



NORTH FERRIBY C E PRIMARY SCHOOL

**COUNTER FRAUD AND
CORRUPTION POLICY
(SCHOOLS)**

Date of New Policy:	Spring 2016
Review Date:	Spring 2019
Policy Type:	School
Coordinator:	Russ Orr
Link Governor:	Derek Shepherd
Committee:	F&GP

North Ferriby CE Primary School Mission Statement:

**A Christian School with children at
its heart.**

Christian Values Statement:

At North Ferriby CE Primary School, we keep Christian values at the heart of our school community where we live, love and learn together.

Ethos Statement for North Ferriby CE VC Primary:

Recognising its historic foundation, the school will preserve its religious character in accordance with the principles of the Church of England and in partnership with the Church at parish and diocesan level.

The school aims to serve its community by providing an education of the highest quality within the context of Christian belief and practice.

It encourages an understanding of the meaning and significance of faith and promotes Christian values through the experience it offers to all its pupils.

YORK DIOCESAN BOARD OF EDUCATION

COUNTER FRAUD AND CORRUPTION POLICY (SCHOOLS)

Lead Directorate/Service	Directorate of Corporate Resources/ Audit and Technical Section
Effective Date:	September 2015
Contact Officers/Numbers	Audit and Technical Manager (394105)
Approved by:	The Cabinet 22 April 2008, CMT 14.12.09, E Dec Rec 21.1.10 (10546) DR: 2.7.12 (13435)/CMT:7.9.15, Min:16546, DR:17551, 23.10.15

1 Background:

- 1.1 **This policy sets out the Council's and Governing Body's commitment to countering fraud and corruption, to ensure public funds are protected from the risk of fraud and that the Council's and School's affairs continue to be conducted with integrity, honesty and openness. The Governing Body, through the Headteacher, are responsible for ensuring that the provisions of this policy are adhered to within the school.**
- 1.2 **The Council and Governing Body demand the highest standards of conduct from those working for and with it. In arriving at this Policy, it is acknowledged that the vast majority of East Riding of Yorkshire Council employees, its partners and suppliers and the public it serves are honest and diligent people. However, it must be recognised that there will always be a minority seeking to gain by fraudulent means.**
- 1.3 The Governing Body has had good arrangements for preventing, reporting and investigating fraud for many years through the Counter Fraud and Corruption Policy (Schools), the Whistle-Blowing Policy (Schools) and the Fraud and Corruption Response Plan (Schools). Annual surveys of employees have continued to show a high degree of awareness of these policies.
- 1.4 Fraud is estimated to cost the UK public sector £20.6bn a year, of which over £2bn is against local government. Fraud impacts on the ability to deliver services to the public. It is therefore timely to review the Council's Counter Fraud and Corruption Policy

2 Definitions for the purposes of this policy:

- 2.1 **Fraud** – as set out in the Fraud Act 2006, which created a new general offence of fraud. Fraud can be committed by:
- **False representation**
 - **Failing to disclose information**
 - **Abuse of Position**
- 2.2 Other offences created under the Fraud Act are:
- Possession of articles for use in frauds

- Making or supplying articles for use in frauds
 - Participating in a fraudulent Business carried on by a sole trader
 - Obtaining services dishonestly
- 2.3 **Theft** – Dishonestly appropriating the property of another with the intention of permanently depriving them of it. This may include the removal or misuse of funds, assets or cash (Theft Act 1968).
- 2.4 **False Accounting** - Dishonestly destroying, defacing, concealing or falsifying any account, record or document required for any accounting purpose, with a view to personal gain or gain for another, or with intent to cause loss to another or furnishing information which is or may be misleading, false or deceptive (Theft Act 1968).
- 2.5 **Bribery**– A person is guilty of bribery, as defined by the Bribery Act 2010, if they either:
- Offer, promise or give a financial or other advantage to another person, and intends the advantage:
 - To induce a person to perform improperly a relevant function or activity, or
 - To reward a person for the improper performance of such a function or activity
- or
- Offer, promise or give a financial or other advantage to another person, and knows or believes that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity
- 2.6 **Money Laundering** –The conversion or transfer of property, knowing that such property is derived from serious crime, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in committing such an offence or offences to evade the legal consequences of his action, and the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from serious crime. (Money Laundering Regulations 2007)
- 2.7 **Collusion** - The term “collusion” in the context of reporting fraud is used to cover any case in which someone incites, instigates, aids and abets, conspires or attempts to commit any of the crimes listed above.
- 2.8 **All Benefit Related Fraud**, including Council Tax Reduction and Discounts, Tenancy Fraud and Blue Badge Fraud etc.

3 Policy Statement:

- 3.1 **The Governing Body will not tolerate fraud and operates a ‘zero tolerance’ approach to known instances and attempts of fraud. The Governing Body will take all appropriate measures to protect public funds and to reduce the risk of fraud and corruption from both internal and external sources.**

3.2 **Whenever fraud or corruption of any description is detected it will be investigated and appropriate prosecution, disciplinary and recovery action will be taken.**

3.3 The Governing Body expects that Governors and employees at all levels will protect the School, Council and its resources and lead by example, ensuring high standards of personal conduct and adherence to the School's and Council's policies, procedures and rules.

3.4 The Governing Body also demands that individuals and organisations with which it comes into contact will act towards the School with integrity and without thought or actions involving fraud or corruption.

3.5 The Governing Body is committed to working and co-operating with the Council and other organisations to prevent fraud and corruption. Wherever possible, the Governing Body will be prepared to help the Council with its exchange of information with other councils and organisations to deal with fraud, within the legislative framework.

4 Corporate Priorities

4.1 This policy supports the Council's/School's Corporate Priority of:

4.1.1 Reducing Cost, Raising Performance

5 Policy Implementation

5.1 The policy will be implemented in Schools through adoption by individual Governing Bodies and delivery of the Council's Counter Fraud Response Plan which is based on the following key elements:

- A culture of zero tolerance to any instances of fraud and corruption
- Identification and assessment of fraud risks and the implementation of effective systems of internal control to reduce and deter fraud
- An effective fraud and corruption framework for reporting, investigating and taking action against fraud
- Close working relationship with partners and sharing of intelligence to tackle the risk of fraud

6 A culture of zero tolerance to any instances of fraud and corruption

6.1 The Governing Body is determined that the culture and tone of the School is one of honesty and opposition to fraud and corruption. The public are entitled to expect the Council, including Schools, to conduct their affairs with integrity, honesty and openness and demand the highest standards of conduct from those working for and with it.

- 6.2 All Governors and employees in the School are required to:
- lead by example in ensuring adherence to legal requirements, the Constitution and the School’s and Council’s policies and procedures.
 - abide by the relevant codes of conduct
 - **declare in a public register any interests or offers of gifts or hospitality which are in any way related to the performance of their duties in relation to the School and/or Council. (Please refer to the Council’s Gifts and Hospitality Policy & Procedure (D13) for details of what constitutes a gift or hospitality for the purpose of the public register. N.B. The small gifts usually received from pupils by teachers at the end of a school term or academic year will normally fall under paragraph 1.2 (b) of the procedure in D13).**
 - report any suspicions of fraud and corruption
- 6.3 Everyone, both within and outside of the School, has a role to play in tackling fraud and corruption. Any suspicions of fraud or corruption should be reported through the mechanisms set out in the Whistle-Blowing Policy (Schools). These mechanisms include a fraud hotline (01482 394123), an email account - whistleblower@castriding.gov.uk, as well as being able to report incidents to any of the following individuals:
- Director of Children, Family and Adult Services
 - Chair of Governors
 - Headteacher
 - Audit & Technical Manager
 - Audit & Governance
 - Chief Executive
 - Monitoring Officer – Head of Legal and Democratic Services
 - Chief Finance Officer – Head of Finance Services
- 6.4 To ensure the Governing Body’s message and zero tolerance approach to fraud is communicated both within and outside the School, it will work with the Council to raise awareness through:
- 6.4.1 **Fraud awareness training** – the Council will assist the school in providing training for employees in its Counter Fraud and Corruption Policies and Procedures and raise awareness of indicators of fraud through induction training, specific fraud awareness training for Governors, Headteachers and key employees, and through the e-learning package – ‘Governance, Conduct and Control’. The Council will reinforce the counter fraud message with the Council’s key partners and suppliers at seminars and meetings.
- 6.4.2 **Publicity** – the Council will maintain fraud awareness and aim to deter fraud through a programme of publicity, including East Riding News, internal team briefings, Grapevine, Selling to the Council Guide, posters and newsletters (including “Only Fools and Fraudsters”).

- 7 Identification and assessment of fraud risks and the implementation of effective systems of internal control to reduce and deter fraud
- 7.1 The Council and its Schools are at risk from fraud and corruption from both internal and external sources. Whilst recognising that not all fraud can be eliminated, the Council is determined to take all appropriate steps to reduce the risk of fraud, by understanding where fraud risk exists and implementing effective systems of control to minimise the opportunity for fraud. In implementing controls the Council will balance the risk of fraud against the cost and effectiveness of available controls.
- 7.2 The Governing Body, through its Headteacher, is responsible for undertaking fraud risk assessments and implementing and maintaining effective systems of internal control to safeguard against the risk of fraud. This includes ensuring employees are trained and aware of School and Council procedures, effective separation of duties, up to date written systems procedures exist and management checks are in place. Where fraud is discovered that highlights a deficiency in control the Headteacher may be held accountable and this could result in action under the School's Disciplinary Policy and Procedure.
- 7.3 Audit and Governance are responsible for providing assurance to Headteachers, Governing Bodies and the Council on the effectiveness of control systems and will provide advice and support in the design of new systems and procedures. Work will be planned to ensure controls over areas identified at a high risk of fraud are effective and auditors will be alert to the risk of fraud in all their work. A programme of proactive anti-fraud work will also be undertaken in each financial year.
- 7.4 To reduce the risk of fraud and ensure effective control the Council will:
- Ensure that the risk of fraud and corruption and the need to behave with integrity is included within the Governance Framework.
 - Review on a regular basis the overarching Finance Procedure Rules and Contract Procedure Rules and more detailed Finance Manual and The Commissioning and Procurement Manual of Guidance.
 - Review key policies and procedures outlined in section 10 in accordance with review dates.
 - Provide training on the above procedures and ensure awareness and compliance through the work of Internal Audit.
 - Undertake an annual fraud risk assessment to identify and assess the risk of fraud.
 - Ensure Governing Bodies and Headteachers implement effective systems of control to mitigate the risk of fraud.
 - Require all Governing Bodies to provide an assurance statement on the management of risk and effectiveness of controls within their areas and steps taken to reduce risk and improve controls.
 - Seek assurance on controls over key risk areas through the work of Internal Audit and monitor action taken in respect of recommendations made.

- **Ensure all new systems and procedures are designed to mitigate the risk of fraud.**

8 Effective fraud and corruption framework for reporting, investigating and taking action against fraud

- 8.1 When fraud or corruption of any description occurs (or is suspected) it will be dealt with in accordance with principals set out in this policy and will be investigated and appropriate prosecution, disciplinary and recovery action will be taken.
- 8.2 The mechanisms for reporting fraud are set out in the Whistle-Blowing Policy (Schools) and at paragraph 6.3 above. Employees, Governors, Members, partners, contractors and the public will be actively encouraged to report any suspicions of fraud and corruption.
- 8.3 All allegations of fraud and corruption will be notified to the Council's Audit and Technical Manager and a central record will be maintained to identify any trends and enable efficient targeting of future resources.
- 8.4 Allegations of fraud or corruption will be investigated by the Audit & Governance Section in accordance with the Fraud and Corruption Response Plan and in conjunction with Human Resources and Legal Services as appropriate. Governors, Headteachers and employees are expected to co-operate fully with any investigation. Employees will have the right to be accompanied by a trade union representative or work colleague at any formal investigation meetings.
- 8.5 **Where allegations are substantiated an employee will be subject to the School's Disciplinary Policy and Procedure as any act of fraud or corruption (or other activity covered by this policy) constitutes gross misconduct and the school will pursue action in accordance with the School's Disciplinary Policy and Procedure including dismissal if appropriate. Issues involving Members will be referred to the Standards Committee.**
- 8.6 **All suspected frauds which come to light, whether perpetrated by employees, Members or by persons external to the Council, will be referred to the Police and prosecution pursued, where appropriate. Where a criminal case cannot be proven to the standards required then civil proceedings will be considered.**
- 8.7 **Where appropriate the Council will seek full redress through the legal processes available in either the criminal or civil courts. Alternative action to prosecution will also be considered where it is believed that the Council's best interests are served.**
- 8.8 **The Council will seek to publicise successful cases of proven fraud and corruption by any means at its disposal.**

8.9 **Where weaknesses in control are identified within the investigation these will be reviewed and management will be required to take appropriate action.**

9 Close working relationship with partners and sharing of intelligence to tackle the risk of fraud

9.1 The Governing Body and Council are committed to working and co-operating with other organisations to prevent fraud and corruption. The Council works closely with the Police, Insurers and other specialists when investigating suspected cases of fraud.

9.2 The Council participates in the National Fraud Initiative organised by the Audit Commission to match data between systems and across a range of bodies to detect and correct any consequential under- or over-payments from the public purse.

9.3 The Council also matches data between its own internal systems and, wherever possible, the Council will be prepared to help and exchange information with other councils and organisations to deal with fraud, within the legislative framework.

9.4 Reference to managing the risk of fraud is included within the partnership manual and will be considered in risk management arrangements with all key partners.

9.5 Suppliers are provided with information on the Council's stance on fraud and how to report suspicions through contract documentation and the 'Selling to the Council Guide'. The conduct expected from suppliers and mechanisms for reporting fraud will continue to be raised through seminars and targeted publicity.

10 Links with other policies

10.1 This Governing Body is committed to preventing fraud and corruption. To help achieve this objective there is a clear network of systems and procedures in place to ensure effective internal controls and for the reporting, investigation and prosecution of cases of fraud and corruption.

10.2 Policies and procedures in place throughout the Council to ensure effective internal controls - these will have been adopted by the Governing Body:

- Gifts and Hospitality Policy (D13)
- Use of Council Resources Policy (B2)
- The Disciplinary Policy and Procedure (Schools) (G1b)
- Policy and Guidelines on the use of Electronic Mail (Q2)
- Policy and Guidelines on the Use of the Internet (Q1)
- IT Security Policy

OR, will apply automatically:

- The Constitution including Contract and Finance Procedure Rules
 - Risk Management Strategy
 - Guide to Procurement
 - Local Code of Conduct
 - Finance Manual of Guidance
 - Code of Corporate Governance
 - Code of Conduct for Employees (G4)
 - Selling to the Council Guide
- 10.3 Key policies and procedures in place to ensure the reporting, investigation and prosecution of fraud and corruption:
- Fraud and Corruption Response Plan (Schools) (G8a)
 - Whistle-Blowing Policy (Schools) (G5a)
 - Anti-Money Laundering procedures
- 10.4 The detection, investigation and prosecution of benefit, council tax and tenancy related fraud is dealt with by the Fraud Investigation and Enforcement Team which is also part of the Audit and Technical Section.
- 10.5 Where an investigation involves a school employee, Human Resources will be informed who will liaise with their Headteacher/Governing Body to take action under the Schools Disciplinary Policy and Procedure as appropriate.
- 11 Evaluation:**
- 11.1 **Progress in implementing the Counter Fraud and Corruption Policy will be monitored by the Audit Committee and be reported as part of the Audit and Governance Annual Report and Opinion and the Annual Governance Statement.**
- 12 Desirable Outcomes:**
- 12.1 The desirable outcomes of the policy are:
- A clear message to employees, Governors, Members and individuals and organisations with which the School and Council comes into contact that the School and Council has a ‘zero tolerance’ of fraud.
 - Employees, Governors, Members, individuals and organisations that come into the contact with the School and Council have the confidence and knowledge to report any suspicions of fraud.
- 12.2 The outcomes will be measured through surveys to assess the level of awareness of the School’s and Council’s approach and confidence in reporting suspicions.

13 Policy Development including consultation

- 13.1 This policy was reviewed in line with the Council's Policy review programme by the Audit and Technical Section, and Human Resources Section, within the Directorate of Corporate Resources, in consultation with Heads of Service.