



ANTI FRAUD AND BRIBERY POLICY

Approved By: Trust Board
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1. POLICY PURPOSE

The purpose of this policy is to establish clear guidelines for preventing, detecting, and responding to fraud and bribery within the Trust, ensuring that all actions are in line with the Trust's values of transparency, integrity, and public accountability. The policy is intended to safeguard the Trust's resources and reputation by ensuring that all financial and business activities are conducted with honesty and are free from any improper influence or corrupt practices.

The policy aims to ensure that the Trust can demonstrate that no undue influence has been applied or perceived to have been applied in any dealings with third parties. It is critical that all business relationships are conducted transparently and with integrity to maintain public trust and comply with legal obligations.

2. LEGISLATION AND GUIDANCE

This policy is developed in accordance with the Bribery Act 2010, which sets out the legal framework for addressing bribery and corrupt practices, ensuring that all trustees, staff, and stakeholders act with integrity in their dealings. It also complies with the Fraud Act 2006, which provides the basis for identifying and addressing fraudulent activities within the Trust.

The policy aligns with the requirements of the Academy Trust Handbook, issued by the Education and Skills Funding Agency (ESFA), which sets out the standards for financial management and governance. It also reflects best practice from the Charity Commission and the National Audit Office on fraud prevention and ethical conduct in financial transactions.

It should be read in conjunction with the following other Trust policies:

- Gifts and Hospitality Policy
- Procurement and Purchasing Policy
- Whistleblowing Policy
- Disciplinary Policy

3. PRINCIPLES AND STANDARDS OF CONDUCT

The following principles underpin this policy:

- **Honesty and Integrity:** All trustees, staff, and governors are expected to maintain the highest standards of honesty and integrity in all Trust activities. They must avoid any actions that might result in personal gain or create a conflict of interest with the Trust.
- **Professional Conduct:** Trustees, staff, and governors must act in the best interests of the Trust and its beneficiaries at all times. Any form of bribery, fraud, or corrupt activity is strictly prohibited.
- **Transparency and Accountability:** All decisions and actions related to financial matters must be transparent and accountable. Any concerns about fraudulent or unethical conduct must be reported immediately, following the Trust's whistleblowing procedures.
- **Prohibition of Fraud and Bribery:** Any attempt to defraud the Trust or engage in bribery will result in disciplinary action and may be subject to legal proceedings. All members of the Trust must refrain from any activity that could be perceived as dishonest or improper.
- **Prevention of Financial Misconduct:** Staff, trustees, and governors must ensure that Trust funds are used only for legitimate purposes. Misuse of Trust resources, including public funds,

for personal benefit is prohibited.

- **Conflict of Interest:** All individuals involved with the Trust must declare any potential conflicts of interest, particularly where personal interests could influence or appear to influence their decision-making. Any conflicts must be managed to preserve the integrity of the Trust.
- **Reporting and Whistleblowing:** Any suspected fraudulent or bribery activity must be reported promptly through the Trust's whistleblowing procedures. The Trust will protect those who report such activities from retaliation.
- **Commitment to Excellence:** Trustees, staff, and governors are expected to continually strive for excellence in financial governance, ensuring the Trust remains compliant with relevant legislation and best practice.

4. ROLES AND RESPONSIBILITIES

Trust Board: The Trust Board is responsible for approving and overseeing the policy, ensuring it aligns with the Trust's ethical standards and legal obligations. The Board reviews the policy annually and ensures its consistent application across the Trust.

Finance Committee: The Finance Committee reviews the policy annually and recommends it to the Trust Board. The committee monitors compliance and reviews any significant issues related to gifts and hospitality.

Chief Executive Officer (CEO): The CEO is accountable for the effective implementation of the policy across the Trust, ensuring that all staff are aware of their responsibilities in relation to fraud and bribery prevention.

Chief Financial Officer (CFO): The CFO manages the Trust's financial controls and oversees the reporting and investigation of any suspected fraud or bribery cases. The CFO ensures that all suspected incidents are recorded and reported to the appropriate authorities.

Headteachers: Headteachers ensure compliance with the policy within their schools. They are responsible for reporting any significant issues or suspicions of impropriety to the CFO and should ensure staff are aware of their obligations under the policy.

All Staff: All staff are responsible for adhering to the policy and maintaining high standards of conduct in line with the Trust's values. Staff must report any suspicions of fraud, bribery, or impropriety to their line manager, Headteacher, or CFO, and should pro-actively avoid any activity that could create or suggest a conflict of interest.

5. DEFINITIONS

Fraud

Fraud involves the intentional use of deception or dishonesty to cause financial loss, disadvantage, or risk of loss to another individual or organisation. According to the Fraud Act 2006, fraud can be committed in three ways:

- **False representation:** Providing false or misleading information.
- **Failure to disclose information:** Intentionally withholding information where there is a legal duty to disclose it.
- **Abuse of position:** Exploiting a position of trust to the detriment of another party.
- In all cases, the perpetrator's actions must be dishonest, with the intent to cause a loss or risk

of loss to another, or to make a gain. It is important to note that no actual loss or gain needs to occur for the offence to be committed.

The Fraud Act 2006 also introduced additional offences, such as:

- Possession, making, or supplying articles for use in frauds.
- Dishonestly obtaining services with the intent to avoid payment.

Theft

Theft is defined as the dishonest appropriation of property belonging to someone else, with the intention of permanently depriving the rightful owner of it. This offence is covered under the Theft Act 1968.

Bribery

The Bribery Act 2010 sets out four key bribery offences:

- Bribing another person: Offering, promising, or giving a financial or other advantage to someone to perform a function or activity improperly.
- Being bribed: Receiving or accepting a financial or other advantage to perform a function or activity improperly.
- Bribing a foreign public official: Offering, promising, or giving a financial or other advantage to a foreign public official (directly or through a third party) to influence their actions.
- Corporate failure to prevent bribery: A commercial organisation may be liable if an individual associated with the organisation, such as an employee, agent, or subcontractor, commits bribery with the intent to secure or retain business for the organisation.

Corruption

Corruption occurs when an inducement or reward is offered, given, solicited, or accepted to influence the actions of a person in a position of trust. Both parties involved in the corrupt transaction are equally guilty of the offence.

Other Irregularities

Other financial irregularities that could affect the Trust include:

- Failure to comply with the Trust's Financial Regulations, policies, or procedures.
- Breach of the Trust's Funding Agreement with the Education and Skills Funding Agency (ESFA).
- Non-compliance with the Academy Trust Handbook (formerly the Academies Financial Handbook).
- Misuse of grant funding for purposes other than those for which it was awarded.

6. DETERRANCE

Prosecution serves as a powerful deterrent due to the serious consequences, including the potential for a custodial sentence and a permanent criminal record. However, this deterrent is only effective when there is a genuine and consistent threat of legal action.

Therefore, it is the Trust's unequivocal policy that all instances of suspected or confirmed fraud will be promptly reported to the Police or relevant investigative authorities, regardless of the individual's position or status within the organisation. No individual, irrespective of their role, will be exempt from this process.

In addition to reporting fraud to law enforcement, the Trust will initiate disciplinary proceedings in

accordance with its internal policies. Furthermore, the Trust reserves the right to pursue civil legal action to recover any financial losses incurred, ensuring that those responsible for fraudulent activity are held fully accountable both criminally and financially.

7. PREVENTION

Risks

Common types of internal fraud in educational settings often involve cash handling, cheque processing, and misuse of the purchase ledger. The increasing use of technology also presents significant risks, particularly in IT systems and publicly reported information. The largest fraud cases in schools typically involve ongoing misappropriations over a period of years. The Trust follows a comprehensive Risk Management process, where fraud risk identification is a core element. In evaluating fraud risks, the Trust refers to ESFA guidance, such as the Anti-Fraud Checklist for Academy Trusts and Fraud Indicators, as well as external documents like the CIMA Fraud Risk Management Guide.

Procedures to Address Risks

Fraud risks can be minimised through strong management controls, particularly through the Trust's Financial Regulations. To ensure effective risk management, the Trust will:

- Implement segregation of duties and oversight in financial operations.
- Define clear roles and responsibilities, with set authority levels for approving transactions.
- Use system safeguards, like electronic access controls, to prevent misuse of technology.
- The Trust's Finance Policy outlines detailed requirements related to these areas.

Leadership

Leadership plays a key role in setting the standards of behaviour within the Trust. Senior leaders, the Trust Board, and its committees must consistently demonstrate integrity, impartiality, and adherence to public service values of accountability and transparency. Their actions should set a positive example for the entire organisation.

Training

To prevent fraud and ensure compliance with financial regulations, all staff involved in financial processes will receive regular training on fraud awareness, risk identification, and reporting procedures. This training will cover relevant policies, such as the Trust's Financial Regulations, and provide guidance on common fraud risks, such as cash handling, misuse of purchase ledgers, and IT security. Training sessions will also address the importance of segregation of duties, oversight, and proper documentation in financial operations.

Employee Screening

Thorough screening of new employees is essential, especially for roles involving financial responsibilities. The Trust's recruitment procedures include:

- Identity and right to work checks.
- Verifying references for a continuous period, explaining any gaps, and ensuring the references are credible.
- Official employer references and resolving any concerns before finalising an appointment.
- Essential qualifications and DBS checks.
- Recruitment panel members must declare any relationships or connections with candidates to avoid conflicts of interest.

Independent Review

There are three main forms on independent review undertaken by the Trust:

- Internal Scrutiny Service: the Trust's Internal Scrutiny Service provides independent assurance on the processes and controls in place to prevent or detect fraud and manage risk. If needed, internal scrutiny experts can lead or advise on investigations into suspected fraud or misconduct. Proper skills and knowledge are required for fraud investigations to avoid compromising any legal cases.
- External Audit: External Auditors offer independent oversight of the Trust's financial controls and activities as part of their annual audit of financial statements.
- Education and Skills Funding Agency (ESFA): The ESFA conducts periodic funding audits and financial reviews. They also investigate suspected fraud or irregularities and publish reports on their findings.

8. DETECTION

Internal Management Systems

Effective management systems are essential for detecting fraud early. Every transaction should be systematically reviewed to reduce the risk of processing irregularities. Built-in checks and balances, such as segregation of duties, reconciliation procedures, and regular reviews of management accounts, must be consistently applied to detect suspicious activity.

Internal and External Audit Reviews

The work of internal and external auditors plays a crucial role in detecting potential fraud or irregularities. Audits may also highlight areas where controls can be improved to help prevent future issues.

Reporting Suspected Fraud and Irregularity

Any individual who suspects fraud or irregularity is expected to report it promptly using one of the following methods:

- Reporting the suspicion to a senior leader.
- Using the Trust's Whistleblowing Procedure.

All reports will be handled in confidence and thoroughly investigated.

Potentially Suspicious Behaviour

Individuals involved in financial misconduct may exhibit suspicious behaviour, such as avoiding holidays, frequently working alone or outside regular hours, resisting delegation, or reacting negatively to inquiries about their work. Staff should report any concerns they have, even if they are uncertain, as long as their suspicion is supported by at least one reliable piece of evidence and is reported in good faith.

9. INVESTIGATION AND RESPONSE

Investigation of Suspected Fraud and Irregularity

To protect the Trust and those involved, initial confidential inquiries will be made to determine whether a full investigation is necessary and how it should proceed. For suspected fraud or financial crime, a strategy meeting should be held early on, typically involving the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief People Officer (CPO). Where accusations relate to one of these members of staff, any meeting should also include the Chair of Trust Board and exclude that member of staff.

Each case will differ, and actions will depend on the nature and seriousness of the allegations. Possible actions include:

- Internal investigation by a senior member of staff
- Referral to the police or other authorities
- Referral to professional bodies or external auditors
- Notification to the ESFA Investigations Team

If the Trust conducts an internal investigation, an Investigating Officer will be appointed under the process set out in the Staff Disciplinary Process. This person must have the appropriate expertise to gather facts and evidence. Throughout the investigation, the Investigating Officer will work to quantify any financial loss and prevent further damage.

In serious cases, the person under suspicion may be suspended (with or without pay), in line with Trust disciplinary procedures, to protect the investigation. The individual's access to Trust systems will be immediately revoked, and they will not be allowed to remove any Trust property or data.

If the case involves fraud or financial crime, the CEO and CFO (or Chair of Trust Board) will maintain contact with the police or other agencies as needed, and decisions will be reported to the Trust Board.

Sanctions

Depending on the outcome of the investigation, the Trust may apply sanctions such as:

- Disciplinary action, including potential referral to a professional body
- Civil proceedings to recover losses
- Criminal proceedings, if appropriate

Redress (Recovery of Losses)

The Investigating Officer should determine the extent of any financial loss. The CFO and CEO (or Chair of Trust Board) will then consider the appropriate method of recovery. If the loss is significant, legal advice will be sought to trace or freeze assets, and to recover losses through legal or civil actions.

If the individual offers to repay the misappropriated funds, the offer will be recorded. No offers of repayment will be solicited during the investigation, and legal advice will be sought before accepting any restitution offer.

In some cases, the Trust may claim against its insurance policy for losses.

Notifying the ESFA and External Auditor

Per the Academy Trust Handbook, the Trust must notify the ESFA of any fraud, theft, or irregularity exceeding £5,000, or of systematic fraud, regardless of value. The ESFA may conduct its own investigation.

At the appropriate time, the CFO or CEO will notify the ESFA, external auditors, and the Trust Board, as required.