

## Anti-Fraud, Corruption and Bribery Policy

Policy Code	F3
Policy Start Date	April 2019
Policy Review Date	April 2022

Please read this policy in conjunction with the policies listed below:

F2 Gifts, Hospitality, Awards, Prizes and Other Benefits Policy

HR3 Grievance Policy

HR23 Whistleblowing Policy

The Priory Federation of Academies Trust Finance Manual

## **1. Policy Statement**

- 1.1 It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to fraud, bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter fraud, bribery and corruption.

It is the Trust's aim to prevent, detect and eradicate fraud through building strong defences into our working practices, conducting high quality investigations when fraud is suspected and using all legal sanctions available including criminal prosecution when fraud is uncovered.

We will uphold all laws relevant to countering fraud, bribery and corruption in all the jurisdictions in which we operate. However, we remain bound by UK laws, including the Bribery Act 2010 and Fraud Act 2006, in respect of our conduct both at home and abroad.

- 1.2 It is a criminal offence to offer, promise, give, request, or accept a bribe. Individuals found guilty can be punished by up to ten years' imprisonment and/or a fine. As an employer if the Trust fails to prevent bribery it can face an unlimited fine, exclusion from tendering for public contracts, and damage to its reputation. The Trust, therefore, take its legal responsibilities very seriously.
- 1.3 Throughout this policy, 'third party' means any individual or organisation which an individual may come into contact with during the course of their work for the Trust, and includes actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians and political parties.
- 1.4 Wherever referred to, Academy or Trust throughout this policy includes The Robert De Cheney Boarding House at The Priory Academy LSST, the Keyworth Centre at The Priory City of Lincoln Academy, the Early Years Setting at The Priory Witham Academy, Priory Training and the French Centre.
- 1.5 This policy does not form part of any employee's contract of employment and it may be amended at any time.

## **2. Roles, Responsibilities and Implementation**

- 2.1 The Finance Committee has overall responsibility for the effective operation of this policy and for ensuring compliance with the relevant

statutory framework. This committee delegates day-to-day responsibility for operating the policy and ensuring its maintenance and review to the Chief Financial Officer.

- 2.2 Leaders and Managers have a specific responsibility to ensure the fair application of this policy and all employee are responsible for supporting colleagues and ensuring its success.
- 2.3 This policy applies to all persons working for the Trust or on its behalf in any capacity, including employees at all levels, directors, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners, sponsors, or any other person associated with the Trust, wherever located.
- 2.4 Anyone is invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the Trust's Compliance Manager.

### **3. Aims**

- 3.1 To set out The Trust's responsibilities, and of those working for the Trust, in observing and upholding our position on fraud, bribery and corruption; and to provide information and guidance to those working for the Trust on how to recognise and deal with related issues.

### **4. Bribery and Corruption**

#### **4.1 Definitions**

<b>Term</b>	<b>Definition</b>
<b>Bribery</b>	Offering, promising, giving or accepting any financial or other advantage, to induce the recipient or any other person to act improperly in the performance of their functions, or to reward them for acting improperly, or where the recipient would act improperly by accepting the advantage.
<b>Advantage</b>	Includes money, gifts, loans, fees, hospitality, services, discounts, the award of a contract or anything else of value.
<b>Improper conduct</b>	Where an individual/organisation acts illegally, unethically, or contrary to an expectation of good faith or

	impartiality, or where they abuse a position of trust. The improper acts may be in relation to any business or professional activities, public functions, acts in the course of employment, or other activities by or on behalf of any organisation of any kind.
<b>Corruption</b>	The abuse of entrusted power or position for private gain.
<b>Facilitation payments</b>	Also known as "back-handers" or "grease payments", facilitation payments are typically small, unofficial payments made to secure or expedite a routine or necessary action (for example by a government official). They are not common in the UK, but are common in some other jurisdictions.
<b>Kickbacks</b>	Typically payments made in return for a business favour or advantage.

Any activity that might lead to a facilitation payment or kickback being made or accepted by the Trust or on its behalf, or that might suggest that such a payment will be made or accepted, must be avoided. If an individual is asked to make a payment on the Trust's behalf, they should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. A receipt should always be requested which details the reason for the payment. If there are any suspicions, concerns or queries regarding a payment, these should be raised with the Academy Headteacher or the Human Resources Director.

#### 4.2 Examples & Potential Scenarios

<p><b>Examples:</b></p> <p><b>Offering a bribe</b>                  You offer a potential parent tickets to a major sporting event, but only if they send their child to one of our Academies.                  This would be an offence as you are making the offer to gain an Academy advantage. We may also be found to have committed an offence because the offer has been made to obtain a student and connected funds for us. It may also be an offence for the potential parent to accept your offer.</p> <p><b>Receiving a bribe</b>                  A supplier gives your nephew a job, but makes it clear that in return they expect you to use your influence in our organisation to ensure we continue to do business with them.</p>
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It is an offence for a supplier to make such an offer. It would be an offence for you to accept the offer as you would be doing so to gain a personal advantage.

**Bribing a foreign official**

You arrange for the business to pay an additional "facilitation" payment to a foreign official to speed up an administrative process.

The offence of bribing a foreign public official is committed as soon as the offer is made. This is because it is made to gain a business advantage for us.

We may also be found to have committed an offence.

The following is a list of possible red flags that may arise during the course of an employee working for the Trust and which may raise concerns under various anti-bribery and anti-corruption laws. The list is not intended to be exhaustive and is for illustrative purposes only.

If any of these red flags are encountered while working for the Trust, they must be report without delay to the Academy Headteacher or Human Resources Director:

- you become aware that a third party engages in, or has been accused of engaging in, improper business practices;
- you learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a "special relationship" with foreign government officials;
- a third party insists on receiving a commission or fee payment before committing to sign up to a contract with us, or carrying out a government function or process for us;
- a third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- a third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
- a third party requests an unexpected additional fee or commission to "facilitate" a service;
- a third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- a third party requests that a payment is made to "overlook" potential legal violations;
- a third party requests that you provide employment or some other advantage to a friend or relative;

- you receive an invoice from a third party that appears to be non-standard or customised;
- a third party insists on the use of side letters or refuses to put terms agreed in writing;
- you notice that we have been invoiced for a commission or fee payment that appears large given the service stated to have been provided;
- a third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us; or
- you are offered an unusually generous gift or offered lavish hospitality by a third party.

#### **4.3 What must not be done**

It is not acceptable for an employee (or someone on their behalf) 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 or accept a gift or hospitality during any commercial negotiations or tender process, if this could be perceived as intended or likely to influence the outcome.
- Accept a payment, gift or hospitality from a third party that they know or suspect is offered with the expectation that the Trust will provide a business advantage for them or anyone else in return.
- Accept hospitality from a third party that is unduly lavish or extravagant under the circumstances.
- Offer or accept a gift to or from government officials or representatives, or politicians or political parties, without the prior approval of the Academy Headteacher or the Human Resources Director.
- Threaten or retaliate against another individual who has refused to commit a bribery offence or who has raised concerns under this policy.
- Engage in any other activity that might lead to a breach of this policy.

#### **4.4 Risk Areas**

##### **Gifts & Hospitality**

This policy allows reasonable and appropriate hospitality or entertainment given to or received from third parties, for the purposes of:

- (a) establishing or maintaining good business relationships;
- (b) improving or maintaining our image or reputation; or

- (c) marketing or presenting our products and/or services effectively.

The giving and accepting of gifts is allowed if the following requirements are met:

- (a) it is not made with the intention of influencing a third party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits;
- (b) it is given in the Trust's name, not in an employee's name;
- (c) it does not include cash or a cash equivalent (such as gift certificates or vouchers);
- (d) it is appropriate in the circumstances, taking account of the reason for the gift, its timing and value. For example, in the UK it is customary for small gifts to be given at Christmas;
- (e) it is given openly, not secretly; and
- (f) it complies with any applicable local law.

Promotional gifts of low value such as branded stationery to or from existing customers, suppliers and business partners will usually be acceptable.

Reimbursing a third party's expenses, or accepting an offer to reimburse our expenses (for example, the costs of attending a business meeting) would not usually amount to bribery. However, a payment in excess of genuine and reasonable business expenses (such as the cost of an extended hotel stay) is not acceptable.

We appreciate that practice varies between countries and regions and what may be normal and acceptable in one region may not be in another. The test to be applied is whether in all the circumstances the gift, hospitality or payment is reasonable and justifiable. The intention behind it should always be considered.

All transactions should adhere to the F2 Gifts, Hospitality, Awards, Prizes and Other Benefits Policy.

### **Donations**

The Trust does not make contributions to political parties. The Trust only makes charitable donations that are legal and ethical under local laws and practices. No donation must be offered or made without the prior approval of the Headteacher of the Academy or the Human Resources Director. Employees do not need to seek approval for any donation which is purely personal.

#### **4.5 Record-keeping**

The Trust must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties. Employees must declare and keep a written record of all hospitality or gifts given or received, which will be subject to managerial review. Employees must submit all expenses claims relating to hospitality, gifts or payments to third parties in accordance with our expenses policy and record the reason for expenditure.

All accounts, invoices, and other records relating to dealings with third parties including suppliers and customers should be prepared with strict accuracy and completeness. Accounts must not be kept "off-book" to facilitate or conceal improper payments.

#### **4.6 Employee Responsibilities**

Employees must ensure that they have read, understand and comply with this policy.

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the Trust or under its control. Employees are required to avoid any activity that might lead to, or suggest, a breach of this policy.

Employees must notify the Academy Headteacher or the Human Resources Director as soon as possible if they believe or suspect that a conflict with this policy has occurred, or may occur in the future. For example, if a client or potential client offers an employee something to gain a business advantage with the Trust, or indicates to the employee that a gift or payment is required to secure their business.

#### **4.7 How to raise a concern**

Employees are encouraged to raise concerns about any issue or suspicion of bribery or corruption at the earliest possible stage.

If employees are offered a bribe, or are asked to make one, or if they believe or suspect that any bribery, corruption or other breach of this policy has occurred or may occur, you must the Academy Headteacher or the Human Resources Director as soon as possible.

If employees are unsure about whether a particular act constitutes bribery or corruption, they must raise it with their manager or the Human Resources Director.



Employees may wish to refer to the Trust's HR23 Whistleblowing Policy; or to Public Concern at Work (an independent whistleblowing charity) – 020 7404 6609.

#### **4.8 Protection**

Individuals who refuse to accept or offer a bribe, or who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. The Trust aims to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

The Trust are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If employees believe that they have suffered any such treatment, you should inform the Compliance Manager immediately. If the matter is not remedied, and you are an employee, you should raise it formally using the Trust's Grievance Procedure (please refer to HR3 Grievance Policy).

#### **4.9 Training and Communication**

Training on this policy forms part of the induction process for all individuals who work for the Trust, and regular training will be provided as necessary.

The Trust's zero-tolerance approach to bribery and corruption must be communicated to all suppliers, contractors and business partners at the outset of its business relationship with them and as appropriate thereafter.

### **5 Fraud**

#### **5.1 Examples of what could constitute fraud 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 Academy;
- failure to observe, or breaches of, regulations and/or other associated legislation laid down by the Academy;
- unauthorised borrowing of equipment;
- breaches of confidentiality;
- 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 list is not exhaustive and fraud 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.

## 5.2 Fraud Prevention

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 its business. In order to minimise the risk and impact of fraud, the Academy'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.

There follows a description of the financial systems and controls in place to mitigate the risk of fraud in particularly high risk areas:

### **Gifts, donations and hospitalities**

All gifts, donations and hospitalities given or received in each Academy or area of business are recorded, documented and approved using the gift and donations procedure. It is mandatory for all staff to follow F2 Gifts, Hospitality, Awards, Prizes and Other Benefits Policy.

### **Change of Supplier's Bank Account/Address Details.**

If a request is received, the Finance team must research the company's telephone number online or through a third party source, to ensure it is genuine. Contact is made using the independently found number to check the instruction is correct. Only once it is confirmed that a request

is authentic will an update be processed. Evidence of the checks must be held securely for an audit trail.

Staff who have the authority to change bank account details on a supplier's account must not be able to make a payment on the same account. This is prevented by security in the Trust's financial systems; those who are able to change bank details on a supplier account are not permitted to be signatories on the Trust's bank accounts.

### 5.3 Responsibilities in relation to preventing fraud

#### **Employees**

All employees are responsible for acting with propriety in the use of The Trust resources and in the handling public funds whether they are involved with cash or payments systems, receipts or dealing with contractors, suppliers or staff or any other activity. They are also responsible for reporting details immediately to the appropriate person if they suspect that there is evidence of irregular or improper behaviour or fraudulent activity.

#### **Management**

It is the responsibility of management to optimise prevention and detection of fraud; identify the risks to which systems, operations and procedures are exposed; develop and maintain effective controls to prevent and detect fraud; ensure that controls are being complied with and ensure all allegations of fraud are notified to the ESFA.

#### **Audit Committee**

The Trust's Risk Assurance Framework sets out the process for managing and reporting risk in the Trust. A risk assurance map is reviewed at the Audit Committee where the Trust accesses internal, departmental, managerial and external assurances of the adequate management of risk in the Trust.

### 5.4 Reporting a Suspected Fraud

All allegations of suspected fraud and irregularities are to be brought to the attention of the Academy Headteacher and Chief Financial Officer (unless one of these individuals is involved in the irregularity in which case the CEO should be informed).

For further guidance, refer to HR23 Whistleblowing Policy.

## 5.5 Fraud Response Plan

In the event of a fraud being discovered or suspected, the Trust will undertake the following steps:

1. a suspicion of fraud arises or is reported.
2. The Academy Headteacher (or CEO) will have responsibility for co-ordinating the initial response. In doing this they will consult with the Chief Financial Officer to 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 Audit Committee. Even if there is no evidence to support the allegation, the matter must be reported.
3. A Fraud Response Group is assembled by the Audit Committee to investigate the report, who will conduct an initial assessment and reach a view as to whether further action is required. The Human Resources Director will advise on potential employment issues and seek legal advice where necessary.
4. If a formal investigation is commenced, the Fraud Response Group will conduct this and report their findings, conclusions and any recommendations arising from the investigation to the Chair of Trustees and the Audit Committee. They will determine which outside agencies should be involved (e.g. police, auditors).
5. Following the investigation, the Chair of Trustees and the Chair of the Audit Committee are again informed and a decision is taken whether or not to commence disciplinary proceedings.
6. Individuals involved who are not investigated further are informed in a letter of no case to answer.

Care must be taken with regard to:

- collection and preservation of evidence without alerting the suspect
- the need to maintain detailed and accurate records of all investigatory actions
- the need to ensure that all investigations adhere to relevant legislation
- the point at which external advice may be sought
- the reporting process internally, including timescales

- reporting requirements to the ESFA as detailed in the Academies Financial Handbook; Trusts must notify the ESFA of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in an academy's financial year. Any unusual or systematic fraud, regardless of value must also be reported.

## **6. Breaches of this Policy**

- 6.1 Any employee who breaches this policy will face disciplinary action, which could result in dismissal for misconduct or gross misconduct.
- 6.2 The Trust may terminate its relationship with other individuals and organisations working on its behalf if they breach this policy.

## **7. Policy Change**

- 7.1 This policy may only be amended or withdrawn by the Priory Federation of Academies Trust.

## **The Priory Federation of Academies Trust**

### **Anti-Fraud, Corruption and Bribery Policy**

This Policy has been approved by the Priory Federation of Academies.

Signed..... Name..... Date:

Trustee

Signed..... Name..... Date:

Chief Executive Officer

Signed..... Name..... Date:

Designated Member of Staff

Please note that a signed copy of this agreement is available via Human Resources.