



Fraud Policy

This policy outlines Discovery Schools Academy Trust commitment to preventing fraud and the promotion of an anti-fraud culture.

Version number	3.0
Consultation groups	Office Managers & Headteachers
Approved by	Audit & Risk Committee (ARC)
Approval date	6 th December 2022
Adopted by	n/a
Adopted date	n/a
Implementation date	1 st September 2022
Policy/document owner	Finance Director
Status	Statutory
Frequency of review	Annual
Next review date	September 2023
Applicable to	This policy applies to all staff (including full time, part time, agency, temporary and casual), Advisory Board members, Trustees, external organisations and volunteers

Document History

Version	Version Date	Author	Summary of Changes
V2.0	20/09/2018	E Clarke	Updated with 21/22 Academies Handbook requirement. Monitoring linked to internal scrutiny process. Annual review (based on internal scrutiny recommendation). Review of definitions Links to related policies such as Infosec Policy (information security)
V3.0	17/08/2022	E Clarke	Updated Anti-Fraud check list Reflect FAR changing to ARC Review for compliance with 22/23 Academies Handbook

Contents

1. Purpose	1
2. Policy statement	1
3. Definitions	1
4. Roles & responsibilities	2
5. Reporting concerns	3
6. Related policies	3
7. Monitoring	3
8. Review	3
Appendix 1 – Seven principles of public life defined by the Nolan Committee 1995	4
Appendix 2 – Anti-fraud checklist	5
Appendix 3 – Fraud response plan.....	6

1. Purpose

Discovery Schools Academy Trust (Discovery) considers all instances of fraud and corruption to endanger the Trust's underlining values, diverting its limited resources from the provision of education. Fraud is a clear act of abuse of Trust resources, assets and services that undermines the reputation of the Trust and also threatens its sound financial standing.

The purpose of this policy is to set out the Trust's strategy for countering fraud and corruption. The policy:

- Defines fraud and corruption
- Outlines the roles and responsibility for preventing fraud within the Trust
- Details the process of reporting actual, attempted or suspected fraud

2. Policy statement

The Academies Handbook requirements:

- Discovery must be aware of the risk of fraud, theft and irregularity and address it by putting in place proportionate controls.
- Discovery must take appropriate action where fraud, theft or irregularity is suspected or identified.

Discovery is committed to the prevention of fraud and the promotion of an anti-fraud culture.

The Trust operates a zero-tolerance approach to fraud and requires all staff (including full time, part time, agency, temporary and casual), Governors, Advisory Board members, Trustees, Volunteers and external organisations to act in line with our Trust values at all times and to report all suspicions of fraud.

Discovery will investigate all instances of actual, attempted or suspected fraud which may lead to the termination of a particular contract, criminal prosecution and/or disciplinary proceedings. Discovery will also seek to recover any losses incurred.

3. Definitions

a. Fraud:

Fraud is deception carried out in order to gain an unfair advantage or to disadvantage another. It may involve the misuse of funds or other resources, or the supply of false information.

Fraud incorporates theft, embezzlement, false pretence, forgery, corrupt practices, fictitious and falsification of accounts and credit card fraud.

b. Corruption:

Corruption relates to offering, giving, soliciting or acceptance of an incentive or reward which may influence the actions taken by an individual.

Examples of what constitutes fraud and corruption are:

- Theft of cash
- Non-receipt of income
- Substitution of personal cheques for cash
- Fictitious and falsification of invoices
- Credit card fraud
- Travelling and subsistence claims that have not taken place or are inflated
- Manipulation of documentation to increase salaries i.e., false overtime claims
- Failure to observe, or breaches of Trust polices or other associated legislation
- Unauthorised borrowing of equipment
- Breaches of confidentiality of information
- Failure to declare business pecuniary interests or otherwise conflicting interest
- Concealing a generous gift or reward
- Unfairly influencing the award of a contract or employment of an individual
- Creation of false documents
- Deception
- Using position for personal reward.

The above list is not exhaustive. If in doubt clarification must be sought from the Finance Director.

4. Roles & Responsibilities

All Discovery staff have a responsibility to protect the assets and reputation of the Trust and are expected to be alert to the potential for fraud. All staff, local Advisory Board members and Trustees are therefore expected to recognise the importance of the seven principles of public life (appendix 1) defined by the Nolan Committee 1995 and conduct themselves according.

a. – Responsible Officer:

This role is intended to provide an independent oversight of the Trust’s financial affairs. The following assurance should be provided to the Trustees:

- The financial responsibilities of the Board are being properly discharged
- Resources are being managed in an efficient, economical and effective manner
- Sound systems of internal control are being maintained; and
- Financial considerations are fully taken into account in reaching decisions

b. – Finance Director:

The Finance Director has responsibility for ensuring that effective systems of internal controls are maintained and will safeguard the resources of DSAT. This includes:

- Development of financial procedures and systems
- Effective management of financial records
- Management of the Trust’s financial position
- Review Trust fraud prevention, detection and management in line with ESFA Anti-Fraud Checklist (appendix 2)

c. – Senior Employees:

The Trust will maintain robust control mechanisms to both prevent and detect fraud. Senior Employees have a responsibility for maintaining agreed, documented control systems and must be seen to be setting an example by complying fully with procedures and controls.

d. – **Staff:**

- Familiarising themselves with the types of fraud that might affect the Trust
- Ensuring they adhere to agreed policies and procedures
- Reporting allegations of actual, attempted or suspected fraud
- Assisting in the investigation of suspected fraud when requested to do so

5. Reporting Concerns

All actual or suspected incidents of fraud or corruption should be reported without delay.

Please refer to the Whistle Blowing Policy for further details on how to raise concerns confidentially.

The Fraud Response Plan (appendix 3) provides guidelines for senior staff and Trustees on the immediate actions to be taken in the event of fraud being discovered or suspected.

Discovery has an obligation to notify the ESFA of any instances of fraud, theft and/or irregularity exceeding £5,000 individually or £5,000 cumulatively in a financial year. Any unusual or systematic fraud (e.g., regular occurrences of low value theft), regardless of the value must also be reported.

6. Related policies

Please use this policy in conjunction with the Infosec Policy (information security), Whistle Blowing Policy, Gifts and Hospitality Policy, Value for Money Policy and the Conflicts of Interest Policy.

7. Monitoring

Both internal scrutiny (quality assurance) and annual external audit processes will sample and spot check systems and practice to identify the risk and possibility of fraud. Outcomes will be reported to schools, the Trust Board and ultimately the ESFA. Any resultant actions will be followed up by the Finance Director.

8. Review

This policy will be reviewed and updated annually by the Finance Director in line with the ESFA Academies Handbook and ESFA published fraud investigation reports. The policy (even where no changes are recommended) will be presented annually to the Audit & Risk Committee for approval.

-

Appendix 1 – Seven principles of public life defined by the Nolan Committee 1995

1. *Selflessness:*

Holders of public office should act solely in terms of the public interest.

2. *Integrity:*

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. *Objectivity:*

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. *Accountability:*

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. *Openness:*

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. *Honesty:*

Holders of public office should be truthful.

7. *Leadership:*

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Appendix 2 – Anti-fraud checklist

The ESFA have published an anti-fraud checklist for Academy Trust's. Fraud occurs in every sector and although the level of identified fraud in academies is very low, Trusts must be aware of the potential for it to occur.

The ten questions included in the checklist are intended to help Senior Trust staff and Trustees to review their arrangements for preventing, detecting and dealing with fraud should it occur.

Ten questions that we must be aware of are:

1. Are the Trustees and Trust senior staff aware of the risk of fraud and their responsibilities regarding fraud?
2. Is fraud included within the remit of the Trust's audit committee?
3. Has the role of the Trust's external auditor and responsible officer (or equivalent) regarding fraud been established and is it understood?
4. Is fraud risk considered within the Trust's risk management process?
5. Does the Trust have a fraud strategy or policy and a 'zero tolerance' culture to fraud?
6. Is the fraud strategy or policy and 'zero tolerance' culture promoted within the Trust? For example, through financial regulations, disciplinary procedures, checks on new staff, induction process, staff training, vetting of contractors?
7. Does the Trust have policies on whistleblowing, declarations of interest and receipt of gifts and hospitality?
8. Does the Trust have appropriate segregation of duties around financial transactions, including, but not limited to, accounting, processing and banking arrangements?
9. Is it clear to whom suspicions of fraud in the Trust should be reported?
10. If there has been any fraud in the Trust, has a 'lessons learned' exercise been undertaken?

The risk of fraud is considered by the Trust on an ongoing basis through the Trust Audit and Risk Committee, the scope of the internal and external audit, the annually updated Financial Regulations Manual, quality assurance and the annually updated Scheme of Delegation

Appendix 3 – Fraud Response Plan

Securing Evidence:

Keep all information confidential and secure at all times

Ensure that any concerns are fully recorded. Whenever possible keep written notes that cover:

- Names, addresses and dates of birth
- Descriptions of individuals
- Dates and times of key events
- Vehicle registration numbers and descriptions
- Details of conversations had or overheard
- Details of any actions that were observed
- Telephone numbers
- Company and/or business details

Secure any physical evidence such as original invoices, receipts, letters, cheques and application forms. Try to minimise how many people and often evidence is handled.

If any evidence is on a computer, immediately unplug the computer from its power source. Do not attempt to shut down through its operating system as this can alter or destroy key files and documents.

Whilst initially securing the evidence it is important to conduct no further investigations at this point or accuse individuals directly without seeking professional advice.

If an investigation is undertaken without following the appropriate policies, procedures and legislation, or if individuals are accused without sufficient evidence, it may impact on the outcome of investigation.

Preventing Further Losses:

It is important to minimise any additional losses. For example, if the allegations relate to the theft or loss of banking passwords or PIN's, notify the bank immediately.

Equally if the loss relates to a weak process for example cash is routinely kept unsecure in a drawer, ensure the process is changed, at least temporarily, until a more thorough review of the process is complete and implemented.

Seeking Advice:

When an allegation of fraud is identified it is important to seek professional advice as soon as possible. Advice can be sought from Discovery's Finance Director, Legal Services, Auditors and the police. General advice about fraud is available from Action Fraud:

<https://actionfraud.police.uk/>

Support for Witnesses:

Individuals may feel vulnerable having brought an allegation of fraud to the Trust's attention. Reassure individuals that they have acted appropriately by raising their concerns. Members of staff should be provided with the Whistleblowing Policy.