

*Greenleys Junior School*



LEARNING *for* LIFE

# Anti-Fraud Policy

<b>Date of Approval:</b>	<b>1 October 2020</b>
<b>Date of Next Review:</b>	<b>October 2022</b>
<b>Signed: Executive Headteacher</b>	<b>M Talbot</b>
<b>Signed: Chair of Governors</b>	<b>M Hall</b>

## Document History

Date	Change Reference	Summary of Change

Greenleys Junior School is committed to the highest standards and takes its duty to protect the public funds it administers very seriously.

In carrying out its responsibilities, the school has always adopted a culture of openness and fairness and has expected that staff, parents and governors will adopt the highest standards of behaviour and honesty. These standards are also expected from organisations that have dealings with the school (e.g. suppliers/contractors).

The school is firmly committed to dealing with fraud and corruption and no distinction will be made in investigation and action between cases that generate financial benefits and those that do not.

Fraud and corruption are defined by the Audit Commission as:

**FRAUD – “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 use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.”**

### **Bribery and Corruption**

**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.**

The Bribery Act was originally intended to be implemented in October 2010, however it was delayed to take into account a consultation exercise and further held back to await the written guidance from the Ministry of Justice. The Act eventually came into force on 1<sup>st</sup> July 2011.

There are 4 key sections of the Act which need to be considered for the purposes of this document, which are:

- Section 1, which deals with bribing another person by money, payment in kind, or goods and services.
- Section 2, the act of being bribed. This relates to individual officers and could lead to prosecution of senior managers.
- Section 6, bribery of foreign officials – unlikely to apply to GJS.
- Section 7, failure of a commercial organisation to prevent bribery. For this section a “relevant commercial organisation” means an entity that carries on a business and current indications are that this includes schools. This section also includes persons associated with the organisation, such as agency workers, suppliers and contractors.

Under the legislation the school has a defence if it can show that it has adequate bribery prevention procedures in place, which are informed by the following 6 principles:

- Proportionality – the action an organisation takes should be proportionate to the risks it faces and the size of the business.

- Top level Commitment – A culture needs to be evident in which bribery is never acceptable. This can be shown via leadership statements, training and procurement expectations.
- Risk Assessment – to include proportionate risk management perhaps via training, newsletters, procurement controls and inclusion within organisational policies such as this one.
- Due Diligence – i.e. knowing who the organisation is dealing with.
- Communication – communicating policies and procedures by training and general awareness including how occurrences should be investigated and by whomever.
- Monitoring and Review – to ensure policies, training and awareness are relevant and update and by nominating a responsible officer.

Defence against bribery charges under the act, therefore, should be considered adequate if the organisation has the following in place:

- Risk awareness and preparation
- Adequate communication and senior management buy-in
- A zero-tolerance culture
- Adequate education and training
- An audit trail and integration with counter fraud processes.

The penalties for individuals under this legislation can, on conviction on indictment, be as high as a prison term of 10 years, or a fine or both. Although under section 7 a guilty person is only liable to a fine. The organisational consequences may include disbarment from contract tenders, reputational and financial risk exposure and adverse publicity.

- Additionally other risk areas which need to be considered include:
- Facilitation payments – i.e. payments designed to make things happen but do not secure agreement. Section 106 payments are the subject of legal debate in this area.
- Gifts and Hospitality – genuine low level hospitality is deemed acceptable but it is imperative that corporately registers are kept up to date and all staff must make declarations of interest.

In addition, this strategy covers ***“the failure to disclose an interest in order to gain financial or other pecuniary gain.”***

The definitions of Fraud and Corruption are by their nature technical and have their basis in the Fraud Act which became law on 15<sup>th</sup> January 2007. A more practical definition is where the school’s assets, including money, are dishonestly obtained by someone not entitled to them. Examples include:

- theft of cash or assets
- falsifying information or documentation e.g. timesheets, overtime, expenses, qualifications etc.
- dishonesty between officers and management/Head teachers
- the deliberate concealment of information required by the school e.g. convictions or activities inconsistent to the school’s duties and responsibilities.

The school will ensure that any allegations received in any way, including by anonymous letters or phone calls, will be taken seriously and investigated in an appropriate manner, subject to the requirements of the Human Rights Act 1998 and other statutory provisions.

The school will deal firmly with those who defraud, or attempt to defraud the school, or who are corrupt, or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as raising malicious allegations) may be dealt with as appropriate.

When fraud or corruption have occurred because of a breakdown in the school's systems or procedures, governors will ensure that appropriate improvements in systems of control are implemented to prevent a reoccurrence.

Governors are required to apply the principles of good governance regarding their own affairs and when acting for the school including declare pecuniary or non-pecuniary interests, potential for a conflict of interest and record the receipt of all gifts and hospitality.

Managers at all levels are responsible for the communication and implementation of this strategy in their area of responsibilities. They are also responsible for ensuring that their employees are aware of all policies, and that the requirements of each are being met in their everyday business activities.

Managers of all levels are expected to strive to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities.

Head Teachers must ensure that special arrangements will apply where employees are responsible for cash handling or are in charge of financial systems and systems that generate payments, for example payroll.

Managers must ensure that relevant training is provided for employees. Checks must be carried out at least annually to ensure that proper procedures are being followed.

The school recognises that a key preventative measure in dealing with fraud and corruption is for managers to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts. The school's formal recruitment procedures (which contains appropriate safeguards on matters such as written references, verifying qualifications held and CRB checks undertaken on employees working with children and vulnerable adults) will be adhered to during this process.

Each employee is governed in their work by the school's Financial Regulations and other codes of conduct and policies (health and safety, IT strategy, IT security). Included in these are guidelines on gifts and hospitality and codes of conduct associated with professional and personal conduct and conflicts of interest. These are issued to all employees when they join the school or will be provided by their manager.

Employees are expected always to be aware of the possibility that fraud, corruption or theft may exist in the workplace and be able to share their concerns with management. Concerns should be raised, in the first instance, directly with the Head Teacher. If the employee feels

that they cannot discuss their concerns directly with the Head Teacher they should refer to the schools Whistleblowing Policy which gives details of independent persons they can discuss their concerns with.

Theft, fraud and bribery and corruption are serious offences against the school and employees will face disciplinary action if there is evidence that they have been involved in these activities. Disciplinary action will be taken, if appropriate, in addition to criminal proceedings, depending on the circumstances of each individual case, but in a consistent manner, after consultation with the school's HR department and Head Teacher.

Disciplinary proceedings will be undertaken in accordance with the school's Disciplinary Policy and Procedure and each case considered on its merits.

Staff will face appropriate action under this strategy if they are found to have been involved in theft, fraud or corruption against the school. Action will be taken in addition to, or instead of, criminal proceedings, depending on the circumstances of each individual case, but in a consistent manner.

Employees involved in fraud, theft or corruption that does not involve the school or its finances may still be subject to the above action if it is considered to undermine the school and its reputation. Should this happen, the Headteacher will refer this to the governor's disciplinary committee, and could result in immediate suspension.

All staff, governors and volunteers have a vital role in identifying potential fraud or corruption. It is not the responsibility of those groups to investigate their suspicions as this may undermine a case to be pursued but all parties play a key role in bringing such concerns to the Head Teacher or Chair of Governors as appropriate, for a proper and thorough investigation to be undertaken.

Management, including Head Teachers are in the best position to become aware of any problems that could indicate fraud or theft etc. Management are also best placed to ensure that systems of internal control are in place and operating and thus are ideally placed to identify weaknesses or failures that may be exploited.

Employees are also ideally placed to detect fraud, theft or corruption. Employees are encouraged to discuss concerns with their line manager but the Whistleblowing Policy also provides mechanisms to raise concerns corporately.

The Whistleblowing Policy provides a process to enable the school to demonstrate:

- Proper investigations for all referrals
- Proper action taken in relation to findings from investigations
- Feedback is provided to anyone making a referral
- Appropriate protection for anyone making or having made a referral.

In some cases frauds are discovered by chance or 'tip-off' and arrangements are in place to enable such information to be properly dealt with, in accordance with the requirements of the Human Rights Act 1998. All suspected irregularities are required to be reported

(verbally or in writing) either by the person with whom the initial concern was raised or by the originator, as per paragraph 3.3.4 (the school's Whistleblowing Policy). This is essential to the strategy, and ensures the consistent treatment of information regarding fraud).

In accordance with basic legal concepts any person who witnesses or discovers a criminal act has the right to refer concerns directly to the Police.

The school's disciplinary procedures will be used to facilitate a thorough investigation of any allegations of improper behaviour by employees.