

Anti-Fraud policy and procedure

1 Aims & Objectives

- 1.1** The Anti-Fraud Policy and Procedures aims to provide a framework which establishes an anti-fraud culture and details responsibilities and procedures for the prevention/detection of fraud.

It has been developed using [Academy trust guide to reducing fraud - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/362222/academy-trust-guide-to-reducing-fraud.pdf) and the ESFA Anti-Fraud checklist for academy trusts (Appendix 1).

1.2 Responsibility

The Chief Executive, in conjunction with the Board of Trustees.

2 Introduction

- 2.1** The Board of Trustees requires all staff to act honestly and with integrity at all times, and to safeguard the public resources for which they are responsible. The Board of Trustees will not accept any level of fraud, bribery or corruption, and is therefore committed to the thorough investigation of all suspected cases, and appropriate courses of action in dealing with such cases. The Board of Trustees is also committed to ensuring that opportunities for fraud, bribery, and corruption, from whatever source, are reduced to a low level of risk.

3. Definition

Fraud is a type of criminal activity, defined by the Fraud Act 2006 in three classes as: 'abuse of position, or false representation, or prejudicing someone's rights for personal gain'.

Put simply, fraud is an act of deception intended for personal gain or to cause a loss to another party. The general criminal offence of fraud can include:

- deception whereby someone knowingly makes false representation.
- or they fail to disclose information.
- or they abuse a position.

The Fraud Act 2006 largely replaces the laws relating to obtaining property by deception, obtaining a pecuniary advantage and the majority of offences associated with fraud that were created under the Theft Acts 1968 and 1978. Much of the Theft Act 1978 was repealed, however, the offence of making off without payment has not been affected.

The statutory law has been augmented with the introduction of the Bribery Act 2010. Bribery constitutes a crime and is defined as the offering, giving, receiving, or soliciting of any item of value to influence the actions of an official or other person in charge of a public or legal duty.

Fraud is not restricted to financial systems, and can manifest it in a host of situations, for example, deception, bribery, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, collusion. Anti-Fraud Policy and Procedures August 2022.

Some common examples of fraud:

- False claims for travel and subsistence
- Corruption in procurement or contractual arrangements
- Bribery
- Abuse of flexible working hours
- Providing false information in applications for grants
- Submitting bogus invoices

Trustees, staff, and students will also need to be vigilant to the increasing risk of cybercrime involving malicious attacks on computer software and email hacking by individuals who illegally gain access to an email account, many of which rely on user behaviour, including:

- opening and responding to spam emails.
- opening emails that contain viruses.
- opening phishing email messages that appear to be from a legitimate business #

The disclosure of the Trust's information via a phishing email could result in financial loss, identity theft or malicious damage to our systems and reputation.

4. Responsibilities

The Board of Trustees accepts responsibility for ensuring that the financial, planning, and other management controls against fraud, bribery and corruption and theft applied by the Trust, are appropriate and sufficient to manage risk and safeguard public funds.

The Chief Executive and Trustees are jointly responsible for:

- ensuring that an Audit Committee is established with sufficient authority in its relationships with the Board of Trustees, Academy Trustees, and managers. It must have the right of access to obtain all the information it considers necessary from members of staff and Trustees and to consult the internal audit service and the external auditor directly. It must adopt an advisory roll and examine the Trust's internal systems through the work of the internal and external auditors and report its findings to the main Board of Trustees.
- formulating and maintaining a rigorous framework of audit and internal controls and for ensuring the proper and effective operation of these controls in order to minimise the risk of fraud or irregularities.
- formulating and maintaining procedures which staff should follow where evidence of potential irregularity including fraud, bribery, corruption, or any impropriety is discovered (see HoM Whistleblowing Policy and Procedures).

- taking appropriate action against the perpetrators of such events, ensuring the proper, proportionate, and independent investigation of all allegations of fraud and irregularity; that investigation outcomes are reported to the Audit Committee; that external and internal auditors are informed.
- addressing weaknesses highlighted as a result of such events taking place with appropriate follow-up action planned/actioned.

Managers are responsible for:

- Identifying any risks to which resources within their control are exposed.
- Assisting in the development and maintenance of effective controls to prevent and detect fraud, bribery, and corruption.
- Ensuring that policies and procedures are notified to staff and complied with.
- Ensuring that appropriate action is taken in the event of an irregularity occurring.

Individual Staff Members are responsible for:

- Familiarising themselves with the appropriate financial and other policies, of which abridged details are provided in the staff handbook, and full versions on the Academy / Trust intranet.
- Acting with honesty and propriety in the use and management of official resources and funds.
- Reporting any suspicions of fraudulent behaviour promptly to a senior manager or the Academy Principal/Head.

5. Fraud Prevention/Detection

The Trust's external auditor's terms of reference must include the duty to plan and conduct the audit so that there is a reasonable expectation of detecting material misstatements in the accounts arising from irregularities, fraud, or breaches of regulations.

The work of the Trust's assurance providers, including the internal audit service, must be planned to take into account consideration of fraud, theft, bribery, corruption, and other irregularities, especially in those systems where a high potential for such events exists. The Audit plan should include regular tests of systems for ensuring that the risk of fraud, bribery, corruption, or other irregularities is minimised, and regular reviews of the Trust's Risk Management strategy should be carried out.

6. Bribery Act 2010

The Bribery Act 2010 came into force in July 2011, and all organisations that do business in the UK fall under its provisions.

The act sets out four categories of offence:

- Bribing another person
- Being bribed

- Bribing a foreign public official
- The failure of a relevant corporate organisation to prevent bribery.

Although the nature and size of transactions in the Trust generally make bribery a relatively low risk, all staff and Board of Trustees members should be aware of the existence of the act, and the broad provisions therein.

The Trust adopts a zero-tolerance approach to bribery. In this regard:

- All employees will be encouraged to be vigilant, and to report to management any suspicion of bribery.
- Any suspected offence will be investigated rigorously.
- Firm disciplinary action will be taken against any member of staff found to be involved in bribery, and for this purpose, bribery would be classed as a serious disciplinary offence.
- Appropriate action would be taken against any company or individual found to be involved in bribery. This would include reporting suspected offences to the Police and disbarring the Company or individual from undertaking transactions with the Trust.

Recent guidance has confirmed that providing or receiving small gifts or reasonable corporate hospitality does not constitute an offence under the provisions of the act, but it must be declared as appropriate. For the avoidance of any doubt, the Academy Principal should be consulted if necessary, or in the case of a Trustee, the Clerk to the Trustees.

7. Policies and Procedures

The following day-to-day procedures must be adhered to:

- All Trustees and employees must declare in the “Register of Interests” held by the Clerk to the Trustees, all matters which would, or could be conceived to, conflict with the interests of the Trust.
- All employees must make themselves aware of the appropriate Financial Regulations / procedures and anti-fraud and whistleblowing policies, which are published in their entirety on the Academy / Trust Intranet, with extracts contained in the Staff Handbook. New employees will be informed of the importance of the financial regulations and procedures on induction.
- Trustees and employees who are privy to information on tenders, costs or other sensitive information must not declare that information to any unauthorised party or organisation.
- Trustees and employees must co-operate fully with whoever is conducting any enquiry into suspected fraud or irregularity.
- Financial Regulations and relevant policies and procedures must be followed at all times.

7.1 Procedures which must be followed if a fraud or irregularity is suspected (in accordance with Whistle Blowing procedures)

Should the Trust's internal or external auditors identify a serious weakness, an accounting or other control breakdown or suspect fraud bribery, corruption, or other irregularity, it is their responsibility to report it to the Executive Principal, the Chair of the Board of Trustees, and the Chair of the Audit Committee without delay.

Should any member of the staff suspect the existence of fraud, bribery, corruption, or other irregularity, they should report it to their line manager or senior staff (Academy Principal or Vice Principal) to enable further action to be taken.

Should any member of the Board of Trustees suspect the existence of fraud, bribery, corruption, or other irregularity, they should report it to the Executive Principal / Chief Executive or Chair of the Board of Trustees, or in exceptional circumstances to the internal auditors in accordance with Whistle Blowing procedures.

7.2 Fraud Investigation (covering fraud, bribery, corruption, and all other suspected irregularities)

There are a number of procedures that should be followed in the event of a fraud being suspected. These will include:

- Noting suspected events with dates, times, suspects involved and as much detail as possible.
- Securing all records that could be involved, having considered the possible extent of the fraud, to prevent the evidence being destroyed.
- Examining all relevant lines of enquiry, whether they point to or away from the commission of an offence.
- If cash is involved, it should be counted by two people in the presence of the suspect.
- Retaining all materials / documents obtained or produced during the investigation. Discussions should be held between the Senior Staff / Manager involved to assess the possible extent of the fraud, and the interview process. At this point, a decision may be made to hand the case directly to the Auditors or the Police.

7.3 Formal Interview

Formal Interview The following notes provide an overview of procedures necessary for initial interview with the suspect. The Police and Criminal Evidence Act 1984 set out the procedures that must be followed to ensure that evidence is admissible in court. These acts relate to persons with authority to investigate offences, which would include the Trust's Auditors. The following procedures are, however, relevant to all fraud interviews.

- The suspect should be cautioned before any questions are asked. The caution is "You do not have to say anything unless you wish to do so, but it may harm your

defence if you do not mention when questioned something which you will later rely on in Court. Anything you do say may be given in evidence”.

- Two persons should be present at the interview, one of which should be a Senior Manager, or experienced Auditor, depending on the nature and severity of the suspected offence. The second person should take notes of the interview.
- The suspect has the right to have a colleague or other representative present at the interview.
- Questions should be prepared in advance, and care taken that they relate only to the suspected offence. If, during the interview, the suspect admits the fraud and wishes to make a statement, the statement may be written by the suspect or by someone else on his/her behalf, writing the exact words of the suspect. The statement should be signed by the subject and a witness and dated.

7.5 Follow up.

It is important both during and following a fraud investigation to take steps to resolve the problems or system inadequacies that made it possible. This would include: • Assessing the impact of the fraud.

- If financial, quantify the effect.
- Assess the likelihood of any spin-off events, and if so, instigate further investigations.
- Identify system improvements that may be made to prevent a recurrence.
- Review/amend the risk analysis.

7.6 Reporting to the ESFA

The Trust must notify the ESFA, as soon as is operationally practical based on its particular circumstances, of any instances of fraud, theft and / or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any academic financial year. Any unusual or systematic fraud, regardless of value, must also be reported.

As set out in the **Fraud, theft, irregularity and cybercrime section** (6.9 to 6.15) of the Academy Trust Handbook [Academy Trust Handbook 2023 \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/101232/academy-trust-handbook-2023.pdf), the Trust will notify ESFA via email to allegations.mailbox@education.gov.uk

The following information will be included:

- full details of the events (s) with dates
- the financial value of the loss
- measures taken by the Trust to prevent recurrence.
- whether the matter was referred to the police (and why if not)
- whether insurance cover or the risk protection arrangement have offset any loss.

The ESFA will not tolerate fraud. It reserves the right to conduct or commission its own investigation into actual or potential fraud, theft, or irregularity, either as the result of a formal notification from the Academy itself or as the result of other information received. The ESFA may involve other authorities, including the Police, as appropriate. The ESFA will

Policy document

publish reports about its investigations and about financial management and governance reviews at Trusts in line with its own policy on publishing information.

The ESFA also publishes guidance on reducing the risk of financial irregularities. The Trust will refer to this information, and to findings from ESFA's investigations reports, as part of its risk management report.

8 Equality Impact

The Trust's responsibilities towards promoting equality, diversity and inclusion have been considered when drafting this policy.

Date of review	Date agreed	LGBs	MAT Board	Review date	Comments
09/23	21/09/23		12/10/23	09/24	

Appendix 1



Education & Skills
Funding Agency

Anti-fraud checklist for academy trusts

Fraud occurs in every sector and although the level of identified fraud in academies is very low, academy trusts need to be aware of the potential for it to occur.

The 10 questions below are intended to help trustees, accounting officers and chief financial officers to review their arrangements for preventing, detecting and dealing with fraud should it occur.

Arrangements will vary according to the size, complexity and structure of the trust.

1. Are the trustees, accounting officer and chief financial officer aware of the risk of fraud and their responsibilities regarding fraud?
2. Is fraud included within the remit of the trust's audit committee?
3. Has the role of the trust's external auditor and responsible officer (or equivalent) regarding fraud been established and is it understood?
4. Is fraud risk considered within the trust's risk management process?
5. Does the trust have a fraud strategy or policy and a 'zero tolerance' culture to fraud?
6. Is the fraud strategy or policy and 'zero tolerance' culture promoted within the trust? For example through financial regulations, disciplinary procedures, checks on new staff, induction process, staff training, vetting of contractors?
7. Does the trust have policies on whistleblowing, declarations of interest and receipt of gifts and hospitality?
8. Does the trust have appropriate segregation of duties around financial transactions, including, but not limited to, accounting, processing and banking arrangements?
9. Is it clear to whom suspicions of fraud in the AT should be reported?
10. If there has been any fraud in the trust, has a 'lessons learned' exercise been undertaken?

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