

## ANTI-FRAUD POLICY

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 Approved: 21 March 2017  
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 Co-ordinator: Andy Fisher

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### Rationale

The term “fraud” is often used to describe complex financial offences such as false accounting. However, in its simplest form, fraud is lying. Some people will lie or withhold information or generally abuse their position to try to trick someone else into believing something that is not true. Examples might include:

- sending fake invoices for goods and services that were not ordered or received;
- use of the school’s purchase card to make personal purchases;
- intercepting a school cheque and amending the name of the payee and/or the amount;
- submitting false claims for sickness or expenses.

Individuals caught committing fraud can be prosecuted under the Fraud Act 2006 if they make a false representation, fail to disclose information or abuse their position.

The school aims to be an honest and ethical institution. As such, it is opposed to fraud and seeks to eliminate fraud by the way it conducts school business. This document sets out the school’s policy and procedures for dealing with the risk of significant fraud or corruption. In order to minimise the risk and impact of fraud, the school’s objectives are:

- to create systems that prevent and deter fraudulent activity, encourage its prevention and promote its detection and reporting;
  - to identify and document its response to cases of fraud and corrupt practice.
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### Purpose

The Fraud Response Plan sets out the school’s policies and procedures for ensuring that all allegations and reports of fraud or dishonesty are properly followed up, are considered in a consistent and fair manner and that prompt and effective action is taken to:

- minimise the risk of any subsequent losses;
- reduce any adverse operational effects;
- improve the likelihood and scale of recoveries;
- demonstrate that the school retains control of its affairs in a crisis; and
- make a clear statement to employees and others that it is not a soft target for attempted fraud.

The Plan includes a statement of general policy and specific steps to be taken to reduce the following risks:

- inadequate communication so that action is late or inappropriate;
  - lack of leadership and control so that investigators are not properly directed and waste time and effort;
  - failure to react fast enough so that further losses are incurred or the evidence required for successful recovery or prosecution is lost;
  - adverse publicity which could affect confidence in the school; and
  - creation of an environment which, because it is perceived as being ill-prepared, increases the risk of fraud.
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<sup>1</sup> Wording revised to reflect the appointment of an Internal Auditor

## Implementation (Roles and Responsibilities)

In order to achieve the school's objectives, the school has taken the following steps:

- 1 the publication of a formal Code of Conduct statement of expectations on standards of personal conduct, propriety and accountability;
- 2 the establishment of adequate and effective systems of internal financial and management control (and a clear requirement to comply with them) monitored at meetings of the Governors' Resources Team and the appointment of an Internal Auditor with an ongoing responsibility to review and report on these systems;
- 3 the development and publication of a formal statement of the procedures to be followed by employees who have a suspicion of, or concern about, possible or actual malpractice within the school and a fraud response plan which sets out the school's policies and procedures to be invoked following the reporting of possible fraud or the discovery of actual fraud (a Whistleblowing Policy).

### Personal conduct

The school aims to promote an organisational culture that encourages the prevention of fraud by raising awareness of the need for high standards of personal conduct. To help ensure that all employees are fully aware of the school's expectations regarding standards of personal conduct, appropriate guidance is provided by the following key statements:

- these regulations are binding on all governors, members of staff, students and constituent parts of the school and refusal to observe them will be grounds for disciplinary action;
- in disbursing and accounting for all funds, the school must demonstrate that it is adopting high standards of financial probity and implicit within this regime is the requirement that governors and employees of the school must, at all times, conduct financial affairs in an ethical manner;
- all members of staff and members of school committees are responsible for disclosing any personal, financial or beneficial interest in any transaction with respect to the school or related companies;
- any person who is responsible for placing an order with a supplier (whether a contractor or not) with whom he has a personal interest must disclose this interest to the School Business Manager;
- governors or employees of the school shall never use their office or employment for personal gain and must at all times act in good faith with regard to the school's interests;
- budget holders are expected to adhere to the financial regulations at all times and to use their best efforts to prevent misuse or misappropriation of funds and other school property.

Taken together, these statements represent a framework within which governors and employees are expected to conduct themselves.

### Systems of internal control

The next line of defence against fraud is the establishment of operational systems that incorporate adequate and effective internal controls designed to minimise the incidence of fraud, limit its impact and ensure its prompt detection. These include high level management controls, such as budgetary control (designed to identify fraud that results in shortfalls in income or overspends against expenditure), and organisational controls, such as segregation of duties, internal checks and staff supervision. Recruitment and selection procedures are also a key part of setting the culture and deterring fraud. This includes seeking to reduce the risk of employing dishonest staff by checking information supplied by employees, references obtained during the course of the recruitment process and Disclosure Barring Service (DBS) checks.

The general framework of responsibilities for financial management and the policies relating to the broad control and management of the school are documented in the Financial Procedures Manual and Academies Financial Handbook. The Financial Procedures Manual is issued and updated by the School Business Manager and approved by the Resources Team on behalf of the Governing Body. The procedures are binding on all governors, members of staff, students and constituent parts of the school. The Deputy Headteacher in charge of departmental budget setting works closely with departmental heads to ensure the expected controls which should operate within departments.

The school has an established Governors' Resources Team and an experienced Internal Auditor to provide advice in respect of control matters and to conduct regular reviews of the adequacy and effectiveness of the systems which have been put in place (including those intended to minimise the potential exposure to fraud and corruption).

The following are the main elements of the school's plan.

- 1 All governors, members of staff, pupils and constituent parts of the school are required to immediately notify the Headteacher of any financial irregularity, or any circumstance suggesting the possibility of irregularity, affecting the financial procedures, cash, stores or other property of the school. However, if the seriousness or sensitivity of the issue, or who is suspected of the malpractice, makes notification to the Headteacher inappropriate, you should contact the Chair of Governors or the Internal Auditor for the school.
- 2 The Headteacher will ascertain whether or not the suspicions aroused have substance. He/she will, if appropriate, conduct a preliminary investigation to gather factual information and reach an initial view as to whether further action is required. The findings, conclusions and any recommendations arising from the preliminary investigation will be reported to the Chair of Governors.
- 3 The Chair of Governors will have the initial responsibility for co-ordinating the school's response. In doing this he/she may consult with the Internal Auditor, external audit (Accountants) or HR Consultancy regarding potential employment issues.
- 4 The Chair of Governors is required to notify the Trustees of any serious financial irregularity. This action will be taken at the first opportunity following the completion of the initial investigations and will involve, inter alia, keeping the Internal Auditor and Trustees fully informed of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.
- 5 If evidence of a fraud is forthcoming then the Trustees will consider contact with KCC's internal audit team for professional advice. The Department for Education as required by the Funding Agreement would then be informed and consideration would be given as to whether or not to refer the matter to the Police.
- 6 The school is insured against loss of money, stock or equipment caused by any act of fraud or dishonesty committed by trustees, governors or employees. The insurance provision will be reviewed annually by the School Business Manager.

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### **Links to other policies/documents**

Academies Financial Handbook  
Financial Procedures Manual  
Recruitment and Induction Policy  
Staff Code of Conduct  
Staff Disciplinary Policy and Procedure  
Whistleblowing Policy

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**Appendix****Fraud Response Plan**

It is important that allegations of actual, attempted and suspected fraud are not ignored. Even seemingly insignificant concerns may later reveal a larger, previously unknown problem.

Securing evidence

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

- names, addresses and dates of birth;
- descriptions (height, build, hair colour, ethnicity, clothing, distinctive features);
- dates and times of key events;
- vehicle registration numbers and descriptions;
- details of any conversations had or overheard;
- details of any actions or incidents 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 how often evidence is handled. Fingerprint evidence can very quickly be destroyed.

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

Whilst initially securing the evidence it is important not to be tempted to begin a more substantial investigation, or accuse individuals directly, without seeking professional advice (see 'Seeking advice' below).

If an investigation is undertaken without following the appropriate policies, procedures and legislation, or if individuals are accused without sufficient evidence, it may lead to the perpetrators avoiding a disciplinary, criminal or civil sanction.

Preventing further losses

It is important to minimise any additional losses. For example, if the allegations concern the theft or loss or banking passwords, PINs or similar credentials, notify the bank immediately.

Equally, if the losses relate to a weak process, for example cash is routinely kept unsecured in a drawer, ensure that the process is changed, at least temporarily, until more permanent and improved processes can be implemented.

Seeking advice

When an allegation of fraud is discovered it is important to seek professional advice as soon as possible. Advice can be sought via the Department for Education, from KCC's Internal Audit Team, the school's HR Consultants (Judicium) and the Police. General advice about fraud is available from Action Fraud: <http://www.actionfraud.police.uk/>.

KCC Internal Audit Team contacts are as follows:

Paul Rock, Counter Fraud Manager  
Tel: 03000 416621  
Email: [paul.rock@kent.gov.uk](mailto:paul.rock@kent.gov.uk)

Duncan Warmington, Principal Auditor (Counter Fraud)  
Tel: 03000 416095  
Email: [duncan.warmington@kent.gov.uk](mailto:duncan.warmington@kent.gov.uk)

Shelley Etherton, Audit (Fraud)  
Tel: 03000 416068  
Email: [shelley.etherton@kent.gov.uk](mailto:shelley.etherton@kent.gov.uk)

The Internal Audit Team can also be contacted via:  
Tel: 03000 414500  
Email: [internalaudit@kent.gov.uk](mailto:internalaudit@kent.gov.uk)

#### Support for witnesses

Members of staff, Governors and the public may feel vulnerable before, during and after they have brought an allegation of fraud to the attention of the school.

Reassure witnesses that they have acted appropriately by raising their concerns. Members of staff should be provided with a copy of the Whistleblowing Policy and reminded that the school does not tolerate reprisals, victimisation or harassment and will take all reasonable action to protect them.

In addition, the school will take steps to minimise any difficulties members of staff may experience as a result of raising a concern. For instance, if they are required to give evidence in criminal or disciplinary proceedings, the school will advise or arrange for them to receive advice and support about the process being followed.

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