

## Anti-Fraud, Bribery and Corruption Policy

The policy will be promoted and implemented throughout the Trust.

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<b>Ratified by:</b>	Board of Trustees – Finance Committee
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Version	Date	Author	Summary of changes
5.0	Nov 2023	DWY	Job titles changes
6.0	Sept 2024	PH	Minor formatting and job title changes, 3-year review cycle; Fraud response plan 'action' section amended for initial response; Removed section 9.2 re COVID learnings.
7.0	June 2026	PH	Policy rewritten in line with regulation requirements and best practice. Fraud response plan clarified and form introduced. Job titles amended.
Earlier version history is available on request.			

## 1. Introduction

- 1.1 Fraud, bribery, corruption, or other dishonesty will adversely affect The Mead Educational Trust's (TMET) reputation. Each school within TMET, and the Trust itself therefore has 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 each school's objectives as an educational body.
- 1.2 The Trust has a zero-tolerance approach to all forms of fraud and financial irregularity. The Trust will not tolerate fraud or corruption by its members, trustees, employees, suppliers, contractors, partners, service users or members of the public and will take all necessary steps to investigate all allegations of fraud or corruption and pursue sanctions available in each case, including removal from office, disciplinary action, dismissal, loss recovery and/or referral to the Police and/or other agencies.
- 1.3 This policy sets out the Trust's approach to preventing, detecting, and responding to fraud. It aims to:
- Promote an anti-fraud culture within the Trust
  - Define what constitutes fraud
  - Outline the responsibilities of the Trust community in preventing and reporting suspected fraud, or attempts to defraud
  - Establish clear procedures for reporting and investigating suspected fraudulent activities
  - Set out the actions that may be taken in response to suspected and confirmed fraud

## 2. Legislation and Guidance

This policy reflects the following legislation and guidance:

- [Fraud Act 2006](#) – which sets out a definition of fraud
- [Economic Crime and Corporate Transparency Act 2023 \(ECCTA\)](#)– which reforms UK company law to combat fraud and money laundering
- [Bribery Act 2010](#) – which sets out a definition of bribery
- [Academy trust handbook - GOV.UK](#) – which sets out a framework for implementation of effective financial management and other controls for Academy Trusts
- [Fraud awareness: good practice for education and training providers](#) – guidance to help schools and trusts manage the risk of fraud

## 3. Definitions

3.1 Fraud is defined as:

*"Fraud by false representation" is defined by Section 2 of the Act as a case where a person makes "any representation as to fact or law ... express or implied" which they know to be untrue or misleading.*

*"Fraud by failing to disclose information" is defined by Section 3 of the Act as a case where a person fails to disclose any information to a third party when they are under a legal duty to disclose such information.*

*"Fraud by abuse of position" is defined by Section 4 of the Act as a case where a person occupies a position where they are expected to safeguard the financial interests of another person, and abuses that position; this includes cases where the abuse consisted of an omission rather than an overt act.*

3.2 Corruption is defined as:

*The unlawful offering, giving, soliciting or acceptance of an inducement or reward which could influence the action taken by the Trust, its members or its staff. This also covers the failure to disclose an interest in order to obtain a pecuniary gain or other benefit.*

- 3.3 The ECCTA 2023 includes provisions that make businesses liable if they fail to prevent staff or a connected third party from committing an economic crime. The offences covered under this Act include the Fraud Act offences listed above and also includes false accounting.
- 3.4 The Trust will be liable if an employee or associate commits one of the listed offences, that offence has a benefit for the Trust, and the Trust does not have reasonable procedures in place to prevent fraud.
- 3.5 The Department for Education (DfE) defines fraud as an intentional false representation, including failure to declare information or abuse of position that is carried out intended to make gain, cause loss or expose another to the risk of loss.
- 3.6 Fraud is different to theft, which is defined in the 1968 Theft Act as:  
*'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'.*
- 3.7 A bribe is defined as:  
*"A financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity" [CIPFA].*
- 3.8 There are various Bribery offences, including offering or accepting a bribe (Sections 1 and 2 of the Bribery Act 2010), bribing or attempting to bribe a foreign official (Section 6) and being a commercial organisation failing to prevent bribery (Section 7). While the Trust is not a 'commercial organisation' for its normal activities, it is still considered appropriate for it to have regard to Guidance relating to the Bribery Act.
- 3.9 Other irregularities are:  
*"The failure to observe the Academy's Financial Regulations, policies, and procedures. This includes failure to take appropriate action after becoming aware of such failure by another person".*
- 3.10 The term "fraud" is used throughout this policy. For the purposes of this document the term also includes theft, bribery, and corruption.
- 3.11 The Anti-Fraud, Bribery and Corruption Policy and Strategy document applies to trustees, academy councillors, and all employees (full time, part time, temporary and casual) of the Trust and its academies.

#### **4. Definition of Fraud**

- 4.1 This Fraud Policy covers staff, pupils and activities of the Trust and the individual schools. For the purposes of this policy, fraud is defined as the use of deception with the intention of: Gaining an advantage, personally and for family or friends; or causing financial loss to the Trust or individual school. Examples of common types of irregularities and internal fraud are detailed in Appendix A.
- 4.2 A fraud does not have to be successfully perpetrated for an offence to have been committed under the Fraud Act.
- 4.3 Fraud offences under section 1 of the Fraud Act 2006 include:
- Fraud by false representation (section 2 Fraud Act 2006)
  - Fraud by failing to disclose information (section 3 Fraud Act 2006)
  - Fraud by abuse of position (section 4 Fraud Act 2006)
  - Participation in a fraudulent business (section 9, Fraud Act 2006)

- Obtaining services dishonestly (section 11 Fraud Act 2006)
- Cheating the public revenue (common law)
- False accounting (section 17 Theft Act 1968)
- False statements by company directors (section 19 Theft Act 1968)
- Fraudulent trading (section 993 Companies Act 2006)

## **5. Policy Statement**

- 5.1 The Trust expects all trustees, academy councillors, employees, and those acting as its agents to conduct themselves in accordance with the seven principles of public life defined by the Nolan Committee 1995. Namely, objectivity, openness, leadership, accountability, honesty, selflessness and integrity. High ethical standards should be adhered to and be demonstrated in all our actions and decisions.
- 5.2 Our approach is based on a series of comprehensive and related elements designed to deter fraudulent or corrupt acts. These elements are:
- the operating culture of the Trust;
  - deterrent and preventative measures;
  - detection and investigation procedures;
  - awareness and training.
- 5.3 Supporting this are interlinked policies, such as the Trust's Whistleblowing Policy and Gifts and Hospitality Policy. Each of these documents provides more detailed information and guidance on our anti-fraud and corruption procedures.
- 5.4 The Trust requires all individuals and organisations with whom it deals in any capacity to act with integrity, and are encouraged, alongside staff and partners, to raise any concerns they may regarding fraud and corruption through our Whistleblowing Policy.
- 5.5 Where appropriate we will co-operate with other organisations, local authorities and public sector bodies in the prevention, detection and investigation of fraud and corruption, for example, participation in the National Fraud initiative and liaison with the Police.
- 5.6 This Policy and procedures set out the Trust's commitment to ensuring compliance with the requirements of the Fraud Act 2006, the ECCTA 2023, and the Academy Trust Handbook.

## **6. Culture**

- 6.1 The Trust's expectation on propriety and accountability is that pupils and members of staff at all levels act with integrity and lead by example in ensuring adherence to rules and that all procedures and practices are above reproach. The school also expects that individuals and organisations that it meets will act towards the school with integrity and without thought or actions involving fraud or corruption.
- 6.2 The Trust is conscious of the high degree of external awareness of its affairs by a variety of bodies and the need to act in all matters with probity and propriety. The Trust is determined that the culture and tone of the organisation is one of honesty and opposition to fraud, bribery, and corruption.
- 6.3 The staff and pupils of each school 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 school business or activity; this includes concerns related to the provisions of the Public Interest Disclosure Act 1998. Such concerns can be raised in the knowledge that they will be treated in confidence and properly investigated. Concerns can be raised with line managers, senior management, the Chair of Academy Council, or the Chair of the Finance Committee. Where incidents are reported, the

Trust's Chief Financial Officer will be advised in order that action can be taken in line with the provisions set out in the Trust's Fraud Response Plan. Any member of staff therefore has a route to raise concerns to someone outside their direct management line where necessary. This will include instances where a senior member of school staff is suspected of fraud.

- 6.4 In addition to concerns raised by staff and pupils, members of the public and others meeting the Trust are encouraged to report concerns through the above channels. (Where concerns or allegations are made by staff and are subsequently proved to be malicious and unfounded then such abuses will be viewed as a serious disciplinary matter.)
- 6.5 The Trust will deal swiftly and thoroughly with all cases of fraud and corruption in line with the Fraud Response Plan as detailed in this policy.
- 6.6 The Fraud Response Plan is attached as Appendix B.
- 6.7 The aftermath of financial misconduct is costly, time-consuming, disruptive, and unpleasant. The major thrust of the Trust and the individual academies strategy is, therefore, prevention.

## **7. Roles and responsibilities**

### **Trustees and Academy Councillors**

- 7.1 Trustees and academy councillors must maintain the highest standards of accountability and probity and at all times comply with the requirements of the Trust's Code of Conduct.

### **Our staff and volunteers**

- 7.2 All staff should observe the requirements of the Trust's Code of Conduct, Governance Arrangements and Financial Regulations. We expect all staff to always maintain honesty and integrity and act with propriety in the use of resources and in the handling and use of funds whether they are involved with cash or payment systems, receipts or dealing with contractors or suppliers.

### **Audit and Risk Committee**

- 7.3 The Trust Audit and Risk Committee will review the effectiveness of the internal control and risk management systems. The Committee will also evaluate whether management is setting the appropriate control culture in the way it communicates the importance of internal control and risk management across the organisation.

### **Responsibility**

- 7.4 The Trust aims to have in place efficient and effective systems of control that as far as possible prevent potential fraudsters from exploiting weaknesses.
- 7.5 The Executive Team and the Finance and Audit & Risk Committees are responsible for ensuring there are strong and effective arrangements in place for managing the risk of fraud and ensuring the Trust's/school's interests are safeguarded, including its reputation.
- 7.6 Risk is managed through the existence and application of appropriate policies and procedures. The wide range of procedures in place to minimise the risk of fraud constitute a major part of the system of Internal Control, which is designed to ensure the Trust conduct its business properly and effectively and complete its transactions fully, accurately, and properly.
- 7.7 The responsibility for anti-fraud arrangements is widely dispersed. Trustees must give clear support to the arrangements. The Chief Executive Officer (CEO) and principals must provide strong leadership by advocating the school's arrangements and supporting strong action when these are ignored.

7.8 The importance of a positive culture towards anti-fraud, bribery and corruption cannot be overstated. The effectiveness of the Trust's policy can be undermined by a culture that does not apply the public standards and supporting procedures routinely on a day-to-day basis. Maintaining appropriate arrangements, continually advocating them, and taking robust action where they are not applied all help to build the right underpinning culture.

## 8. Prevention

### Principles of reasonable fraud prevention procedures

8.1 With the ECCTA effective from 1 September 2025, the government published [guidance](#) for organisations on the offence of failure to prevent fraud. Under the offence, an organisation may be criminally liable where an employee, agent, subsidiary undertaking, or other 'associated persons', commits a fraud intending to benefit the organisation and the organisation did not have reasonable fraud prevention procedures in place. In certain circumstances, the offence will also apply where the fraud offence is committed with the intention of benefitting a client of the organisation. It does not need to be demonstrated that directors or senior managers ordered or knew about the fraud.

8.2 The guidance states that fraud prevention framework put in place by relevant organisations should be informed by the below six principles. Our key activities are mapped to each principle:

- **top level commitment** – as outlined in this policy, the Trust senior management (executive team, trustees, principals) take an active role in preventing fraud and fostering an open culture that empowers employees to report suspected fraud (and other misconduct).
- **risk assessment** – we will carry out a financial crime risk assessment centred around the fraud offences at section 4.3 above, at least annually and the risk assessment will be kept under review.
- **proportionate risk-based prevention procedures** – we have this policy and our Whistleblowing Policy to prevent fraud proportionate to the risk identified in the risk assessment.
- **due diligence** – due diligence procedures are carried out for associated persons (staff, contractors/ suppliers, trustees) including DBS checks and supplier credit checks (detailed below).
- **communication (including training)** – all staff are aware of and have access to our Whistleblowing Policy, senior management (executive team, principals, trustees) will be given training on fraud prevention policies and procedures.
- **monitoring and review** – we are committed to monitoring and reviewing our fraud detection and prevention procedures and make improvements where necessary, through review of this policy and through learnings from investigations of suspected fraud.

### Procurement

8.1 All procurements must follow the Trust's procurement procedures, as set out in the Procurement and Competitive Tendering Policy. All suppliers and providers and subject to robust due diligence to ensure they are not a fraud threat. Supplier credit checks will be carried out for all contracts subject to tender/ formal procurement.

### Cyberfraud

8.2 The Trust's cyber security measures meet/exceed the Department for Education's cyber security standards.

All new starters receive cybersecurity training, and all staff at all levels attend regular up-to-date 'refresher' training.

The Trust enforces strong password policies, and any employee who leaves has their account(s) disabled and permissions immediately removed from the Trust's digital IT systems.

The Trust follows guidance in the Academy Trust Handbook in meeting the DfE's cyber security standards, including putting in place proportionate controls and the awareness of the risk of cybercrime. The Trust will not pay any cyber ransom demands (ATH 6.15).

### **Financial control measures**

- 8.4 The school must have adequate arrangements in place to safeguard against fraud and attempts to defraud. These include:
- Financial management checks, reconciling accounts at the end of each month and keeping an audit trail of documents
  - Separation of duties, so no one member of staff is responsible for both validating and processing a transaction – for example, certifying that goods have been received and making the payment for them
  - Strictly limited access to systems for authorising and making payments
  - Spot checks on systems and transactions
  - Investigation and logging of every incident of irregularity, including instances of attempted fraud
  - Making staff members' financial responsibilities clear through written job descriptions and procedure notes

### **Prosecution of offenders**

- 8.3 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 Trust and the individual academies reserves the right to report to the Police, irrespective of the status of the individual. The Trust or the individual academies will undertake disciplinary action, and reserves the right to take legal action, in addition to reporting offenders to the Police.
- 8.4 Fraud and corruption are serious offences, and staff may face disciplinary action if there is evidence that they have been involved in these activities.
- 8.5 The CEO and Chief Financial Officer (CFO) will determine, in discussion with the Chair of Trustees, whether civil, and/ or criminal prosecution is appropriate having considered:
- Indicative costs;
  - Benefits likely to accrue in terms of deterrent;
  - Public interest;
  - Likelihood of asset recovery;
  - Likely positive / negative impact of resulting publicity; and
  - Regulatory stance.
- 8.6 The CEO of the Trust will determine, in discussion with the Chair of Trustees as appropriate, the organisation's publicity of any incident of fraud or corruption, or any publicity opportunities associated with the promotion of any anti-fraud activity.

### **Employee Screening**

- 8.7 Potential new members of staff will be screened before appointment, particularly for posts with financial responsibility, in accordance with the Trust HR Policies. For example:
- References should cover a reasonable, continuous period; and any gaps should be explained.
  - An official employer's reference should be obtained.

- Offers of appointment to be made subject to receipt of satisfactory references and any doubts about the contents of the reference should be resolved before confirming the appointment.
- Essential qualifications and DBS checks are made.
- Recruitment procedures require that members of recruitment panels will declare any relationships or connections with candidates prior to their involvement with the process.

### **The Role of Auditors**

- 8.8 The Trust Audit & Risk Committee and internal audit procedures are a key element of the Trust's control system. Internal audit carries out a risk-based series of audits designed to assess the Trust and the individual school's identification and management of fraud risks.
- 8.9 External auditor reviews of financial checks and balances and validation testing provide further deterrence. Auditors may also wish to assess systems in place to deter corruption.
- 8.10 Both internal and external auditors have a full right of access at all reasonable times to all Trust and individual school property, assets, documents, and financial and other records. The auditors are also entitled to seek explanations from any member of staff.
- 8.11 In addition, the Trust will regard the misleading of auditors, including the withholding of relevant information, as gross misconduct.

## **9. Key Procedures and Controls**

- 9.1 The following key procedures and controls operate within the Trust:
- The Trust has an effective Anti-Fraud, Bribery and Corruption Policy and Strategy, and maintains a culture that will not tolerate fraud, bribery, or corruption.
  - The Trust complies with the requirement to undertake Section 128 checks for academy councillors, trustees, and members as well as the academy leaders.
  - Trustees, academy councillors, and employees comply with respective Codes of Conduct.
  - Risk Management procedures are in place.
  - A Register of Interests is maintained to enable trustees, academy councillors, and appropriate employees to record any financial or non-financial interests that may bring about conflict with the school's interests.
  - A Register of Gifts and Hospitality is maintained to enable trustees, academy councillors, and employees to record gifts and hospitality either received, or offered and declined, from contractors and suppliers.
  - Confidential Reporting (Whistle blowing) procedures are in place and operate effectively.
  - Suitable and enforced financial and contract procedure rules are in place.
  - There are robust recruitment and selection procedures.
  - There are clear and active disciplinary arrangements.
  - Sanctions are pursued against those who commit fraud, bribery, and corruption.
- 9.2 The Trust maintains a continuous overview of its arrangements for managing the risk of fraud. A regular review of the Policy and Strategy is carried out and the documents are revised as appropriate to reflect any key changes and to incorporate current best practice.
- 9.3 The Trust/schools expects that the individuals and organisations with which it deals (e.g., partners, suppliers, contractors, and service providers) will act with integrity and without thought or actions involving fraud, bribery, and corruption. Where relevant, the Trust will include appropriate clauses in its contracts about the consequences of fraud, bribery, and corruption. Evidence of such acts is most likely to lead to a termination of the particular contract and will normally lead to prosecution.

- 9.4 In assessing the effectiveness of its arrangements, the Trust will monitor the extent to which:
- Key personnel are trained in detecting and investigating fraud.
  - Identified incidents are investigated.
  - Perpetrators are robustly dealt with.
  - The Trust/school responds to identified weaknesses in its systems and control methods.
  - There is any trend in incidents experienced.
  - Recovery of losses is sought.

## **10. Raising Concerns**

- 10.1 It is the responsibility of the trustees, academy councillors, CEO, CFO, ~~Director of Finance~~, principals and employees to prevent and help detect fraud, bribery, and corruption. In high-risk areas specific controls aimed at preventing and detecting frauds will be in place.
- 10.2 Academy councillors, CEO, CFO, and the principals have a duty to inform the Board of Trustees and the Audit and Risk Committee of any potential fraud, bribes, corruption, or other suspected irregularities.
- 10.3 The Chief Financial Officer will ensure that a log is maintained of all reported incidents at the school which will be reported to the trustees. Any incidents above £5,000 will be reported to the DfE and the School Insurers.
- 10.4 A decision will then be made as to who is best placed to investigate any concerns raised. The investigating officer also has the responsibility to report all findings to the Audit & Risk Committee. During the investigation the investigating officer will contact any other relevant parties to ensure all allegations and evidence are properly investigated and reported upon.
- 10.5 It is often the alertness of employees and the Public that enables frauds to be detected. In accordance with the Whistleblowing Policy, any member of staff with any concerns about the Trust or its academies' activities should normally raise concerns through their immediate manager or senior management. However, it is recognised that this may not be possible in certain circumstances. In these cases, contact should be made with the Chair of Trustees or the Audit & Risk Committee, the CEO or the CFO as appropriate. Concerns may also be raised with the Trust's External Auditor.
- 10.6 All concerns, reported by whatever method, will be treated in confidence, and will be reviewed and investigated by the person deemed to be appropriate and best placed to do so. This may mean that, depending on the level, type and details of the concern raised, that concerns are investigated by the Trust, internal audit or in the case of very serious concerns, the External Auditor, or the Police.
- 10.7 When referrals are passed to the police, the Crown Prosecution Service will initially determine whether a prosecution will be pursued. However, the Trust reserves the right to pursue a private prosecution in the criminal or civil courts. The Trust's procedures will be used to facilitate a thorough investigation of any allegations of improper behaviour by staff.
- 10.8 A complete Fraud Response Plan is attached as Appendix B.

## **11. Awareness and Training**

- 11.1 Training and guidance are vital to maintaining the effectiveness of the Anti-Fraud, Bribery and Corruption policy. The Trust supports induction and work-related training and will ensure that fraud awareness training is provided to senior managers. To raise awareness of this strategy and fraud and corruption in general, the Trust will publicise our approach via our intranet, and other publications as appropriate.

## **12. Monitoring and Review**

- 12.1 The Audit and Risk Committee has the responsibility for implementing, monitoring, and reviewing this policy. The Chief Financial Officer will maintain a fraud log. Any new entries are reported to the next meeting of the Audit and Risk Committee, alongside any implications for the internal control system. Any issues, which arise, which do not fall within the remit of the Audit and Risk Committee or are relevant to other areas of a school, will be brought to the attention of the relevant committees and /or individuals.
- 12.2 The Anti-Fraud and Corruption Policy and Framework will be reviewed and updated at least every three years.
- 12.3 In carrying out this review, the Trust will take account of best practice and advice from internal and external auditors and of legal and regulatory requirements.

## Appendix A - Examples of common types of irregularities and internal fraud

The main types of irregularity are:

- Theft - this may include the removal or misuse of funds, assets, or cash.
- False accounting - dishonestly destroying, defacing, concealing, or falsifying any account, record or document required for any accounting purpose, with a view to personal gain or gain for another, or with the intent to cause loss to the School or furnishing information, which is or may be misleading, false or deceptive.
- Abuse of position - abusing authorities and/or misusing school resources or information for personal gain or causing loss to the school.

Examples of fraud, which are neither exclusive nor exhaustive, include:

- Misappropriation of cash e.g., theft of cash from cash boxes, cash registers, and takings from trading outlets, vending machines, or from social fund.
- Theft of stock.
- Fraudulent encashment of payable orders or cheques.
- Misappropriation of other assets including information and intellectual property. This would also include theft of stationery for private use,
- Unauthorised use of school property e.g., vehicles, computers, other equipment.
- Purchasing or purchase ledger fraud (e.g., approving/paying for goods not received, approving/paying bogus suppliers, approving/paying inflated prices for goods and services, accepting any bribe);
- Travel and subsistence claims overstated or falsely claimed. This may include advances not recovered or forging of counter-signatories.
- Accepting pay or time off in lieu of time not worked (e.g., false claim for hours worked, failing to work full contracted hours by any member of staff, false overtime claims, or falsification of sickness self-certification).
- Computer Fraud (e.g., altering or substituting records, duplicating, or creating spurious records, or destroying or suppressing records).

Whilst by no means being proof on their own, the circumstances below (warning signs) may indicate fraud, and should therefore put managers, staff, and pupils on the alert:

- Altered documents (correcting fluid, different pen, or handwriting)
- Claim form details not readily checkable.
- Changes in normal patterns, of cash takings or travel claim details (for example)
- Text erratic or difficult to read or with details missing.
- Delay in completion or submission of claim forms.
- Lack of vouchers or receipts in support of expense claims, etc.
- Staff seemingly living beyond their means.
- Staff under constant financial or other stress.
- Staff choosing not to take annual leave (and so preventing others becoming involved in their work), especially if solely responsible for a 'risk' area.
- Complaints from public or staff.
- Always working late.
- Refusal of promotion.
- Insistence on dealing with a particular individual.

In addition to the warning signs outlined above, staff and pupils are advised to take notice of the following "Do's and Don'ts" in respect of possible fraud-related instances or actions:

- If you are suspicious or have concerns DO tell someone - confidentiality will be respected.
- DO keep a record of conversations or actions, including times, dates, locations etc.
- DO keep or copy any document that arouses your suspicions.

- DO be discreet with the information, only discuss it with the nominated individual or people they refer you to.
- DO be responsive to staff concerns.
- DO deal with the matter promptly.
- DO NOT keep quiet and hope the problem will go away.
- DO NOT confront the individual with your suspicions.
- DO NOT try to investigate yourself.
- DO NOT discuss with other staff or colleagues.
- DO NOT collect evidence (especially computerised information) without specialist advice.
- DO NOT contact the police directly.

## **Appendix B: Fraud Response Plan**

### **Introduction**

The purpose of the Plan is to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity. The Plan also sets out the process for staff who wish to notify any suspicions to senior management and how senior management should respond to such notifications.

### **Notification**

Fraud and other irregularity can take many forms, including theft or cash assets, deliberate overpayment, non-receipt of goods paid for, and falsification of records. There are many other possibilities, however, and anyone in doubt as to whether something may constitute fraud or something similar should immediately seek advice, either from their manager or a senior member of the Central Finance Team.

Anyone suspecting fraud, theft or irregularity involving funds or assets should report it without delay to their line manager or Business & Operations Manager, and the issue should be reported immediately thereafter to Principal or Executive Team level. Principals/ Executive Team must inform the CFO in all instances, and they will decide whether the issue is serious enough to refer to the CEO of the Trust. Issues involving Principals/Executive Team or substantial fraud/ losses may be reported directly to the CEO.

### **Response**

Reporting incidents may take place through different routes, e.g. normal reporting via line management or perhaps through the Whistleblowing Policy or direct to the Trust's internal or external auditors (contact details contained within the Trust's Statutory Accounts – published on the website). The following process will be applied as far as possible, regardless of reporting route.

Investigation of lower-level incidents may be left to local management with advice from the Central Finance Team. As there may be some crossover into the disciplinary area, advice should be obtained from HR at an early stage. For all incidents where fraud or other irregularity is not disproved after initial investigation, the appropriate referral (see Appendix B1) form for entry into the Frauds and Losses Log should be completed and forwarded to the CFO.

Larger or more complex incidents may require active involvement from Central Finance and/ or internal audit, who will liaise with HR and management of the team concerned with the incident. There may be an initial report by Central Finance and/ or internal audit, which may then be used by an Investigating Officer operating under the disciplinary policy, or it may be appropriate for the Investigating Officer to prepare a report directly: Central Finance and/ or internal audit, HR and management will consult in reaching these decisions.

Immediately after the discovery of any incident, the highest priority should be given to the prevention of further loss, or potential loss of records and witnesses e.g. HR suspension or removal of an individual from a particular office or area of operation.

In some instances, it may be appropriate to refer incidents to the Police, either following discovery, or after an initial investigation. Any such referral will be made as a result of a decision by the CEO of the Trust after consultation with the appropriate Principal or CFO (clearly, this does not refer to obvious break-ins, assaults, other urgent matters, which should be referred to the Police by on-site staff as normal).

Reports prepared by management or Internal Audit should address the following:

- Quantification of loss as far as possible;
- Identification of system weaknesses;
- Origin of the weakness (i.e. was it always weak, or did something happen to make it so?);

- How and by whom does the weakness appear to have been exploited (final conclusions as to personal culpability will normally be for the disciplinary process to determine); and
- The remedy for the weakness and progress toward implementing this.

Reports dealing with system weakness should be made available to the responsible Executive Team member or Principal, with any issues with a potential financial impact brought to the attention of the CFO.

Central Finance will ensure that reports on all incidents (in summary for minor matters, more detailed for serious issues) are submitted to the Audit and Risk Committee.

For serious incidents, attempts to recover any losses will be considered at Executive Team or the Audit and Risk Committee, alongside any possible referral to the DfE. In less substantial cases, recovery can be considered by local management with advice from HR and Central Finance.

### **Guidance for Managers Dealing with Referrals for Suspected Irregularity, Misconduct or Fraud**

Managers should treat all staff concerns seriously and sensitively. The following procedures shall be followed:

- Managers should make a written record of all information, and obtain copies of notes produced by staff raising concerns;
- Before taking the matter further, the manager will need to determine whether any suspicions appear to be justified by considering the facts as they are presented, based upon information available. At this stage, it may be necessary to contact Central Finance/ Internal Audit to informally discuss the issues and seriousness of allegations;
- Prior to referral, managers should prepare a written note for the CFO outlining:
  - background details in the incident;
  - details of the job and areas of responsibility of the individual(s) implicated;
  - action taken to date; and
  - a description of the systems, controls and procedures that should be operating.

### **Recovery of Losses**

Where a fraud investigation is undertaken the Trust will view the recovery of any losses sustained as a major objective. The Chief Financial Officer will ensure that in all fraud investigations the amount of any loss will be quantified and repayment of any such losses will be sought in all cases.

Where it appears the loss may be substantial (i.e. £5,000 or more), legal advice will be obtained without delay about the need to freeze the suspect's assets through the courts, pending the conclusion of the investigation. Legal advice will also be taken about the prospects for recovering losses through the civil courts where necessary. The Trust would normally expect to recover costs in addition to the losses identified.

Where significant fraud has been reported to the DfE, the department may recover funds where there is evidence of fraud (Academy Trust Handbook section 6.21).

### **References for Employees Disciplined or Prosecuted for Fraud**

The Trust requires that any request for a reference for a member of staff who has been disciplined or prosecuted for fraud will be referred to the CEO. The CEO will prepare an answer to a request for a reference having regard to employment law.

**Appendix B1: Fraud or irregularity form**

<b>Fraud or Other Irregularity Referral Form</b>					
Notification of Disproved Fraud or Other Irregularity (Investigated by Local Management Team)					
<b>Name:(Of Initial Reporter)</b>			<b>Academy/ Location:</b>		
<b>Job Title:</b>			<b>Date Raised:</b>		
<b>Reviewer/ Investigator:</b>			<b>Date Reviewed:</b>		
<b>Description of Alleged Fraud or other Irregularity</b>	<b>Date of Investigation</b>	<b>Summary of Investigation</b>	<b>Fraud / Irregularity Value £ (if known)</b>	<b>Evidence Reviewed</b>	<b>Investigation Findings</b>

I certify that I have investigated the above fraud or other irregularity and confirm that after due consideration of the evidence, and to the best of my knowledge, I cannot dismiss this allegation and therefore I refer this matter to the Trust senior management for further detailed review.

Reviewer Signature:

Date:

Form to be sent to the CFO