

Anti-Fraud and Corruption Policy

1 Introduction

This policy sets out the strategies for minimising the risk of fraud, corruption and other irregularity and the plan for responding when fraud, corruption or irregularity is suspected.

The aim of the policy is to:

- Encourage the prevention and detection of fraud, corruption or irregularity
- Promote the early detection of fraud, corruption or irregularity
- Clarify the responsibilities of all directors and employees
- Explain how suspicions of fraud, corruption or irregularity can be reported
- Summarise the procedure for investigations

2 Definitions of Fraud, Theft, Bribery and Corruption

Fraud

The Fraud Act 2006 came into force on 15 January 2007. It repeals the deception offences in the Theft Acts 1968 and 1978 and replaces them with a single offence of fraud which can be committed in three separate ways:

1. False representation;
2. Failure to disclose information where there is a legal duty to do so; and
3. Abuse of position.

The Act also created four new offences of:

- I. Possession of articles for use in fraud;
- II. Making or supplying articles for use in fraud;
- III. Obtaining services dishonestly; and
- IV. Participating in fraudulent business.

There is no single definition of fraud in the Act. However, fraud may be described as:

- Gaining an advantage personally and for family or friends; or
- Avoiding an obligation; or
- Causing financial loss or the risk of a loss to another.

Theft

The Theft Act 1968 dictates that:

'A person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it.'

Bribery

The Bribery Act 2010 came into force on 1 July 2011 and provides a more effective legal framework to combat bribery in the public and private sectors. It:

- Creates two general offences covering the offering, promising or giving an advantage and requesting, agreeing to receive or accepting of an advantage;
- Creates a discrete offence of bribery of a foreign public official; and
- Creates a new offence of failure by a commercial organisation to prevent a bribe being paid for or on its behalf; it will be a defence if the organisation has adequate procedures in place to prevent bribery.

Prohibited Acts

The following constitute Prohibited Acts:

- A. To directly or indirectly offer, promise or give any person working for or engaged by the LA a financial or other advantage to:
 - a. induce that person to perform improperly a relevant function or activity; or
 - b. reward that person for improper performance of a relevant function or activity.
- B. To directly or indirectly request, agree to receive or accept any financial or other advantage as an inducement or a reward for improper performance of a relevant function or activity relating to any contract with the LA;
- C. Committing any offence under the Bribery Act or under legislation creating offences concerning fraudulent acts at common law or concerning fraudulent acts relating to any contract with the LA; or
- D. Defrauding, attempting to defraud or conspiring to defraud the LA.

Corruption

Petty corruption refers to everyday abuse of entrusted power by low- and mid-level public officials in their interactions with ordinary citizens, who often are trying to access basic goods or services in the nursery. This can also be described as offering, giving, soliciting or accepting of any inducement or reward which would influence the actions taken by nursery staff or directors.

3 Key Responsibilities

The directors are responsible for:

- Notifying The Borough Council of Calderdale if they know or suspect that any Prohibited Act is being committed.
- Cooperating with any investigation and allowing the auditing of books, records and any other relevant legislation.
- Regularly reviewing the Anti-Fraud and Corruption Policy and compliance to ensure it remains effective and relevant to the needs of the nursery;
- Ensuring that the policy is brought to the attention of all employees;
- Ensuring that staff recruitment is carried out in accordance with the Safe Recruitment and Vetting Policy so that only honest employees are offered contracts of employment;
- Declaring any interests or offers of gifts or hospitality which are in any way related to the performance of their duties for nursery;
- Supporting the concept of induction and training, particularly for employees involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.

The Management team is responsible for:

- Developing, implementing and maintaining adequate systems of internal control to prevent and detect fraud;
- Monitoring compliance with internal controls and agreed policies and procedures;
- Investigating all allegations of fraud and commencing disciplinary action where appropriate;
- Notifying the directors of any indications of fraudulent activity;
- Notifying Borough Council of Calderdale's Internal Audit Team of any alleged financial irregularities in relation to Local Authority Funding;
- Reporting to the directors on all aspects of fraud risk management; and
- Declaring any interests or offers of gifts or hospitality which are in any way related to the performance of their duties for the nursery.

4 Reporting Suspicions

Grass Roots Private Day Nursery employees are an important element in its stance on fraud and corruption and they are positively encouraged to raise any concerns that they may have on these issues where they are associated with the nursery's activity.

Any concerns should be reported immediately in the knowledge that such concerns will be treated in confidence and properly investigated. A whistleblowing policy is in place to facilitate the reporting of concerns by employees where the normal reporting to a line manager is not appropriate. A copy of this policy can be found on the nursery website.

Staff should not attempt to investigate any fraud themselves – please refer to the Fraud Response Plan below.

5 Fraud Response Plan

All allegations of fraud, loss, financial irregularity, bribery or corruption involving the nursery's finances and/or assets will be reported to the directors.

The directors are responsible for investigating allegations of fraud or corruption. Where offences are suspected, investigations are carried out to establish the facts in a fair and objective manner.

The investigation process will include:

- A. Screening of the allegations or information to gauge their credibility;
- B. Securing of all evidence which must be retained in its original format, ie, not written on or marked in any way and stored securely;
- C. Interviewing of witnesses;
- D. Taking of statements;
- E. Interviewing of people suspected of being involved; and
- F. Liaison with departments or other agencies (including the police).

The investigation will be conducted in accordance with current legislation.

Where evidence of fraud or irregularities is found, Grass Roots Private Day Nursery will consider taking further action. This may include:

- I. Implementing the nursery's disciplinary procedures where an employee is involved;
- II. Referral to the police, where appropriate, in order for them to consider taking criminal action;
- III. Identifying any control weakness and ensuring that this weakness(es) has/have been addressed to prevent future irregularities; and
- IV. Seeking compensation for all losses incurred.

6 References

Additional information with regards to procedural matters can be found by referring to the following documents most of which are available on the nursery website:

- Whistleblowing Procedure
- Safe Recruitment and Induction
- Disciplinary Procedure within our Employee Handbook

This policy will be reviewed by management annually, who are responsible for ensuring the dissemination of this policy to all staff, volunteers and parents.