

ANTI FRAUD AND CORRUPTION POLICY

Date September 2017
Review September 2018

THE DORMSTON SCHOOL

ANTI FRAUD AND CORRUPTION POLICY

POLICY SUMMARY

This policy and procedure defines the expected conduct of all staff engaged at the School, 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.

Reference is made to other School policies where appropriate.

The School and Governors are totally committed to creating and maintaining an environment where fraud and corruption will not be tolerated. The school operates a zero tolerance on fraud and corruption, all instances will be investigated and the perpetrator[s] will be dealt with in accordance with established policies. Action will be taken to recover any property, assets or monies stolen from the school. Where appropriate, arrangements will be made to ensure that the case receives maximum publicity to deter potential fraudsters.

ANTI FRAUD AND CORRUPTION POLICY

1. Policy Statement

- 1.1 This policy and procedure defines Anti-Fraud & Corruption and Gifts & Hospitality and offers guidance for all staff in the School.
- 1.2 The School 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 School business. This document sets out the School'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 School'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.
- 1.3 This policy, in line with the School's corporate values of integrity, consistency, impartiality, fairness and best practice, provides both staff and management with mutually understood guidelines for the administration of this procedure.

- 1.4 The scope of this procedure extends to all School employees, permanent, voluntary and fixed term.
- 1.5 If employees are asked to provide information during an investigation they may be accompanied by a recognised trade union representative or work colleague, not involved in any part of the process, at any interviews.
- 1.6 The School expects all members, governors and employees will assist in protecting resources and to conduct their affairs within a culture of integrity, honesty and openness. To assist this process there are a range of policies and codes, which staff should be aware of e.g. Code of Conduct, Standing Orders and Financial Regulations.
- 1.7 The School already has a well-established Whistle Blowing Policy in operation, which is intended to encourage and enable employees and suppliers to raise serious concerns. This reporting policy is now supported by a fraud hotline, which is publicized to internal and external audiences. Reporting of any potential concerns can be done via an online form, telephone or e-mail.

2. Definitions

Fraud

- 2.1 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.
- 2.2 Fraud is defined as the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain.

In addition, fraud can also be defined as the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to mislead or misrepresent.

The Fraud Act 2006 which came into effect on 15th January 2007 created a new general offence of fraud with three ways of committing it:-

- a. Fraud by false representation
- b. Fraud by failing to disclose information
- c. Fraud by abuse of position

It also created new offences:

- a. Obtaining services dishonestly
- b. Possessing, making and supplying articles for use in frauds
- c. Fraudulent trading applicable to non-corporate traders.

Corruption

- 2.3 Corruption is defined as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.

In addition, this policy also covers the failure to disclose an interest in order to gain financial or other pecuniary benefit.

- 2.4 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 our School, its staff or Governors.

Bribery

- 2.5 A bribe is a financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity.

- 2.4 Examples of what could constitute fraud, corruption and bribery are :-

- a. Theft of cash
- b. Non-receipt of income
- c. Substitution of personal cheques for cash
- d. Travelling & subsistence claims for non-existent trips or events
- e. Travelling and subsistence claims inflated
- f. Manipulating documentation to increase salaries/wages received, e.g. false overtime claims
- g. Payment of invoices for goods received by an individual rather than the School
- h. Failure to observe, or breaches of, regulations and/or other associated legislation laid down by the School;
- i. Unauthorised borrowing of equipment;
- j. Breaches of confidentiality regarding information;
- k. Failure to declare a direct pecuniary or otherwise conflicting interest;
- l. Concealing a generous gift or reward;
- m. Accepting gifts or hospitality in exchange for placing work
- n. Unfairly influencing the award of a contract;
- o. Creation of false documents;
- p. Deception;
- q. Using position for personal reward
- r. Submitting an invoice for work not done
- s. Using position

- 2.5 The list is not exhaustive and fraud and corruption can take many different paths.

- 2.6 If there is concern or doubt about any aspect of a matter which involves an irregularity, or an ongoing investigation into a suspected irregularity, the best approach is to seek advice from the Head Teacher or Chair of Governors.

3 Gifts & Hospitality

- 3.1 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.
- 3.2 The acceptance of gifts and hospitality is a sensitive area where actions can easily be misconstrued. Much of what is acceptable practice in the private sector is not acceptable in public sector employment. Unlike private industry, actions of employees are totally open to public scrutiny. Therefore, employees' actions should be such that they would not be embarrassed to explain them to anyone.
- 3.3 These guidelines will help you to judge what sort of gift, and what level of hospitality is acceptable.
- 3.4 The following general rules apply and must guide decisions on receipt of gifts and hospitality as an employee of the School :-
 - a. 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 over £10 in value. You should notify the Head Teacher of any gift or hospitality over this value for entry in the Gifts and Hospitality Register.
 - b. An exception to this value limit may be any end of year gifts from pupils which are common for teachers, and a sensible approach should be taken in notifying the Head Teacher of any gifts of an unusually high value.
 - c. 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.
 - d. Never accept a gift or hospitality from anyone who is, or may be in the foreseeable future, tendering for any contract with the School, seeking employment with the School or is in dispute with the School, even if you are not directly involved in that service area.
 - e. Where items purchased for the School include a 'free gift', such a gift should be handed to the Head Teacher to be used for staff raffles.
 - f. If you are in doubt about the acceptability of any gift or offer of hospitality it is your responsibility to consult your Head of Department.
- 3.5 A gauge of what is acceptable in terms of hospitality is whether this School 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 School;
- 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, your Head of Department 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 School is considering buying, you should ensure that expenses of the trip are paid by the School. Acceptance of refreshments and/or a working lunch may be acceptable, but care must be taken to ensure that the School'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 School must be agreed in advance with the Head Teacher. 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 School.

4. Roles and Responsibilities

4.1 Head Teachers

Head Teachers are responsible for preventing and detecting fraud and corruption in their School by maintaining effective control systems and ensuring that staff adhere to them. They are also responsible for ensuring they have considered the risk of fraud in their activities. Appropriate entries should be made in their Risk Register including mitigating actions to help prevent and detect fraud.

- 4.2 Specifically, they must ensure that :-
- a. Standing Orders, and Financial Regulations are observed.
 - b. Any other controls required by the Chief Officer [Finance & Legal] are fully implemented [this includes but is not limited to recommendations made by Internal Audit].
- 4.3 In addition they should put into operation whatever other controls they consider necessary to prevent/detect fraud and corruption in the activities for which they are responsible, including partnerships. In doing so, they should take account of the recommendations and advice of Internal Audit and the Risk Management and Insurance Section.
- 4.4 They must ensure that staff are fully conversant with :-
- a. Those parts of Standing Orders and Financial Regulations which are relevant to their jobs.
 - b. The requirements of the Employee's Code of Conduct in relation to declarations of interest.
- 4.5 They should ensure that staff receive appropriate training in these matters and also, particularly in areas of high risk of fraud and corruption, general training in fraud awareness.
- 4.6 A key preventative measure against fraud and corruption is the appointment of staff of known good character. The Head Teacher should therefore ensure that :-
- a. References testifying to the honesty and integrity of potential employees are obtained before a person is appointed;
 - b. Check that qualifications are legitimately held;
 - c. In appropriate cases, checks are made with the Disclosure and Barring Service [DBS], previously the Criminal Records Bureau [CRB] and/or Independent Safeguarding Authority as appropriate;
 - d. Ensure that potential employees have the right to work in the United Kingdom.
- 4.7 Head Teachers should not notify the police of cases of fraud and corruption. This is the responsibility of the Chief Officer [Finance & Legal], in consultation with the Strategic Director of Resources & Transformation and relevant Strategic Director/Chief Officer and/or Head Teacher.
- 4.8 Head Teachers should not authorise any investigation of fraud or corruption, or make suspects aware that they are under suspicion, without the prior agreement of the Head of Internal Audit [or authorised deputy]. In particular they should not undertake any surveillance of a suspect unless it has been considered in the light of the Council's RIPA [Regulation of Investigatory Powers Act] Guidelines.

- 4.9 Where it is agreed with the Head of Internal Audit that an investigation into fraud or corruption should be undertaken by staff in a School, no final decision on whether to proceed with disciplinary action should be taken until Internal Audit has had the opportunity to review the investigation and undertake any further work they consider necessary.

Governors

- 4.10 All governors should familiarise themselves with the governors code of conduct, and ensure they comply with its requirements.
- 4.11 As part of the code of conduct it is essential that any declarations of interest are recorded in particular :-
- a. Declaration of relationships with contractor [including any companies tendering for work].
 - b. Relationships with applicants for employment.
 - c. Personal interests in conflict with the Council's interests
- 4.12 It is good practice to ensure any gifts and hospitality – both given and received is recorded in writing at the relevant school. This will ensure that transparency is maintained at all times, and protects the governor and school from any alleged irregularities.
- 4.13 Governors should ensure they have considered the risk of fraud in any activities undertaken.
- 4.14 Procedures and regulations in place to help protect staff, school finances and governors by ensuring a robust framework is followed for obtaining value for money, these include :-
- a. School Standing Orders,
 - b. School Financial Regulations
 - c. Implementation of audit recommendations
- 4.15 A key preventative measure against fraud and corruption is the appointment of staff of known good character. If governors are involved in the recruitment process they should therefore ensure that :-
- a. References testifying to the honesty and integrity of potential employees are obtained before a person is appointed;
 - b. Check that qualifications are legitimately held;
 - c. In appropriate cases, checks are made with the Disclosure and Barring Service [DBS], previously the Criminal Records Bureau [CRB] and/or Independent Safeguarding Authority as appropriate;
 - d. Ensure that potential employees have the right to work in the United Kingdom.

- 4.16 Under School Financial Regulations it is the duty of any officer or Governor to comply with the Corporate Anti-Fraud and Corruption Policy. Any governor who suspects that an irregularity involving cash, materials or any other property of the School or Council may have occurred must inform the Head Teacher. The council Whistle Blowing Policy allows such instances to be reported to a number of contacts including the Strategic Director of People's Services or the Head of Audit Services.
- 4.17 Governors should not notify the police of cases of fraud and corruption. This is the responsibility of the nominated local authority delegated officer. There is an exception where the circumstances clearly indicate that losses have resulted from forced entry. In that case, the police should be notified directly and the Risk Management and Insurance Section who should notify Internal Audit if it is considered that there may have been weaknesses in security arrangements.
- 4.18 Governors should not authorise any investigation of fraud or corruption, or make suspects aware that they are under suspicion, without the prior agreement of the Head of Internal Audit.

Staff

- 4.19 All employees should familiarise themselves with the Employee's Code of Conduct and ensure they comply with its requirements. Specific requirements relating to the prevention and detection of fraud and corruption include :-
- a. Declaration of relationships with contractor.
 - b. Relationships with applicants for employment.
 - c. Personal interests in conflict with the school's interests.
 - d. The separation of duties in tendering.
 - e. Giving/receiving gifts.
 - f. Giving /receiving hospitality.

In addition, staff are expected to observe any Code of Conduct laid down by any professional body to which they belong, where membership is necessary or relevant to their job with the School.

- 4.20 All employees should familiarise themselves with any parts of Standing Orders and Financial Regulations which are relevant to their job.
- 4.21 Employees should ensure that they comply with all relevant requirements. In case of doubt about which requirements are relevant to them, or how these requirements apply, they should seek guidance from their line manager.

4.22 Our School has adopted the following measures to demonstrate its commitment to anti-fraud and corruption :-

- a. All staff are made aware of the School Code of Conduct for Employees
- b. The Governing Body meet regularly
- c. A requirement for all staff and governors to declare prejudicial interests and not contribute to business related to that interest
- d. A requirement for staff and governors to disclose personal interests
- e. All staff and governors are made aware of the understanding on the acceptance of gifts and hospitality
- f. 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.

Internal Audit

4.23 Where Internal Audit find that controls against fraud and corruption are inadequate in principle or ineffective in practice, they must report this to management together with recommendations on how the situation can be improved.

4.24 Where cases of known or suspected fraud have been identified, the Head of Internal Audit in consultation with management in the relevant Directorate is responsible for deciding who should investigate them, whether:-

- a. Internal Audit
- b. Staff in the Directorate
- c. Other
- d. Combination of the above

4.25 Where, an investigation into fraud and corruption has not been conducted by Internal Audit, they must have the opportunity to review that investigation before any final decision on disciplinary proceedings is made and to request or conduct any further work which they consider necessary.

5. Reporting a Suspected Fraud

5.1 All allegations of suspected fraud and irregularities are to be brought to the attention of the Head Teacher, unless this individual is involved in the irregularity in which case the Chair of Governors should be informed. Please refer to the School Whistle Blowing Policy for further guidance.

5.2 All reported irregularities will be thoroughly investigated, with due regard to the provisions of the Human Rights Act 1998, Data Protection Act 1998, the Regulation of Investigatory Powers Act 2000 and our School's Equal Opportunities Policy.

5.3 In line with the Schools Financial Regulations any Head Teacher or officer who suspects that an irregularity involving cash, materials or any other property of the School may have occurred must inform their Strategic Director and/or Chief Officer who should report the matter directly to the Head of Audit Services or the Chief Officer [Finance & Legal]. Confidentiality will be respected in any dealings with Audit Services, wherever possible. This includes cases of fraud and corruption.

5.4 Each Head Teacher shall :-

- a. Respond without undue delay to any enquiries or recommendations made by the Chief Officer [Finance & Legal] or the Head of Audit Services
- b. Inform the Chief Officer [Finance & Legal] as soon as possible of failures of financial control, including matters which involve, or may involve financial irregularity.

6. Confidentiality and Safeguards

6.1 Our School 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 School 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.

6.2 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.

6.3 There is a need to ensure that the process is not misused. For further guidance refer to the School Disciplinary and Dismissals policy.

7. Links with other Policies

7.1 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 Anti-Corruption policy attempts to consolidate those in one document and should be read in conjunction with the following School policies:

- Whistle Blowing Policy
- Financial Regulations
- Employee Code of Conduct
- Disciplinary / Employee Improvement Procedure
- Equality Scheme