

Fraud Policy



Believe, Succeed, Together

Author's Name:	Mrs Y. Willis
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Signature of Principal	
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1 Introduction

For the purposes of this policy, fraud is defined as dishonest, irregular or illegal acts, characterised by a deliberate intent at concealment or false representation, resulting in the diversion of resources, whether or not for personal gain, for the benefit of an individual or group of individuals at a consequent loss to the Academy.

The objective of this policy is to safeguard the proper use of the Academy's finances and resources. The Academy derives much of its income from public funds and so has a particular responsibility to ensure that income and resources are used solely for the purposes intended.

Fraud is a serious matter and the Academy is committed to investigating all cases of suspected fraud. Any member of staff, regardless of their position or seniority, against whom prima facie evidence of fraud is found, will be subject to disciplinary procedures that may result in dismissal. The Academy will normally involve the police and may seek redress via civil proceedings.

2 Prevention

2.1 Leadership

Directors and senior managers should ensure that their behaviour is demonstrably selfless and open, and should champion the Academy's policies on conflicts of interest, hospitality and gifts.

2.2 Management Procedures

Fraud can be minimised through carefully designed and consistently operated management procedures, which deny opportunities for fraud. Staff must comply with the Academy's policies on segregation of duties, data security, conflict of interest and the Academy's financial regulations.

2.3 Cash

Management of cash should include the following:

- Segregation of duties – a segregation of duties should help to prevent fraud;
- Reconciliation procedures – reconciliations should be reviewed by someone other than the person carrying out the reconciliation;
- Receipts should be issued in return for cash received, to provide an audit trail;
- Physical security, such as safe keys should be kept secure;
- Frequent banking.

2.4 Cheques

Cheques are often completed in ways which facilitate opportunist fraud. Cheques are sometimes intercepted by organised criminals who falsify payee and value details using sophisticated techniques. Debtors may also be told to make cheques payable to a private account, possibly using an account name which is similar to that of the Academy.

The following preventative measures should be taken:

- Physical security - unused, completed and cancelled cheques should never be left unsecured. If cheques are destroyed a record of the serial numbers should be maintained;

- Frequent bank reconciliations - some frauds have gone undetected for long periods because accounts have not been reconciled promptly, or because discrepancies have not been fully investigated;
- Segregation of duties;
- Clear instructions to debtors about correct payee details and the address to which cheques should be sent. The address should normally be the accounts department, not the department which has provided the goods or services;
- Recording of all cash and cheques received;
- Use of electronic funds transfer (EFT) as an alternative to cheques.

2.6 Purchasing

Many of the largest frauds suffered by education institutions have targeted the purchase ledger. Preventative measures should be taken as follows:

- Segregation of duties;
- Secure management of the creditors' data;
- Requiring purchase orders for the procurement of all services, as well as goods;
- Matching the invoice amounts to the purchase order commitment.

Only reputable companies should be added to the list of authorised suppliers.

3 Fraud Response Procedure

3.1 Initiating Action

Any stakeholder may suspect fraud or irregularity in the Academy. If so, they should report it as soon as possible to the Principal who should then ensure that it is made known without delay to the Chair of Governors, Chair of the Finance and General Purposes Committee and Finance Officer. If the Principal is suspected of fraud or irregularity the stakeholder should report it to the Chair of Governors.

The Principal should, as soon as possible chair a meeting of relevant people to decide on the initial response.

Anyone suspecting fraud may use the Academy's Whistle Blowing Policy, which provides protection against reprisal for any such disclosure.

3.2 Responsibility for Investigation

The Principal, in consultation with the Chair of Governors, will decide on the action to be taken. This will normally be an investigation led by the external auditor.

3.3 Prevention of Further Loss

Where initial investigation provides reasonable grounds for suspecting a member or members of staff or others of fraud, the Principal will decide how to prevent further loss. This may require the suspension of the suspect or suspects, under the appropriate disciplinary procedure. It may be necessary to plan the timing of suspension to prevent suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.

In these circumstances, the suspect or suspects should be approached unannounced and be supervised at all times before leaving the Academy's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the Academy. Any security passes and keys to premises, offices and furniture should be returned. The Business Manager must ensure that the suspect's access to the Academy is suspended, for example by changing locks, deactivating swipe cards and informing relevant staff not to admit the individuals to any part of the premises. Similarly, the Head of IT should be instructed to withdraw without delay access permissions to the Academy's computer systems.

3.4 Establishing and Securing Evidence

The Academy will follow disciplinary procedures against any member of staff or student who has committed fraud and will normally pursue the prosecution of any such individual through the criminal courts. The Principal will:

- Ensure that evidence requirements are met during any fraud investigation.
- Establish and maintain contact with the police.
- Ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

3.5 Reporting Lines

The Principal will provide regular, confidential reports to the Governing Body, which will include:

- Quantification of losses.
- Progress with recovery action.
- Progress with disciplinary action.
- Progress with criminal action.
- Estimate of resources required to conclude the investigation.
- Actions taken to prevent and detect similar incidents.

3.6 Notifying the Secretary of State

The EFA Financial Handbook includes a requirement that academies must notify the Secretary of State of any attempted, suspected or actual fraud or irregularity where the sums involved are, or potentially are, in excess of the amount set out in the funding letter.

3.7 Recovery of Losses

The Principal, in conjunction with the Finance Officer and auditor, will endeavour to ensure that the amount of any loss is quantified. Repayment of losses will be sought in all cases. Where the loss is substantial, legal advice should be obtained about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice may be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. The Academy will normally expect to recover costs in addition to losses.

3.8 Final Report

On completion of the investigations, a written report, normally prepared by the Principal, shall be submitted to the Governing Body containing:

- a description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud;
- the measures taken to prevent a recurrence;
- any action needed to strengthen future responses to fraud, with a follow-up report on whether the actions have been taken.

The final outcome will be reported to the complainant.

3.9 Review of Fraud Response Plan

This policy will be reviewed annually by the Governing Body.