

FRAUD POLICY

Document control table

Document title:	Fraud Policy
Author (name & job title):	Ben Waterman, Chief Financial Officer
Version number:	V4
Date approved:	November 2020
Approved by:	Audit & Risk Committee of the OGAT Board
Date of review:	November 2021

Document History

Version	Date	Author	Note of revisions
V2	Oct 18	BW	Policy review - no update
V3	Oct 19	BW	Formatting Replace Finance Director with Chief Financial Officer
V4	Nov 20	BW	Policy review - no update

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Revision

This document will be reviewed annually. Amendments will be marked with a black vertical line in the margin.

Distribution

The Chief Financial Officer shall retain a hard copy of this procedure and distribute controlled copies as required. Electronic copies of this procedure shall be available via the computer network.

Principals must sign and return the declaration in Appendix I to confirm that this has been discussed at an SLT meeting to ensure it is cascaded through the organisation.

The Chief Financial Officer and Finance Managers will also sign to declare that this policy has been distributed and discussed with all members of the finance team.

Implementation

The requirements of this procedure are mandatory and apply from receipt of this document.

POLICY STATEMENT

1.1 This policy outlines:

- What fraud is, and how the Trust intends to prevent its occurrence
- The expected conduct of all staff working on behalf of the Trust, whether in paid or voluntary employment, setting out responsibilities with regards preventing and/or detecting fraud and corruption
- What to do if fraud, corruption or irregularity is suspected

1.2 Fraud within the Trust will not be tolerated and every effort will be made to ensure its prevention, or subsequent detection. Where fraud is suspected, full investigations will be made and employees implicated in fraud may be dismissed or prosecuted.

2. DEFINITION OF FRAUD

2.1 The Fraud Act 2006 provided a legal definition for fraud and introduced a provision for a general offence of fraud which is broken into three sections:

- **Fraud by false representation**
- **Fraud by failing to disclose information**
- **Fraud by abuse of position**

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 intentional deceit – therefore is distinct from negligence.

2.2 Individuals can be prosecuted under the Fraud Act 2006, but this does not prevent the prosecution of offences under the various Theft Acts and Forgery and Counterfeiting Act, e.g. theft, counterfeiting and falsification of documents.

3. KEY RESPONSIBILITIES

3.1 All employees have a responsibility to safeguard the Trust, and its assets, against fraud. Overall responsibility for dealing with fraud and corruption rests with the Chief Executive (The Trust’s Accounting Officer). This consists primarily of three activities:

- **Fraud prevention**
- **Fraud detection**
- **Fraud response**

3.2 As the Trust’s Accounting Officer, the responsibilities include;

- Establishing and maintaining a sound system of internal control to prevent fraud;
- Establishing effective financial regulations, policies and procedures;
- Establishing appropriate mechanisms for reporting fraud risk issues including reporting to the Audit Committee, the Trust Board and ESFA where appropriate;
- Ensuring that vigorous and prompt investigations are carried out;
- Taking appropriate legal and/or disciplinary action where fraud is proven;
- Ensuring that appropriate action is taken to minimise the risk of similar frauds in the future;
- Taking appropriate action to recover assets and minimise the loss

3.3 The Chief Financial Officer has overall responsibility for ensuring sound financial systems are in place. There is no single policy that can protect against fraud; the combined policies and procedures of the Trust need to be robust enough to safeguard against any existing and emerging fraud threats. The Chief Financial Officer will ensure a continuous cycle of review and update of both this fraud policy, and other policies as needed to address any gaps or weaknesses that are identified.

3.4 **Line Managers** are responsible for ensuring that an adequate system of internal control exists within their areas of responsibility, and that those controls are effective. The responsibility for the prevention and detection of fraud, therefore rests primarily with the managers. All managers must assess the types of risk that their individual department is exposed to, review and test those control systems regularly, ensure that controls are being complied with, and satisfy themselves that their systems continue to operate effectively.

3.5 Line Managers 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. A separate guidance note for managers is available to assist them in preventing and detecting fraud. This document is called the "Fraud Response Plan" and is available on the OGAT google drive under Policies.

- 3.6 The **Principal** of each Academy in the Trust must ensure that this fraud policy is distributed and discussed with SLT members at an SLT meeting. The policy must also be distributed and discussed within the Finance team. The Principals and Chief Financial Officer will be required to evidence that this has been received and understood by their respective teams by signing the declaration at the bottom of this policy and returning it to the Chief Financial Officer.

Staff Responsibilities

- 3.7 It is the responsibility of **all members of staff** within the Trust to ensure that public funds controlled by the Trust are safeguarded against fraud. Staff must alert their Line Manager if they believe an opportunity for fraud exists because of poor procedures or controls, or suspect a fraud has taken place. Staff are required to co-operate fully with any internal check, reviews or fraud investigations. All staff are required to comply with policies and procedures. Failure to comply may result in disciplinary action.

- 3.8 Employees should declare any gifts or hospitality received in line with the current Gifts and Hospitality procedure.

4. REPORTING SUSPICIONS

- 4.1 Staff must report any suspicion of fraud immediately to their Line Manager (or other person in authority where appropriate) who should record this and report it to the Chief Financial Officer, or in the event that the allegations of malpractice are to be made against the Chief Financial Officer, to the Chief Executive.

- 4.2 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 (This Act was created by parliament to protect a whistle-blower from detrimental treatment or victimisation from their employers after they have made a qualifying disclosure). The Trust Board assures all staff that they will not suffer in any way as a result of reporting reasonably held suspicions.

- 4.3 The Trust's Whistleblowing policy is available on the Trust's website, or from the HR office of each Academy.

5. FRAUD RESPONSE PLAN

- 5.1 The Trust has a separate Fraud Response Plan, which can act as a guide to follow in the event of a fraud being detected or suspected. It covers:

- a) Initial actions
- b) Reporting procedures
- c) Investigating
- d) Securing evidence
- e) Informing the Police
- f) Disciplinary action
- g) Prevention of losses
- h) Financial recovery
- i) Handling the media

5.2 In cases where fraud is suspected, the Trust will notify the Police. The Trust will co-operate fully with the investigating body and will always seek to recover funds lost through fraud. If, during the course of the investigation any failure of supervision is identified, the Trust will consider whether disciplinary action is appropriate for those involved.

5.3 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 reoccur. Internal Audit can provide advice in respect of changes to systems and procedures.

6. CONCLUSION

6.1 Whilst the circumstances of fraud will undoubtedly vary, it is important that each individual case is subjected to that same rigorous process of investigation and redress. The Trust values its dedicated and loyal staff but it reiterates that it views fraud very seriously and will not hesitate to take the appropriate action in every case.

Appendix I

Fraud Policy Distribution Declaration

ACADEMY NAME

PRINCIPAL NAME:

DATE DISCUSSED AT SLT:

SIGNED BY PRINCIPAL:

FM NAME/S:

CHIEF FINANCIAL OFFICER: Ben Waterman

DATE POLICY DISTRIBUTED AND DISCUSSED:

SIGNED BY CHIEF FINANCIAL OFFICER: