



The  
**Balcarras  
Trust**

**Anti-Fraud  
&  
Corruption  
Policy**

**Reviewing Member of Staff:** Dominic Burke  
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## **Anti-Fraud and Corruption Policy**

### **Summary**

This policy and procedure define the expected conduct of all staff engaged by the Trust, whether in paid or voluntary employment, in relation to deterring and/or detecting fraud and corruption, and to whom it should be reported.

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

### **1. Introduction**

The Balcarras Trust is committed to ensuring that it acts with integrity and has high standards of personal conduct. Everyone involved with the Trust has a responsibility in respect of preventing and detecting fraud. All staff, Trustees and members of Local Governing Bodies have a role to play. The Trust also recognises the role of others in alerting them to areas where there is suspicion of fraud.

Recognising a potential fraud and being able to report it is just as important as the measures to prevent and detect.

It is the duty of all employees, Trustees and members of Local Governing Bodies to take reasonable steps to limit the possibility of corrupt practices, and it is the responsibility of the internal control staff, including the Trust's Responsible Officer and the External Auditors to review the adequacy of the measures taken by the Trust to test compliance and to draw attention to any weaknesses or omissions.

Any investigation carried out in relation to alleged irregularities is linked to the Trust's Disciplinary & Dismissals procedure and Code of Conduct.

### **2. 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/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 the Trust or any school within the Trust and its staff, Trustees and members of Local Governing Bodies.

#### ***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 Trust, which is carried out to conceal the misappropriation of assets or otherwise for gain
  - Bribery and corruption (Gifts & 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, the Scheme of Delegation, Financial Regulations and the Trust's financial 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 Trust
  - failure to observe, or breaches of, regulations and/or other associated legislation laid down by the Trust
  - 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 Chief Financial Officer, the CEO or the school's headteacher.

Similarly, 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 the CEO.

### **3. Policy Statement**

- This policy and procedure defines Anti-Fraud & Corruption and Gifts & Hospitality and offers guidance for all staff in the Trust
- The Trust 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 Trust business. This document sets out the policy and procedures for dealing with the risk of significant fraud or corruption. In order to minimise the risk and impact of fraud, the Trust'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
- This policy, in line with the Trust'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
- The scope of this procedure extends to all Trust employees, permanent, voluntary and fixed term
- Time limits specified in this document may be extended by mutual agreement
- 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**

- These guidelines will help you to judge what sort of gift, and what level of hospitality is acceptable.
- The following general rules apply and must guide decisions on receipt of gifts and hospitality as an employee of the Trust:
  - Acceptance of gifts should be the exception. You may accept small 'thank you' gifts of token value, such as chocolates, a diary, a coffee mug or bunch of flowers, not over £25 in value. Acceptance of any gift or hospitality over this value should be notified to the Headteacher of your school who will advise you further.
  - 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 Trust, seeking employment with the Trust or is in dispute with the Trust, even if you are not directly involved in that service area.
  - Where items purchased for the Trust include a 'free gift', such a gift should either be used for Trust business or handed to your headteacher or the CEO/CFO to be used for the benefit of the Trust or charity.

- If you are in doubt about the acceptability of any gift or offer of hospitality it is your responsibility to consult your Headteacher before acceptance.
- If the judgement is made that the gift is not appropriate then the school's headteacher, or the CEO should contact the benefactor to explain in as tactful a way as possible why the gift cannot be accepted and if it has already arrived to arrange a suitable way for it to be returned.
- A gauge of what is acceptable in terms of hospitality is whether the Trust 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 Trust or school; or at a special event or celebration

But, consider the number of these events, and always take into consideration what the 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 or Chief Executive Officer 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/services that the Trust is considering buying, you should ensure that expenses of the trip are paid by the Trust. Acceptance of refreshments and/or a working lunch may be acceptable, but care must be taken to ensure that the Trust'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 Trust must be agreed in advance with your 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 Trust

## 5. Roles and Responsibilities

### ***Staff, Trustees and Governors***

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

- The Audit and Risk Committee meets regularly
- A requirement for all staff, trustees and governors to disclose any external pecuniary interests which could potentially affected their judgement or create a perceived conflict of interest and for Trustees to make this information publicly available
- All staff, trustees and governors are made aware of the understanding on the acceptance of gifts and hospitality
- Clear recruitment policies and procedures
- Completion and regular review of the ESFA Fraud Indicators checklist
- Staff, Trustees and members of Local Governing Bodies 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 Control Review (Role of Internal Auditor)***

The Trust will undertake regular internal control reviews of all aspects of the Trust's operations. The main purpose of this role will be to provide the Trustees with on-going independent assurance that:

- The financial responsibilities of the Trust 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

The Internal review will be carried out by an 'Internal Auditor' appointed by the Trustees. They will visit the Trust at least twice annually and, as well as reporting to the Chair of Finance, Audit and Risk/CEO/CFO, their reports will be seen by the Finance, Audit and Risk Committee. The Finance, Audit and Risk Committee will maintain oversight of the implementation of the Internal Auditor's recommendations.

### ***Chief Financial Officer***

The CFO has a responsibility for ensuring that effective systems of internal controls are maintained and will safeguard the resources of the Trust. 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 Trust's financial position and bank accounts

### ***External Audit***

The Trust'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 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

## **6. Reporting a Suspected Fraud**

All allegations of suspected fraud and irregularities are to be brought to the attention of the CFO and also referred to the Chief Executive Officer or relevant Headteacher, unless this individual is involved in the irregularity in which case the Chair of Trustees should be informed.

Please refer to the Trust's *Whistleblowing Policy* for further guidance.

## **7. Response to Allegations**

The Chief Executive Officer or relevant Headteacher will have initial responsibility for coordinating the initial response. In doing this he/she will consult with the Human Resource advisors regarding potential employment issues. They may also seek legal advice from the Trust's solicitors on both employment and litigation issues before taking any further action.

The Chief Executive Officer or relevant 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 the Finance, Audit & Risk Committee. Even if there is no evidence to support the allegation, the matter must be reported.

The Audit & Risk 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 Trustees
- If further investigations are required, they will determine which outside agencies should be involved (police, auditors etc.)

The Chief Executive is required to notify the 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 Trustees fully informed between meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.

If evidence of fraud is forthcoming then the Trustees will inform the Department for Education as required by the Master Funding Agreement and will consider whether or not to refer the matter to the police.

## **8. Confidentiality and Safeguards**

The Balcarras Trust 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 Trust 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.

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.

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

## **9. Links with other Policies**

The Trust 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:

- *Whistle-Blowing Policy*
- *The Trust Financial Procedures*
- *Disciplinary Policy*