

Anti-Fraud policy and procedure

1 Policy Statement

- 1.1** The Heart of Mercia Multi-Academy Trust (“the Trust”) is committed to the highest standards of integrity, accountability, and transparency.

We have zero tolerance for fraud, theft, corruption, or any other form of financial irregularity, including cyber-enabled crime.

The Trust will take all reasonable steps to prevent, detect, and respond to fraud and will seek to recover losses in all proven cases.

We will not make, offer, or authorise any payment or benefit that could be interpreted as a bribe, inducement, or fraudulent act. We will not pay any cyber-ransomware demands.

- 1.2** 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 Trust emphasises prevention, detection and reporting of fraud, including cyber-fraud.

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.

- 1.3** This policy applies to all employees, trustees, members, governors, contractors, consultants, volunteers, and third-party agents acting on behalf of the Trust.

It applies to all academies of the Trust and shared service arrangements within the Trust and any fraudulent or corrupt activity affecting the Trust’s operations, finances, assets, reputation, or data.

2 Purpose and Scope

The purpose of this policy is to:

- Safeguard public funds and assets entrusted to the Trust.
- Promote an anti-fraud culture across all academies.
- Define responsibilities for prevention, detection, and reporting.
- Ensure compliance with all legal and regulatory requirements, including the new Failure to Prevent Fraud offence under the Economic Crime and Corporate Transparency Act 2023.

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

3 The Legal and Regulatory Framework

This policy is aligned with:

- Fraud Act 2006
- Bribery Act 2010
- Proceeds of Crime Act 2002
- Economic Crime and Corporate Transparency Act 2023 (Failure to Prevent Fraud offence – effective 1 Sept 2025)
- Academy Trust Handbook 2025
- Academies Accounts Direction 2024–25
- DfE Fraud Awareness Good Practice Guidance 2025
- Public Interest Disclosure Act 1998

Furthermore, it has been developed using:

- The Academy trust guide to reducing fraud - GOV.UK (www.gov.uk),
- the DfE Anti-Fraud checklist for academy trusts (Appendix 1)
- the DfE guidance, Fraud awareness: good practice for education and training providers (2025) <https://www.gov.uk/government/publications/fraud-awareness-good-practice-for-education-and-training-providers/fraud-awareness-good-practice-for-education-and-training-providers#preventing-fraud>

4 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.

Fraud includes but is not limited to:

- False representation or concealment of information for gain or to cause loss.
- Misappropriation of assets or funds.
- Falsification of records or claims.
- Abuse of position for personal benefit.
- Bribery or corruption.
- Cyber-enabled fraud.
- Collusion or conspiracy to commit or conceal any of the above.

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.

The Trust will not pay cyber-ransomware demands.

5 Responsibilities

5.1 The Chief Executive, in conjunction with the Board of Trustees have overall responsibility for ensuring that the Trust delivers the highest standards of integrity, accountability and transparency. They are supported in this by the members of the MAT executive group and the Trust central team

5.2 The Board of Trustees accepts responsibility for ensuring that the financial, planning, and other management controls against fraud, bribery, 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 role 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 Trust 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.

6 Key principles

The following key principles are embedded in the Trust's approach to ensuring integrity, accountability, and transparency.

- Prevention first: design systems and controls to reduce opportunities for fraud.
- Detection and reporting: encourage staff to report suspicions quickly and confidentially.
- Zero tolerance: disciplinary and legal action will be pursued where fraud is proven.
- Transparency: all incidents will be recorded, reported, and reviewed to improve controls.
- Continuous improvement: controls and training will be reviewed annually.

7 Fraud Prevention/Detection

- 7.1** A new corporate criminal offence was introduced by the Economic Crime and Corporate Transparency Act 2023. This came into force on the 1st of September 2025.

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It applies to 'relevant organisations', broadly defined as 'large' incorporated bodies or partnerships. The threshold criteria for it to apply include:

- more than 250 employees,
- or turnover over £36 million,
- or total assets over £18 million.

The Heart of Mercia Multi Academy Trust fulfils these criteria.

The offence of Failure to Prevent Fraud is triggered when an associated person (e.g. an employee, a governor, a service provider or a contractor) commits a 'base fraud offence' intending to benefit the organisation, and the organisation did not have reasonable fraud prevention procedures in place. Base fraud offences" are defined in Schedule 13 of the Act and include fraud by false representation, fraud by abuse of position, false accounting.

Importantly, for the offence, it is not required to show that senior management or Trustees knew about the fraudulent act.

To avoid being criminally liable under this offence, the Trust has embedded into this policy and procedure the six key principles set out in the Home Office guidance <https://www.gov.uk/government/publications/offence-of-failure-to-prevent-fraud-introduced-by-eccta>

These are:

1. Top-level commitment to fraud prevention and detection
2. Risk assessment
3. Proportionate Risk based fraud prevention procedures.
4. Due diligence on associated persons
5. Effective communication and training
6. Regular monitoring and review

- 7.2** 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.

8 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 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.

9 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.

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9.1 Procedures which must be followed if a fraud or irregularity is suspected (in accordance with Whistleblowing 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.

9.2 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.

9.3 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".

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- 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.

9.4 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.

9.5 Reporting to the DfE

The Trust must notify the DfE, 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://publishing.service.gov.uk), the Trust will notify DfE 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 DfE 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 DfE may involve other authorities, including the Police, as appropriate. The DfE will publish reports about its investigations and about financial management and governance

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reviews at Trusts in line with its own policy on publishing information. The DfE may recover funds where there is evidence of irregularity or fraud.

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

10 Cybercrime and Ransomware

The Trust will not pay ransom demands in the event of a cyber-attack. Instead, it will adopt and maintain measures to reduce the risk of a cyber-attack (see Trust Information Security policy), report incidents to DfE and NCSC, and cooperate with the Police.

11 Record Keeping

The Trust will keep records of risk assessments, training, fraud incidents, and communications with DfE for a minimum of six years.

12 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
September 2025	November 2025	Spring 2026	December 2025	September 2026	

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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