hospitality

Any gifts, rewards and benefits that are disproportionately generous or that could be seen as an inducement to affect a business decision should be declared.

The acceptance of gifts and hospitality is a sensitive area where actions can easily be misconstrued. Therefore, employees' actions should be such that they would not be embarrassed to explain them to anyone.

2.4 Irregularities fall within the following broad categories, the first three of which are criminal offences –

- **Theft** - the dishonest taking of property belonging to another person with the intention of depriving the owner permanently of its possession;

- **Fraud** - the intentional distortion of financial statements or other records by persons internal and external to the Academy, which is carried out to conceal the misappropriation of assets or otherwise for gain;
- **Bribery and corruption (Gifts & Hospitality – see Para 4.)**- involves the offering or the acceptance of a reward, for performing an act, or for failing to perform an act, which leads to gain for the person offering the inducement;
- **Failure to observe**, or breaches of, Scheme of Delegation and Financial Regulations; Academy's Procedures which in some circumstances can constitute an irregularity, with potentially significant financial consequences.

2.5 Examples of what could constitute fraud and corruption are -

- theft of cash;
- non-receipt of income;
- substitution of personal cheques for cash;
- travelling and subsistence claims for non-existent journeys/events;
- travelling and subsistence claims inflated;
- manipulating documentation to increase salaries/wages received, e.g. false overtime claims;
- payment of invoices for goods received by an individual rather than the Academy;
- failure to observe, or breaches of, regulations and/or other associated legislation laid down by the Academy;
- unauthorised borrowing of equipment;
- breaches of confidentiality regarding information;
- failure to declare a direct pecuniary or otherwise conflicting interest;
- concealing a generous gift or reward;
- unfairly influencing the award of a contract;
- creation of false documents;
- deception;
- using position for personal reward.

The above list is not exhaustive and fraud and corruption can take many different paths. If in any doubt about whether a matter is an irregularity or not, clarification must be sought from the Director of Finance & Operations.

3. **Policy Statement:**

- 3.1 This policy and procedure defines Anti-Fraud & Corruption and Gifts & Hospitality and offers guidance for all staff in the Academy.
- 3.2 The Academy aims to be an honest and ethical institution. As such, it is opposed to fraud and seeks to eliminate fraud by the way it conducts Academy business. This document sets out the Academy's policy and procedures for dealing with the risk of significant fraud or corruption. In order to minimise the risk and impact of fraud, the Academy's objectives are, firstly, to create a culture which deters fraudulent activity, encourages its prevention and promotes its detection and reporting and, secondly, to identify and document its response to cases of fraud and corrupt practices.
- 3.3 This policy provides staff and Trustees with mutually understood guidelines for the administration of this procedure.
- 3.4 The scope of this procedure extends to all Academy employees, permanent, voluntary and fixed term.
- 3.5 This policy should be considered in conjunction with the Nolan Seven Principles of Public Life:
[Link to Nolan 7 Principles of Public Life](#)
- 3.6 If requested, employees may be accompanied by a recognised trade union representative or work colleague, not involved in any part of the process, at any interviews.

4. **Gifts & Hospitality:**

- 4.1 These guidelines will help you to judge what sort of gift, and what level of hospitality is acceptable.
- 4.2 The following general rules apply and must guide decisions on receipt of gifts and hospitality as an employee of the Academy:

- To accept gifts should be the exception. You may accept small 'thank you' gifts of token value, such as a diary, a coffee mug or bunch of flowers, not exceeding £25 in value. You should notify the Director of Finance & Operations of any gift or hospitality over this value for entry in the Gifts & Hospitality Register.
- Always say "no" if you think the giver has an ulterior motive. Be sensitive to the possibility that the giver may think that even small gifts or simple hospitality will elicit a more prompt service or preferential treatment.
- Never accept a gift or hospitality from anyone who is, or may be in the foreseeable future, tendering for any contract with the Academy, seeking employment with the Academy or is in dispute with the Academy, even if you are not directly involved in that service area.
- Where items purchased for the Academy include a 'free gift', such a gift should either be used for Academy business or handed to Director of Finance & Operations to be used for Parent Teacher Association fundraising.
- If you are in doubt about the acceptability of any gift or offer of hospitality it is your responsibility to consult the Director of Finance & Operations or Headteacher.

4.3 A gauge of what is acceptable in terms of hospitality is whether this Academy would offer a similar level of hospitality in similar circumstances.

- Occasional working lunches with customers, providers or partners are generally acceptable as a way of doing business provided they are not to an unreasonable level or cost.
- Invitations to corporate hospitality events must each be judged on their merit. Provided the general rules have been taken into account, it may be acceptable to join other company/organisation guests at:
 - a. sponsored cultural and sporting events, or other public performances, as a representative of the Academy;
 - b. special events or celebrations.

But, consider the number of these events, and always take into consideration what public perception is likely to be if they knew you were attending.

- Acceptability depends on the appropriateness of the invitations, in terms of the level of hospitality, the frequency and the status of the invited employee. In all such cases the Headteacher must be consulted.
- Paid holidays or concessionary travel rates are not acceptable. Neither are offers of hotel accommodation nor the use of company villas/apartments.
- If you are visiting a company to view equipment that the Academy is considering buying, you should ensure that expenses of the trip are paid by the Academy. Acceptance of refreshments and/or a working lunch may be acceptable, but care must be taken to ensure that the Academy's purchasing and/or tender procedures are not compromised.
- Acceptance of sponsored hospitality that is built into the official programme of conferences and seminars related to your work are acceptable.
- Offers to speak at corporate dinners and social gatherings, or events organised by, for example, a professional body, where there is a genuine need to impart information or represent the Academy must be agreed in advance with a Headteacher. Where your spouse or partner is included in the invitation, and approval has been given for you to attend, it will be acceptable for your spouse or partner to attend as well, but if expenses are incurred, these will be met personally.
- Any invitation you accept should be made to you in your professional/working capacity as a representative of the Academy.

4.4 The Academy may provide gifts to visitors, employees or students under the following circumstances:

- Authorised visitors who are visiting the Academy on official business may receive a small token gift not exceeding the value of £25. Ideally any such gift should be an Academy branded item ordered corporately. Gifts of alcohol or of cash or anything equivalent to cash are expressly prohibited.
- Employees may receive a Long Service Award to commemorate service of at least 20 years with the school. This is in accordance with HMRC guidelines and any such award will be exempt from tax. The award should comprise of a tangible item not exceeding £100.
- Employees may receive up to £25 to reflect suggestions made to the Academy that have business merit or that are praiseworthy. This is in accordance with HMRC guidelines and any such award will be exempt from tax.
- Students may receive gifts of up to £50 as part of an official awards event or other similar event or competition. Any such gifts must be ordered corporately and not take the form of cash.
- Any queries in relation to the eligibility of a proposed gift must be discussed with the Director of Finance & Operations in the first instance.

5. Roles and Responsibilities:

5.1 Staff and Governors

The Academy has adopted the following measures to demonstrate its commitment to anti-fraud and corruption:

- The Trust Governing Body meets regularly and will discuss any cases of fraud or corruption;
- A requirement for all staff and governors to declare prejudicial interests and not contribute to business related to that interest;
- A requirement for staff and governors to disclose personal interests;
- All staff and governors are made aware of the understanding on the acceptance of gifts and hospitality;
- Clear recruitment policies and procedures.

Staff and governors also have a duty to report another member of staff or governor whose conduct is reasonably believed to represent a failure to comply with the above.

5.2 Accounting Officer

The Accounting Officer has specific responsibility for overseeing the financial arrangements on behalf of the governors.

The main duties of the Accounting Officer are to provide the governors with on-going independent assurance that:

- The financial responsibilities of the governors are being properly discharged;
- The resources are being managed in an efficient, economical and effective manner;
- Sound systems of financial control are being maintained; and
- Financial considerations are fully taken into account in reaching decisions.

5.3 Director of Finance & Operations

The Director of Finance & Operations has a responsibility for ensuring that effective systems of internal controls are maintained and will safeguard the resources of the Academy.

In respect of fraud it is therefore the responsibility of the Director of Finance & Operations to ensure internal controls prevent and detect any frauds promptly. This includes:

- Proper procedures and financial systems;
- Effective management of financial records;
- Management of the Academy's financial position.

5.4 External Audit

The Academy's Annual Report and Financial Statements include an Independent Auditors' Report. This report includes a view as to whether the financial statements give a true and fair view and whether proper accounting records have been kept by the Academy throughout the financial year. In addition, it reports on compliance with the accounting requirements of the relevant Companies Act and confirms compliance with the financial reporting and annual accounting requirements issued by the Education Funding Agency.

6. Prevention

6.1 Risks

The largest irregularities in educational establishments typically have involved regular misappropriations over a period of years. The three areas most vulnerable to fraud in schools are cash handling, cheque handling and the operation of the purchase ledger. The misuse of information technology is also a major risk and one that is potentially growing in importance with the increase in technology.

6.2 Procedures/Systems to deal with risks

Fraud can be minimised through carefully designed and consistently operated management procedures, in particular, financial policies and procedures and Financial Regulations. The Academy will therefore ensure that management procedures, as described below, are effective and that staff receive training in the operation of them.

- Segregation of duties in use of financial systems is practiced, so, for example, no individual has undue management of payments, income or assets.
- The institution has clear roles and responsibilities, with set levels of authority for authorising transactions
- Systems will be protected with electronic access restrictions to prevent the possible misuse of information technology.

6.3 Leadership

Key determinants of the standards of behaviour in any organisation will be the standards observed by senior members of staff, and the policies and approach to their enforcement promoted from the senior staff. The Academy's Governing Body and senior managers should therefore ensure that their behaviour is always demonstrably selfless.

Clear policies on commercial ethics, registration and declaration of interests and accepting hospitality and gifts, are part of the purchasing policy and need to be observed, and seen to be observed.

6.4 Prosecution of offenders

The Police advise that prosecution is a particularly effective deterrent because of the risk of a custodial sentence and a criminal record. However, the threat of prosecution only deters if the threat is real. Therefore, the policy is that the Academy reserves the right to report to the Police, irrespective of the status of the individual. The Academy will undertake disciplinary action, and reserves the right to take legal action, in addition to reporting offenders to the Police.

6.5 Employee Screening

Potential new members of staff will be screened before appointment, particularly for posts with financial responsibility. For example:

- references should cover a reasonable, continuous period; and any gaps should be explained;
- an official employer's reference should be obtained;
- offers of appointment to be made subject to receipt of satisfactory references and any doubts about the contents of the reference should be resolved before confirming the appointment. If this is done by telephone, a written record of the discussion should be kept to comply with employment law
- essential qualifications and DBS checks are made

Recruitment procedures require that members of recruitment panels will declare any relationships or connections with candidates prior to their involvement with the process.

6.6 The Role of Auditors

Management would seek to involve the external audit to advise on building in ways of preventing or detecting fraud when new systems are being designed or existing systems are to be modified. Auditors will have regard to fraud preventative measures as part of its ongoing work.

External audit's reviews of financial checks and balances and validation testing provide further deterrence. Auditors may also wish to assess systems in place to deter corruption. External auditors have a full right of access at all reasonable times to all Academy property, assets, documents and financial and other records. The auditors are also entitled to seek explanations from any member of the Academy's staff.

In addition, the Academy will regard the misleading of auditors, including the withholding of relevant information, as gross misconduct in its own right.

7. Detection and Reporting of Suspected Financial Irregularity

7.1 Internal Management Systems

Efficient management systems are imperative if fraud is to be detected rapidly; the systematic review of every transaction minimises the risk of processing an irregular transaction. Detective checks and balances will be designed into all systems and applied consistently. This includes segregation of duties, reconciliation procedures, random checking of transactions, and review of management accounting information, including exception reports.

7.2 Public Interest Disclosure ('Whistleblowing') Procedure

If an individual has reason to suspect that fraud is taking place (or has taken place), they are expected to report it in accordance with the Academy's Whistleblowing Policy. This describes to whom an individual should report their suspicions, and the protection offered to employees raising such a suspicion.

7.3 Potentially Suspicious Behaviour

Staff members who have committed serious financial irregularities may attempt to conceal this by taking few holidays, regularly working alone late or at weekends, being resistant to delegation or resenting questions about work. If any suspicions are raised they should be discussed with the Headteacher or Director of Finance & Operations. Any indication that a member of staff may be addicted to drugs, alcohol or gambling should also be discussed with the Headteacher or Director of Finance & Operations. This is both for the welfare of the individual and to minimise the risks to the Academy, which might include fraud. Any action should be taken with an assessment of the scale of risk in mind.

Any suspicion will be investigated and dealt with in accordance with the procedure described in Para 8.

8. Investigation of Suspected Irregularity

8.1 Once an irregularity is suspected, reported or disclosed, whether it relates to fraud, a whistleblowing disclosure or an ethical issue, it is critical that any investigation is conducted in a professional manner, in accordance with the following procedures.

8.2 The Headteacher or Director of Finance & Operations should be informed of a suspected irregularity without delay. At this point, the circumstances and nature of the matter raised and the remedies being sought will be taken into account in determining the course of action to be taken which is likely to be one or more of the following:

- The Headteacher can immediately refer the matter to another appropriate external authority such as the Police or a professional body.
- The matter can be referred to an individual, an Investigating Officer, appointed by the Headteacher, who has the appropriate expertise and seniority to decide whether there is a prima facie case to answer. In cases of fraud, this will normally be the Director of Finance & Operations. The Director of Finance & Operations, with the Headteacher, will decide whether an investigation should be conducted and if so, the remit of the investigation, who should undertake the investigation, what form it should take and the scope of the concluding report. Internal investigations will be conducted in a manner which ensures that those involved in the investigation will be different from those who may be required subsequently to conduct any disciplinary proceedings.

8.3 Some special investigations may require the use of technical or specialist expertise in which case an external specialist such as the external auditor may be employed as the Investigating Officer or to contribute to the investigation.

8.4 The report of the investigation may conclude that there is no case to answer or that disciplinary procedures should be applied or that there should be some other special investigation, either internal or external. If it is decided that more than one of these means is appropriate, the Director of Finance & Operations, with the Headteacher should satisfy themselves that such a course of action is warranted.

- In some circumstances, it may be appropriate for the Headteacher to liaise directly or indirectly with the parties involved to seek a resolution. Should a satisfactory resolution not be attainable through these means, one of the alternative courses of action set out above may then be followed.

- 8.5 The Headteacher will normally inform the Chair of the Governing Body that an investigation is taking place.
- 8.6 At an appropriate point in time, the Headteacher will (subject to the potential materiality of the irregularity with respect to damage to the reputation of the institution and/or financial loss) consider informing:
- The Academy's Insurers
 - The Academy's External Auditors
- 8.7 In the event that it is not appropriate to disclose information to the Headteacher, concerns will be raised directly with the Chair of the Governing Body.
- 8.8 Should any officer responsible for this procedure be implicated in any way or have or be perceived to have any potential conflict of interest in an allegation of fraud, he or she will not take part in the procedure, the role being taken by an appropriate alternate.
- 8.9 Any investigation will be carried out in accordance with the principles of natural justice, and with due regard to the statutory rights of all individuals involved in the case. The Academy will take all reasonable measures to ensure that an investigation is concluded as quickly as possible. If information was disclosed or reported by an individual(s) initially they will be kept informed of what action, if any, is to be taken. If no action is to be taken the individual concerned will be informed of the reason for this.
- 8.10 If the decision is reached that there is a prima facie case to answer, the person or persons implicated will be informed of this, shown the supporting evidence and be offered an opportunity to respond as part of the investigation. If the person reporting the irregularity or making the disclosure is dissatisfied with the procedures followed or the outcome of this process, they may take out a plea of grievance in accordance with the Grievance Policy.

9. Prevention of Further Loss

- 9.1 Where the case is sufficiently serious, an individual who is accused of fraud may be suspended, with or without pay, while an investigation is under way, in accordance with the Academy's Disciplinary Policy. The Headteacher will be consulted before any such action is taken. It should be noted that suspension is a neutral act intended to facilitate enquiries, and does not imply any presumption of guilt.
- 9.2 If the individual under suspicion is to be suspended it may be necessary to plan the timing of suspension to prevent the suspect from destroying or removing evidence that may be needed to support disciplinary or criminal action. The suspect should be approached unannounced. They should be supervised at all times before leaving the Academy's premises. They should be required to reveal relevant computer passwords, and not remove, either on memory device or electronically, data from the premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the Academy. Any security passes and keys to premises, offices and furniture should be returned.
- 9.3 The terms of suspension should also bar staff from contacting colleagues about any work related matter without the written consent of the Headteacher. Should suspended staff breach the terms of suspension, this should be grounds for disciplinary action in its own right.
- 9.4 The Network Manager should be instructed to immediately withdraw access permissions to the Academy's computer systems.
- 9.5 The Investigating Officer shall consider whether it is necessary to investigate systems other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the Academy's assets.

10. Notifying the EFA

- 10.1 The Academies Financial Handbook (July 2015) includes a requirement that:
*"The Academy **must** notify EFA as soon as is operationally practical based on its particular circumstances, of any instances of fraud or theft exceeding £5,000 individually, or £5,000 cumulatively in any academy financial year. Any unusual or systematic fraud, regardless of value, **must** also be reported."*

The following information is required:

- full details of the event(s) with dates;
- the financial value of the loss;

- measures taken by the Academy to prevent recurrence;
- whether the matter was referred to the police (and why if not); and
- whether insurance cover or the risk protection arrangements have offset any loss.

10.2 The EFA reserves the right to conduct or commission its own investigation into actual or potential fraud, theft or irregularity, in any academy trust either as a result of a formal notification from the Academy itself or as the result of other information received. EFA may involve other authorities, including the police, as appropriate.

11. Recovery of losses

11.1 The Investigating Officer shall where possible quantify the amount of any loss. The Director of Finance & Operations with the Headteacher, shall consider whether to, and how to go about, seeking repayment of losses.

11.2 Where the loss is substantial, legal advice will be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice will also be obtained about prospects for recovering losses through the civil court, or deducting losses from any salary payments outstanding, where the perpetrator refuses repayment. The Academy would normally expect to recover costs in addition to losses.

12. Confidentiality and Safeguards

12.1 The Academy recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the alleged malpractice. The Academy will not tolerate harassment or victimisation and will do what it lawfully can to protect an individual when a concern is raised in good faith.

12.2 This does not mean that if the person raising the concern is already the subject of a disciplinary, redundancy or other procedure, that those procedures will be halted as a result of the concern being reported.

12.3 There is a need to ensure that the process is not misused. For further guidance refer to the Academy's Disciplinary and Grievance Policies.

13. Links with other Policies:

13.1 The Governing Body is committed to preventing fraud and corruption. To help achieve this objective there is a clear network of systems and procedures in place for the prevention, detection and investigation of fraud and corruption. This Anti-Fraud and Corruption Policy should be read in conjunction with the following Academy's policies:

- Whistle-Blowing Policy
- Disciplinary Policy
- Grievance Policy
- Financial Regulations