

EMAT Anti-Fraud Policy Statement

A condensed version of this statement has been incorporated to the EMAT Finance Handbook

Anti-Fraud Policy Statement

East Midlands Academy Trust has a duty to its stakeholders to take all responsible steps to prevent fraud occurring, whether perpetrated by staff, pupils, contractors, suppliers or any member of the public.

The Trust will maintain robust control mechanisms to both prevent and detect fraud. All managers have a responsibility for maintaining agreed, documented control systems and must be seen to be setting an example by complying fully with procedures and controls. The effectiveness of controls are subject to cyclical review by the internal audit system.

All members of staff have a responsibility to protect the assets and reputation of the Trust and are expected to be alert to the potential for fraud.

Confidential mechanisms have been established to report concerns.

Introduction

East Midlands Academy Trust is determined to demonstrate that it will not tolerate fraud, corruption or abuse of position for personal gain, wherever it may be found, in any area of the Trust's activities.

The Trust considers that all instances of fraud, corruption and other dishonesty endanger the achievement of the Trust's policies and objectives, diverting its limited resources from the provision of education. There is a clear recognition that the abuse of the Trust's resources, assets and services undermines the Trust's reputation and also threatens its sound financial standing.

The purpose of this policy statement is to set out the Trust's main objectives for countering fraud and corruption. This policy statement:

- Defines fraud, corruption and bribery
- Identifies the scope of the applicability of the policy
- Sets out the Trust's intended culture & stance against fraud, corruption and bribery
- Identifies how to raise concerns and to report malpractice.

Definitions:

Fraud

Fraud is a range of abuse and malpractice that is covered by the Fraud Act 2006.

Fraud can be defined as an abuse of knowledge or position, or deception, that is done deliberately to create an unfair gain for the perpetrator or for a related person or entity and / or cause a disadvantage to another. It can take place in many ways; withholding information, deliberately misleading, misrepresenting a situation to others or by abuse of position. Irrespective of the definition applied, fraud is always deceitful, immoral, and intentional and creates an unfair gain for one party and / or a disadvantage for another.

Gains and losses do not have to be direct. A gain to a related party or company through intentional abuse of position, albeit not directly to the officer involved, is still fraudulent. In the same way, using the Academy's name to procure personal goods and services is also fraudulent; where there is deliberate abuse of position to make a gain in the form of goods and services at a discount price or to get the Academy to pay for them.

Corruption

Corruption will normally involve the above with some bribe, threat or reward being involved.

Bribery

There are four key offences under the Bribery Act 2010:

- 1. bribery of another person
- 2. accepting a bribe
- 3. bribing a foreign official
- 4. failing to prevent bribery

Bribery is not tolerated. It is unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure;
- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy;

Facilitation Payments

Facilitation payments are not tolerated and are illegal. Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions.

Scope of Policy

The Policy Statement applies to all members of the Trust, its Local Advisory Boards, and all employees (full time, part time, temporary and casual). The Trust expects that individuals and organisations (e.g. partners, suppliers, contractors, and service providers) with which it deals will act with integrity and without thought or actions involving fraud and corruption. Where relevant, the Trust will include appropriate clauses in its contracts about the consequences of fraud, bribery and corruption. Evidence of such acts is most likely to lead to a termination of the particular contract and will normally lead to prosecution.

The Trust recognises the importance of the seven principles of public life defined by the Nolan Committee 1995, and expects all trustee, governors, employees and those acting as its agents to conduct themselves according to them. The seven principles are worthy of being read by all; ·

- **Honesty** - Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
- **Integrity** - Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.
- **Selflessness** - Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.
- **Objectivity** - In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- **Openness** - Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
- **Accountability** - Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- **Leadership** - Holders of public office should promote and support these principles by leadership and example.

Through observance of these principles the Trust requires the trustees, governors, employees and its agents to be alert to the possibility of fraud, corruption and dishonesty in all their dealings.

The Trust also requires that those employees responsible for its systems and procedures should design and operate systems and procedures which endeavour to minimise losses due to fraud, corruption, and other dishonest action and abuse.

Culture & stance against fraud & corruption

East Midlands Academy Trust is determined that the culture and tone of the organisation will be one of honesty and opposition to fraud and corruption of any kind. The Trust expects that the trustees, governors and employees at all levels will lead by example in ensuring adherence to approved policies, financial regulations, codes of conduct and prescribed procedures and practices.

The Trust implements and maintains systems of accountability and controls to ensure that its resources are properly applied in the way it intended. These systems include, as far as is practical, adequate internal controls to detect not only significant errors but also importantly, fraud and corruption.

The Trust's Audit & Risk Committee is responsible for overseeing internal controls, financial regularity and rigorous risk management.

Reporting Concerns

All actual or suspected incidents of fraud, corruption or bribery in a school should be reported without delay to the Headteacher who must report immediately to **Paul Wheeler, the Chief Operating Officer of the Trust (COO)**. Any other actual or suspected incidents of fraud, corruption or bribery in the Trust must be reported immediately directly to the COO.

In either instance, if the COO is not available on the day the incident is reported, or if there are concerns about reporting to the COO, the incident should be reported immediately to **Joshua Coleman, the Chief Executive Officer of the Trust (CEO)**. If the CEO is not available on the day or there are concerns about reporting to the person holding that role, the incident should be immediately reported to **Kevin Crompton, the Chair of Trustees**.

When staff report suspected fraud, it is important that their suspicions are treated seriously and that all details provided by the reporting employee are recorded accurately and in a timely manner. They should be signed by the reporting employee to confirm understanding. It is essential that staff are put at ease, since the decision to report the suspected fraud may be traumatic for the individual concerned. Those reporting fraud should be assured that all information will be dealt with in the strictest confidence and that anonymity will be preserved if requested in the first instance, however anonymity may not be able to be preserved if it is incompatible with a full and fair investigation.

The EMAT whistleblowing policy offers guidance on how to report a concern as well as providing free and confidential advice through [Protect](#), UK's leading experts in whistleblowing.

Once the COO has received recorded details of the case, should, within 24 hours, hold a meeting of the fraud investigation group, comprising the COO, CEO and HR Manager to decide on the initial response. The fraud investigation group should report the incident and their response to the Chair of Trustees within 24 hours and keep him or her informed about progress in dealing with the incident.

The fraud investigation group will follow the guidance provided by CIPFA's 'model set of financial regulations' for Academies 2013 – 'procedure for fraud prevention, detection and investigation' and 'fraud response' plan. Staff adhering to procedures, and who are not inhibited to challenge matters which do not appear to be correct, provide the best protection against fraud and corruption. It is essential, therefore, that this policy statement is fully communicated to staff. The policy statement must be published to staff. Regular staff notices regarding financial procedures must be communicated to staff.

Investigation of fraud, theft and or irregularity

Fraud threats can arise from within the organisation such as employee theft, or from outside the organisation through concerted means to obtain money by deception.

Some of the most common external threats currently are invoice fraud where fraudsters persuade companies to pay invoices that are false, or by intercepting invoices from legitimate supplies and altering bank details to redirect funds.

The Finance Department have a robust internal control environment in place to ensure the trust is protected against fraud. This includes:

- No changes to suppliers' bank details without authorisation of the Financial Accountant who will check directly with the supplier the request;
- All payment runs being authorised by the Chief Operating Officer or his designated member of staff;
- No invoices being processed without properly approved orders and a recognised order number.

The trust as part of its control environment operates an internal audit service currently contracted to MacIntyre Hudson on behalf of the board of directors to assess and test the control environment.

The trust must notify ESFA, as soon as possible, of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any academy financial year. Any unusual or systematic fraud, regardless of value, must also be reported.

The following information is required:

- full details of the event(s) with dates
- the financial value of the loss
- measures taken by the trust to prevent recurrence
- whether the matter was referred to the police (and if not why)
- whether insurance or the RPA have offset any loss

The ESFA may conduct its own investigation and publish this report. ESFA has a guidance on reducing fraud, for Academy's reference as part of its risk management approach. (*ESFA Academy Handbook 6.10*)

Anti-fraud checklist for academy trusts

Fraud occurs in every sector and although the level of identified fraud in academies is very low, academy trusts need to be aware of the potential for it to occur.

The 10 questions below are intended to help trustees, accounting officers and chief financial officers to review their arrangements for preventing, detecting and dealing with fraud should it occur.

Arrangements will vary according to the size, complexity and structure of the trust.

1. Are the trustees, accounting officer and chief financial officer aware of the risk of fraud and their responsibilities regarding fraud?
2. Is fraud included within the remit of the trust's audit committee?
3. Has the role of the trust's external auditor and responsible officer (or equivalent) regarding fraud been established and is it understood?
4. Is fraud risk considered within the trust's risk management process?
5. Does the trust have a fraud strategy or policy and a 'zero tolerance' culture to fraud?
6. Is the fraud strategy or policy and 'zero tolerance' culture promoted within the trust? For example through financial regulations, disciplinary procedures, checks on new staff, induction process, staff training, vetting of contractors?
7. Does the trust have policies on whistleblowing, declarations of interest and receipt of gifts and hospitality?
8. Does the trust have appropriate segregation of duties around financial transactions, including, but not limited to, accounting, processing and banking arrangements?
9. Is it clear to whom suspicions of fraud in the AT should be reported?
10. If there has been any fraud in the trust, has a 'lessons learned' exercise been undertaken?