



Bridgnorth Area Schools' Trust

**Fraud Policy**

**FREQUENCY OF REVIEW:**

**2 years**

**COMMITTEE:**

**Audit Committee**

**APPROVED:**

**April 2017**

**AUTHOR:**

**Director of Finance &  
Business**

**DATE OF NEXT REVIEW:**

**April 2019  
unless there is a material  
change**

## **Bridgnorth Area Schools' Trust (BAST) Fraud Policy**

The BAST Audit Committee adopted this policy on 26 April 2017.

### **Policy Statement**

Bridgnorth Area Schools' Trust is committed to the values of probity and accountability and requires staff at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible. Fraud is an ever-present threat to those resources and therefore must be a concern to staff. The Trust will not accept any level of fraud and corruption; consequently, any case will be thoroughly investigated and dealt with appropriately.

### **Purpose**

The purpose of this Policy is to set out the Trust's responsibilities regarding the prevention of fraud and the procedures to be followed where a fraud is discovered or suspected.

The Fraud Policy sets out the Trust's position on fraud and what staff should do if they suspect a fraud. The Policy should be read in conjunction with the Trust's Whistleblowing Policy which identifies a framework to allow members of the Trust's staff, Local Governing Bodies or Trust Board to raise concerns confidentially.

The Trust already has procedures in place that reduce the likelihood of fraud and bribery occurring. These include Financial Regulations, documented procedures and internal control and risk management systems.

### **Definitions**

#### **Fraud**

The Fraud Act 2006 defines fraud as follows: for a fraud offence to occur, a person must act dishonestly with the intent of making a financial or other gain, or to cause a loss (or risk of loss). This includes any person who dishonestly makes a false representation to make a gain for themselves or another or dishonestly fails to disclose to another person information which he/she is under a legal duty to disclose, or commits fraud by abuse of position, including any offence as defined in the Fraud Act 2006.

For the purposes of this Policy the term covers deception (as defined in the Theft Act 1978), forgery, extortion, corruption (giving, soliciting or acceptance of an inducement or reward), theft, conspiracy, embezzlement, misappropriation, false representation and concealment of facts/collusion.

#### **Bribery**

The Bribery Act 2010, which repealed previous corruption legislation, provides for the offences of offering and or receiving a bribe and introduced specific responsibility on organisations to have in place sufficient and adequate procedures to prevent bribery and corruption taking place. Under the Act, bribery is defined as "Inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other privileges". Corruption is broadly defined as "The offering or the acceptance of inducements, gifts, favours payments or benefit in kind which may influence the improper action of any person"; corruption does not always result in a loss. The corrupt person may not benefit directly from their deeds; however, they may be unreasonably using their position to give some advantage to another.

A bribe is offering, promising, or giving a financial, or otherwise, advantage to another person with the intention of bringing about improper performance or reward. The Bribery Act also states that a person is guilty of an offence if they request, agree to receive, or accept a financial or other advantage intending that a relevant function or activity should be

performed improperly by them or another. It further states that offering or agreeing to accept a bribe is an offence even if no money or goods have been exchanged.

### **Trust Board Policy Statement**

The Trust Board is fully committed to maintaining an honest, open and well intentioned atmosphere within the Trust. It is therefore committed to the elimination of any fraud within the Trust and to the rigorous investigation of any such cases.

The Trust Board wishes to encourage anyone having reasonable suspicions of fraud to report them. Therefore it is also the Trust Board's policy, which will be rigorously enforced, that no staff will suffer in any way as a result of reporting reasonably held suspicions. For these purposes 'reasonably held suspicions' shall mean any suspicions other than those which are raised maliciously and found to be groundless.

### **The Trusts' Responsibilities**

Overall responsibility for dealing with fraud and corruption rests with the Executive Headteacher, as the Trust's Accounting Officer. The responsibilities of this post include:

1. Establishing and maintaining a sound system of internal control to prevent fraud
2. Establishing effective financial policies and procedures
3. Establishing appropriate mechanisms for reporting fraud risk issues including reporting to the Trust Board, Internal Auditor and the Education Funding Agency (EFA) where appropriate
4. Ensuring that vigorous and prompt investigations are carried out
5. Taking appropriate legal and/or disciplinary action where fraud is proven
6. Ensuring that appropriate action is taken to minimise the risk of similar frauds in the future
7. Taking appropriate action to recover assets and minimise the loss

The Local Governing Bodies, Trust Board and staff in positions of financial responsibility and authorisation are required to provide the Director of Finance and Business with information concerning their direct or indirect pecuniary interests via the Annual Declaration of Interest Form and to keep that information up to date.

### **Accountability**

Everything done by those who work in the organisation must be able to stand the test of parliamentary scrutiny, public judgements on propriety and professional code of conduct.

**Probity:** absolute honesty and integrity should be exercised in dealing with pupils, assets, staff, suppliers and customers.

**Openness:** the organisation's activities should be sufficiently public and transparent to promote confidence between the Trust and its pupils, staff and the public.

All those who work in the organisation should be aware of, and act in accordance with these values.

## **Line Management Responsibilities**

Senior staff are responsible for ensuring that there is an adequate system of internal control within their areas of responsibility and that these controls are effective. The responsibility for the prevention and detection of fraud therefore, rests primarily with the managers. There is a need for all managers to assess the types of risk that their individual department is exposed to; to review and test those control systems regularly; to ensure that controls are being complied with; and to satisfy themselves that their systems continue to operate effectively.

Senior staff must be alert to the possibility that unusual events or transactions could be symptoms of fraud or attempted fraud. Fraud may also be highlighted as a result of specific management checks or be brought to management's attention by a third party.

The internal Auditor is a valuable resource for advice and assistance on control issues. He/she is responsible for providing an opinion to the Accounting Officer on the adequacy of arrangements for managing the risk of fraud and assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of controls. In terms of establishing and maintaining effective controls it is generally desirable that:

- a) There is separation of duties so that control of a key function does not rest with one staff member
- b) When new systems are being designed, safeguards against fraud are considered at an early stage

## **Staff Responsibilities**

It is the responsibility of all members of staff in every school within the Trust to ensure that public funds are safeguarded against fraud.

Staff must alert their line manager if they believe an opportunity for fraud exists because of poor procedures or controls.

Staff must report any suspicion of fraud in accordance with the Whistleblowing Policy. All employees have the right to 'blow the whistle' on what they perceive to be a cause of serious concern or malpractice. All staff should familiarise themselves with the Trust's Whistleblowing Policy and in particular the protection afforded them under the Public Disclosure Act 1998. The Trust assures all staff that they will not suffer in any way as a result of reporting reasonably held suspicions.

Staff are required to fully co-operate fully with any internal checks, reviews or fraud investigations.

All staff are required to comply with policies and procedures. Failure to comply may result in disciplinary action.

## **Public Service Values**

Trusts are accountable to a wide range of bodies, including the EFA. Trusts must set high standards of conduct and propriety to ensure the correct and ethical use of public funds. The Trust ensures this through adopting and implementing sound systems of internal control.

## **Prevention, Awareness and Training**

The adoption of proper and adequate measures to prevent fraud and corruption is the responsibility of each Headteacher, all Local Governing Bodies and the Trust Board.

All staff need to be made aware of, and have ready access to, the Trust's agreed policies and procedures e.g. Financial Procedures, Codes of Conduct, and any relevant practice and procedure documents.

References will be taken up for all permanent and temporary staff to verify their suitability, honesty and integrity.

The Trust has in place, and will maintain, systems and procedures which incorporate internal controls, including adequate separation of duties to ensure that, as far as possible, errors, fraud and corruption are prevented.

Financial Procedures detail key financial systems and provide guidance to underpin the Trust's Financial Regulations. The Executive Headteacher and Director of Finance and Business are responsible for ensuring that appropriate internal controls are properly maintained.

The Trust recognises the continuing effectiveness of the Fraud Policy depends largely on the awareness and responsiveness of staff, Local Governing Bodies and the Trust Board. It is essential staff, Local Governing Bodies and members of the Trust Board are made aware of the Policy when they join the Trust and receive a copy for inclusion in their personal records and, in addition, have ready access to all other relevant documents, policies and procedures which regulate the Trust's activities.

### **Creating an Anti-Fraud Culture**

The creation of an anti-fraud culture underpins all other work to counter fraud. Staff within the Trust must understand the risk to fraud faced by the organisation, that fraud is serious and that it diverts valuable resources from its primary objective.

### **Detection and Investigation**

The Trust will deal with any instances of fraud or corruption swiftly. Disciplinary action will be taken as necessary and the police informed/involved if appropriate.

When a fraud is detected or suspected, initial responsibility for investigating the matter rests with the Executive Headteacher who has been nominated as the Trust's Investigating Officer. In their absence, or if the Executive Headteacher is in any way alleged to be involved in the fraud, responsibility for investigating the matter rests with the Chair of the Trust Board.

Investigations will be commenced as soon as possible. If it is established that a fraud may have occurred then a comprehensive investigation must be carried out by an experienced fraud specialist or referred to the police. It is essential that all material that may be of evidential value must be recovered and preserved for further investigation if required. Additionally, the Trust must consider whether to suspend any individual who is the subject of an investigation, under the Trust's disciplinary procedures. Suspension does not imply guilt; it may be necessary to safeguard further evidence that may be used to prove or disprove the allegation

In the event that fraud is suspected on the part of contractors, employees internally or by staff involved in agency or contract work on behalf of other bodies, procedures and responsibilities for reporting and initial investigation are the same as for staff. The Trust will inform and involve employing contractors or agencies when appropriate.

### **Sanction & Redress**

The Trust's disciplinary procedures provide for offences such as fraud, theft and deliberate falsification of Trust registers, reports, accounts, expense claims and self-certification forms to be regarded as gross misconduct which may result in dismissal. The Trust will take disciplinary action in all cases where it is considered appropriate.

In cases where fraud is proven the Trust will notify the police of the outcome. The Trust will co-operate fully with the investigating body and will always seek to recover funds lost through fraud. It may be necessary for the Trust to initiate a Civil Action against the fraudsters. If, during the course of the investigation any failure of supervision is identified, the Trust must consider whether disciplinary action is appropriate for those involved

### **Learning from the Experience**

Where fraud has occurred it is vital that management recognises the need to examine systems and procedures and make necessary changes to ensure that similar frauds will not occur.

### **Conclusion**

Whilst the circumstances of fraud will undoubtedly vary it is important that each individual case is subjected to a rigorous process of investigation and redress. The Trust views fraud very seriously and will not hesitate to take the appropriate action in every case.

### **Policy Review**

The Policy will be reviewed on an annual basis by the Audit Committee and any amendments recommended to the Trust Board.

Signed \_\_\_\_\_  
Chair of Trust Board

Dated \_\_\_\_\_

Signed \_\_\_\_\_  
Headteacher

Dated \_\_\_\_\_