



Anti-Fraud, Bribery and Corruption Policy (including Gifts & Hospitality)

Date Published	June 2017
Version	4
Date Last Approved	5th March 2018
Review Cycle	3 Years
Review Date	March 2021

Context

There is no requirement for schools to have an anti-fraud, bribery and corruption policy. However, Nexus Multi Academy Trust takes fraud, theft, bribery and corruption very seriously and there is a 'zero tolerance' culture to fraud in the Trust. Nexus has implemented this policy which, working alongside a suite of financial policies, ensure that arrangements are in place to protect public money.

Section 2.3.3 of the Academies Financial Handbook requires academy trusts to have an internal control framework which reduces the risk of fraud and theft. The following internal control framework and policies reduces the risk of Fraud within Nexus MAT.

[Delegated Financial Powers](#)

[Scheme of Delegation](#)

[Tendering & Procurement](#)

[Register of People with significant control](#)

[Expenses Policy](#)

[Undertaking Workplace Investigations guidance](#)

[Whistleblowing Policy](#)

Section 4.8 refers to the Investigation of fraud, theft and/or irregularity and states:

*"Academy trusts **must** be aware of the risk of fraud, theft and/or irregularity occurring and, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls. Trusts **must** take appropriate action where fraud, theft and/or irregularity is suspected or identified.*

*The trust **must** notify ESFA, as soon as is operationally practical based on its particular circumstances, of any instances of fraud, theft and/or irregularity 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 trust to prevent recurrence
- whether the matter was referred to the police (and why if not)

- *whether insurance cover or the risk protection arrangement have offset any loss*

ESFA will not tolerate fraud. It reserves the right to conduct or commission its own investigation into actual or potential fraud, theft or irregularity in any academy trust, either as the result of a formal notification from the trust itself or as the result of other information received. ESFA may involve other authorities, including the police, as appropriate. ESFA will publish reports in line with its own policy on publishing information."

Policy Statement

Nexus MAT and its constituent schools has a duty to protect public assets; to ensure that management and other practices accord with the standards of probity expected of public sector bodies; and to ensure that the resources available to it are used only in furtherance of the Trust's objectives as an educational body. Fraud, corruption, or any other kind of financial misconduct or irregularity will not be tolerated.

An irregularity may be defined as any breach of the standards of financial integrity required by the Academy and/or Trust, including a breach of the Financial Regulations. This includes any instance, which has been made possible due to the actions or inactions of a member of staff even if there was no gain to them.

Irregularities fall broadly within the following categories, the first three of which are criminal, as well as disciplinary, offences ('person' includes corporate bodies, including limited companies, local authorities, other employees and students):

Theft: the dishonest taking of property belonging to another with the intention of depriving that person permanently of its possession.

Fraud: the intentional distortion of financial statements or other records by persons external or internal to the Academy and/or Trust, to conceal the misappropriation of assets or otherwise. This includes the distortion of records to conceal losses caused accidentally or by a third party.

Bribery: the receiving of an inducement for an action which is illegal, unethical or in breach of trust.

Corruption: the offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions of any person. Both parties are equally guilty of an offence.

Other irregularity: failure to observe the Academy's and/or Trust's Financial Regulations, policies and procedures. This includes failure to take appropriate action after becoming aware of such failure by another person.

Nexus' Audit & Finance Committee have also reviewed the [list of generic indicators of potential fraud](#) issued by the ESFA and have RAG rated our risks against these indicators. We have also reviewed an ESFA fraud checklist which the Trust used to review our arrangements for preventing, detecting and dealing with fraud should it occur and in the development of this policy.

Our Internal Audit work programme also supports the prevention and identification of fraud.

The aftermath of financial misconduct is costly, time-consuming, disruptive and unpleasant. The major thrust of Nexus Trusts' strategy is therefore, prevention.

1. Prevention

Risks

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

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.

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 Trust Board, Executive Leadership Team, Local Governing Bodies, Audit & Finance Committee and senior managers should therefore ensure that their behaviour is always demonstrably selfless.

Developing and promoting an Anti-fraud culture

The Chief Finance Officer has met with all School Business Managers and provided them with the ESFA's published resources to reduce the risk of fraud or financial irregularities. Working on the basis of the Trust's 'zero tolerance' culture to fraud, a list of actions have been circulated to School Business Managers which reduce the risk of fraud. The Chief Finance officer confirmed the routes for staff to report suspicions of fraud through the Trust's Whistleblowing policy, including directly to the ESFA. We will respond quickly and effectively to fraud when it arises and will work with our Internal Audit function to advise the Trust Board and Audit & Finance Committee on the effectiveness of anti-fraud measures and on fraud risk.

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 and/or Trust 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.

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.

The Role of Auditors

The Chief Finance Officer and Audit & Finance Committee seek to involve the Accounting Officer and/or external auditor 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.

Both internal and external auditors have a full right of access at all reasonable times to all Academy and Trust property, assets, documents and financial and other records. The auditors are also entitled to seek explanations from any member of the Academy and/or Trust's staff.

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

2. Detection and Reporting of Suspected Financial Irregularity

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.

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 bring it to the attention of senior management within the Academy and/or Trust as described in the Trust's Whistleblowing Policy. This describes to whom an individual should report their suspicions, and the protection offered to employees raising such a suspicion.

Gifts, Hospitality and Benefits in Kind

The Trust expects staff and members of the governing body to exercise the utmost discretion in giving and accepting gifts and hospitality when on school business.

Particular care should be taken about a gift from a person or organisation that has, or is hoping to have, a contract with the school. This policy does not prohibit normal and appropriate hospitality (given and received) to or from third parties. However, staff and governors should be aware that the receipt of gifts or excessive hospitality may compromise you or more seriously lead to prosecutions for corruption.

Staff must not accept gifts, hospitality or benefits of any kind from a third party where it might be perceived that their personal integrity is being compromised, or that the school might be placed under an obligation.

Staff must not make use of their official position to further their private interests or those of others.

What is Permissible

Gifts of low intrinsic value such as promotional calendars or diaries, or small tokens of gratitude including gifts from pupils, parents and guardians can be accepted. If the value exceeds £20 however, approval of acceptance must be obtained from the individual's line manager.

Where approval is granted, any gift or hospitality received with an equivalent value of £20 or over must be recorded in the Register of Gifts and Hospitality kept within the School Office (see Appendix 1).

In cases where a staff member receives a gift on behalf of The Trust/Academy, the gift remains the property of The Trust/Academy. The gift may be required for departmental display or it may, with the line manager's approval, remain in the care of the recipient. Unless otherwise agreed, the gift should be returned to the Department on or before the recipient's last working day.

Modest hospitality, provided it is reasonable in the circumstances, for example, lunches in the course of working visits, is acceptable. Where it is considered that there is a benefit to the Academy in a member of staff attending a sponsored event, the attendance should be formally approved by the relevant line manager.

What is not acceptable

It is not acceptable for staff (or someone on their behalf) to:

- give, promise to give, or offer, a payment, gift or hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure;
- accept payment from a third party that the member of staff knows or suspects is offered with the expectation that it will obtain a business advantage for them;
- accept a gift or hospitality from a third party if the member of staff knows or suspects that it is offered or provided with an expectation that a business advantage will be provided by The Trust/Academy in return;
- threaten or retaliate against another member of staff who has refused to commit a bribery offence or who has raised concerns under this policy; or
- engage in any activity that might lead to a breach of this policy.

Gifts to and from students

In the interests of safeguarding children, and to prevent staff from being open to accusation of exerting undue influence, no member of staff is permitted to give a gift to a student at any time unless this "gift" relates to a pre-approved award scheme, approved by the Leadership Team, as part of school policy.

If a gift is received from a student or the parent/s of a student and the value is £20 or over this gift is to be registered in the Register of Gifts and Hospitality. This applies to gifts received from a group of students or parents where the value is £20 or over.

Staff must ensure that they read, understand and comply with this.

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 Accounting Officer, Headteacher or Chief Finance Officer. Any indication that a member of staff may be addicted to drugs, alcohol or gambling should also be discussed with the Accounting Officer, Headteacher or Chief Finance Officer. 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 Section 3 below.

3. Investigation of Suspected Irregularity

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.

- a) The Accounting Officer and Chief Finance Officer 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 Chief Finance Officer. The Chief Finance Officer, 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.
 - Some special investigations may require the use of technical or specialist expertise in which case an external specialist (such as the Accounting Officer or external auditor) may be employed as the Investigating Officer or to contribute to the investigation.
 - 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 Chief Finance Officer, 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.

2) The Headteacher will normally inform the Chair of the Governing Body and the Chair of the Audit & Finance Committee that an investigation is taking place.

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.

In the event that it is not appropriate to disclose information to the Headteacher, concerns will be raised directly with the Chair of the Audit & Finance Committee, if the issue falls within the purview of that Committee, or the Chair of the Governing Body.

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.

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.

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.

4. Prevention of Further Loss

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 procedures. 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.

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 disk 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.

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.

The IT Manager should be instructed to immediately withdraw access permissions to the Academy's computer systems.

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.

5. Establishing and securing evidence

The internal auditors and/or management will:

- Maintain familiarity with the Academy's disciplinary procedures, to ensure that evidence requirements will be met during any fraud investigation.
- Establish whether there is a need for audit staff to be trained in the evidence rules for interviews under the Police and Criminal Evidence Act (1984).
- Ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

Management will establish and maintain contact with the police, where appropriate. The decision will be reported to the Chair of Audit & Finance Committee.

6. Notifying the ESFA

The Academies Financial Handbook (**September 2017**) includes a requirement that: "All instances of fraud or theft committed against the Trust, whether by employees or governors or third parties, above £5,000 individually or cumulatively must be

reported by the Trust to the ESFA. Any unusual or systematic fraud, regardless of value, must also be reported.”

The ESFA reserves the right to conduct or commission its own investigation into actual or potential fraud, theft or irregularity.

7. Recovery of losses

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

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.

8. Monitoring and Review

The Audit & Finance Committee has the responsibility for implementing, monitoring and reviewing this policy. The Chief Finance Officer will make an annual report to the Audit & Finance Committee providing a summary of all issues raised and any subsequent actions taken. Any issues, which arise, which do not fall within the remit of the Audit & Finance Committee or are relevant to other areas of the Academy, will be brought to the attention of the relevant committees and /or individuals.

Appendix 1

REGISTER OF GIFTS

In the interests of transparency, a Register of Gifts and Hospitality is kept in the School Office

Any member of staff who accepts an offer of a gift or hospitality over the value of £20 must ensure this is recorded in this register, specifying:

(a) Nature of gift/hospitality. In the case of a gift, it should be specified whether it is a personal gift for the recipient or a related party, such as a partner, or a corporate gift accepted by the recipient on behalf of the School.

(b) Value of gift / hospitality. If the exact cost is not known an estimate should be provided.

(c) Name of firm / individual concerned.

(d) Date gift / hospitality accepted.

(e) Name of member(s) of staff involved.

The School must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties, and therefore all staff must report all hospitality or gifts offered to the School Business Manager.

Staff must ensure all expenses claims relating to hospitality, gifts or expenses incurred to third parties are submitted in accordance with our expenses policy and specifically record the reason for the expenditure.