

# THE NEWMAN CATHOLIC COLLEGIATE



## ANTI FRAUD POLICY

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## Contents

Anti-Fraud and Corruption Policy .....	1
Document Control.....	1
Introduction.....	1
Definitions.....	1
Fraud .....	1
Corruption.....	1
The Principal Roles.....	2
Staff, Academy Committees and Directors .....	2
Finance Officers.....	3
Principal .....	3
Deputy Business Director/Business Director.....	3
Accounting Officer .....	3
The Role of Auditors .....	3
The Principal Anti-Fraud Measures.....	4
Key Risk Areas .....	4
Procedures/Systems to deal with risks.....	5
Prevention .....	5
Risks.....	5
Investigation of Suspected Irregularity .....	6
Reporting a Suspected Fraud- Response to Alleged Frauds.....	7
Confidentiality and Safeguards.....	8
Confidentiality .....	8
Safeguards.....	8
Investigation of fraud and irregularity – Fraud Policy.....	9
Recovery of losses .....	9
Review .....	9

## Anti-Fraud and Corruption Policy

### Document Control

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20.11.18	Amendment – Procedures & Systems to deal with risk – page 5	Karen England
21.11.18	Amendment – Investigation of suspected irregularity – page 6	Karen England
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### Introduction

The Newman Catholic Collegiate is committed to ensuring that it acts with integrity and has high standards. Everyone involved with the collegiate has a responsibility in respect of preventing and detecting fraud. All staff, academy committee members and Directors have a role to play. The Collegiate also recognizes the role of others in alerting them to areas where there is suspicion of fraud.

The Newman Catholic Collegiate has many measures to ensure proper administration and prevent and detect fraud and corruption. Recognizing a potential fraud and being able to report it is just as important as the measures to prevent and detect.

### Definitions

#### 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.

Fraud incorporates – theft, larceny, embezzlement, fraudulent conversion, false pretences, forgery, corrupt practices and falsification of accounts.

#### Corruption

The term ‘corrupt practices’ is defined for the purpose of this code as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by the Newman Catholic Collegiate, its Staff, Academy Committees or Directors.

It is the duty of the collegiate and its employees and Directors to take reasonable steps to limit the possibility or corrupt practices, and;

It is the responsibility of Audit subcommittee to review the adequacy of the measure taken by the collegiate, to test compliance and to draw attention to any weaknesses or omissions.

## **The Principal Roles**

### **Staff, Academy Committees and Directors**

To the public, the Newman Catholic Collegiate can be judged by the conduct of its Staff, Academy Committee members and Directors. The collegiate aims to promote a culture which encourages the prevention of fraud by raising awareness of the need for high standards of personal conduct. To help ensure that all employees are fully aware of the collegiate expectations regarding standards of personal conduct, the following measures have been adopted to demonstrate commitment:

- These regulations are binding on all Directors, Academy Committee members, members of staff and students. Refusal to observe them will be grounds for disciplinary action.
- In disbursing and accounting for all funds, the collegiate must demonstrate that it is adopting high standards of financial probity. Implicit within this regime is the requirement that Directors and employees of the collegiate must at all times conduct financial affairs in an ethical manner.
- All members of staff and Directors and Academy Committee members are responsible for disclosing any personal, financial or beneficial interest in any transaction with respect to the collegiate or its related companies, minority interest companies and trading areas.
- Any person who is responsible for placing an order with a supplier (whether a contractor or not) with whom he has a personal interest must disclose this to the Principal, Business Director or the Accounting Officer.
- Directors, Academy Committee members or employees of the collegiate shall never use their office or employment for personal gain and must at all times act in good faith with regard to the collegiate interests.
- Directors, Academy Committee members and staff are aware of the understanding on the acceptance of gifts and hospitality. (please refer to the Gifts and Hospitality Policy)
- Recruitment policies and procedures are clear to all Directors, Academy Committee members and Staff.
- Budget Holders are expected to adhere to the Academies Handbook and Collegiate Regulations Financial at all times and to use their best efforts to prevent misuse or misappropriation of funds and other collegiate property.

Directors, Academy Committee members and staff also have a duty to report another staff, Director or Academy Committee member whose conduct is reasonably believed to represent a failure to comply with the above.

## **Finance Officers**

The Finance Officers have a responsibility for ensuring that all financial policies and procedures are adhered to and that they provide information to the Business Director, Deputy Business Director, Principals and Academy Committees.

In respect of fraud it is therefore the responsibility of the Finance Officers to report any fraudulent activity to the Business Director.

## **Principal**

The Principal has a responsibility for ensuring that internal controls will ensure proper administration and safeguard the resources of the collegiate.

In respect of fraud it is therefore the responsibility of the Principal to ensure internal controls prevent and detect any frauds promptly. This includes:

- Effective management and financial information;
- Consistent reporting on finance to their Academy Committees.

## **Deputy Business Director/Business Director**

- Ensures sound and appropriate financial governance and risk management arrangements are in place.
- A process is in place for independent checking of financial controls, systems and transactions.
- The Deputy Business Director will have a clear remit to undertake work to prevent and detect potentially fraudulent acts. This is in line with best practice. This work concentrates on areas of highest risk but also on areas which, although small are subject to fraud. The reports are presented to the Resources and Services Subcommittee and the Audit Subcommittee.

## **Accounting Officer**

- Must ensure that appropriate standards, conduct, behaviour and corporate governance are maintained when applying the funds under their control
- The Accounting Officer has responsibility to advise the Board of Directors and ESFA of any instances of irregularity or impropriety, or non-compliance with the terms of trusts funding agreement and the Academy Financial Handbook.

## **The Role of Auditors**

The Newman Catholic Collegiate would seek to involve the external auditors to advise on building in ways of preventing or detecting fraud when new systems are being designed or existing systems are to be modified. Auditors will have regard to fraud preventative measures as part of its ongoing work.

External audit's reviews of financial checks and balances and validation testing provide further deterrence. Auditors may also wish to assess systems in place to deter corruption.

External auditors have a full right of access at all reasonable times to all Academy property, assets, documents and financial and other records. The auditors are also entitled to seek explanations from any member of the Newman Catholic Collegiate staff.

In addition, The Newman Catholic Collegiate will regard the misleading of auditors, including the withholding of relevant information, as gross misconduct in its own right.

### **The Principal Anti-Fraud Measures**

The Collegiate has taken a number of measures that should prevent or detect any attempted or actual fraud. No system of control can prevent all cases, and individual academies must minimize the risks to which it is exposed. At the highest level the collegiate will:

- Regularly review and improve key internal control systems;
- Regularly review measures to minimize the risk of fraud;
- Involve staff in such reviews;
- Adopt formal procedures to investigate fraud when it is suspected and where detected, strengthen controls to prevent reoccurrence;
- Provide mechanisms for employees to voice their genuine concerns'
- Have no hesitation in referring cases of suspected financial irregularity to the attention of the Police and the Education Skills & Funding Agency;
- Work closely with the Police and the other appropriate agencies to combat fraud.

The collegiate has already introduced standards that should ensure proper administration. These include:

- Clearly defined roles for the subcommittees;
- Clear roles for the Directors and Academy Committee members
- Disciplinary Procedures; and Complaints Procedures.

### **Key Risk Areas**

The following are key risk areas The Newman Catholic Collegiate will review as part of its Anti-Fraud Policy.

- Payroll
- Cash handling & collection procedures
- Assets
- Grants
- Suppliers Payments
- Debit Card Transactions

## **Procedures/Systems to deal with risks**

Fraud can be minimised through following the Academy Financial Handbook and consistently operated procedures, in particular financial policies and procedures.

### The Risk and Control Framework

The Collegiate system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic regular reviews by the Resources and Services subcommittee of reports which indicate financial reports which are reviewed and agreed by the board of directors;
- financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks
- A proper audit trail;
- Independent monitoring and checking;
- Training of employees in their duties;
- Effective IT and other security measures.

Responsibility for effective implementation of these principles on internal control rests with the Accounting Officer, Business Director, Deputy Business Director, Audit subcommittee, Principals and involves every member of staff and the Directors.

## **Prevention**

### **Risks**

The largest irregularities in educational establishments typically have involved regular misappropriations over a period of years. The three areas most vulnerable to fraud in academies are cash handling, cheque handling and the operation of the purchase ledger. The misuse of information technology is also a major risk and one that is potentially growing in importance with the increase in technology.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Collegiate policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should then be realised, and to manage them efficiently, effectively and economically.

## **Investigation of Suspected Irregularity**

Once an irregularity is suspected, reported or disclosed, whether it relates to fraud, a whistleblowing disclosure or an ethical issue, it is critical that any investigation is conducted in a professional manner, in accordance with the following procedures.

The Accounting Officer or the Business Director and Principal should be informed of a suspected irregularity without delay. At this point, the circumstances and nature of the matter raised and the remedies being sought will be taken into account in determining the course of action to be taken which is likely to be one or more of the following:

- The Accounting Officer can immediately refer the matter to another appropriate external authority such as the Police, ESFA or a professional body.
- The matter can be referred to an individual, an Investigating Officer, appointed by the Accounting Officer, who has the appropriate expertise and seniority to decide whether there is a case to answer. In cases of fraud, this will normally be the Business Director. The Business Director, with the Accounting Officer, will decide whether an investigation should be conducted and if so, the remit of the investigation, who should undertake the investigation, what form it should take and the scope of the concluding report. Internal investigations will be conducted in a manner which ensures that those involved in the investigation will be different from those who may be required subsequently to conduct any disciplinary proceedings.
- Some special investigations may require the use of technical or specialist expertise in which case an external specialist (such as the external auditor) may be employed as the Investigating Officer or to contribute to the investigation.
- The report of the investigation may conclude that there is no case to answer or that disciplinary procedures should be applied or that there should be some other special investigation, either internal or external. If it is decided that more than one of these means is appropriate, the Business Director, with the Accounting Officer should satisfy themselves that such a course of action is warranted.
- In some circumstances, it may be appropriate for the Accounting Officer to liaise directly or indirectly with the parties involved to seek a resolution. Should a satisfactory resolution not be attainable through these means, one of the alternative courses of action set out above may then be followed.

The Accounting Officer will normally inform the Chair of the Board of Directors and the Chair of the Audit Sub-Committee that an investigation is taking place.

At an appropriate point in time, the Accounting Officer will consider informing:

- The Academy's Insurers
- The Principal's
- The Academy's External Auditors

In the event that it is not appropriate to disclose information to the Accounting Officer, concerns will be raised directly with the Chair of the Audit Sub-Committee, if the issue falls within the purview of that Sub-Committee, or the Chair of the Board of Directors.

Should any officer responsible for this procedure be implicated in any way or have or be perceived to have any potential conflict of interest in an allegation of fraud, he or she will not take part in the procedure, the role being taken by an appropriate alternate.



Any investigation will be carried out in accordance with the principles of natural justice, and with due regard to the statutory rights of all individuals involved in the case. The Collegiate will take all reasonable measures to ensure that an investigation is concluded as quickly as possible. If information was disclosed or reported by an individual(s) initially they will be kept informed of what action, if any, is to be taken. If no action is to be taken the individual concerned will be informed of the reason for this.

If the decision is reached that there is a case to answer, the person or persons implicated will be informed of this, shown the supporting evidence and be offered an opportunity to respond as part of the investigation.

If the person reporting the irregularity or making the disclosure is dissatisfied with the procedures followed or the outcome of this process, they may take out a plea of grievance.

### **Reporting a Suspected Fraud- Response to Alleged Frauds**

The Newman Catholic Collegiate requires suspected fraud and irregularities to be referred to the Accounting Officer and Business Director unless this individual is involved in the irregularity in which case the Chair of the Board of Directors should be informed.

All reported irregularities will be thoroughly investigated.

Steps that would normally be taken are:

- If an employee suspect a fraud has occurred (or is likely to) they should report this to their Line Manager who must inform the Principal, unless the suspicion relates to the Line Manager. In this instance the employee should report to the Principal or Chair of Academy Committee.
- The Principal will inform the Chair of Academy Committee unless the suspicion relates to the Chair of Academy Committee when the Principal will contact the Chair of the Board of Director's without consultation with the Chair Academy Committee.
- If an employee suspects a fraud has occurred (or is likely to) and believe that their Line Manager, Principal and Chair of Academy Committee may be involved, then they can report any concerns direct to the Chair of the Board, Chair of Audit Sub-Committee or Chair of Resources and Services Sub-Committee.
- Members of the public can report any concerns, either to the Principal, Chair of Academy Committee, and Chair of the Board or Accounting Officer.
- The Accounting Officer, Chair of the Board and Business Director will decide on the level of any investigation. The Investigation will be carried out by Business Director and Accounting Officer. If necessary an external party can be involved.
- If investigations indicate a criminal offence may have occurred, the Accounting Officer, Board of Directors and the Business Director will decide how to handle the matter according to the Collegiate Disciplinary Procedures and involve the Police.
- Recommendations to improve controls and prevent any reoccurrence will be made by the Audit Sub-committee. The Board of Directors and the Accounting Officer will decide on the implementation of the recommendations.

## **Confidentiality and Safeguards**

The Newman Catholic Collegiate recognizes that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the alleged malpractice. The Newman Catholic Collegiate will not tolerate harassment of victimization and will do what it lawfully can to protect an individual when a concern is raised in good faith.

This does not mean that if the person raising the concern is already the subject of a disciplinary, redundancy or other procedure, that those procedures will be halted as a result of the concern being reported.

### **Confidentiality**

All concerns will be treated in the strictest confidence. The Newman Catholic Collegiate will do its best to protect the identity of individuals who raise concerns and do not want their name to be revealed. However, it must be appreciated that during an investigation, a statement may be required as part of the evidence gathering process, particularly if the Police or External Auditors become involved. In order to take effective action, The Newman Catholic Collegiate will need proper evidence that maybe required to stand up to examination in Courts of Tribunals.

This Policy Statement encourages individuals to put a name to allegations whenever possible, as concerns expressed anonymously are much less powerful, but will be considered at the discretion of The Newman Catholic Collegiate in terms of;

- Seriousness of the issues raised;
- The credibility of the concern;
- The likelihood of confirming the allegation from attributed sources.

Whilst The Newman Catholic Collegiate will always do its best to protect individuals, it is more difficult to protect an individual from harassment, intimidation or other detrimental conduct where an allegation or disclosure is made anonymously.

### **Safeguards**

There is a need to ensure that the process is not misused. Therefore, any abuse, such as raising malicious allegations may also be dealt with as a disciplinary matter. All such reports must be genuine and honest as, to be otherwise, would go against the principle of integrity.

This should not deter employees from raising legitimate and genuine concerns, (even if subsequently unfounded but made with good intent) as, in doing so they will be supported in every possible way.

All genuine concerns reported will be treated in confidence and fully investigated. If a suspicion is reported and results in a prosecution or disciplinary hearing, employees involvement, as a witness, in this process may be necessary, unless other substantial reliable evidence is available. Employees taking such a route will be notified quickly and any action taken.

The Newman Catholic Collegiate accepts that the person reporting the suspicion needs to be assured that the matter is being properly addressed. Therefore, where possible, and subject to legal constraints (including Freedom of Information Act, Data Protection Act and General Data Protection Regulation) feedback regarding the outcome of the investigation will be provided.

Employees must also report other abuses which may be of concern including unethical behaviour, falsification of records, sexual discrimination or harassment, abuse of drugs or alcohol, bullying and non-compliance with Health and Safety.

## **Notifying the ESFA**

### **Investigation of fraud and irregularity – Fraud Policy**

Academy trusts **must** be aware of the risk of fraud and irregularity occurring and, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls. Trusts **must** take appropriate action where fraud and irregularity is suspected or identified.

The trust **must** notify ESFA, as soon as is operationally practical based on its particular circumstances, of any instances of fraud or theft 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 why if not); and
- whether insurance cover or the risk protection arrangements have offset any loss.

ESFA will not tolerate fraud. It reserves the right to conduct or commission its own investigation into actual or potential fraud, theft or irregularity, in any academy trust either as the result of a formal notification from the trust itself or as the result of other information received. ESFA may involve other authorities, including the police, as appropriate. ESFA will publish reports in line with its own policy on publishing information.

### **Recovery of losses**

The Investigating Officer shall where possible quantify the amount of any loss. The Board of Directors shall consider whether to, and how to go about, seeking repayment of losses.

Where the loss is substantial, legal advice will be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice will also be obtained about prospects for recovering losses through the civil court, or deducting losses from any salary payments outstanding, where the perpetrator refuses repayment. The Newman Catholic Collegiate would normally expect to recover costs in addition to losses.

### **Review**

The Anti-Fraud and Corruption Policy will be subject to annual review to ensure that it remains current. The Audit Sub-Committee has the responsibility for implementing, monitoring and reviewing this policy. The Business Director will make an annual report to the Audit Sub-Committee providing a summary of all issues raised and any subsequent actions taken. Any issues which arise which do not fall within the remit of the Audit Sub-Committee or are relevant to other areas of the Newman Catholic Collegiate will be brought to the attention of the Board and relevant Sub-Committees.

**Please use this document alongside the ESFA Anti-Fraud checklist and the Cyber security checklist for academy trusts.**