



# Anti-Fraud Policy

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Ratified by Governors

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## 1 Rationale

- 1.1 Priestlands School expects all staff and governors to act honestly and with integrity at all times and to safeguard the public resources for which they are responsible. The school will not accept any level of fraud or corruption; consequently, any case will be thoroughly investigated and dealt with appropriately. The school is committed to ensuring that opportunities for fraud and corruption are reduced to the lowest possible level of risk.

## 2 Definitions: What is Fraud?

- 2.1 No precise legal definition of fraud exists but many of the offences referred to as fraud are covered by the Theft Acts of 1968 and 1978. The term is used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. It applies to all areas of the School's business and activities.
- 2.2 Fraud usually describes depriving someone of something by deceit. It might be straight theft, misuse of funds or other resources. It can also describe more complicated crimes like false accounting and the supply of false information. In legal terms all of these activities are theft.
- 2.3 Some useful definitions:
  - **Theft:** Dishonestly appropriating the property of another with the intention of permanently depriving them of it (Theft Act 1968). 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 for another, or with intent to cause loss to another or furnishing information which is or may be misleading, false or deceptive (Theft Act 1968).
  - **Bribery and Corruption:** The offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions taken by the authority, its members or officers (Prevention of Corrupt Practices Act 1889 and 1916).
  - **Deception:** Obtaining property or pecuniary advantage by deception (Sections 15 and 16 of the Theft Act 1968) and obtaining services or evading liability by deception (Sections 1 and 2 of the Theft Act 1978).
  - **Collusion:** The term "collusion" in the context of reporting fraud to the Treasury is used to cover any case in which someone incites, instigates, aids and abets, or attempts to commit any of the crimes listed above.

## 3 Procedure for Reporting Fraud

- 3.1 Vigorous and prompt investigations will be carried out into all cases of actual or suspected fraud discovered or reported in accordance with the school's Reporting Procedure (Appendix 1).

## 4 Responsibilities - The Academies Financial Handbook (AFH)

- 4.1 The AFH is the Department for Education (DfE)'s financial guide for the governing bodies and managers of academies. Drawing on the overall financial requirements specified in school Funding Agreements, it provides detailed guidance on a wide range of financial management, funding and accounting issues.
- 4.2 The AFH sets out the overall governance framework for academies and describes the key systems and controls that should be in place. It describes the grants that the DfE makes available and specifies the financial reporting/budget management arrangements that must be followed by academies to ensure accountability over the substantial amount of public funds that they control.

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It also discusses in detail the requirements for preparing an annual trustees report and accounts in order to comply with Company Law, Accounting Standards and Charity Commission expectations.

### The Headteacher

4.3 As the Accounting Officer, the Headteacher is accountable for establishing and maintaining a sound system of internal control that supports the achievement of the school's policies, aims and objectives. The system of internal control is designed to respond to and manage the whole range of risks that the School faces. The system of internal control is based on an on-going process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively. Managing fraud risk will be seen in the context of the management of this wider range of risks.

### The School Business Manager

4.4 Overall responsibility for managing the risk of fraud has been delegated to the School Business Manager. The responsibilities of the School Business Manager therefore include:

- Developing a risk register as part of the risk management process and undertaking a regular review of the fraud risks associated with each of the categories in order to keep the risk register current
- Establishing and maintaining an effective Fraud Policy and Fraud Response and Investigation Plan, commensurate to the level of fraud risk identified in the risk management plan;
- Designing an effective control environment to prevent fraud commensurate with the risk management plan;
- Establishing appropriate mechanisms for:
  - reporting fraud risk issues;
  - reporting significant incidents of fraud to the Accounting Officer;
  - external reporting in compliance with Company Law, Accounting Standards and Charity Commission expectations;
- coordinating assurances about the effectiveness of Fraud policies to support the Statement of Internal Control;
- Liaising with the Board of Governors on issues of fraud prevention, detection, and management;
- Making sure that all staff are aware of the school's Fraud Policy and know what their responsibilities are in relation to combating fraud
- Ensuring that vigorous and prompt investigations are carried out if fraud occurs or is suspected;
- Making recommendations about legal and/or disciplinary action against perpetrators of fraud;
- Making recommendations about disciplinary action against middle leaders and senior managers where failures have contributed to the commission of fraud
- Making recommendations about disciplinary or legal action against staff who fail to report fraud
- Taking appropriate action to recover assets
- Ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future

### Budget Holders

4.5 All budget holders are responsible for:

- Ensuring that departmental staff comply with the school's system of internal control.
- Ensuring that staff within the department follow processes contained with the Finance Policy;
- Preventing and detecting fraud;

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- Assessing the types of risk involved in the operations for which they are responsible;
- Co-operating with the Responsible Officer and Business Manager to enable regular review and testing of the control systems ;
- Ensuring that controls are being complied with and their systems continue to operate effectively;
- Work with the Business Manager to ensure new controls are introduced to reduce the risk of similar fraud occurring where frauds have taken place.

#### Every member of staff

4.6 Every member of staff is responsible for acting with propriety in the use of official resources and the handling and use of public funds whether they are involved with cash or payments systems, receipts or dealing with suppliers or the school's decision-making bodies.

#### The Responsible Officer and the External Auditor

4.7 The Responsible Officer and the External Auditor are responsible for:

- Delivering an opinion to the Accounting Officer on the adequacy of arrangements for managing the risk of fraud and ensuring that the School promotes an Anti-Fraud culture;
- Assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of control commensurate with the extent of the potential exposure/risk in the various segments of the School's operations;
- Ensuring that the Senior Leadership Team has reviewed its risk exposures and identified the possibility of fraud as a business risk;
- Assisting the Senior Leadership Team in conducting fraud investigations;
- Reporting to the Board of Governors on the efficiency of controls for the prevention, detection and management of fraud.

#### The Board of Governors

4.8 The Board of Governors is responsible for ensuring that an adequate system of internal control exists and that controls operate effectively;

4.9 All Governors are responsible for:

- Abiding by the school's policies and regulations and the guidance on Codes of Practice for Board Members of Public Bodies.
- Being alert to the possibility that unusual events or transactions could be indicators of fraud;
- Reporting details immediately through the appropriate channel if they suspect that a fraud has been committed or see any suspicious acts or events; cooperating fully with whoever is conducting internal checks or reviews or fraud investigations.

## 5 Fraud Response and Investigation Plan

5.1 The school will have a Fraud Response and Investigation Plan that sets out how to report suspicions and how investigations will be conducted and concluded (see Appendix 2)

## APPENDIX 1 PROCEDURE FOR PROTECTED DISCLOSURES (“WHISTLEBLOWING”)

### 1 Introduction

- 1.1 This procedure is intended to operate in accordance with the provisions of the Public Interest Disclosure Act 1998 (as amended) (hereafter known as ‘the Act’). The Act gives protection to staff and workers who report colleagues they believe are doing something wrong or illegal, or who are neglecting their duties. The matters that come within scope of the Act and this procedure are set out in Step 2 of the procedure below.
- 1.2 The “Whistleblowing” procedure is intended to enable staff to report wrongdoing in the school where it would be in the public interest to do so. The wrongdoing has to be such as to potentially affect the general public, rather than simply being a complaint of an individual nature, such as a personal grievance\*, which is not normally covered under whistleblowing law. [\*An individual personal grievance will normally need to be dealt with via other internal school procedures.]
- 1.3 The “Whistleblowing” procedure provides for matters to be referred externally where necessary, ultimately to a ‘prescribed person’ (see Step 5.2 of the procedure below). However, the procedure encourages staff to raise their concerns initially within the school as a first priority, rather than to make a disclosure outside of the school. In the vast majority of cases this will enable matters to be dealt with much more efficiently and speedily.
- 1.4 The Act applies to all workers as well as staff and this procedure applies to all teaching and other staff, whether employed by the school, external contractors providing services on behalf of the school, teacher trainees and other trainees, volunteers and other individuals who work for or provide services on behalf of the school. These individuals are collectively referred to in this procedure as staff or staff members.

### 2 Principles

- 2.1 The Board of Governors of the school will treat all disclosures made under the procedure very seriously and allegations about such matters will be dealt with quickly and with appropriate confidentiality at all times.
- 2.2 The procedure gives protection from victimisation, discrimination or disadvantage to staff who make such a disclosure in the public interest. This protection applies in respect of such a detriment arising from an act, or a failure to act, either by the employer or by a fellow worker, whether the latter be with or without the employer’s knowledge. The procedure also ensures that the person making the disclosure receives an appropriate response to their disclosure and is made aware of how they may pursue the matter outside of the school if the response given is not satisfactory.
- 2.3 This “Whistleblowing” Procedure should not be confused with others, such as individual or collective grievance procedures that exist to enable staff to raise concerns about their own employment. It is designed to deal with issues that fall outside of the scope of those procedures and therefore excludes all matters that are more appropriately covered by them.

### 3 Time limits

- 3.1 There are no time limits on raising concerns under this procedure, but they should be raised at the earliest opportunity. Where time limits are included within this procedure, they exist to ensure that disclosures are dealt with as quickly as possible, and to ensure a prompt initial response from management. The investigation that takes place after a disclosure is made is not

time limited, but will be conducted as quickly as possible within the circumstances of the disclosure.

## 4 Unfounded Allegations

- 4.1. If an allegation is unfounded or unsubstantiated (i.e. there is no factual basis or evidence to support the allegation) but the staff member has made the allegation honestly and in the reasonable belief that it was in the public interest, no action will be taken against them.
- 4.2. If an allegation is deemed to have been made falsely, maliciously, frivolously or for personal gain, then the person making the allegation may face disciplinary action. Care should be taken in dealing with such allegations as some facts may not be wholly untrue. Some parts of an allegation may have been fabricated or exaggerated but elements may be based on truth.

## 5 Model Procedure

### Step 1 - Raising a concern

- 6.1. Concerns under this procedure should initially be raised with the Headteacher. If the staff member believes the Headteacher is involved in the malpractice, they may raise their concerns with a Deputy Headteacher or with the Chair of Governors. If the staff member believes it is not appropriate to raise the matter with the Headteacher, s/he may approach the Chair of Governors. (In the event that the matter cannot be raised within the school, the staff member may raise their concerns in accordance with Step 5). The relevant manager is encouraged to take advice from the school's personnel adviser and other advisers as appropriate.
- 6.2. Within ten working days of a concern being raised, the person receiving it will write to the staff member acknowledging receipt and indicating what initial steps will be taken to deal with it. Where possible an estimate will be given of the time it will take to provide a final response.
- 6.3. Concerns may be raised orally or, preferably, in writing. These disclosures should provide as much information as possible about the matter, including dates, individuals involved, other possible sources of information, etc. Staff must be able to demonstrate to the person hearing the disclosure that there are reasonable grounds for making the allegations.
- 6.4. Staff may wish to make anonymous disclosures although it may be important for the investigating manager to know the source of information to enable a full investigation. The manager would also need to take into account the nature and credibility of an allegation before deciding to proceed with an investigation. However, staff should be re-assured that all disclosures will be treated in confidence and every effort will be made to preserve anonymity. The Act provides protection against victimisation to anyone who makes a protected disclosure in good faith.

### Step 2 – Determine whether it is a Protected Disclosure

- 6.5. Qualifying disclosures are disclosures of information where the staff member reasonably believes (and it is in the public interest) that one or more of the following matters is either happening, has taken place, or is likely to happen in the future:
  - a criminal offence (e.g. fraud, corruption, sexual or physical abuse of pupils/students or others);
  - a failure by a person to comply with any legal obligation to which he/she is subject;
  - a miscarriage of justice;
  - a danger to the health or safety of any individual;
  - damage to the environment, or
  - a deliberate attempt to conceal any of the above matters.
- 6.6. Following disclosure of one of the above matters, the person receiving the disclosure must determine whether it is a 'qualifying disclosure' under the Act, by considering the following:

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- whether any factual information was actually disclosed, as opposed to opinion only, to the employer (or relevant person);
  - whether the individual making the disclosure believed that the information tended to show that one of the matters above has occurred, is occurring or is likely to occur; and
  - whether that belief was reasonable.
- 6.7. If the above criteria are met, the disclosure will qualify as a protected disclosure, and the remainder of this procedure will apply. If the criteria are not all met but the staff member's disclosure was made in good faith, investigations should still take place into the allegations and the staff member should not be discriminated against because they have raised such an allegation. If it is found that the disclosure was made for malicious purposes or for personal gain, the school should deal with this under the disciplinary procedure, where relevant.

### Step 3 - Investigation

- 6.8. A preliminary investigation will need to be undertaken to establish whether the alleged act or omission could actually have occurred, be occurring or be likely to occur in the future. The investigation is not, at this stage, to determine whether the alleged act or omission has actually occurred, but to determine the facts of the case (e.g. was the alleged individual actually where they were purported to be, what does the evidence show). More about investigations can be found in the Manual of Personnel Practice.
- 6.9. Allegations that have some foundation to them should be followed up with a full internal investigation, which may result in one or more of the following:
- no case to answer;
  - disciplinary action taken against the alleged individual;
  - referral to Social Services or the Police, or other relevant organisation.
- 6.10. If the allegations are unfounded (no evidence or proper basis that supports the allegation), or unsubstantiated (can neither be proven nor disproven), no action need be taken by the school, although it would be pertinent to determine why the staff member felt the need to raise the allegation in the first place, e.g. is there a training need within the school?
- 6.11. If it is found that the allegation was made for malicious purposes or for personal gain, the school should deal with this under the disciplinary procedure (guidance on disciplinary issues can be found in the Manual of Personnel Practice).

### Step 4 - Communication

- 6.12. Subject to legal constraints and the need to protect the rights of individuals, the staff member raising the concern will be informed of the outcome of any investigation at the earliest practicable opportunity. Such information will not include confidential details about formal action taken against another staff member.
- 6.13. For reasons of sensitivity and confidentiality, all communications with a staff member who takes action under this procedure will be sent to their home address, unless an alternative arrangement has been mutually agreed.

### Step 5 - Taking the matter further

- 6.14. In the event that an employee feels that their concerns have not been resolved through the above process, they may write to the Chair of Governors, if s/he has not already been involved, outlining their concern, the action taken to date and the reasons for their dissatisfaction.
- 6.15. Within 10 working days of a concern being raised, the Chair of Governors will write to the employee to acknowledge that the concern has been received and indicate what steps will be taken to deal with the matter, as well as providing an estimate of the time it will take to provide a final response. The Chair of Governors may decide to set up a small group of governors, where appropriate, to investigate the concerns. The Chair of Governors will then inform the employee of the outcome of this process on the same basis as required of the manager above.

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- 6.16. In the event that the matter cannot be satisfactorily resolved within the school, the employee may escalate their concerns further. Employees can raise their concerns, as appropriate, subject to the concern being a protected disclosure (see step 2), with any of the following:
- A local Member of Parliament
  - A relevant professional body or inspectorate (e.g. Ofsted or Health & Safety Executive)
  - A “prescribed person” as designated by the Act. A full list of “prescribed persons” can be found [www.direct.gov.uk/en/Employment/ResolvingWorkplaceDisputes/Whistleblowingintheworkplace/DG\\_175821](https://www.direct.gov.uk/en/Employment/ResolvingWorkplaceDisputes/Whistleblowingintheworkplace/DG_175821) -- under “Blowing the whistle to a prescribed person”.
- 6.17. Employees can only make a disclosure to a prescribed person if they:
- Make the disclosure in good faith
  - Reasonably believe the information is substantially true
  - Reasonably believe they are disclosing the issue to the appropriate person or body (e.g. Health and Safety issues to the HSE).
- 6.18. In taking their concern outside of the school, employees must ensure that, as far as possible, the matter is raised without personal information relating to other employees, or confidential information about unrelated matters, being disclosed. An employee who approaches an accredited legal advice centre, e.g. Public Concern at Work (0207 404 6609 or [www.pcaw.org.uk](http://www.pcaw.org.uk)) or Citizens Advice Bureau, must not breach the duty of confidence in this procedure to the Board of Governors.

## 6 Failure to follow this procedure

- 6.1. Any employee who unreasonably and without justification raises such issues on a wider basis, such as with the press, without following the steps and advice in this procedure may be liable to disciplinary action.

## APPENDIX 2 FRAUD RESPONSE AND INVESTIGATION PLAN

### 1 Introduction

- 1.1 The purpose of this plan is to define the responsibilities for action in the event of a suspected fraud. Its focus is to:
- establish responsibilities for investigating the incident and taking appropriate action
  - establish and secure evidence for disciplinary and/or criminal action
  - prevent further loss
  - recover losses
  - establish lines of communication with the police.

### 2 Procedure

#### Action of employees/governors/trustees

- 2.1. If someone becomes aware of a suspected fraud or irregularity, they should write down their concerns immediately, making a note of all relevant details, such as what was said on the telephone or during other conversations, the date, the time and the names of anyone involved. They should then report the matter immediately to the Headteacher or, in his absence, the Business Manager or a Deputy Headteacher. If the matter concerns the inappropriate behaviour by the Headteacher, the matter should be reported to the Chair of Governors. When reporting concerns, the “reporter” must be prepared to hand over any notes or evidence already gathered. Confidentiality is of paramount importance throughout the process.
- 2.2. Anyone may choose to report concerns anonymously and such anonymity will be respected. It should be noted that if the report suggested criminal activity and the case is referred to the police, the identity of the person reporting the details may be needed at a later date if criminal proceedings are to be pursued effectively. Identification is preferred and will assist the investigation.
- 2.3. “Reporters” must not:
- contact the suspected perpetrator in an effort to determine the facts and demand answers;
  - discuss the case facts, suspicions or allegations with anyone other than the person to whom they report the matter and any subsequently nominated investigators;
  - attempt personally to conduct an investigation.

#### Malicious allegations

- 2.4. If an allegation is made frivolously, in bad faith, maliciously or for personal gain, action may be taken against the person making the allegation, including disciplinary action if the person is a school employee.

#### Action by the school

- 2.5. The school has incorporated the role of an Audit Committee into the responsibilities of the Board of Governors. An extraordinary meeting would be convened in the event of suspected fraud.
- 2.6. Any member of staff who reports a suspected fraud should feel confident they will be listened to seriously and sensitively. They should be given a fair hearing and they should feel reassured that they will not suffer because they have voiced their suspicions.
- 2.7. If any of the core membership of the Board of Governors are personally implicated in the suspected fraud, it should still be reported to the Headteacher who will then liaise with the Chair of Governors or, if the Chair of Governors is implicated, the Finance Portfolio Holder. In such circumstances, the Chair of Governors (or Finance Portfolio Holder) will discuss with the

Headteacher, the procedure for examining the facts of the suspected fraud, any subsequent investigation and for deciding action.

- 2.8. The Headteacher will arrange for the Clerk to the Board of Governors to call a meeting of the Disciplinary Committee at the first available opportunity (i.e, at a time when Governors can meet to discuss the matter without compromising any investigation). Where members of the committee are not available, suitable alternatives can be appointed by the committee members.
- 2.9. The Headteacher and Chair of Governors (or Finance Portfolio Holder) will consider the report of suspected fraud and decide:
  - whether to report the matter to the police;
  - whether to suspend the individual(s) suspected pending further investigation (see 3. below).
- 2.10. Where further evidence is required before deciding whether to instigate an investigation, the Headteacher will commission the gathering of further evidence and reconsider the position in order to make a decision.

### Suspension Pending Investigation

- 2.11. The Headteacher will consider whether to suspend the individual(s) suspected pending further investigation. The prime consideration in this respect is to prevent further loss and/or the destruction or removal of evidence.
- 2.12. Should this step be necessary, the school will follow the agreed staff Disciplinary Procedures.
- 2.13. Suspension pending investigation of suspected fraud does not imply that it has been established that fraud has taken place and does not represent disciplinary action. Members of staff will remain on full pay during the period of suspension.

### Investigation of suspected fraud

- 2.14. The Headteacher will normally commission an internal investigation of the suspected fraud, but will have authority to appoint other experts to conduct the investigation where necessary.
- 2.15. The school, its employees and governors will make available to the investigator all such information and records as are necessary to pursue the investigation.
- 2.16. The matters investigated will be kept confidential in so far as this does not hinder or frustrate the investigation process.
- 2.17. The investigator will prepare a report setting out their findings from the investigation. The report will cover:
  - an opinion on whether a fraud has been committed and the reasons and summary evidence in support of the opinion;
  - where the opinion is that a fraud has been committed, description of the fraud, value of loss, people involved and the means by which the fraud was perpetrated;
  - measures already taken or to be taken to prevent recurrence;
  - any recommendations for action to strengthen future responses to fraud.
- 2.18. The Headteacher will consider the report and determine whether it demonstrates that a fraud has been committed and who may be responsible. In the light of their conclusions, the Headteacher will decide the action to be taken, as follows:
  - if it is determined on the basis of the evidence that no fraud has taken place, the Headteacher will agree action to ensure that all relevant parties are informed. If any individual(s) have been suspended pending investigation, the Headteacher will be responsible for advising on action relating to the lifting of the suspension in the case of staff.
  - if it is determined on the basis of the evidence that a fraud has taken place, the Headteacher will refer to the Disciplinary Procedure in the case of staff. The Headteacher will also agree any action necessary under the school's requirements for reporting to external bodies such

as the EFA and The Audit Commission. The Headteacher may report the matter to the police if this has not happened at an earlier stage and/or take civil action to recover losses.

- If the report recommends improvements to the school's control systems, the Business Manager will ensure that these are implemented at the earliest opportunity.

### 3 Recovery of losses

- 3.1 The Headteacher and Chair of Governors (or Finance Portfolio Holder) will assess the opportunity for recovering any losses, including taking legal action through the courts, where appropriate. The Headteacher will be responsible for ensuring that any legal action is pursued.