



Anti-Fraud and Corruption Policy

Ted Wragg Trust

Committee:	Audit, Finance and Resources Committee
Approved on:	17.03.21
Next review date:	March 2023

Associated documentation	
Academies Financial Handbook 2020	2020 edition
Financial Regulations and Controls Manual	Sept 2019
Whistleblowing policy	July 2019
Gifts and Hospitality Policy	March 2021
Related party Transactions	September 2020
HR Code of Conduct	September 2020
Trust's Disciplinary Policy and Procedure	September 2019
Fraud Response Plan	March 2021

Contents:

1. Context	1
2. Scope	2
3. Policy Statement	2
4. Prevention	3
4.1. Risks	3
4.2. Procedures/Systems to deal with risks	4
4.3. Leadership	4
4.4. Developing and promoting an Anti-fraud culture	4
4.5. Prosecution of offenders	4
4.6. Employee Screening	4
4.7. The Role of Auditors	5
5. Detection and Reporting of Suspected Financial Irregularity	5
5.1. Internal Management Systems	5
5.2. Public Interest Disclosure ('Whistleblowing') Procedure	5
5.3. Potentially Suspicious Behaviour	6
6. Investigation of Suspected Irregularity	6
7. Recovery of losses	6
8. Monitoring and Review	7

1. Context

1. The Ted Wragg Multi-Academy Trust takes fraud, theft, bribery, and corruption very seriously and there is a 'zero tolerance' culture to fraud in the Trust. The Trust has implemented this policy which, working alongside a suite of financial policies, will ensure that arrangements are in place to protect public money.
2. To ensure that local practice and procedure learns from other instances of fraud and theft outside of the Trust, this policy will be reviewed on a two-year cycle. Where there are any instances of fraud/theft within the Trust, this policy will be reviewed as a priority.

3. The Academies Financial Handbook (AFH) requires academy trusts to have an internal control framework which reduces the risk of fraud and theft. The following internal control framework and policies reduce the risks:

- Scheme of Delegation
- Financial Regulations and Controls Manual
- Whistleblowing Policy
- Gifts and Hospitality Policy
- Related Party Transactions Policy
- HR Code of Conduct
- Disciplinary Policies and Procedures

4. Section 6.10 of the AFH refers to the investigation of fraud, theft and/or irregularity:

‘Academy trusts must be aware of the risk of fraud, theft and/or irregularity occurring and address it by putting in place proportionate controls. Trusts must take appropriate action where fraud, theft and/or irregularity is suspected or identified.

The trust must notify ESFA, as soon as possible, of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any financial year. Unusual or systematic fraud, regardless of value, must also be reported. The following information is required:

- full details of the event(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 if not why).

ESFA may conduct or commission investigations into actual or potential fraud, theft, or irregularity in any academy trust, either because of a notification from the trust itself or from other information received. ESFA may involve other authorities, including the police’.

2. Scope

5. This policy relates to all academy schools and settings across the Trust and supersedes any local policies and procedures that have been in use prior to conversion.

3. Policy Statement

6. The Trust and its constituent academies have a duty to protect public assets; to ensure that management and other practices accord with the standards of probity expected of public sector bodies; and to ensure that the resources available to it are used only in furtherance of the Trust’s objectives as an educational body. Fraud, corruption, or any other kind of financial misconduct or irregularity will not be tolerated.

7. An irregularity may be defined as any breach of the standards of financial integrity required by the Academy and/or Trust, including a breach of the Financial Regulations. This includes any instance, which has been made possible due to the actions or inactions of a member of staff even if there was no gain to them.
8. Irregularities fall broadly within the following categories, the first three of which are criminal, as well as disciplinary, offences ('person' includes corporate bodies, including limited companies, local authorities, other employees, and students):
 - Theft: the dishonest taking of property belonging to another with the intention of depriving that person permanently of its possession.
 - Fraud: the intentional distortion of financial statements or other records by persons external or internal to the Academy and/or Trust, to conceal the misappropriation of assets or otherwise. This includes the distortion of records to conceal losses caused accidentally or by a third party.
 - Bribery: the receiving of an inducement for an action which is illegal, unethical or in breach of trust.
 - Corruption: the offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions of any person. Both parties are equally guilty of an offence.
 - Other irregularity: failure to observe the Academy's and/or Trust's Financial Regulations, policies, and procedures. This includes failure to take appropriate action after becoming aware of such failure by another person.
9. The Trust has reviewed the list of generic indicators for potential fraud issued by the ESFA and assessed our risks against these indicators. We have also reviewed an ESFA fraud checklist which the Trust used to review our arrangements for preventing, detecting, and dealing with fraud should it occur and in the development of this policy.

<https://www.gov.uk/government/publications/indicators-of-potential-fraud-learning-institutions>
10. Our Internal Audit work programme supports the prevention and identification of fraud.
11. The aftermath of financial misconduct is costly, time-consuming, disruptive, and unpleasant. The major thrust of the Trusts' strategy is, therefore, prevention.

4. Prevention

4.1. Risks

12. The largest irregularities in educational establishments typically have involved regular misappropriations over a period of years. The four areas most vulnerable to fraud in schools are cash handling, cheque handling, credit card handling and purchasing.
13. The misuse of information technology is also a major risk and one that is potentially growing in importance with the increase in technology.

4.2 Procedures/Systems to deal with risks

14. Fraud can be minimised through carefully designed and consistently operated management procedures, in particular, financial policies and procedures and financial regulations. The Trust will therefore ensure that management procedures, as described below, are effective and that staff receive training in the operation of them.

15. Key themes of our management procedures:

- Segregation of duties in use of financial systems is practiced, so, for example, no individual has undue management of payments, income, or assets.
- The institution has clear roles and responsibilities, with set levels of authority for authorising transactions.
- Systems will be protected with electronic access restrictions to prevent the possible misuse of information technology.

4.3. Leadership

16. Key determinants of the standards of behaviour in any organisation will be the standards observed by senior members of staff, and the policies and approach to their enforcement. The Trust Board and its Committees, Executive, and senior managers should therefore ensure that their behaviour is always demonstrably selfless.

4.4. Developing and promoting an Anti-fraud culture

17. The Director of Finance shall ensure all School Business Support Teams are provided with the ESFA's published resources to reduce the risk of fraud or financial irregularities.

18. The Trust has confirmed the routes for staff to report suspicions of fraud through the Trust's Whistleblowing policy, ("how to raise a concern"). We will respond quickly and effectively to fraud when it arises and will work with our Internal Audit function to advise the Trust Board and Audit and Risk Committee of the effectiveness of anti-fraud measures and on fraud risk.

4.5. Prosecution of offenders

19. The Police advise that prosecution is a particularly effective deterrent because of the risk of a custodial sentence and a criminal record. However, the threat of prosecution only deters if the threat is real. Therefore, the policy is that the Academy and/or Trust reserves the right to report to the Police, irrespective of the status of the individual. Action taken will be underpinned by the Trust's Disciplinary Policy and Procedure.

4.6. Employee Screening

20. In line with our recruitment and selection policy, new members of staff are screened before appointment in a range of areas. For example, through:

- The receipt of at least two satisfactory references covering the previous five-years employment history. Any doubts about the contents of references should be resolved before confirming the appointment. If this is done by telephone, a written record of the discussion should be kept to comply with employment law.
- Seeking explanation of any anomalies or gaps in employment.
- Verification of the candidate's identity.
- Verification of qualifications / professional status.
- Verification of successful completion of statutory induction period (teaching posts) or probationary period (non-teaching).
- DBS checks.

21. Recruitment processes require that if a member of staff has a close personal or familial relationship with an applicant, they declare this. It would normally be necessary for the member of staff to avoid any involvement in the recruitment and selection process.

4.7. The Role of Auditors

22. The Director of Finance consults widely, seeking any necessary audit advice on building in ways of preventing or detecting fraud when new systems are being designed or existing systems are to be modified. Auditors will have regard to fraud preventative measures as part of their ongoing work.

23. External audit's reviews of financial checks and balances and validation testing provide further deterrence. Auditors may also wish to assess systems in place to deter corruption.

24. Both internal and external auditors have a full right of access at all reasonable times to all Academy and Trust property, assets, documents, and financial and other records. The auditors are also entitled to seek explanations from any member of the Academy and/or Trust's staff.

5. Detection and Reporting of Suspected Financial Irregularity

5.1. Internal Management Systems

25. Efficient management systems are imperative if fraud is to be detected rapidly. The systematic review of every transaction minimises the risk of processing an irregular transaction. Detective checks and balances will be designed into all systems and applied consistently. This includes segregation of duties, reconciliation procedures, random checking of transactions, and review of management accounting information.

5.2. Public Interest Disclosure ('Whistleblowing') Procedure

26. If an individual has reason to suspect that fraud is taking place (or has taken place), they are expected to bring it to the attention of senior management within the Academy and/or Trust as described in the Trust's Whistleblowing Policy. This describes to whom an individual should report their suspicions, and the protection offered to employees raising such a suspicion.

5.3. Potentially Suspicious Behaviour

27. Staff members who have committed serious financial irregularities may attempt to conceal this by taking few holidays, regularly working alone late or at weekends, being resistant to delegation or resenting questions about work. If any suspicions are raised they should be discussed with the Accounting Officer, Headteacher or Director of Finance. Any indication that a member of staff may be addicted to drugs, alcohol or gambling should also be discussed with the Accounting Officer, Executive Headteacher or Director of Finance. This is both for the welfare of the individual and to minimise the risks to the Academy, which might include fraud. Any action should be taken with an assessment of the scale of risk in mind. Any suspicion will be investigated and dealt with in accordance with the procedure described below.

6. Investigation of Suspected Irregularity

28. Once an irregularity is suspected, reported, or disclosed, whether it relates to fraud, a whistleblowing disclosure, or an ethical issue, it is critical that any investigation is conducted in a professional manner, and in accordance with the Trust's Fraud Response Plan.

29. Suspicions must be reported without delay (normally to include, the Director of Finance). Actions taken may include one or more of the following:

- immediate reference to an appropriate external authority such as the Police or a professional body.
- appointment of an Investigating Officer, with the appropriate expertise and seniority. Decisions will be made on the remit of the investigation, form, and scope of the concluding report.
- appointment of technical or external specialists.
- In serious cases, suspension, whilst investigation is underway (This is a neutral act intended to facilitate enquires and does not imply any presumption of guilt). IT access is also likely to be immediately withdrawn.
- investigations into other systems through which the suspect may have had opportunities to misappropriate assets.

30. The report of the investigation may conclude that there is no case to answer, that disciplinary procedures should be applied or that there should be further investigation.

31. In all but trivial cases, the Audit and Risk Committee will be advised of the investigation.

32. At the appropriate time, the Academy's insurers and External Auditors will be advised.

7. Recovery of losses

33. The Investigating Officer shall where possible quantify the amount of any loss. The Director of Finance, in collaboration with the Executive, shall consider whether to, and how to go about, seeking repayment of losses.

34. Where the loss is substantial, legal advice will be obtained. The Academy would normally expect to recover costs in addition to losses.

8. Monitoring and Review

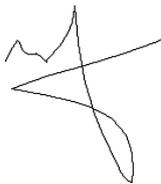
35. The Audit and Risk Committee has the responsibility for implementing, monitoring and reviewing this policy. The Director of Finance will make an annual report to the Audit and Risk Committee providing a summary of all issues raised and any subsequent actions taken. Any issues, which arise, which do not fall within the remit of the Audit and Risk Committee will be brought to the attention of the relevant committees and /or individuals.

Adoption of the Policy

This Policy has been adopted by the Trustees of the Ted Wragg Multi Academy Trust.

Signed

(Chair of Trust)

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Date: 17.03.21