



# Fraud and Corruption Policy

## **INTRODUCTION**

The Elliot Foundation Academies Trust (TEFAT) expects employees at all levels will adopt the highest standards of propriety and accountability. This procedure is non-contractual and set out the steps that are taken to combat fraud and corruption.

Fraud is a specific category of theft which can be described as

“The intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain”

In addition, fraud can be defined as:

“The intentional distortion of financial statements or other records, by persons internal or external to the organisation which is carried out to mislead or misrepresent.

Corruption is defined as:

“The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of another person”. In addition, “the failure to disclose an interest in order to gain financial or other pecuniary gain”.

## **Prevention of Fraud and Corruption**

The Role of Managers:

Managers at all levels are responsible for the communication and implementation of this policy in their work area. They are also responsible for ensuring that employees are aware of the TEFAT Finance Manual and that the requirements of each are being met in their everyday activity.

Managers are expected to create an environment where staff are able to approach them with any concerns they may have about suspicious activity that may indicate fraud and/or corruption. Managers, if appointed to do so, are responsible for initial investigation any allegation of fraud and corruption received necessary to establish what further course of action may be necessary. For any allegation managers will:

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- Deal promptly with the matter.
- Keep a written record of the allegation and of any action taken as a result, this written record must be kept secure.
- Maintain strict confidentiality
- Report the matter to the Director of Finance and Director of Human Resources (to ensure any procedures hereon are in line with Staff Discipline Policy)
- Obtain advice from the Director of Finance and Director of Human Resources on whether further investigation is necessary.
- Record all evidence received
- Ensure all evidence is sound and adequately supported
- Contact other agencies, for example the police, when necessary notify the insurers, where appropriate.
- Implement the disciplinary policy and procedures where appropriate.

Special arrangements may be necessary where staff are in charge of finance or payroll.

### Responsibilities of Employees:

Each employee is governed in their work by policies and procedures. They are also governed by TEFAT's staff policies and procedures.

Employees are responsible for ensuring that they follow all instructions given to them by management, particularly in the safekeeping of the organisations assets.

Employees are expected always to be aware of the possibility that fraud, corruption and theft may exist in the workplace and be able to share their concerns with management. However, should he or she prefer (because the manager is unavailable or indeed may be the cause for concern), then the Director of Finance or Director of Human Resources may be approached.

If employees still feel unable to raise their concerns through any of the above internal routes, then they may wish to raise them through Public Concern at Work (020 7404 6609) a registered charity, whose services are free and confidential.

We recognise that a key preventative measure in dealing with fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees.

In particular, written references will be obtained regarding known honesty and integrity of potential employees before employment offers are made. Checks will be made against the application form regarding qualifications and previous employment.

The Responsible Officer (RO) provides them with an independent oversight of each academy's and central financial affairs. The main duties of the RO are to provide the TEFAT Board with

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independent assurance that:

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

Regular RO visits will ensure that standard checks are carried out to test the controls that are already in place are adequate to reduce the risk of fraud and corruption. .

When fraud or corruption has occurred due to a breakdown in TEFAT systems and procedures, or the RO identifies a potential weakness in controls, the organisation will ensure that appropriate improvements in systems of control are implemented to reduce the risk of a reoccurrence.

### **Detection and Investigation**

There are systems and controls in place to deter fraud and corruption, but it is often the vigilance of employees that aids detection.

In some cases fraud is discovered by chance or 'tip off' and arrangements will be in place to enable such information to be properly dealt with. Any decision to refer the matter to the police will be made by the Managing Director, after consultation with the Director of Finance and Director of Human Resources. We will normally wish for the police to be advised, and investigate independently, where financial impropriety is discovered.

TEFAT's disciplinary procedures will be used to facilitate a thorough investigation of allegations of any improper behaviour by employees.

### **Awareness**

Induction of all employees should include the issue of this policy, staff discipline and the academy finance manual. It is the manager's responsibility to ensure this occurs.

## **FRAUD AND CORRUPTION RESPONSE PLAN**

### **Reporting allegations of fraud or corruption**

Concerns should be raised when employees reasonably believe that one or more of the following has occurred, in the process of occurring or is likely to occur:

- A criminal offence
- A failure to comply with a statutory or legal obligation
- Improper unauthorised use of funds

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- Deliberate concealment or complicity in any of the above

TEFAT will ensure that any allegations received in any way, including by anonymous letter or phone calls, will be taken seriously and investigated in an appropriate manner (see also the Whistle Blowing Policy).

TEFAT will deal firmly with those who defraud the organisation, or who are corrupt, or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused, and, therefore any abuse (such as employees raising malicious allegations) may be dealt with as a disciplinary matter.

### Steps to be taken in the Reporting Process

1. Employee to report suspicions to line manager (or Director of Finance or Director of Human Resources if more appropriate). Line manager (or employee) should be supported with physical or electronic evidence. If there is no physical evidence the Director of Finance and Director of Human Resources will decide whether there is a case to answer.
2. Based on initial evidence from line manager (or employee), the Director of Finance / Director of Human Resources may seek or commission independent advice on evidencing potential fraud or corruption and decide whether the matter warrants an investigation.
3. If an investigation is deemed appropriate, the Director of Finance and Director of Human Resources will appoint independent investigating officer (Manager or Responsible Officer) to carry out a 'fact finding' investigation meeting with the employee at the earliest date.
4. The investigating officer will follow the staff discipline and policy and procedure, and interview the employee and any witnesses to establish and record adherence/non adherence to policies and procedures. The investigating officer will report their findings to the Director of Finance and Director of Human Resources, and advice as to whether there is still a case for the employee to answer the allegations.
5. At this stage, if concerns arise that a criminal act may have taken place, the Director of Finance and Director of Human Resources, will advise the Managing Director of any recommendation to refer the matter to the police,
6. If liaison with the police is deemed appropriate, the Managing Director will decide if any TEFAT action would compromise a police investigation. If so the Managing Director will decide if deferral of the investigation is required. The Managing Director will also seek advice from the Director of Human Resources whether it is appropriate to suspend the employee pending a formal investigation and disciplinary hearing.
7. The staff disciplinary policy and procedure will be followed hereon to the appropriate conclusion.