

NEWLANDS GIRLS' SCHOOL

POLICY DOCUMENT



Anti-Fraud and Corruption Policy

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RESPONSIBLE		
Leadership Team	Kate Foreman	
Governing Committee	Resources, Audit and Risk Committee	
APPROVED	Approved by Governors	Chris Sutehall and John Furley
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Courage Commitment Compassion

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Statement of intent

Newlands Girls' School is committed to operating with the highest ethical standards and acting with integrity in all activities. The risks of fraud, theft, irregularity and cyber-crime are taken seriously, and proportionate controls will be implemented to mitigate the risks.

This policy sets out our responsibilities regarding the prevention of fraud and corruption, and the promotion of an ethical culture. The policy also sets out the procedures that will be followed where fraud or corruption are discovered or suspected.

1. Legal framework

This policy has due regard to all relevant legislation and guidance including, but not limited to, the following:

- Public Interest Disclosure Act 1998
- Terrorism Act 2000
- Proceeds of Crime Act 2002
- Fraud Act 2006
- Companies Act 2006
- Bribery Act 2010
- Charities Act 2011
- ESFA (2023) 'Academy trust handbook 2023' (ATH)
- EU Anti-Money Laundering Directive 2015

This policy operates in conjunction with the following school policies:

- Raising Concerns at Work (Whistleblowing) Policy
- Financial Regulations Manual Policy
- Hospitality, Gifts and Bribery Policy
- Conflicts of Interest Policy
- Disciplinary Policy
- Staff Code of Conduct
- IT Security Policy and Cyber Response Plan

2. Definitions

Fraud is a criminal offence, which is defined in the Fraud Act 2006 as:

- Deceiving through false representation.
- Failing to disclose information where there is a legal duty to do so.
- Abusing a position of trust.

Corruption is the offering, giving, soliciting or accepting of any inducement or reward which may influence the actions taken by the body, its members or officers.

Theft is dishonestly appropriating property belonging to another with the intention of permanently depriving the other of it.

Bribery is defined by the Bribery Act 2010 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 advantages.

In this policy, 'fraud' will be used to refer to all the definitions outlined above. Examples of what could constitute fraud include, but are not limited to, the following:

- Theft of cash

- Substitution of personal cheques for cash
- Travelling and subsistence claims for non-existent journeys or events, or inflating claims
- Manipulating documentation to increase salaries
- Payment of invoices for goods received by an individual rather than the school
- Unauthorised borrowing of equipment
- Failure to declare a conflict of interest
- Concealing a generous gift or reward
- Creation of false documentation

3. Roles and responsibilities

Overall responsibility for dealing with fraud lies with the accounting officer (Headteacher). Responsibilities of the Headteacher will include:

- Overseeing the development and implementation of a system of internal controls that aim to minimise the risk of fraud
- Overseeing the financial transactions and the development and implementation of effective financial regulations, policies and procedures to prevent losses and misuse
- Ensuring bank accounts, financial systems and financial records are operated by more than one person
- Ensuring resources are being managed in an ethical, efficient and economical manner
- Ensuring that rigorous investigations of potential fraud are carried out promptly
- Ensuring the appropriate legal and/or disciplinary action is taken where fraud is proven
- Ensuring that appropriate action is taken to recover assets and minimise loss
- Keeping full and accurate accounting records and producing the school's annual accounts, including a statement on regularity, propriety and compliance
- Advising the board of Governors in writing if action it is considering is incompatible with the Articles of Association, funding agreement or Academy Trust Handbook, and notifying the ESFA if the board proceeds with action considered to be in breach
- Assessing the areas of the school that are most vulnerable to fraud, in conjunction with the School Business Manager
- Receiving reports of fraud
- Conducting an initial investigation where a report is made, in conjunction with the School Business Manager
- Approving gifts and hospitality in line with the Hospitality Gifts and Bribery Policy
- Ensuring employees are provided with appropriate anti-fraud training

- Maintaining the Conflicts of Interests Register and Hospitality and Gifts Register

The Governors will appoint, a senior executive leader (Headteacher), who may be appointed as a governor.

The Governors will ensure that the Headteacher is named as the appointed accounting officer. The roles of Headteacher and accounting officer will not rotate. The school will not appoint the CFO (School Business Manager) as the accounting officer.

The external auditor will be responsible for certifying whether the school's annual accounts present a true and fair view of its financial performance and position.

The School Business Manager will be responsible for:

- Assessing the areas of the school that are most vulnerable to fraud, in conjunction with the Headteacher
- Conducting an initial investigation where a report of fraud is made, in conjunction with the Headteacher
- Contacting the ESFA to request prior approval for any transactions beyond the school's delegation limits, and transactions that are novel, contentious or repercussive

The chair of governors will be responsible for:

- Receiving reports of fraud that involve the Headteacher
- Ensuring the ESFA is notified as soon as possible in relation to instances of fraud, theft and irregularity in line with section 11 of this policy

The Resources Audit and Risk Committee will be responsible for reviewing the school's internal controls, and for conducting a full investigation of reports and determining what the next steps will be.

The governors will identify and demonstrate sufficient financial knowledge to hold the SLT to account.

All employees (including volunteers and temporary staff) and third parties that work with the school will be responsible for:

- Demonstrating the highest standards of honesty, probity, openness and integrity in the discharge of their duties
- Complying with the provisions outlined in this policy
- Being vigilant to the risks and indicators of fraud
- Promoting an ethical, anti-fraud culture
- Reporting their concerns in relation to fraud to the Headteacher or chair of trustees
- Reporting any breach of this policy to the Headteacher

- Providing information about any conflicts of interest and direct or indirect pecuniary interests to the Headteacher
- Maintaining the school's estate in a safe working condition

Management accounts which set out the school's financial performance and position are prepared every month and shared with the chair of governors every month via the Governor's One Drive. The governors will consider management accounts when they meet.

Appropriate and timely action will be ensured by the board to maintain financial viability.

4. Indicators for potential fraud

Some actions and behaviours may give cause for concern, arouse suspicion and possibly indicate fraudulent activity. These are outlined in appendix A. The list provided in appendix A is not exhaustive; fraud can take many different forms. All employees will be vigilant to the indicators of fraud.

Clarification will be sought from the Headteacher or SBM if there are any questions over whether something could be considered an indicator of fraud. The presence of any of these indicators may not be a cause for concern; however, they will always be investigated appropriately in accordance with section 10 of this policy.

5. Creating an ethical culture

An ethical, anti-fraud culture will underpin all the work done by the school to counter fraud. All employees and third parties that work with the school will be expected to act with high levels of integrity and to adhere with the rules outlined in this policy.

Training will be provided to employees with responsibility for the school's internal controls or financial procedures.

Employees will be encouraged to report any concerns, and clear reporting mechanisms will be implemented and communicated. Victimisation or harassment of anyone who has made a report will not be tolerated.

6. Preventing fraud

The Headteacher and SBM will assess the areas of the school that are most vulnerable to fraud risks on a termly basis. Fraud risks will be identified for all areas and processes of the school and will be assessed in terms of impact and likelihood. Both monetary and non-monetary impacts will be considered, such as the impact on the school's reputation.

Robust internal controls will be put in place to manage the risk of fraud – these will cover areas including the following:

- Process of authorising transactions

- Access restrictions and transaction controls
- Account reconciliations
- Physical security of assets
- Segregation of responsibilities
- Pre-employment checks

All employees that are involved in the implementation of these controls will be provided with relevant training. Internal controls will be reviewed regularly by the Resources, Audit and Risk Committee (who appoint internal auditors for this purpose), in conjunction with the Headteacher, to ensure they remain effective and are being consistently applied.

All employees will follow the Staff Code of Conduct and will be required to declare any business or pecuniary interests, or other conflicts of interest, to the Headteacher. governors will be required to declare conflicts of interest to the chair.

Following a case of fraud, the risk management strategy will be reviewed to ensure it considers all relevant risks and that the internal controls are effective.

7. Record keeping

Financial records will be kept, along with evidence for the business reasons for making payments to third parties.

Employees will be required to make the Headteacher aware of all gifts or hospitality received or offered over the value of £25; these will be subject to review. Employees' expenses claims relating to gifts, hospitality or expenses incurred to third parties will be submitted in accordance with the Financial Procedures Policy.

All invoices, accounts and related documents will be prepared and maintained with the highest accuracy and completeness. No accounts will be kept "off-book" and any reports of fraud, and subsequent investigations, will be recorded.

The school will submit an 'Academies budget forecast return' to the ESFA by the end of August.

8. Gifts and hospitality

All employees will act in line with the Hospitality, Gifts and Bribery Policy. It is not acceptable for employees to:

- Give, promise or offer payment, gifts or hospitality, with the expectation or hope that an advantage for the school will be received or to reward an advantage already received
- Give, promise 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 if they know or suspect that it is offered with an expectation of a business advantage in return
- Threaten or retaliate against another employee who has refused to commit a bribery offence or who has raised concerns regarding bribery
- Engage in any activity that may lead to a breach of the Hospitality, Gifts and Bribery Policy

The school will not prohibit normal and appropriate hospitality or gifts (both given and received) if the following requirements are met:

- It is not made with the intention of influencing a third party to obtain or retain business or business advantage, or to reward the provision or retention of business or business advantage, or in exchange for favours or benefits
- It is given in the school's name, not the individual's name
- It complies with the law
- It does not include cash or a cash equivalent, e.g. vouchers or gift certificates
- It is appropriate in the circumstances, e.g. the giving of small gifts at Christmas
- The type and value of the gift is reasonable given the reason the gift is offered
- It is given openly, not secretly

Gifts should not be offered to, or accepted from, government officials or representatives without the prior approval of the Headteacher. In all circumstances, employees should consider whether the gift or hospitality is reasonable and justified and consider the intention behind the gift.

Any gifts and hospitality given or received will be recorded on the Gifts and Hospitality Register in the Finance Office.

9. Reporting concerns and making allegations

Any allegations or concerns of suspected fraud will be reported to the Headteacher.

Allegations involving the Headteacher will be reported to the chair of governors. Allegations involving governors will be made to the Headteacher as accounting officer.

Third parties will report any concerns to the Headteacher or the chair of governors, depending on what the allegation involves. Any person with a concern or allegation will not investigate the matter themselves.

Procedures outlined in the Whistleblowing Policy can be followed to report concerns. Employees, volunteers and third parties will be made aware that reports can also be made directly to the ESFA using an online [enquiry form](#).

10. Investigating reports

Reports will be initially investigated by the Headteacher and SBM, who will ascertain the facts of the report, seeking HR and legal advice as necessary. The Headteacher will notify the chair of governors of any serious financial irregularities at the first opportunity following the completion of an initial investigation.

Following the initial investigation, the matter will be reported to the Resources, Audit and Risk Committee who will undertake the management of the investigation. When a report has been escalated to the Resources, Audit and Risk Committee, the individual(s) the allegation has been made against will be informed of the investigation. They will not be informed of who made the allegation.

In undertaking an investigation of a report, the Resources, Audit and Risk Committee will:

- Gather factual information and reach an initial view as to whether further action is required
- Collect relevant evidence, interview all relevant people and analyse any related documentation
- Decide if the evidence suggests that the allegation or concern is proven
- Recommend any changes to the internal controls in light of the findings
- Determine whether the findings, conclusions and any recommendations arising from the investigation should be reported to the chair of governors
- If further investigations are required, determine which outside agencies should be involved, e.g. auditors or the police

The Resources, Audit and Risk Committee will, where possible, quantify any potential or actual financial loss and ensure steps are taken at an early stage to prevent further loss occurring. The Resources, Audit and Risk Committee will notify the school's external auditor of any cases it is investigating, and of the outcome of these cases.

All concerns and reports will be taken seriously and investigated in line with the process outlined above. Reporters will be asked to provide any evidence they have to support their allegations. Any person who makes a report will be reassured that they will not suffer recrimination as a result of raising any reasonably held suspicion.

Reports will be investigated objectively; the facts will be considered as they appear, based on the information to hand. Individuals about which a report is made will not be accused or approached directly prior to an investigation.

11. Reporting to the ESFA

The chair of governors will report any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any financial year, to the ESFA as soon as possible. Unusual or systematic fraud, regardless of value, will also be reported. When making a report to the ESFA, the Headteacher will provide the following information:

- Full details of the event(s) with dates
- The financial value of the loss
- Measures that have been taken to prevent recurrence
- Whether the matter was referred to the police, and, if not, the reasoning behind this
- Whether insurance or the risk protection arrangement (RPA) have offset any loss

Following a report, the ESFA may conduct or commission its own investigation into actual or potential fraud, theft or irregularity in the school, either as a result of a notification from the school or from other information the ESFA has received. Other authorities, including the police, may be involved in the investigation.

The school will obtain the ESFA's prior approval, using the ESFA's related party on-line form, for contracts and other agreements for the supply of goods or services by a related party to the school agreed on or after 1 September where a contract or other agreement exceeds £40,000 in the same financial year ending on 31 August. This approval process will not apply when contracts or agreements for goods or services are arranged between the school other state-funded schools and colleges, including academies.

12. Following an investigation

The school will seek to apply appropriate criminal, civil and disciplinary sanctions to all cases of proven fraud and corruption. Where fraud involving an employee is proven, this constitutes as gross misconduct and cases will be dealt with accordingly in line with the Disciplinary Policy and Procedure.

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The school may terminate the contracts of any third party or other associated person acting on behalf of the school where they are found to have breached this policy. Disciplinary action may be taken against employees that make malicious reports of fraud.

Where appropriate, cases will be referred to the police in order for them to consider taking criminal action.

Following any incident of fraud, a 'lessons learned' exercise will be conducted. All individuals involved in the investigation of the case will be involved in the activity, which will aim to identify areas of internal controls or other procedures that should be improved to prevent further cases occurring.

13. Cyber-crime and cyber-security

The school will be vigilant to cyber-crime and clear cyber-security measures and proportionate controls will be implemented, as outlined in the IT-security Policy and Cyber Response Plan. Appropriate action will be taken where a cyber-security incident occurs.

The following measures will be implemented specifically relating to addressing the risk of fraud:

- Firewalls, anti-virus software and strong passwords will be used
- Data will be routinely and securely backed up
- A restricted number of devices will be used to access financial or other sensitive data

Staff will receive training to ensure they:

- Check the sender of an email is genuine before, for example, sending payment data or passwords
- Make direct contact with the sender where an email requests a payment – this will be done in person where possible, but at a minimum staff must use another method other than the direct reply function, such as a phone call.
- Understand the risks of using public Wi-Fi
- Understand the risks of not following payment checks and measures

Any suspected incidents of fraud relating to cybersecurity will be reported and investigated as outlined in section 9 and section 10 of this policy.

The school will follow the National Crime Agency's (NCA) recommendation to not pay cyber ransom demands. Any decision to pay a cyber ransom demand will only be made if permission has been obtained from the ESFA.

14. Money laundering

“Money laundering” describes offences concerning the possession, concealment, conversion, transfer or making of arrangements relating to the proceeds of crime. This is not limited to money or cash.

Governors will take appropriate and reasonable steps to ascertain where funds received by the school come from. This includes:

- Identifying who they are dealing with
- Verifying identities, where appropriate, and there are high risks
- Checking the nature of the organisation's or individual's business to be assured that this is appropriate for the school to be involved with
- Watching out for unusual, complex or suspicious activities, conduct or requests

- Ensuring that any conditions attached to receiving the funds are appropriate and can be accepted and there is reasonable assurance that the funds are not from any illegal or inappropriate source

All decisions by governors to accept or refuse donations will be recorded in writing in order to demonstrate that decisions were taken responsibly, with due consideration given to any risks.

Payments by cash will only be accepted by the school up to a value of £500 from known individuals and organisations.

Any concerns held by staff relating to money laundering will be raised with the Headteacher. Where the school knows or suspects that an individual or organisation is engaged in money laundering or dealing in criminal property, the Headteacher will submit a suspicious activity report (SAR) to the NCA. The individual or organisation the report concerns will not be informed of the suspicion. Careful consideration will be given to the school's relationship with the individual or organisation once the report has been submitted.

15. Confidentiality

The school understands that the decision to report a concern can be a difficult one to make. Victimisation or harassment of anyone who has made a report will not be tolerated.

Where possible, the identity of the person who made the report will be kept confidential; their identity will only be shared on a need-to-know basis. The identity of the individual(s) about whom an allegation is made will be also be kept confidential, and only shared on a need-to-know basis. Where an allegation is proven to be unfounded or malicious, the individual about whom the allegation was made will be provided with appropriate support.

16. Annual accounts

The Headteacher will submit the school's annual accounts return to the ESFA each year. These accounts will include the Headteacher's statement on regularity, propriety and compliance.

The Headteacher will include any identified cases of fraud in the statement. The annual audited accounts will be:

- Submitted to the ESFA by 31 December each year
- Published on the school's website by 31 January
- Filed with Companies House in accordance with company law requirements, usually by 31 May
- Provided to anyone who requests a copy

The external auditor will certify whether the annual accounts present a true and fair view of the school's financial performance and position.

17. Monitoring and review

This policy will be reviewed on an annual basis by the School Business Manager and Headteacher. Any changes made to this policy will be communicated to all employees and third parties that work with the school.