

Plymouth
School of
Creative Arts

make
discover
perform

Fraud Policy

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1. Introduction

1.1 Plymouth School of Creative Arts (PSCA) is committed to ensuring that it acts with integrity and has high standards of personal conduct. 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.

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

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

1.4 It is the duty of all employees and Governors at PSCA to take reasonable steps to limit the possibility of corrupt practices, and it is the responsibility of the Responsible Officer and Auditors to review the adequacy of the measures taken by PSCA to test compliance and to draw attention to any weaknesses or omissions.

1.5 Any investigation carried out in relation to alleged irregularities is linked to PSCA's Staff Code of Conduct Disciplinary Procedures Policy.

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 PSCA, its staff or Governors.

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2.3 Bribery

There are four key offences under the Bribery Act 2010:

- Bribery of another person (section 1);
- Accepting a bribe (section 2);
- Bribing a foreign official (section 6);
- Failing to prevent bribery (section 7)

2.4 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.

2.5 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 Free School, which is carried out to conceal the misappropriation of assets or otherwise for gain;
- **Bribery and corruption** - 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.

2.6 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;

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- payment of invoices for goods received by an individual rather than the Free School;
- failure to observe, or breaches of, regulations and/or other associated legislation laid down by the Free School;
- 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 Finance Officer.

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.

3. Gifts & Hospitality

3.1 These guidelines will assist all staff to judge what sort of gift, and what level of hospitality is acceptable.

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

- You may accept small 'thank you' gifts of token value, such as a diary, a coffee mug or bunch of flowers, not over a value of £25.
- Any gifts or hospitality offered with a value of over £25 must be recorded on the gifts and hospitality register within 7 working days, even if declined. Any member, trustee or member of staff who is offered such gifts or hospitality must consult the chief finance officer or headteacher before accepting.
- 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 PSCA, seeking employment with PSCA or is in dispute with PSCA, even if

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you are not directly involved in that service area.

- Where items purchased for PSCA include a 'free gift', such a gift should either be used for PSCA business or 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 Finance Officer or Headteacher.

3.3 Bribery is not tolerated. It is unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- 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 you know or suspect is offered with the expectation that it will obtain a business advantage for them;
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy;

3.4 Facilitation payments are not tolerated and are illegal. Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions.

3.5 For further information regarding gifts and hospitality and the pro forma Gifts & Hospitality Register please refer to PSCA's Gifts & Hospitality policy.

4. Roles and Responsibilities

4.1 Staff and Governors

PSCA has adopted the following measures to demonstrate its commitment to anti-fraud and corruption:

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- Finance and Audit Committees meet regularly;
- All staff and governors are required to declare prejudicial interests and not contribute to business related to that interest;
- All staff and governors are required to disclose personal interests;
- All staff and governors are made aware of the rules around the acceptance of gifts and hospitality;
- Staff and governors 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.

4.2 Responsible Officer

The Responsible Officer has specific responsibility for overseeing the financial arrangements on behalf of the governors.

The main duties of the Responsible Officer are to provide the governors 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 taken into account in reaching decisions.

4.3 Chief Finance Officer

The Chief Finance Officer is responsible for ensuring that effective systems of internal controls are maintained to prevent and detect any frauds promptly. This includes:

- Proper procedures and financial systems;
- Effective management of financial records;
- Management of the Academy's financial position.

4.4 External Audit

PSCA's Annual Report and Financial Statements include an Independent Auditors' Report, This report comments on the financial statements, whether proper accounting records have been kept throughout the financial year. It also confirms whether PSCA has been compliant with the accounting requirements of the relevant Companies Act and with the financial reporting and annual accounting requirements issued by the Department of Education.

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5. Reporting a Suspected Fraud

5.1 All allegations of suspected fraud and irregularities are to be brought to the attention of the Headteacher, unless this individual is involved in the irregularity in which case the Chair of Governors should be informed.

Please refer to PSCA’s Whistleblowing Policy for further guidance.

6. Response to Allegations

6.1 The Headteacher will be responsible for the coordination of the initial response. In doing this he will consult with HR advisors and he may also seek legal advice from PSCA’s legal advisors on both employment and litigation issues before taking any further action.

6.2 In every case, and as soon as possible after the initial investigation, the Headteacher will pass the matter on to the Finance Folio Holder & Audit Committee. Even if there is no evidence to support the allegation, the matter must be reported.

6.3 The Audit 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 Governors;
- If further investigations are required, they will determine which outside agencies should be involved (police, auditors).

6.4 The Headteacher is required to notify the Governing Body 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 Governing Body fully informed between governor meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.

6.5 If evidence of fraud is forthcoming then the Governing Body will inform the Department for Education as required by the Funding

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Agreement and will consider whether or not to refer the matter to the police.

7. Confidentiality and Safeguards

7.1 PSCA 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. PSCA 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.

7.2 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.

7.3 There is a need to ensure that the process is not misused. For further guidance refer to PSCA’s Whistleblowing and Staff Code of Conduct/Disciplinary Procedures policies.

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Date	Purpose of changes made	By
12/9/18	<p>General bi-annual review</p> <p>Changes to reflect current practice and current staff structure and ensuring alignment with Gifts and Hospitality Policy</p> <p>Additional provisions to cover requirements under the Bribery Act</p> <p>Approved by Governing Body on 19 September 2018</p>	Kundai Mupunga / Susanne Hose

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