

# Financial Probity Policy

For distribution to all staff

**Policy Type: Trust Core Policy**

**Approved By: Board of Trustees (Finance and Resources Committee)**

**Approval Date: 6 March 2017**

**Date Adopted by LGB: 22/03/2017**

**Review Date: 6 March 2020**

**Person Responsible: Chief Operating Officer**

## Summary of Changes

| Page Ref. | Section | Amendment | Date of Change |
|-----------|---------|-----------|----------------|
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## **FINANCIAL PROBITY POLICY**

### **1. Introduction**

It is important that Members, Trustees, Governors and members of staff act, and are also seen to act, impartially.

The Members and the Board of Trustees of the Diocese of Norwich Education and Academies Trust (DNEAT) seek to run all aspects of the Trust's financial management and business activities with high standards of conduct and integrity.

DNEAT is committed to tackling fraud and other forms of malpractice and treats these issues seriously. It is recognised that some concerns may be extremely sensitive.

In the event that Members, Trustees, Governors, members of staff, parents or the community at large become aware of activities which give cause for concern, this Financial Probity Policy is provided as a reference document to establish a framework within which issues can be raised confidentially. The process allows for concerns to be raised within the Trust and academy environment, allows recourse to external parties outside the management structure of the Trust or academy where this becomes appropriate and provide for a thorough and appropriate investigation of the matter to bring it to a satisfactory conclusion.

In May 1996 the Nolan Committee published a report on standards in public life as applicable to local public spending bodies. The report identified the following seven principles that should be applied to public life:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

One important means by which DNEAT can demonstrate that it is applying these principles is by maintaining a register of business and pecuniary interests.

The report also made a number of recommendations in relation to whistleblowing. The Nolan Committee used the term whistleblowing to mean the confidential raising of problems or concerns within an organisation by a member of staff. This is not "leaking" information but refers to matters of impropriety for example a breach of the law, Trust/Academy procedures or ethics. Nor is whistleblowing the raising of a grievance (which would be dealt with under the Staff grievance procedures). The term whistle blower denotes the person raising the concern or making the complaint.

Existing good practice within DNEAT in terms of its systems of internal controls, both financial and non-financial, and the external regulatory environment in which we operate, ensures that cases of suspected fraud or impropriety rarely occur.

This document is a public commitment that concerns are taken seriously and will be actioned.

## 2. Guiding Principles

The current version of the Academies Financial Handbook and our Finance Policy represent the context within which the academies working within DNEAT operate financially.

### 2.1 Business and Pecuniary (monetary) Interests

The Members, Trustees, Governors and members of staff have a responsibility to avoid any conflict between their business and personal interests and affairs and the interests of DNEAT.

The Trust and the academies within DNEAT maintain a register of business and pecuniary interests that lists for Members, Trustees, Governors and members of staff, any business interests that they, or any member of their immediate family have. The register has to be available for inspection by staff, parents, auditors and the Education Funding Agency (EFA).

The maintenance of the register helps DNEAT Members, Trustees, Governors and members of staff to meet requirements for withdrawal from meetings due to a conflict of personal interest as stated in the DfE Governance Handbook and with reference to the Academies Financial Handbook.

The register should include all:

**Business Interest declarations** including directorships, shareholdings and other appointments of influence within a business or other organisation that may have dealings with the academy / Trust. The disclosures should also include business interests of related persons such as parent, spouse, child, cohabitee and business partner where influence could be exerted by that person over a Member, Trustee, Governor or a member of staff.

and

**Pecuniary Interests (monetary)** such as providing supplies or services to the academy for staff other than their contracted job or within their role as member, trustee or governor.

Where a Member, Trustee, Governor or member of staff or related person has any interest, either pecuniary or non-pecuniary, in a matter to be discussed at a Members', Trust Board or Local Governing Body meeting the Member, Trustee, Governor or member of staff must declare their interest and withdraw from that part of the meeting.

Where a Member, Trustee, Governor, member of staff, or related person, has a pecuniary interest in a business, and that interest exceeds limits that may be specified in the Trust's Memorandum of Understanding or Articles of Association, the academy must not enter into any contract or arrangement (such as the purchase of goods and service) with that business. For example, an academy would not generally be permitted to trade with a company in whom a Member, Trustee, Governor or member of staff holds more than 1% of the share capital.

It is the responsibility of Members, Trustees, Governors and members of staff to ensure their declarations of business interests are kept up to date at all times, and to amend or update them as necessary.

All Members, Trustees and Governors meetings' agendas will contain a standing item for attendees to declare any changes to their declarations of interests.

At the beginning of each academic year every Member, Trustee, Governor and member of staff will be required to complete the appropriate form (see Appendix 1) and should ensure that it is updated throughout the year as and when any Business or Pecuniary interest may arise. Nil returns will also be required where a Member, Trustee, Governor or member of staff has no such interest.

Staff should also be aware, for their own and the academy's protection (whoever is appropriate in the case in question) to ensure that they let others know of any circumstances that they believe others could think might affect their judgement.

The Trust is required to record and publish business and pecuniary interests.

## 2.2 **Gifts and Hospitality**

Members, Trustees, Governors and members of staff should avoid accepting excessive hospitality, entertainment or other services from existing or prospective suppliers. They are required to inform the DNEAT Chief Operating Officer of offers, as detailed below, of gifts and hospitality offered in connection with their links with the academy or Trust as they arise, and whether the offer was accepted or declined (see declaration Appendix 2).

The acceptance of gifts and hospitality can potentially compromise Members, Trustees, Governors and members of staff. Great care should be taken in dealing with commercial organisations and the following guidance should be followed:-

| <b>Recommended limits<br/>Gifts, Hospitality, Entertainment<br/>or other services</b>   | <b>Information on<br/>acceptance/referral/declaration</b>   |
|---|---|
| Below £50 (occasional/one offs)   | Deemed acceptable (see guidance below)<br>Declaration not required  |
| Below £50 (regular)   | Advisory Band - please refer to DNEAT Chief Operating Officer as to whether declaration of offer to be registered |
| Between £50 and £250  | Advisory Band - please refer to DNEAT Chief Operating Officer as to whether declaration of offer to be registered |
| Over £250   | Declaration of offer to be registered whether accepted or declined  |
| NB: Any gifts/ favours that are sustained or Members, Trustees Governors /staff have concerns about that may compromise their integrity should be documented. |   |

The following examples of gifts and favours are considered acceptable if given on an occasional basis:

- A modest business dinner to discuss business.

- Attendance at trade fairs or similar events where there is a general invitation to customers.
- Attendance at cultural or sporting events sponsored by the company concerned.
- Attendance at a company anniversary celebration.

The trust is required to publish information about Gifts and Hospitality declared and received.

#### 4. **Anti-Fraud Policy and Procedures**

The Anti-Fraud Policy is required to ensure that the Trust is protected, to the best of its ability, against fraudulent activity which could result in financial losses and reputational risks.

##### **Aims**

- To avoid any fraudulent activity from both internal and external parties.
- Protect the Trusts resources.
- To provide a clear reporting process to all stakeholders when fraud is suspected.
- To meet EFA audit regulations.

##### **How**

- Staff training to identify how to avoid being subject to fraudulent activity.
- Robust financial control measures are in place to reduce fraudulent risk.
- Clear protocols and processes followed when any fraud is suspected.
- Communication to the wider staff on the use and purpose of the policy.

DNEAT is committed to the prevention of fraud and the promotion of an anti-fraud culture.

The Trust operates a zero-tolerance attitude to fraud and requires all staff, members, trustees, governors and volunteers to act honestly and with integrity at all times, and to report all reasonable suspicions of fraud.

DNEAT will investigate all instances of actual, attempted or suspected fraud and will seek to recover any losses and pursue appropriate sanctions against the perpetrators. This may include criminal prosecution, disciplinary action, legal proceedings and professional sanctions.

This policy applies to all staff (full time, part time, temporary and casual), consultants, contractors, volunteers and DNEAT Members and Trustees and also the local governing bodies.

#### 4.1 **Definition of Fraud**

The term 'fraud' is often used to describe complex financial offences such as false accounting. However, in its simplest form, fraud is lying. Some people will lie, or withhold information, or generally abuse their position to try to trick someone else into believing something that isn't true. Examples might include:

- Sending fake invoices for goods and services that weren't ordered or received.

- Use of DNEAT or academy's charge card to make personal purchases.
- Intercepting a DNEAT or academy cheque and amending the name of the payee and/ or the amount.
- Submitting false claims for sickness or expenses.

Individuals caught committing fraud can be prosecuted under the Fraud Act 2006 if they make a false representation, fail to disclose information or abuse their position.

#### 4.2 **Key Responsibilities**

The Chief Operating Officer is responsible for:

- Developing, implementing and maintaining adequate systems of internal control that prevent and detect fraud.
- Testing the system of internal control and seeking independent assurance when appropriate.
- Regularly reviewing the anti-fraud policy and compliance with it to ensure it remains effective and relevant to the needs of the Trust.
- Reporting compliance with the policy on at least an annual basis to the Board of Trustees.
- Reporting allegations of actual, attempted or suspected fraud to the Board of Trustees.
- Ensuring all allegations of fraud are investigated appropriately, in compliance with relevant policies, procedures and legislation and commencing disciplinary and/ or legal action where appropriate.

The Board of Trustees is responsible for:

- Overseeing the financial performance of the Trust, including its assets, making sure the Trust's money is well spent and measures are in place to prevent losses or misuse, including arrangements for preventing and detecting fraud.

Staff are responsible for:

- Familiarising themselves with the types of fraud that might affect the Trust.
- Ensuring they adhere to the agreed policies and procedures, thereby protecting the Trust's reputation and assets from fraud.
- Reporting allegations of actual, attempted or suspected fraud to the Headteacher, Chief Operating Officer, Chief Executive Officer and /or the Board of Trustees.
- Assisting in the investigation of suspected fraud when requested to do so, for example by providing witness statements.

#### 4.3 **Reporting Suspicions**

The Board of Trustees and staff are an important element of the Trust's stance on fraud and are required to raise any concerns that they may have. The Board of Trustees and Chief Executive Officer will deal with any financial irregularities robustly.

Staff should immediately report any concerns about actual, attempted or suspected fraud to the Chief Executive Officer. However, if the concerns relate to DNEAT Chief Executive Officer, staff should report their concerns to the Chair of the Board of Trustees.

Under no circumstances should staff investigate the matter themselves.

Should a Member, Trustee, Governor or member of staff wish to seek advice about how to deal with an allegation of fraud, or want to report the matter anonymously, they should contact the Trust's auditors, Larking Gowen.

The Public Interest Disclosure Act 1998 protects employees who raise concerns about certain matters of public interest in good faith. Staff can obtain free independent advice from the charity [http: www.pcaaw.org.uk](http://www.pcaaw.org.uk)

A referral form has been provided at Appendix 3 to use as a guide to the type of information that should be captured when an allegation of fraud arises.

#### 4.4 **Fraud Response Plan**

DNEAT has established guidelines for senior staff and the Board of Trustees to use on the immediate actions to be taken in the event of a fraud being discovered or suspected. It covers how and when to seek professional advice, securing evidence and preventing further losses. (Reference Appendix 4 - Fraud Response Plan).

#### 5. **Whistleblowing Policy and Procedures** **(Trust and Academy financial and business activities)**

The provisions of this policy apply to matters of suspected fraud and impropriety and not matters of more general grievance which should be dealt with under the academy grievance procedures.

DNEAT aims to be an honest and ethical organisation and is opposed to any means of Fraud. All staff have a responsibility to protect the assets of the trust. The Trust is committed to creating a climate of trust and openness so that a person who has a genuine concern or suspicion can raise the matter with full confidence that the matter will be appropriately considered and resolved and will reassure employees they will be protected from victimisation or reprisals if they raise any concerns.

#### 5.1 **When might the Whistleblowing policy apply?**

The type of activity or behaviour which the academy considers should be dealt with under this policy includes:-

- Manipulation of accounting records and finances.
- Inappropriate use of Academy assets or funds.
- Decision-making for personal gain.
- Any criminal activity.
- Abuse of position.
- Fraud and deceit or corrupt practices.
- Serious breaches of Academy procedures which may advantage a particular party (for example tampering with tender documentation, failure to register a personal interest).
- Other unethical conduct.

Anonymous allegations will only be considered if the issues raised are:-

- Very serious.
- The credibility of the allegation is considered to be high.
- The likelihood of confirming the allegation is high.

This procedure is to ensure that staff have a mechanism with which to report suspected fraud. Where Members, Trustees, Governors or members of staff wish to report or complain about financial management or impropriety within DNEAT, the leadership will then have the means to investigate by the use of the following procedures.

## 5.2 **Procedure**

Any employee that suspects fraud or impropriety has a duty to report their suspicions. DNEAT encourages the whistleblower to raise the matter internally in the first instance to allow those Members, Trustees, Governors and members of staff in positions of responsibility and authority the opportunity to, if appropriate, give an explanation for the behaviour or activity.

All matters will be treated in strict confidence and anonymity will be respected wherever possible. All reports are to be documented thoroughly, written, dated and signed supporting evidence and statements should always be taken to any meetings if possible.

DNEAT and/or each academy within DNEAT will designate a member of the Senior Leadership Team (SLT) to deal with such matters (the Investigating Officer).

In the case where the concern is being raised about a Headteacher/Principal, the designated investigating officer is DNEAT Chief Executive Officer.

In the case where the concern is being raised about DNEAT Chief Executive Officer, the designated investigating officer is the Chair of the Trust Board.

The whistleblower may raise the matter in person, email or in written form, which should be addressed to one of the above named investigating officers. All matters will be treated in strict confidence and anonymity will be respected wherever possible.

Alternatively if the whistleblower considers the matter too serious or sensitive to raise within the internal environment of the Academies, the matter should be directed in the first instance to the Trust's auditors or the Education Funding Agency, who will need to involve the appropriate Trustees.

The Education Funding Agency (EFA) has its own procedures for dealing with such matters and will ensure every effort to respect the confidentiality of the whistleblower. The EFA will ensure relevant officers of the legal or finance team are informed as appropriate and should advise the Trust Board of appropriate steps to take.

## 5.3 **How will the matter be progressed?**

The individual(s) in receipt of the information or allegation [the Investigating Officer(s)] will carry out a preliminary investigation. This will seek to establish the facts of the matter and assess whether the concern has foundation and can or should be resolved internally. The initial assessment may identify the need to involve third parties to provide further

information, advice or assistance, for example involvement of other members of academy staff, the Trust's external advisors (legal, personnel, auditors), the police and the EFA.

Records will be kept of work undertaken and actions taken throughout the investigation. The Investigating Officer(s), possibly in conjunction with the Chair of the Board of Trustees or nominee, will consider how best to report the findings and what corrective action needs to be considered. This may include some form of disciplinary action and/ or third party referral such as the police.

Depending on the nature of the concern or allegation and whether or not the Investigating Officer considers there to be a case to answer, the disciplinary procedure may be applied. In such cases any disciplinary action will be considered by the statutory committee and if appropriate the appeals committee of the Trust Board. Where a case is proven on the balance of probability the matter will be reported to the full Trust Board, and where appropriate the EFA.

If a fraud is strongly suspected, steps must be taken to mitigate the potential loss to the academy arising from the fraud. For example, a finance officer should be assigned to different duties whilst the investigation is ongoing.

The Trustees should be advised when an investigation shows that fraud is likely, regardless of the size or monetary value involved in the fraud. They should also be advised as to the action recommended. It is the decision of the Trustees if the fraud is to be reported to the police for prosecution.

All occurrences of fraud should be studied to determine whether sufficient procedures and controls exist to prevent fraud. Remedial actions should be put in place to prevent a reoccurrence.

If the whistleblower is dissatisfied with the conduct of the investigation or resolution of the matter or has genuine concerns that the matter has not been handled appropriately, then the trust's Grievance Procedure can be followed.

Professional onus is placed on the whistleblower to follow proper procedures. Any employee raising issues on a wider basis, e.g. with the press, without following the procedure in this policy may be liable to disciplinary action.

This policy will not apply for any concerns taken directly to the EFA.

#### 5.4 **Respecting confidentiality**

Wherever possible DNEAT seeks to respect the confidentiality and anonymity of the whistleblower and will as far as possible protect him/her from reprisals. DNEAT will not tolerate any attempt to harass or victimise the whistleblower, or attempts to prevent concerns being raised, and will consider any necessary disciplinary or corrective action appropriate to the circumstances.

5.5 **Raising unfounded malicious concerns**

Individuals are encouraged to come forward in good faith with genuine concerns with the knowledge they will be taken seriously. If individuals raise malicious unfounded concerns or attempt to make mischief, this will also be taken seriously and may constitute a disciplinary offence or require some other form of penalty appropriate to the circumstances.

5.6 **EFA Requirements**

The trust must notify EFA of any instances of fraud and theft where the value exceeds£5,000, individually or cumulatively, or of any value where the fraud is unusual or systematic.

5.7 **Further information**

Further information on whistleblowing can also be found on DNEAT website [www.DNEAT.org](http://www.DNEAT.org) and on the EFA website.

## **DECLARATION OF PECUNIARY AND PERSONAL INTERESTS**

**Name:**

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**Role/Location:**

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I declare as a Trustee, Governor or Staff Member within the Diocese of Norwich Education and Academies Trust that I hold the following personal and/or pecuniary interest(s) (if none please state 'none'):

| <b>Pecuniary interests</b>  | <b>Please provide details of the interest</b><br><i>Name and nature of the business, nature of the interest, date the interest began</i> |
|---|--|
| Current employment  |  |
| Businesses (of which I am a partner or sole proprietor)                   |  |
| Company directorships – details of all companies of which I am a director |  |
| Charity trusteeships – details of all companies of which I am a trustee   |  |

|   |  |
|---|--|
| Membership of professional bodies, membership organisations, public bodies or special interest groups of which I am a member and have a position of general control or management |  |
| Gifts or hospitality offered to you by external bodies while acting in your position as a governor/trustee and whether this was declined or accepted in the last 12 months        |  |
| Contracts offered by you for the supply of goods and/or services to the trust/academy   |  |
| Any other conflict  |  |

| <b>Personal interests</b>   | <b>Name</b> | <b>Relationship to me</b> | <b>Organisation</b> | <b>Nature of the interest</b> |
|---|-------------|---------------------------|---------------------|-------------------------------|
| Immediate family/close connections to governor/trustee                                |             |                           |                     |                               |
| Company directorships or trusteeships of family/close connections to governor/trustee |             |                           |                     |                               |

**DECLARATION OF BUSINESS AND PECUNIARY INTERESTS**

I certify that I have declared all beneficial interests which I or any person closely connected with me have with businesses or other organisations which may have dealings with the Trust and Academies within the Trust.

**GIFTS AND HOSPITALITY**

I confirm that I have read and understood the financial regulations regarding my responsibility for recording all offers of gifts and hospitality offered in connection with my links with the Trust and Academies within the Trust.

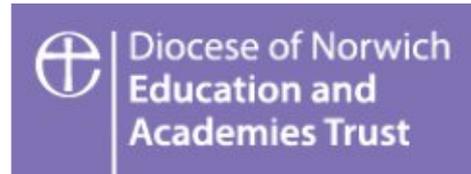
**ANTI-FRAUD and WHISTLEBLOWING (Trust financial and business activities)**

I have read and understood the procedures for reacting to specific situations with regards to whistle blowing.

I agree that the above information is correct. I undertake to provide additional information throughout the academic year should my circumstances change.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

**Please return this form to the Clerk of Trust / Local Governing Body**



## DECLARATION OF GIFTS AND HOSPITALITY RECEIVED

NAME: .....

ROLE:.....

DESCRIPTION OF GIFT/HOSPITALITY RECEIVED:

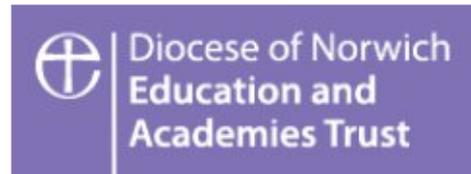
ESTIMATED/ACTUAL VALUE: £ .....

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

Role: Member, Trustee, Governor or member of staff

If in Advisory Band – authorisation needed from DNEAT Chief Operating Officer

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



## FRAUD REPORTING FORM

If you have any concerns about fraud please print and complete this form and address it to the Chief Executive Officer, Diocesan House, 109 Dereham Road, Easton, Norwich NR9 5ES. If the concern raised relates to the Chief Executive Officer, please send the form to the Chair of the Board of Trustees at the above address.

You do not need to give your name. All the information provided will be treated in confidence.

Name of the person(s) or organisation you suspect:

Address: (if known)

Place of work / department / job title: (If known)

Please provide details of your suspicions. You should include as much information as possible. For example, what was said in telephone or other conversations, dates, times and places, vehicles used, as well as the names of any other parties involved: (Continue on a separate page if necessary and attach any additional evidence you may have)

Your details: (please leave blank if you wish to remain anonymous)

Name:  
  
Telephone number or contact:  
Address:

## **APPENDIX 4**

### **FRAUD RESPONSE PLAN**

It is important that allegations of actual, attempted and suspected fraud aren't ignored. Even seemingly insignificant concerns may later reveal a larger, previously unknown problem.

#### **Securing Evidence**

Ensure that any concerns are recorded fully. Whenever possible keep written notes that cover:

- Names, addresses and dates of birth.
- Descriptions (height, build, hair colour, ethnicity, clothing, distinctive features)
- Dates and times of key events.
- Vehicle registration numbers and descriptions.
- Details of any conversations had or overheard.
- Details of any actions or incidents that were observed.
- Telephone numbers.
- Company and/ or business details.

Secure any physical evidence such as original invoices, receipts, letters, emails, cheques and application forms. Try to minimise how many people and how often evidence is handled. Fingerprint evidence can very quickly be destroyed.

If any of the evidence is on a computer, immediately unplug the computer from its power source. Don't attempt to shut the computer down through its operating system as this can alter or destroy key files and documents.

Whilst initially securing the evidence it is important not to be tempted to begin a more substantial investigation, or accuse individuals directly, without seeking professional advice (see 'Seeking Advice' below).

If an investigation is undertaken without following the appropriate policies, procedures and legislation, or if individuals are accused without sufficient evidence, it may lead to the perpetrators avoiding a disciplinary, criminal or civil sanction.

#### **Preventing Further Losses**

It is important to minimise any additional losses. For example, if the allegations concern the theft or loss of banking passwords, PIN's or similar credentials notify the bank immediately.

Equally, if the losses relate to a weak process, for example cash is routinely kept unsecured in a drawer, ensure that the process is changed, at least temporarily, until more permanent and improved processes can be implemented.

## **Seeking Advice**

When an allegation of fraud is discovered it is important to seek professional advice as soon as possible. Advice can be sought from the Trust's Chief Operating Officer, and the Police. General advice about fraud is available from Action Fraud: [www.actionfraud.police.uk/](http://www.actionfraud.police.uk/)

## **Support for Witnesses**

Members, Trustees, Governors, members of staff and the public may be feeling vulnerable before, during and after they have brought an allegation of fraud to the attention of the Trust.

Witnesses should be assured that they have acted appropriately by raising their concerns. They should be referred to the Whistleblowing Policy and Procedures Section of the Financial Probity Policy and reminded that the Trust does not tolerate reprisals, victimisation or harassment and will take all reasonable action to protect them.

In addition, the Trust will take steps to minimise any difficulties anyone may experience as a result of raising a concern. For instance, if they are required to give evidence in criminal or disciplinary proceedings, the Trust will advise or arrange for them to receive advice and support about the process being followed.

Examples of fraud can be found in the DNEAT Finance Policy.