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## Anti-Fraud and Corruption Policy Includes Gifts and Hospitality

Date or Review	April 2024
Next Review Date	April 2027
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Date	16/04/2024

# Anti-Fraud and Corruption Policy Includes Gifts and Hospitality

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This policy and procedure defines the expected conduct of all staff engaged at Scholars Academy Trust, whether in paid or voluntary employment, in relation to deterring and/or detecting fraud and corruption, and who to report it to.

Also, reference is made to other policies where appropriate.

## **1. Introduction:**

- 1.1 Scholars Academy Trust is committed to ensuring that it acts with integrity and has high standards of personal conduct. Everyone involved with the Scholars Academy Trust has a responsibility in respect of preventing and detecting fraud. All staff and governors have a role to play. Scholars Academy Trust also recognises the role of others in alerting them to areas where there is suspicion of fraud.
- 1.2 Recognising a potential fraud and being able to report it is just as important as the measures to prevent and detect.
- 1.3 It is the duty of all employees, Governors, Trustees and Members at Scholars Academy Trust to take reasonable steps to limit the possibility of corrupt practices, and it is the responsibility of the Internal and 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.
- 1.4 Any investigation carried out in relation to alleged irregularities is linked to the Scholars Academy Trust Disciplinary procedure.

## **2. Definitions:**

### **2.1 *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.

### **2.2 *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 Scholars Academy Trust, its staff, Governors, Trustees and Members.

### 2.3 ***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.

### 2.4 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 & 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.

### 2.5 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 school/ 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, Finance Officer /Business Manager / Headteacher Executive Headteacher.

2.6 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/ Chief Financial Officer,.

### **3. *Policy Statement:***

3.1 This policy and procedure defines Anti-Fraud & Corruption and Gifts & Hospitality and offers guidance for all staff within the Trust.

3.2 Scholars Academy 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. In order to minimise the risk and impact of fraud, Scholars Academy Trust 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.

3.3 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.

3.4 The scope of this procedure extends to all Scholars Academy Trust employees, permanent, voluntary and fixed term.

3.5 Time limits specified in this document may be extended by mutual agreement.

3.6 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: (See appendix for detail)***

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

4.2 The following general rules apply and must guide decisions on receipt of gifts and hospitality as an employee of the Trust:

- 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 £25 in value. You should notify the Chief Financial Officer 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 Scholars Academy Trust, seeking employment with the Academy or is in dispute with the Trust, even if you are not directly involved in that service area.
- Where items purchased for Trust / School include a 'free gift', such a gift should either be used for Academy business or handed to the office 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 Chief Financial Officer or Executive Headteacher.

4.3 A gauge of what is acceptable in terms of hospitality is whether Scholars Academy 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 considered, 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 Scholars Academy Trust;
  - b. special events or celebrations.

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 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 Scholars Academy 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 Scholars Academy Trust 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 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 Scholars Academy Trust at school or Trust level.

## **5. Roles and Responsibilities:**

### 5.1 Staff /Governors/ Trustees/ Members

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

- Finance Committees meets regularly at school and Trust level;
- A requirement for all staff, governors and Trustees to declare prejudicial interests and not contribute to business related to that interest;
- A requirement for staff, governors and trustees to disclose personal interests;
- All staff, governors and trustees are made aware of the understanding on the acceptance of gifts and hospitality;
- Clear recruitment policies and procedures.

Staff, governors and trustees also have a duty to report another member of staff or governor or trustee whose conduct is reasonably believed to represent a failure to comply with the above.

### 5.2 Internal Auditor

The Internal Auditor has specific responsibility for overseeing the financial arrangements on behalf of the governors.

The main duties of the Internal Auditor are to provide the governors and trustees with on-going independent assurance that:

- The financial responsibilities of the governors 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 considered in reaching decisions.

### 5.3 Chief Financial Officer

The Chief Financial Officer has a responsibility for ensuring that effective systems of internal controls are maintained and will safeguard the resources of Scholars Academy Trust.

In respect of fraud it is therefore the responsibility of the Chief Financial Officer to ensure internal controls prevent and detect any frauds promptly. This includes:

- Proper procedures and financial systems;
- Effective management of financial records;
- Management of Scholars Academy Trust financial position.

### 5.4 External Audit

Scholars Academy Trust 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 Trust 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:**

- 6.1 All allegations of suspected fraud and irregularities are to be brought to the attention of the Chief Financial Officer and also referred to the Executive Headteacher, unless this individual is involved in the irregularity in which case the Chair of Governors / Trustee should be informed.

Please refer to the Whistleblowing Policy for further guidance.

## **7. Response to Allegations**

- 7.1 The Executive 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 Executive Headteacher will also see legal advice from Scholars Academy Trust solicitors on both employment and litigation issues before taking any further action.
- 7.2 The Chief Financial Officer and Executive 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 Personnel Committee. Even if there is no evidence to support the allegation, the matter must be reported.
- 7.3 The Personnel 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).
- 7.4 The Executive Headteacher is required to notify Scholars Academy Trust Board 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 Trust fully informed between meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.
- 7.5 If evidence of fraud is forthcoming then the Trustee Board will inform the Department for Education as required by the Funding Agreement and will contact audit and/or the police.
- 7.6 In accordance with the Academies Financial Handbook, the Board of Trustees will notify ESFA, as soon as possible, of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any financial year. Unusual or systemic fraud, regardless of value, will also be reported.

## **8. Confidentiality and Safeguards**

- 8.1 Scholars Academy 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. Scholars Academy 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.
- 8.2 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.
- 8.3 There is a need to ensure that the process is not misused. For further guidance refer to Scholars Academy Trust Disciplinary, Grievance and Capability policy.

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

- 9.1 The Trust Board 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 Scholars Academy Trust policies:

- Whistle-Blowing Policy
- Financial Regulations
- Disciplinary and Appeals Policy
- Equalities Policy/Procedure

This Policy is reviewed on a 3-yearly cycle.

## Appendix

### GIFTS & HOSPITALITY POLICY

As a general guideline, business gifts and hospitality should not be accepted by any member of staff, except as provided for below. In addition, the Trust has the policy of not giving out gifts from school funds to any individual or company as outlined in the EFSA financial handbook.

The intention of the policy is to ensure that the Scholars Academy Trust can demonstrate that no undue influence has been applied or could be said to have been applied by any supplier or anyone else dealing with the Trust. It should be able to show that all decisions are reached on the basis of value for money and for no other reason. Any consideration of whether or not the principles of this policy have been breached will be determined by reference to this provision.

Any breach of this Policy could lead to disciplinary action and may constitute gross misconduct. Employees shall not use their authority or office for personal gain and shall seek to uphold and enhance the standing of the Trust / School by:

1. Maintaining an unimpeachable standard of honesty and integrity in all their business relationships.
2. Complying with the letter and spirit of the law, and contractual obligations, rejecting any business practice that might be deemed improper.
3. At all times in their business relationships acting to maintain the interests and good reputation of Scholars Academy Trust
4. Any employee who becomes aware of a breach of policy must report this immediately to his or her manager who will instigate investigations as necessary.
5. Any personal interest that may impinge or might reasonably be deemed by others to impinge on an employee's impartiality or conflict with the duty owed to the Scholars Academy Trust in any school relevant to an employee's duties (such as conflicting business interests) should be declared in writing. Any member of staff who is aware of any business dealings conferring personal gain, or involving relatives or associates of members of staff must supply details of such transactions for entry into the Register of Business Interests.
6. Employees are permitted to accept gifts, rewards or benefits from parents, members of the public or organisations the Trust / school has official contacts with only where they are isolated gifts of a trivial character (such as chocolates, flowers, mugs, diaries or calendars (value of less than £25). Gifts should not therefore be accepted if they appear to be disproportionately generous or could be construed as an inducement to affect a business decision.
7. Where purchased items include a "free gift", such gifts should be either used for Scholars Academy Trust business or handed to the school to be used at charity raffles etc.
8. In relation to conventional hospitality (lunches, outings, tickets for events etc.) provided that it is normal and reasonable in the circumstances they may be accepted. Such invitations should not be accepted where there is no reasonable business justification for doing so,

where an invitation is disproportionately generous, or where the invitation could be seen as an inducement to affect a business decision.

9. Any hospitality other than of a nominal value (up to £25) or facilities provided during the normal course of business should be reported for as an entry in the Register of Business Interests