

# Anti Fraud and Corruption Policy

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## Elliot Foundation Academies Trust Values

### 1. Put children first

- a. We trust and value your professionalism
- b. We share the responsibility for the learning and welfare of all of our children
- c. Our purpose is to improve the lives of children

### 2. Be safe

- a. Don't assume that someone else will do it
- b. Look after yourself, your colleagues and all children
- c. We are all responsible for each other's safety and well being
- d. Discuss any concerns with an appropriate member of staff

### 3. Be kind & respect all

- a. People are allowed to be different as are you
- b. Kindness creates the positive environment we all need to flourish
- c. This kindness should extend to ourselves as well as to others

### 4. Be open

- a. If you can see a better way, suggest it
- b. If someone else suggests a better way to you, consider it
- c. We exist to nurture innovators and support those who take informed risks in the interests of children

### 5. Forgive

- a. We all make mistakes
- b. Admit them, learn from them and move on

### 6. Make a difference

- a. Making the world a better place starts with you
- b. Model the behaviour that you would like to see from others

## Related policies and documents

- Whistle-Blowing Policy;
- Disciplinary Policy;
- Gifts and Hospitality Policy;
- Conflicts of Interest Policy;
- Other academy financial regulations.

## Definitions

- Where the word 'Trust' is used in this document it refers to The Elliot Foundation Academies Trust
- Where the term 'Finance Committee' is used in this document it refers to the Finance sub-committee of The Elliot Foundation Academies Trust board

## 1. Policy statement and objectives

- 1.1. This policy and procedure defines Fraud & Corruption and offers guidance for all staff in The Trust.
- 1.2. The Trust 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 academy business. This document sets out the Trust policy and procedures for dealing with the risk of significant fraud or corruption. In order to minimise the risk and impact of fraud, the academy's objectives are, firstly, to create a culture which deters fraudulent activity, encourages its prevention and promotes its detection and reporting and, secondly, to identify and document its response to cases of fraud and corrupt practices.

## 2. Principles

- 2.1. This policy is approved by the Finance Committee on behalf of the Board of Trustees.
- 2.2. This policy applies to all academy employees and volunteers.
- 2.3. The Trust is committed to ensuring that it acts with integrity and has high standards of personal conduct. Everyone involved with The Trust has a

responsibility in respect of preventing and detecting fraud. All staff and governors have a role to play. The Trust also recognises the role of others in alerting them to areas where there is suspicion of fraud.

- 2.4. Recognising a potential fraud and being able to report it is just as important as the measures to prevent and detect.
- 2.5. It is the duty of all employees and governors of The Trust to take reasonable steps to limit the possibility of corrupt practices, and it is the responsibility of the Responsible Officer and external auditors to review the adequacy of the measures taken by the academy to test compliance and to draw attention to any weaknesses or omissions.
- 2.6. Any investigation carried out in relation to alleged irregularities is linked to The Trust's Disciplinary Policy.

### 3. Definitions

- 3.1. Irregularities fall within the following broad categories, the first three of which are criminal offences –
- 3.2. **Fraud** - Fraud is a general term covering theft, deliberate misuse or misappropriation of assets or anything that leads to a financial advantage to the perpetrator or others upon whose behalf he or she acts, even if these "others" are in ignorance of the fraud. Fraud is in fact intentional deceit and for this reason it cannot include negligence.
- 3.3. Fraud incorporates theft, larceny, embezzlement, fraudulent conversion, false pretences, forgery, corrupt practices and falsification of accounts.
- 3.4. **Corruption** - The term 'corrupt practices' is defined for the purpose of this policy as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by The Trust, its staff or governors.
- 3.5. **Theft** - The dishonest taking of property belonging to another person with the intention of depriving the owner permanently of its possession;
- 3.6. **Failure to Observe** - Breaches of the Scheme of Delegation and Financial Regulations which in some circumstances can constitute an irregularity, with potentially significant financial consequences.

## 4. Gifts and Hospitality

- 4.1. Any gifts, rewards and benefits that are disproportionately generous or that could be seen as an inducement to affect a business decision should be declared.
- 4.2. The acceptance of gifts and hospitality is a sensitive area where actions can easily be misconstrued. Therefore, employees' actions should be such that they would not be embarrassed to explain them to anyone. See the Gifts and Hospitality Policy for more details.

## 5. Examples

- 5.1. Examples of what could constitute fraud and corruption are:
  - theft of cash;
  - non-receipt of income;
  - substitution of personal cheques for cash;
  - travelling and subsistence claims for non-existent journeys/events;
  - travelling and subsistence claims inflated;
  - manipulating documentation to increase salaries/wages received, e.g. false overtime claims;
  - payment of invoices for goods received by an individual rather than the academy;
  - failure to observe, or breaches of, regulations and/or other associated legislation laid down by the academy;
  - unauthorised borrowing of equipment;
  - breaches of confidentiality regarding information;
  - failure to declare a direct pecuniary or otherwise conflicting interest;
  - concealing a generous gift or reward;
  - unfairly influencing the award of a contract;
  - creation of false documents;
  - deception;
  - using position for personal reward.
- 5.2. The above list is not exhaustive and fraud and corruption can take many different paths. If in any doubt about whether a matter is an irregularity or not, clarification must be sought from the finance lead or Principal.
- 5.3. Similarly, if there is concern or doubt about any aspect of a matter that involves an irregularity, or an ongoing investigation into a suspected irregularity, the best approach is to seek advice from the Principal and the Director of Finance.

## 6. Roles and Responsibilities - The Trust

- 6.1. The Trust has adopted the following measures to demonstrate its commitment to anti-fraud and corruption:
- All staff are made aware of the Trust Golden Rules/Code of Conduct for Employees;
  - A requirement for all Trustees, staff and governors to declare prejudicial interests and not contribute to business related to that interest;
  - A requirement for Trustees, staff and governors to disclose personal interests;
  - All staff and governors are made aware of the understanding on the acceptance of gifts and hospitality;
  - Clear recruitment policies and procedures which include consideration of enhanced Disclosure and Barring Service checks and references.
- 6.2. Trustees, staff and governors also have a duty to report another Trustee, member of staff or governor whose conduct is reasonably believed to represent a failure to comply with this policy.

## 7. Roles and Responsibilities - Internal Audit

- 7.1. The Trust appoints an Internal Auditor (this can be an external company or individual). The Internal Auditor has specific responsibility for auditing the financial arrangements in academies and head office on behalf of the Trust Board.
- 7.2. The main duties of the Internal Auditor are to provide the Board with on-going independent assurance that:
- The financial responsibilities of the Board are being properly discharged;
  - The resources are being managed in an efficient, economical and effective manner;
  - Sound systems of financial control are being maintained; and
  - Financial considerations are fully taken into account in reaching decisions.

## 8. Roles and Responsibilities - External Audit

- 8.1. The Trust Annual Report and Financial Statements include an Independent Auditors' Report. This report includes a view as to whether the financial statements give a true and fair view and whether proper accounting records have been kept by the academy throughout the financial year. In addition, it reports on compliance with the accounting requirements of the relevant Companies Act and confirms compliance with the financial reporting and annual accounting requirements issued by the DfE.

## 9. Roles and Responsibilities - Finance Staff

- 9.1. The Finance Director, the head office finance staff and finance staff in each academy, have a joint responsibility for ensuring that effective systems of internal control are maintained and will safeguard the resources of each academy.
- 9.2. In respect of fraud it is therefore the responsibility of all finance staff to ensure internal controls prevent and detect any frauds promptly. This includes:
- Proper procedures and financial systems;
  - Effective management of financial records;
  - Management of the Trust/academies' financial position.

## 10. Indicators of fraudulent activity - internal

- 10.1. Some actions and behaviours may give cause for concern, arouse suspicion and possibly indicate fraudulent activity, including, but not limited to, the following:
- Changes in behaviour, such as appearing under stress without excessive workload
  - Lifestyle changes, such as new cars, exotic holidays and expensive belongings
  - Ready supply of excuses for errors
  - Refusal to take holidays
  - First to arrive and last to leave
  - Does not allow anyone else to undertake their work
  - Refuses promotion
  - Suppliers will only deal with one person
  - New staff leaving quickly

- 10.2. It is important to note that any one of these on its own may be perfectly innocent and a function of carrying out normal duties; however, a combination of the factors may give cause for concern as this type of unusual behaviour within the profession gives reason for suspicion.

## 11. Examples of fraudulent activity - external

- 11.1. With the continued growth in online transactions, incidences of online fraud are growing and becoming increasingly sophisticated. All finance staff need to be aware of the risks and what to look out for to minimise the risk to the organisation.
- 11.2. Advice on prevalent frauds will be circulated to finance staff as they become known. Advice is also circulated by the banks and auditors.
- 11.3. Specific examples of frauds perpetrated by external parties include:
- 11.4. **Phishing** - Phishing is the term used for the actions of a fraudster pretending to be someone other than who they are with a view to obtaining passwords or other details which will allow them access to systems that will allow them to financially benefit.
- 11.5. Finance staff should be aware of this possibility when dealing with emails or calls from those purporting to be from the bank or other financial institution. Real banks will never ask for full PINs or passwords over the phone. If in doubt on a call, hang up and ring back to a known and trusted phone number for that company.
- 11.6. Staff should treat with suspicion any email or pop up screen that asks you to click on a link, download software or enter personal details.
- 11.7. **Supplier change of bank details** - Staff should be wary of any letter or email asking to change a supplier's bank details. Any such change should be confirmed using a known phone number (not just the one on the letter or email).
- 11.8. **CEO Fraud** - This term is used for the increasingly common phenomenon of finance staff receiving emails that look like they are from the CEO or principal asking for an urgent payment to be made (usually saying they are in a meeting and can't talk right now). Payments should never be made without an invoice or equivalent. Staff should always confirm any urgent payments by speaking directly to the person that the email purports to be from.

## 12. Reporting a Suspected Fraud

- 12.1. All allegations of suspected fraud and irregularities are to be brought to the attention of the finance lead and referred to the Principal, Chief Executive and the Finance Director, unless this individual is involved in the irregularity in which case the Chief Executive Officer should be informed. Likewise if the CEO is implicated then the matter should be referred to the Chair of Trustees.
- 12.2. Please refer to the Whistleblowing Policy for further guidance.

## 13. Response to Allegations

- 13.1. The Principal will have responsibility for coordinating the initial response. In doing this they must consult with the HR Director regarding potential employment issues.
- 13.2. The Principal will ascertain whether or not the suspicions aroused have substance. In every case, and as soon as possible after the initial investigation, they will pass the matter on to the Finance Director. Even if there is no evidence to support the allegation, the matter must be reported.
- 13.3. The investigation will be conducted in line with the Trust's Disciplinary Policy. The Principal is required to notify the Finance Director of any serious financial irregularities, which will also be reported to the Audit Committee. This action will be taken at the first opportunity following the completion of the initial investigations and will involve keeping the Finance Director fully informed between governor meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.
- 13.4. If evidence of fraud is forthcoming then the Trust will inform the Department for Education as required by the Funding Agreement. A decision whether to refer to the police should be taken early in the process, so as to not compromise any subsequent police investigation.

## 14. Legal framework

- 14.1. This policy has due regard to statutory legislation, including, but not limited to, the following:
  - The Bribery Act 2010
  - The Fraud Act 2006
  - The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013