

Policy Essential Information

Title:	Fraud Avoidance Policy
Date Approved:	March 2017
Status:	Statutory
Delegation:	Head Of School
Responsibility:	SBM Finance
Review Frequency:	Bi Annually
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Fraud Avoidance Policy



1. Scope

- 1.1 This policy sets out the requirements for all staff (including agency staff, contractors and peripatetic teachers) in relation to the prevention and detection of fraud.

2. Policy Statement/Objectives

- 2.1 The school has a 'zero tolerance' to fraud and requires all staff at all times to act with probity and integrity to safeguard the public resources for which the school is responsible. Fraud is an ever - present threat to resources. All members of school staff must therefore remain alert to the risk that fraud or other irregularity could occur in their area of responsibility.
- 2.2. The purpose of this policy is to set out:
- Staff responsibilities regarding the prevention of fraud and irregularity;
 - the procedure to be followed where a fraud or irregularity is detected or suspected.
- 2.3 All actions taken by the school staff shall be in accordance with the law and relevant school policies and procedures.
- 2.4 Other documents within the school which help define the ethical framework within which staff are required to operate include: the staff disciplinary policy; Whistle Blowing policy; Financial Procedures; and staff code of conduct.

3. Definitions and Terminology

- 3.1 In law there is no system specific offence of fraud. Many of the offences referred to as fraud are covered by the Theft Acts of 1968 and 1978. The term is usually employed to describe acts such as
- bribery,
 - corruption,
 - forgery,
 - extortion,
 - conspiracy,
 - theft,
 - embezzlement,
 - misappropriation,
 - false representation and
 - concealment of material facts.

For all practical purposes fraud may be defined as *"The use of deception and the intention of obtaining an advantage, avoiding a loss, or causing loss to another party."*

- 3.2 Fraud can be committed by persons outside as well as inside the school.
- 3.3 Fraud could include major systematic cases such as collusion by senior and other staff within the school to over claim funding from the DfE or other funding agency or organisation.
- 3.4 Other examples of fraud or irregularity relevant to the school context could include:-
- pilfering of stock
 - improper use of telephone/fax facilities
 - unauthorised use of school equipment (including computers),
 - theft of cash or equipment,
 - improper manipulation of computer programs or data collusion with others for illicit gain,
 - falsification of claims for travel and subsistence or other allowances,
 - improper/inaccurate claims for overtime or time off in lieu,
 - any other impropriety
- 3.5 External attempts at fraud or irregularity could include:
- offers of bribes/inducements
 - submission of false invoices
 - demands for payment for unsolicited goods
 - contractor frauds involving overcharging, sub-standard work, bid rigging and/or collusion in competition to services
 - fraudulent claims for school funds

4. Policy.

4.1 Prevention of Fraud/Irregularity

- 4.1.1 The management and financial systems of the school have been designed to incorporate appropriate controls for preventing fraud. These controls include, inter alia:
- supervisory checks
 - appropriate organisational structures
 - complete, accurate and up-to-date records
 - physical security of assets/stocks
 - segregation of duties
 - clearly defined written responsibilities
 - clearly defined lines of reporting
 - regulations and associated procedure guides
 - audit investigations/reviews
 - adherence to Financial Procedures
 - discrete groups of school staff responsible for the certification of orders/payments etc.

4.2 Responsibility for Prevention.

- 4.2.1 The Headteacher is ultimately responsible for the management of the school, including line management and accountability arrangements. The line managers are responsible for ensuring that an adequate system of internal control exists within their areas of responsibility and that the controls operate effectively. There is a need for all managers to assess the types of risk involved with operations for which they are responsible, to review and test the control systems on a regular basis and to ensure compliance with control regimes.
- 4.2.2 In establishing effective internal controls, managers should be aware of the following good practice concept:
- regular rotation of staff in 'control critical' functions
 - wherever possible segregation of duties so that control of all aspects of the key function does not reside with one person e.g. if a member of staff registers a supplier on the financial information system, he/she should not input invoices or create cheque runs to pay invoices
 - avoidance of processing backlogs
 - considering the control implications whenever a new system is being introduced
- 4.2.3 A further check is provided by the Accounting Officer when undertaking sampling checks as part of the role.

4.3 Action to take if a fraud or irregularity is suspected

- 4.3.1 If a member of staff suspects that an action or event, perpetrated either by another member of school staff or by a third party, may constitute a potential fraud or irregularity the suspicion should immediately be reported to his/her line manager. If the line manager of the member of staff reporting the case is implicated the suspicion should be reported to the next level of management. Management must ensure that the requirements of the school's Whistle Blowing Policy (see paragraph 2.4), are fully met.
- 4.3.2 The line manager must then discuss the facts of the case with the person raising the issue. If the line manager considers that a fraud or irregularity may have occurred, or is likely to occur, he/she must immediately report the matter to his/her Head of Faculty or senior link manager, who must then report to the School Business Manager, normally in writing. The School Business Manager will inform the headteacher of all cases reported to him/her unless the Headteacher is implicated (see paragraph 4.37).
- 4.3.3 On receipt of the information the School Business Manager or the Headteacher must arrange for an 'independent' member of the school management team or internal audit to undertake an investigation to establish the facts of the case. The investigation will usually include:
- informing the members of the school staff suspected of the fraud or irregularity and seeking his/her comments

- removing, for safe custody, any books, records or documents relating to the case;
- confiscating any equipment relating to the case (e.g. personal computers, storage media, USB memory drives);

4.3.4 The protocols for conducting the investigation are to be agreed with the School Business Manager. The line manager concerned must also be consulted.

4.3.5 Where the investigation concludes that there is compelling evidence to suggest that fraud has taken place the following action is required:

Type of Fraud	Action
A. Sum involved is £0 to £1,000	<ol style="list-style-type: none"> 1. School disciplinary procedure invoked 2. Headteacher reports case to: <ul style="list-style-type: none"> • the Chair of Governors • the Headteacher (unless the Headteacher is acting under section 4.3.2 above, or unless the Headteacher is under investigation) • the Finance Committee 3. The School Business Manager takes steps to recover any school property which has been unofficially removed from school premises. 4. In accordance with the AFH, any fraud above £5,000 must be reported to the EFA by the Accounting Officer
B. Sum involved is £1,000 to £10,000 OR C. Significant fraud, usually where one or more of the following factors is involved: <ul style="list-style-type: none"> • in excess of £10,000; • the particulars of the fraud on normal, unusual or complex; <p>there is likely to be great public interest because of the nature of the fraud or the people involved.</p>	As 1, 2 and 3 above. In addition, School Business Manager <ul style="list-style-type: none"> • contacts solicitors and insurers, if appropriate • informs the police, addresses any questions of public relations or publicity

4.3.6 Advice should be sought from the HR provider in relation to the protocols for the actions listed in paragraph 4.3.5 above.

4.3.7 Where the investigation concludes that there is compelling evidence to suggest that a fraud has taken place and it relates to the Headteacher, then the arrangements set out in Sections 4.3.5 apply, with the substitution of 'Chairman of Finance Committee for 'Headteacher'.

4.3.8 If an allegation has been found to be groundless and it is believed that it has been made mischievously, the Headteacher may decide to discuss the allegation that the member of staff who first raised the issue concerned. The

Headteacher may ask another member of school staff to do this on his/her behalf. The Headteacher may decide to invoke the school's Disciplinary Procedure in these circumstances.

- 4.3.9 Depending on the type and significance of the fraud, it may be appropriate for the school to submit a Suspicious Activity Report to the Serious Organised Crime Agency. The Finance Committee will determine when this is appropriate and, unless it decides otherwise, will delegate the submission of the report to the School Business Manager

4.4 Learning from experience

- 4.4.1 Where a fraud or irregularity has occurred school management will take steps to improve the controls in the systems where the fraud occurred. This will help to ensure that the fraud, or a version thereof, does not recur in the future.

5. Monitoring and Review

5.1 The Headteacher will be responsible for monitoring the implementation and effectiveness of this policy. The policy will be reviewed by the Governing Body as necessary.

Approved by: Governing Body

Approved on: 16 March 2017

Review date: March 2019