



HILBRE HIGH SCHOOL HUMANITIES COLLEGE

ANTI FRAUD and CORRUPTION POLICY

Author:
Name of Committee approved:
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Date to be reviewed:

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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.

Fraud and types of fraud:

Fraud is a deception carried out in order to gain an unfair advantage or to disadvantage another. It may involve the misuse of funds or other resources or the supply of information.

Although there are low levels of fraud within the academies sector, Trustees should be vigilant to the risks.

Common types of fraud in the UK include theft, fictitious and falsification of invoices and credit card fraud.

Fraud risk management strategy - Board of Trustees and Headteacher:

An effective strategy will:

- Assess the overall vulnerability to fraud;
- test the internal control systems to ensure they are robust;
- identify areas most vulnerable to fraud risk;
- evaluate the scale of fraud risk;
- respond to fraud risk through improved control arrangements;
- measure the effectiveness to the risk strategy to potential fraud;
- report fraud; and
- review the anti-fraud checklist for Trustees - see Appendix 2.

Fraud response plan:

- Develop a fraud policy statement, a fraud risk strategy and a response plan;
- develop and promote an anti-fraud culture through a clear statement of commitment to ethical behaviour to promote awareness of fraud; recruitment screening, training and maintaining good staff morale;
- clarify roles and responsibilities for the overall and specific management of fraud risk;
- establish cost-effective internal systems of control to prevent and detect fraud;
- confirm contacts and routes for staff to report suspicions of fraud, including developing a Whistleblowing policy;
- respond quickly and effectively to fraud when it arises;
- establish systems and processes for investigations into alleged fraud;
- utilise the Internal Audit function to advise on fraud risk and draw on their experience to strengthen control; and
- continually evaluate the effectiveness of anti-fraud measures in reducing fraud.

1. Introduction policy statement:

Hilbre High School Humanities College 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 Trustees have a role to play. The academy also recognises the role of others in alerting them to areas where there is suspicion of fraud. Appendix A gives definitions of fraud, corruption and Gifts and Hospitality.

- 1.1 Recognising a potential fraud and being able to report it is just as important as the measures to prevent and detect.
- 1.2 It is the duty of all employees and Trustees at Hilbre High School 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 and Dismissals procedure.

2. Policy statement:

- 2.1 This policy and procedure defines Anti-Fraud and Corruption and Gifts and Hospitality and offers guidance for all staff in the academy.
- 2.2 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.
- 2.3 This policy, in line with the academy'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.
- 2.4 The scope of this procedure extends to all academy employees, permanent, voluntary and fixed term.
- 2.5 Time limits specified in this document may be extended by mutual agreement.
- 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 Headteacher or if it relates to them the Chair of the Finance and Resources Trustee Committee.
- 2.7 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.

3. Gifts and hospitality:

3.1 These guidelines will help you to judge what sort of gift, and what level of hospitality is acceptable.

3.2 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 a reasonable value, such as a diary, a coffee mug or bunch of flowers, not over £25 in value. You should notify the School Business Manager of any gift or hospitality over this value for entry in the Register of Business Interests.
- 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 the School Business Manager to be used for charity raffles.
- If you are in doubt about the acceptability of any gift or offer of hospitality, it is your responsibility to consult the School Business Manager or Headteacher.

3.3 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. Roles and responsibilities:

4.1 Staff and Trustees:

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

- Standards and Effectiveness, Finance & Audit Committees meets regularly;
- a requirement for all staff and Trustees to declare prejudicial interests and not contribute to business related to that interest;
- a requirement for staff and Trustees to disclose personal interests;
- all staff and Trustees are made aware of the understanding on the acceptance of gifts and hospitality;
- clear recruitment policies and procedures; and
- anti-fraud awareness training to enable the business support function to identify potential fraudulent activities.

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

4.2 Responsible Officer:

The Responsible Officer has specific responsibility for overseeing the financial arrangements on behalf of the Board of Trustees.

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

- The financial responsibilities of the Board 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.

4.3 Chief Financial Officer:

The CFO has a responsibility for ensuring that effective systems of internal controls are maintained and will safeguard the resources of Hilbre High School.

In respect of fraud it is, therefore, the responsibility of the CFO 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; and
- anti-fraud awareness training

4.4 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 Department of Education.

5. Reporting a suspected fraud:

5.1 The Academies Financial handbook confirms that Trusts should notify the ESFA of any instances of fraud, theft and/or irregularity exceeding £5,000 individually or £5,000 cumulatively in any financial year. Any unusual or systematic fraud regardless of value must also be reported providing the following details:

- Full details of the event (s) with dates;
- the full financial value;
- the measures taken by the academy to prevent recurrence;
- whether the matter was referred to the police; and
- whether insurance cover or risk protection arrangements has offset any loss.

Please refer to the academy Whistleblowing policy for further guidance.

6. Response to allegations:

6.1 The Headteacher will have initial responsibility for co-ordinating the initial response. In doing this he/she will consult with the Human Resource advisors regarding potential employment issues. The Headteacher will also see legal advice from the academy's solicitors on both employment and litigation issues before taking any further action.

6.2 The CFO and Headteacher will ascertain whether or not the suspicions aroused have substance. In every case, and as soon as possible after the initial investigation, they will pass the matter on to the Chair of Finance & Audit Committee. Even if there is no evidence to support the allegation, the matter must be reported.

- 6.3 The Audit Committee will undertake the management of the investigation.
- They will, if appropriate, conduct a preliminary investigation to gather factual information and reach an initial view as to whether further action is required.
 - They will determine whether the findings, conclusions and any recommendations arising from the preliminary investigation should be reported to the Chair of the Board of Trustees.
 - If further investigations are required, they will determine which outside agencies should be involved (police, auditors).

6.4 The Headteacher is required to notify the board of Trustees of any serious financial irregularities. This action will be taken at the first opportunity following the completion of the initial investigations and will involve keeping the Chair of the Board of Trustees fully informed between Board meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.

6.5 If evidence of fraud is forthcoming, then the Board of Trustees will inform the ESFA as required by the Funding Agreement and will consider whether or not to refer the matter to the police.

7. Confidentiality and safeguards:

7.1 Hilbre High 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 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.

7.2 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.

7.3 There is a need to ensure that the process is not misused. For further guidance refer to the academy Disciplinary, Grievance and Capability policy.

8. Links with other policies:

8.1 The Board of Trustees 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 academy policies:

- Whistleblowing policy;
- Financial Regulations;
- Disciplinary and Dismissal policy;
- Equal Opportunities policy; and
- Gifts and Hospitality policy

This policy should be reviewed annually and must be signed by the Chair of the Board of Trustees and Headteacher.

Policy reviewed:	Date here
Next review:	Date here
Signature of Chair of Trustees:	Signature of Headteacher:

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Appendix A - Definitions

Definitions:

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.

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 ABC Academy, its staff or Trustees.

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.

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 and Hospitality - see Point 5)** - 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.

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 School Business Manager.

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Appendix 2 - Anti-Fraud checklist

- Are the Trustees, accounting officer and Chief Financial Officer aware of the risk of fraud and their responsibilities regarding fraud?
- Is fraud included within the remit of the trust's Audit Committee?
- Has the role of the trust's external auditor and responsible officer regarding fraud been established and is it understood?
- Is fraud considered within the trust's risk management process?
- Does the trust have a fraud strategy or policy and a "zero tolerance" culture to fraud?
- Is the fraud strategy and "zero tolerance" culture promoted within the trust? For example through financial regulations, disciplinary procedure, checks on new staff, induction process, staff training, vetting of contractors?
- Does the trust have policies on Whistleblowing, Declarations of Interest and receipt of Gifts and Hospitality?
- Does the trust have appropriate segregation of duties around financial transactions, including accounting, processing and banking arrangements?
- Is it clear to whom suspicions of fraud should be reported to?
- If there has been any fraud, has a "lesson learned" exercise been undertaken?