

Anti-Fraud Policy and Procedure



Review Date

November 2023

Ratified

February 2024

Next Review Date

February 2026

Responsible Directorate

Operations

Our Trust

*These four critical questions make it clear who we are and what we do.
We ask ourselves these questions to guide our work and our improvement.*

Why do we exist?

To **transform life chances** by achieving the highest possible standards and preparing all our students to lead successful lives.

How do we behave?

- **Hard work**
We are determined to see things through to the end and are resilient when faced with challenges.
- **Integrity**
We do the right thing because it is the right thing to do.
- **Teamwork**
We work together to help everyone succeed.

What do we do?

- We educate, safeguard and champion all our learners.
- We set high standards for ourselves and our learners.
- We build the powerful knowledge and cultural capital which stimulate social mobility and lifelong learning.

How will we succeed?

1. Aligned autonomy
2. Keeping it simple
3. Talent development

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1 | Introduction

- 1.1 This policy sets out our Trust's wider commitment to reducing the occurrence of fraud and protecting services from loss. This includes ensuring the **proper use** of resources to achieve the corporate objectives. This policy also outlines the Trust's approach to dealing with fraud both **internally and externally** of the organisation. It defines the roles and responsibilities of all the staff that are tasked to combat the threat of fraud and how to report concerns of fraud.
- 1.2 This policy aims to systematically **prevent, detect and eradicate** fraud through building strong defences into our working practices, conducting high quality investigations when fraud is suspected and using all legal sanctions available, including criminal prosecution, when fraud is uncovered. This policy will apply to:
- Employees
 - Volunteers
 - Agency Staff
 - Contractors
 - Consultants
 - Suppliers
- 1.3 We require all the above persons, at all times, to act honestly and with integrity and to safeguard the interests of the employees and business. Fraud is an ever-present threat to our resources that may occur internally or externally, perpetrated individually or in collusion with others. We have a **zero tolerance** approach to fraud.

2 | Responsibilities

- 2.1 **Employees' Responsibilities**- all employees are responsible for:
- Acting with propriety in the use of the Trust's resources and in the handling and use of funds, whether they are involved with cash or payments systems, receipts or dealing with contractors, suppliers or staff
 - Reporting details **immediately** to the appropriate person if they suspect or believe that there is evidence of irregular or improper behaviour or that a fraud may have been committed
- 2.2 **Managers' Responsibilities**- the day-to-day responsibility for the prevention and detection of fraud rests with line managers who are required to:
- Identify the risks to which systems, operations and procedures are exposed
 - Develop and maintain effective controls to prevent and detect fraud
 - Ensure that controls are being complied with
 - Ensure that all allegations of fraud are communicated to the appropriate person within the National Fraud and Cyber Crime Reporting Centre

- 2.3 **Internal Assurance-** Internal Assurance is provided by the Head of Financial Control and Risk Management and is responsible for:
- Assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of control
 - Ensuring that managers have reviewed risk exposures and identifying the possibility of fraud as a business risk
 - Ensuring that all allegations of fraud are communicated to the appropriate person within our Trust
- 2.4 **Audit and Risk Committee:** The Audit and Risk Committee is responsible for receiving reports from investigating officers concerning investigations and recommendations.
- 2.5 **Executive Leadership Team (ELT):** ELT is responsible for ensuring that all criminal and civil laws are adhered to and complied with. ELT should also take lead responsibility for developing and embedding a strong anti-fraud culture within the organisation- this should not be limited to the CEO and Deputy CEO (Finance & Operations) but across all ELT colleagues.
- 2.6 **Third Parties including Contractors:** these are responsible for:
- Ensuring that they work to the standards set out for a third party
 - Reporting any concern of fraud immediately

3 | Definitions of Fraud

- 3.1 This policy is intended to be fully compliant with the *Fraud Act (2006)* and its definitions.
- 3.2 Actions to be taken by managers and staff when dealing with potential fraud issues can be found in What is Fraud – A guide for Managers and Employees ([Appendix 1](#)).
- 3.3 The *Fraud Act (2006)* came into effect in January 2007. The Act introduced a new general offence of Fraud which can be committed in three ways:
- **Fraud by false representation:** by dishonestly making a false representation intending by making the representation to make a gain for yourself or another, or to cause loss to another or expose another to risk of loss. A representation is false if it is untrue or misleading, and the person making it knows that it is, or might be, untrue or misleading. An example of this would be an employee submitting a false claim form for payment.
 - **Fraud by failing to disclose information:** by dishonestly failing to disclose to another person information which you are under legal duty to disclose and intends, by failing to disclose the information, to make a gain for themselves or another, or to cause loss to another or expose another to the risk of loss. An example of this would be an employee failing to disclose a criminal conviction that would affect their working practices.

- **Fraud by abuse of position:** by occupying a position in which you are expected to safeguard, or not to act against, the financial interests of another person, and dishonestly abusing that position, intending, by means of abuse of that position to make a gain for themselves or another, or to cause loss to another or to expose another to a risk of loss. An example of this would be an individual who has access to a procurement card for use on academy business and they used that card for their own personal use for personal gain.

3.4 Anti-Bribery: The *Bribery Act* (2010) came into force from July 1 2011. The Act contains four principal offences:

- Paying (or offering) a bribe
- Accepting a bribe
- Bribing of a public or foreign official
- Failing to prevent bribery

3.5 '*Failing to prevent bribery*' is a new corporate offence that provides a statutory defence for organisations who demonstrate the existence of adequate procedures to prevent bribery. Please refer to our *Anti-Bribery Policy* for further guidance.

4 | ATT Values

4.1 All our employees are expected to follow the Nolan Principles of public life, which are:

- **Selflessness:** Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.
- **Integrity:** Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in performance of their official duties.
- **Objectivity:** In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- **Accountability:** Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- **Openness:** Holders of public office should be as open as possible about all decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
- **Honesty:** Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
- **Leadership:** Should promote and support these principles by leadership and example

5 | Prevention

- 5.1 Our aim is to have sound financial systems and procedures which incorporate efficient and effective internal controls. For instance, segregation of duties is considered a fundamental control in financial systems. The Trust is responsible for maintaining effective internal controls which include the prevention of fraud and other illegal acts.

6 | Procurement

- 6.1 We recognise that the success and credibility of our *Anti-Fraud Policy* will depend largely on how effectively it is communicated throughout the organisation and beyond. Every opportunity will be taken to bring it to the attention of employees, and all others that come into contact with the Trust. To further develop an anti-fraud culture, we will:

- Develop and maintain effective controls to prevent fraud
- Ensure that if fraud occurs a vigorous and prompt investigation takes place without regard to position held or length of service
- Take appropriate disciplinary and legal action in all cases, where justified
- Review systems and procedures to prevent similar frauds
- Ensure staff receive fraud awareness training.

7 | Reporting Your Concerns

- 7.1 The Trust will rely primarily on employees to report any concerns that they may have with any potentially fraudulent issues they have observed whilst carrying out their work. We have in place a procedure for reporting suspicions of fraud, without fear, prejudice or harassment.

- 7.2 **Employee Fraud:** Any concerns regarding employees of the Trust should in the first instance be referred by staff to their own line manager. If their line manager may be implicated in the potential fraud then the matter should be referred to the Deputy Chief Executive Officer (Finance & Operations) who has the responsibility of ensuring that allegations of fraud are considered and disseminated to the appropriate person within the Trust for investigation.

- 7.3 **Contractor or Supplier Fraud:** Any concerns regarding contractors/suppliers of the Trust identified by an employee of the Trust should follow the same process as above. If a concern is identified by a contractor/supplier of the Trust, they should refer the matter to the Deputy Chief Executive Officer (Finance & Operations). All matters will be dealt with in confidence and prompt investigations will be carried out into all cases of actual or suspected fraud discovered or reported.
- 7.4 **Whistleblowing:** We also have a Whistleblowing policy which affords protection to employees who have a genuine concern and do not feel able to raise this concern through the channels identified above. However, if this procedure is used to raise malicious allegations then such an instance may be viewed as an act of gross misconduct and will be investigated in accordance with the Disciplinary Policy. All matters will be dealt with in confidence and in strict accordance with the terms of the Public Interest Disclosure Act 1998. Further advice and guidance can be obtained from the Protect hotline on **020 3117 2520** or via protect-advice.org.uk.
- 7.5 The Trust is obliged to report any fraud exceeding £5,000, or cases of low-level unusual or systemic fraud, to the Education and Skills Funding Agency (as per the Academy Trust Handbook (in line with Handbook clauses 6.11-6.17)). Communication with the Agency should be channelled through the Deputy Chief Executive Officer (Finance & Operations) or the Chief Executive Officer.

8 | How the Allegation is Handled

- 8.1 **All** allegations of fraud will be investigated.
- 8.2 Depending on the nature and anticipated extent of the information obtained, the appointed investigator will work closely with Human Resources and any internal or external parties. This is to ensure that **all allegations are thoroughly investigated** and all evidence supplied are properly investigated and reported upon, and where possible, losses are recovered for the organisation.
- 8.3 The Chief Executive Officer, in conjunction with the Deputy Chief Executive (Finance & Operations), will take a risk-based decision if it is appropriate whether to inform the police and when this should occur.

9 | Prevention of Further Loss

- 9.1 Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the Deputy Chief Executive (Finance & Operations), after seeking advice from the investigator, will decide how to prevent further loss. This may require the suspension of the suspect(s). In such a case, the advice of Human Resources will be sought. It may be necessary

to plan the timing of suspension to prevent the suspect(s) from destroying or removing evidence that may be needed to support disciplinary or criminal action.

- 9.2 In these circumstances, the suspect(s) may be approached unannounced. They will be supervised at all times before leaving our premises. They will be allowed to collect personal property under supervision, but will not be able to remove any property belonging to our Trust. Any security passes and keys to the premises, offices and furniture **must** be returned. For the avoidance of doubt, these actions will be a neutral act and no inference should be drawn from these steps.
- 9.3 Advice may be obtained on the best means of denying access while suspects remain suspended (for example, by withdrawing security passes and informing security staff not to admit the individual(s) to any part of the premises). Similarly, access permissions to our computer systems will be withdrawn **without delay**.
- 9.4 We will consider whether it is necessary to investigate systems, other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the Trust's assets.

10 | Recovery of Losses

- 10.1 Recovering losses is a major objective of any fraud investigation. Internal assurance shall ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of losses should be sought in all cases.
- 10.2 Where the loss is substantial, legal advice will be obtained without delay by the Deputy Chief Executive (Finance & Operations) about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice will also be obtained about the prospects for recovering losses through the civil court, where the perpetrator refuses repayment. We would normally expect to recover costs in addition to losses.

11 | Training and Communication

- 11.1 **Appointment of a Manager to Oversee the Investigation:** The Deputy Chief Executive (Finance & Operations) will nominate an Investigating Officer who could be from within the Trust or external to the organisation depending on whether the allegation is potentially criminal or disciplinary. The Chair of the Audit and Risk Committee will be notified of this.
- 11.2 **Beginning the Investigation:** The Investigator must seek to establish the facts and gather the evidence (regardless as to whether such points to guilt or innocence) quickly and reduce or

remove the threat of further frauds or losses by, for example, changing procedures or suspending payments.

11.3 Diary of Events: The Investigator should initiate a diary of events to record the progress of the investigation. The Investigator must also seek to secure evidence in a legally admissible form.

11.4 Informing the Police: If initial enquiries reveal potential criminality evidence should be gathered by the investigator to show the potential offence and a decision will then be made by the Chief Executive Officer in conjunction with the Deputy Chief Executive (Finance & Operations) about whether to refer the matter to the police. If the matter is referred to the police and they accept the case, agreement will be sought from the officer investigating the case as to what actions we can continue with from an internal investigation perspective.

11.5 Investigate Internally: Irrespective of whether a criminal act has taken place we may wish to proceed with an internal investigation to determine the facts and this may lead to a disciplinary process commencing. This will determine what if any action is needed, what can be done to recover a loss and what needs to be done to improve internal control to prevent the event happening again. Broadly, where no criminal act has taken place, the event could have three outcomes:

- Where it is decided there was gross misconduct, this could involve dishonesty but not with criminal intent
- There was negligence or an error of judgment that caused the event
- Finally, it may be determined there is no case to answer.

11.6 In each case the Investigating Officer should consider what can be done to recover any loss and whether anything should be done to improve control to prevent the event happening again.

12 | Gathering Evidence

12.1 Witnesses: If a witness to the event is prepared to give a written statement, it is best practice for an experienced member of staff to accompany the Investigator to a meeting with the witness, to take a chronological record using the witness' own words. The witness should sign the document as a true record.

12.2 Physical Evidence: Upon taking control of any physical evidence, it is important that a record is made of the date, time and place and by whom it was taken. If evidence consists of several items, for example many documents, each one should be tagged with a reference number corresponding to the written record.

12.3 Interviewing of Suspect(s): If the matter has not been referred to the police the Investigator should consult Human Resources. If the matter has been referred to the police the investigator must consult them before interviewing a suspect. In the interview any person under

investigation has the right to be accompanied by a work colleague (not implicated in the allegation) or trade union representative.

13 | Interview Procedure

- 13.1 **Review Events with the Police:** Whether or not the evidence gathered is thought sufficient for disciplinary action and/or prosecution, if there is evidence of fraud or another criminal offence, the police **may** be consulted at this stage if they are not already involved.
- 13.2 **Interview:** Specialist advice must be sought via Human Resources before any interviews are conducted. We may wish to bring external interviewers who are suitably qualified.
- 13.3 **Reporting the Loss:** Delegated limits for approving the writing off of losses are detailed in our Financial Scheme of Delegation. The write-off of any loss arising from a fraud is subject to the conditions contained in our Finance Policy.

14 | Points of Good Practice

- 14.1 Points of good practice for any investigation include:
- Having an established line of communication with the local police or economic crime unit
 - Identifying a manager responsible for the investigation - the manager should be, if possible, **independent** of the area under investigation
 - Defining the objectives of the investigation
 - Defining the scope and timing of the investigation and likely outputs
 - Seeking advice where necessary from such sources as the police, internal and external audit, and legal advisors
 - Agreeing on resources required for investigation
 - Defining responsibilities
 - Budgeting for and monitoring the resources used (costs and time)
 - Monitoring progress and inform as required
 - Considering lessons to be learned, e.g. how controls can be improved
 - Drawing up an **action plan** based on lessons learned
 - Keeping proper records including a diary of events

15 | Involving the Police

- 15.1 We will involve the police as directed by the Chief Executive Officer after consultations with the Investigating Officer. Properly organised investigations, conducted by individuals with an inside working knowledge, will be of great assistance to any subsequent police inquiry, and the police should be informed as soon as the issues involved are identified. The police will often be able to advise on how to draft a statement to the press.

16 | Investigation Resource Options

- 16.1 Following allocation by the Deputy Chief Executive (Finance & Operations), all investigations will be led by a suitably experienced individual who will either work for our Trust or is external to the organisation, depending on whether or not the matter is one of a criminal nature or if the matter is a disciplinary issue. Under no circumstances should managers carry out either a criminal or a disciplinary investigation, unless trained and specifically requested to do so. However, managers should cooperate with requests for assistance from the Investigator.
- 16.2 Some investigations may require the use of technical expertise which may not be possessed within the Trust. In these circumstances, the Deputy Chief Executive (Finance & Operations) may approve the appointment of external specialists to lead or contribute to the investigation.

17 | Interview Under Caution

- 17.1 An interview under caution should not be considered unless the police and/or external investigators have been informed. The Deputy Chief Executive (Finance & Operations) with the agreement of the Chief Executive Officer will seek external specialist advice as and when this is required.

Appendix 1 – What is Fraud? A Guide for Managers and Employees

Fraud Act 2006



Fraud by False Representation (section 2)

Example: A person lies about qualifications in order to gain employment.

Fraud by Failing to Disclose Information (section 3)

Example: A person fails to mention on a job application that they lost their previous jobs because of theft or fraud.

Fraud by Abuse of Position (section 4)

Example: A payroll manager creates ghost employees and transfers the pay into the bank accounts set up for that purpose.

Indicators of Fraudulent Behaviour

- Sudden change in lifestyle, extravagant spending
- Does not take holidays, refuses promotions
- Unusually stressed or agitated, with a backlog of work
- Increase in number of hours worked, first in, last out
- Controlling (particularly 'experts'), will not share knowledge
- Acts without approval
- Fails to delegate

Remember: It's important to recognise indicators of fraud, but they are **not** proof of guilt.

What to do if you suspect fraud:

Employees

- Make an immediate note of your concerns.
- Never approach the individual.
- Convey your suspicions to the appropriate authority.
- Report your concerns as soon as possible.
- Don't try to investigate the matter yourself.
- Copy documentation if able to do so.
- Don't be afraid to raise your concerns.

Managers

- Speak to the individual raising concerns in private, not an open office.
- Treat all allegations seriously, and respect the courage it will have taken to raise the issue.
- Never joke about the concerns.
- Report your concerns to the appropriate authority soon as possible.
- Don't try to investigate the matter yourself.
- Copy documentation if able to do so.