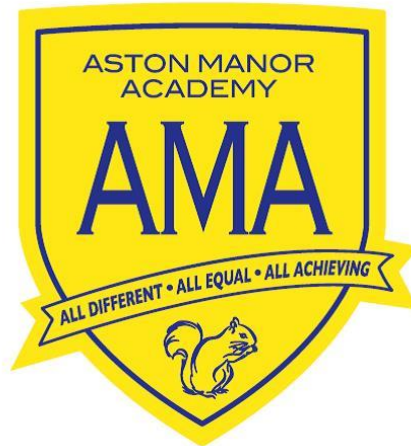


EQUITAS ACADEMIES TRUST



Chilwell Croft
Academy

ANTI-FRAUD POLICY

Review Date: March 2020
To be Reviewed: March 2022
Agreed: F&GP Board
Policy Lead: Chief Operations Officer
(Trust)

1. RATIONALE

This policy covers the prevention, detection and management of fraud and corruption.

It aims to raise the awareness of fraud and its prevention in the school environment, including strategies and procedures that address the issue of accountability, efficient and effective administration that focus on improving systems and procedures, changing the attitudes of staff and improving the overall integrity and performance of the Trust. It aims to give guidance to both the reporting of suspected fraud and for fair dealing of the investigation of such reported fraud or corruption.

2. AIMS

- To ensure that the Headteacher is aware of his/her responsibility for identifying exposure to fraudulent and corrupt activities and for establishing controls and procedures for preventing such activity and/or detecting such activity when it occurs.
- To provide guidance to all staff on action to be taken where they suspect any fraudulent or corrupt activity.
- To provide a clear statement to staff forbidding any illegal activity, including fraudulent or corrupt activity.
- To provide assurance that all suspected fraudulent and corrupt activity will be fully investigated.
- To provide guidance as to responsibilities for conducting investigations into such activities.
- To provide a suitable environment for staff to report matters that they suspect may involve fraudulent or corrupt activity, or serious improper conduct.
- To provide adequate protection to staff in circumstances where they are victimised as a consequence of reporting, investigating or being witness to, these activities.

3 DEFINITION

Fraud and corruption involves monetary and material benefits as well as intangibles such as status and information.

Fraud

Dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and whether or not deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for the use of normal business purpose or the improper use of information and position.

Corruption

Dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity.

Theft

Theft is dishonestly appropriating property belonging to another with the intention of permanently depriving the other of it.

Bribery

The Bribery Act 2010 introduces four offences:

- The offence of bribing another person. This can occur where a person offers, promises or gives a financial or other advantage to another individual to perform improperly a relevant function or activity.
- The offence of being bribed. This is where a person receives or accepts a financial or other advantage to perform a function or activity improperly.
- Bribery of a foreign public official. This is where a person directly or through a third party offers, promises or gives any financial or other advantage to a foreign public official in an attempt to influence them. A corporate offence of failure to prevent bribery. A commercial organisation could be guilty of bribery where a person associated with the organisation, such as an employee, agent or even a sub-contractor, bribes another person intending to obtain or retain business for the organisation.

Other irregularities

Other irregularities could apply to the Trust as well as individual academies, and includes:

- failure to observe the Trust's Financial Regulations, policies and procedures
- breach of our Funding Agreement with the EFA
- breach of the requirements of the Academies Financial Handbook
- spending grant income in ways inconsistent with the purposes for which it was intended.

Examples of what could constitute fraud and corruption are:

- theft of cash or property;
- non-receipt of income into bank accounts under the control of the trust;
- 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 school or trust;
- unauthorised borrowing of equipment;
- 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;
- manipulation of financial returns to conceal the misappropriation of assets or otherwise for gain.

4. Principal Roles

Staff and Directors

To the public, Equitas Academies Trust can be judged by the conduct of its staff and directors. Equitas adopted the following measures to demonstrate its commitment:

- All staff, directors and local governors are made aware of the trust's Code of Conduct for employees and governors;
- Formation of an Audit Committee as a sub-committee of the Board of Directors which hold 3 meetings per year;
- Internal audit work carried out on behalf of the audit committee, reported back at each meeting and action taken;
- A requirement for all staff and directors to declare all business and pecuniary interests;
- An Expenses, Gifts and Hospitality Policy which is made available to all staff and directors. A central register of Gifts and Hospitality is kept;
- Robust recruitment and selection policies and procedures;
- A scheme of financial delegation which allows all staff and directors to be aware of the level of financial decision making they are empowered to make. Staff and directors have a duty to report another member of staff or director whose conduct is reasonably believed to represent a failure to comply with the above.

Board

The Board are bound by the requirements of Company Law, The Charities Commission and the Academies Financial Handbook published by the Education & Skills Funding Agency (ESFA). They are responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Directors must approve a written scheme of financial delegation that maintains robust internal control arrangements.

Accounting Officer

The Accounting Officer has a specific responsibility for ensuring value for money, regularity and probity under the provisions in the Academies Financial Handbook. This includes a personal responsibility to Parliament for the financial resources under the trust's control. The Accounting Officer must sign a statement on regularity, propriety and compliance each year and submit this to the ESFA.

In respect of fraud it is therefore the responsibility of the Accounting Officer to ensure internal controls prevent and detect any fraud promptly.

This includes:

- Proper procedures and financial systems;
- Effective management and financial information.

Chief Operations Officers

The Chief Operations Officer carries out the role of the trust's Chief Financial Officer and plays a technical and leadership role, ensuring sound and appropriate financial governance.

Audit Committee

The Audit Committee has responsibility for:

- Reviewing the trust's Anti-fraud policy and ensure any instances of fraud or irregularity are managed and investigated appropriately;
- Directing an appropriate programme of work to be delivered by independent assurance providers. This programme of work should be derived from the Audit Committee's assessment of the key risks faced by the trust and should be planned to cost within the budget envelope set by the Board in determining the budget for audit for the Trust;
- Advise the Board on the appointment, re-appointment, dismissal and remuneration of an internal auditor or any other independent assurance provider.

Internal Audit

The Internal Audit function consists of one or more external accountancy companies who visit at least three times per year and have a clear remit to undertake work to prevent and detect potentially fraudulent acts. This work concentrates on areas of highest risk but also on areas which, although small, are subject to fraud.

External Audit

The trust's Annual Report and Financial Statements include an Independent Auditors' Report. This report includes a view as to whether the financial statements give a true and fair view and whether proper accounting records have been kept by the trust throughout the financial year. In addition, it reports on compliance with the accounting requirements of the relevant Companies Act and confirms compliance with the Academies Financial Handbook issued by the ESFA.

ESFA

The trust must notify the ESFA of any instances of fraud, theft and/or irregularity exceeding £5,000 individually or £5,000 cumulatively in any academy financial year. They may commission their own investigation into this and involve other authorities, including the police as appropriate. They may also publish information in line with its own policy. The ESFA has also published anti-fraud guidance for academies.

5. Principal Anti-Fraud Measures

Equitas has taken a number of measures that will prevent or detect any attempted or actual fraud. No system of control can prevent all cases, and the trust must minimize the risks to which it is exposed.

At the highest level the trust will:

- Regularly review and improve key internal control systems;
- Regularly review measures to minimize the risk of fraud;
- Involve staff in such reviews;
- Adopt formal procedures to investigate fraud when it is suspected and where detected, strengthen controls to prevent reoccurrence;
- Provide mechanisms for employees to voice their genuine concerns;
- Have no hesitation in referring cases of suspected financial irregularity to the attention of the police;
- Work closely with the police and the other appropriate agencies to combat fraud.

Equitas Academies Trust

Equitas has introduced corporate standards that should ensure proper administration. These include:

Staff Contracts and Annual Review of:

- Codes of Conduct for Directors, governors and staff;
- Measures to implement new legislation correctly;
- Clear roles for the Directors of Equitas;
- Training administration issues;
- Disciplinary Procedures; and
- Complaints Procedures.

These measures, and others, provide a framework supported by detailed procedure manuals for all key functions of Equitas. Other key principle internal controls that are adopted include wherever possible:

- Adequate separation of duties;
- Proper authorisation procedures;
- A proper audit trail;
- Independent monitoring and checking;
- Training of employees in their duties;
- Appropriate supervision;
- Effective management structures and organisation;
- Physical controls over highly portable assets;
- Effective IT and other security measures;
- A proper accounting and budgetary control system;
- Effective Internal Audit review systems.

Responsibility for effective implementation of these principles on internal control rests with the Board, Headteachers, Executive Director and Chief Operations Officer (COO) and involves every member of staff.

6. Reporting a Suspected Fraud

Response to Alleged Frauds

Equitas requires suspected fraud and irregularities to be referred to the COO, unless this individual is involved in the irregularity, in which case the Executive Director should be informed. If the concern is at this level then reporting should be to the Chair of the Board. If suspicion of irregularity is at Trustee, Director or Board level, such that the involvement of the Chair of the Board might conflict with investigation, then recourse to the Regional Schools Commissioner and/or the Department for Education should be made. Staff with suspicions of fraud should not confront the suspect or try to investigate the matter themselves. They should not discuss their suspicions with anyone other person. All reported irregularities will be thoroughly investigated.

Employees are vital to the successful implementation of measures against fraud. Equitas therefore considers that employees have a duty to report any legitimate concerns they may have and must do so as outlined above. If it is subsequently established that an employee knowingly withholds information of a concern or allegation it may be dealt with as a disciplinary matter in itself. The Public Interest Disclosure Act 1998 (a copy of which can be found at www.opsi.gov.uk) provides employees with statutory protection when disclosing such information. If possible concerns are better raised in writing, you need to set out the background, provide names, dates and places and reasons for bringing the matter to the attention of Equitas. However, if an individual feels unable to put their concern into writing, arrangements can be made to meet with an appropriate officer to discuss the concerns.

Equitas recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the alleged malpractice. Equitas will not tolerate harassment of victimisation and will do what it lawfully can to protect an individual when a concern is raised in good faith. This does not mean that, if the person raising the concern is already the subject of a disciplinary, redundancy or other procedure, that those procedures will be halted as a result of the concern being reported.

All concerns will be treated in the strictest confidence. Equitas will do its best to protect the identity of individuals who raise concerns and do not want their name to be revealed. However, it must be appreciated that during an investigation, a statement may be required as part of the evidence gathering process, particularly if the police become involved. In order to take effective action, Equitas will need proper evidence that may be required to stand up to examination in courts or tribunals. This policy encourages individuals to put a name to allegations whenever possible, as concerns expressed anonymously are much less powerful, but will be considered at the discretion of Equitas in terms of:

- Seriousness of the issues raised;
- The credibility of the concern;
- The likelihood of confirming the allegation from attributed sources.

Whilst Equitas will always do its best to protect individuals, it is more difficult to protect an individual from harassment, intimidation or other detrimental conduct where an allegation or disclosure is made anonymously.

There is a need to ensure that the process is not misused. Therefore, any abuse, such as raising malicious allegations may also be dealt with as a disciplinary matter. All such reports must be genuine and honest as, to be otherwise, would go against the principle of integrity.

This should not deter employees from raising legitimate and genuine concerns, (even if subsequently unfounded but made with good intent) as, in doing so they will be supported in every possible way.

All genuine concerns reported will be treated in confidence and fully investigated. If a suspicion is reported and results in a prosecution or disciplinary hearing, employees involvement, as a witness, in this process may be necessary, unless other substantial reliable evidence is available. Employees taking such a route will be notified quickly and any action taken.

Equitas accepts that the person reporting the suspicion needs to be assured that the matter is being properly addressed. Therefore, where possible, and subject to legal constraints (including Freedom of Information Act and Data Protection Act) feedback regarding the outcome of the investigation will be provided. Employees must also report other abuses which may be of concern including unethical behaviour, falsification of records, sexual discrimination or harassment, abuse of drugs or alcohol, bullying and non-compliance with Health and Safety.

A meeting will be arranged as soon as possible to discuss the concern. The employee may bring a colleague or union representative to any meetings under this policy. Their companion must respect the confidentiality of the disclosure and any subsequent investigation.

The COO will take down a written summary of your concern and provide you with a copy after the meeting. The COO will also aim to give you an indication of how we propose to deal with the matter.

Once a concern, has been raised an initial assessment will be carried out to determine the nature and scope of any investigation. The employee will be informed of the outcome of the assessment. They may be required to attend additional meetings in order to provide further information.

In some cases the Trust may appoint an investigator or team of investigators including employees with relevant experience of investigations or specialist knowledge of the subject matter. The investigator(s) will collate findings on the matter and may make recommendations for change to enable the Trust to minimise the risk of future wrongdoing. This will be sent to the Executive Director and/or Trust Board for actioning.

The investigator will aim to keep the employee informed of the progress of the investigation, its likely timescale and outcome. However, sometimes the need for confidentiality may prevent the investigator giving the employee specific details of the investigation or any disciplinary action taken as a result. The information about the investigation should be kept confidential.

SUMMARY

The Headteacher with the COO is responsible for the prevention, detection and investigation of fraud and corrupt activities and is also responsible for ensuring that appropriate and effective internal control systems are in place.

It is the responsibility of all staff to ensure that there are mechanisms in place within their areas of control to:

- Assess the risk of fraudulent and corrupt activities;
- To promote staff awareness of ethical principles, honest dealings, and understandings as to the role all staff play as custodians of this educational facility and all its assets and reputation.
- Educate staff about fraud and corruption prevention and detection, to this end.
- Ensure that staff understand that internal controls are designed and intended to prevent and detect fraudulent and corrupt activities;
- Encourage staff to report suspected fraud directly to those responsible for investigation without fear of disclosure or retribution; and
- Require all staff to follow the systems and procedures established by the Trust that will be reviewed from time to time, along with school policy, and that of the Department of Education.
- The Headteacher, through the Delegation order, delegates responsibility to designated staff for specific areas such as budget management and custodianship of assets.

In addition, all staff share responsibility for the prevention and detection of fraud and corruption, and for the implementation of this policy.

All staff are required to abide by the terms of this policy and are responsible for reporting suspected fraudulent and corrupt activities to the Headteacher. Any staff who report fraudulent or corrupt activities will be accorded appropriate confidentiality, recognising that in certain circumstances, the law may require some form of disclosure.

The Trust will conduct an annual audit of financial management to ensure that appropriate and effective internal control systems are in place and act on any recommendations from such audit.

The Trust will comply with the EFSA Accountability requirements.

Equitas Academies Trust

7. When dealing with matters relating to fraud, reference should be made to the Whistleblowing Policy for guidance.

8. **REVIEW OF POLICY**

This policy is reviewed and amended bi-annually by the Trust.

Signed by

Member of Trust Board: Wadim Wesolek Date: 23rd March 2020

Review Date: March 2022