



**Diocese of Worcester Multi Academy Trust  
(DoWMAT)**

**Anti Fraud and Corruption Policy and Procedure**

MAT Board Approval:	October 2017
Review Date:	Autumn 2019
Member of staff responsible:	Mrs Claire Davies

## **DoWMAT Vision**

The Diocese of Worcester Multi Academy Trust (DoWMAT) will, through its mission statement 'to love, to learn, to serve', enable all its academies to flourish so that all stakeholders can 'live life in all its fullness'. (John 10:10)

## **DoWMAT Aims**

### To Love:

- For pupils to grow and learn in schools where, as children of God, their individual qualities are nurtured, to give them fulfilment, self-worth, the skills to contribute to society and confidence in the future
- For staff, accorded dignity and respect, to be enabled to become the very best practitioners that they can be, inspiring, sharing a joy for learning and aspiration
- For academies to be hospitable to diversity, to become the centre of their communities as places of nurture and beacons of educational excellence
- For all learning to be centred in relationships based upon compassion, generosity, truth-telling, forgiveness and reconciliation

### To Learn:

- For academies to be resourced and supported so that all pupils within the DoWMAT are enabled to flourish, reaching their potential whatever their starting points
- To ensure staff and governors access high quality professional development so that standards of teaching and learning are excellent
- For academic rigour to be set in the context of rich curricular and extra-curricular opportunities for learning
- For academies to be places where explicit Christian values, collective worship, religious education and opportunities for reflection nurture the spiritual and moral growth of pupils and staff

### To Serve:

- To fulfil the wider vision of the Church of England, serving our communities through the work of local academies
- To ensure academies are places of safety for pupils and staff where needs are met with dignity and respect
- To offer help and advice to those who lead our academies at all levels so that they are well equipped to face the challenges ahead
- To ensure that members, directors and trust staff understand the pressures and challenges of education in the 21<sup>st</sup> century ensuring that those leading and teaching in our academies are resourced and supported

This policy is to be read in conjunction with the DoWMAT Financial Handbook.

### **Key Sections**

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3. PURPOSE OF THE POLICY
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4. LIAISON WITH THE POLICE
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## 1. INTRODUCTION

The Diocese of Worcester Multi-Academy Trust (DoWMAT) is committed to promoting an anti-fraud culture. It already has procedures in place to reduce the likelihood of fraud occurring. These include standing orders and financial regulations, documented policies / procedures and a system of internal control. All cases of fraud, corruption and irregularity are taken very seriously and it is the Trust's policy to prosecute where justified, and to take appropriate disciplinary action where employees are involved.

DoWMAT wishes to encourage anyone having reasonable suspicions of suspected or actual fraud, malpractice, corruption or irregularity to report them using the Trust's Whistleblowing Policy.

## 2. DEFINITIONS

Many of the offences referred to as fraud are covered by the Theft Acts 1968 and 1978, the Prevention of Corruption Acts, Fraud Act 2006 and the Bribery Act 2010. The term is used to describe such acts as deception, bribery, forgery, corruption, extortion, theft, conspiracy, embezzlement, misappropriation of assets, false representation, concealment of material facts and collusion. The criminal act is the attempt to deceive and attempted fraud is therefore treated as seriously as accomplished fraud.

The Bribery Act 2010 repeals existing corruption legislation and has introduced the offences of offering and / or receiving a bribe. It also places specific responsibility on organisations to have in place sufficient and adequate procedures to prevent bribery and corruption taking place.

Bribery is defined as the 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 privileges. Corruption is broadly defined as the offering or acceptance of inducements, gifts or favours, payments or benefit in kind which may influence the improper action of any person; corruption does not always result in a loss. The corrupt person may not benefit directly from their deeds; however, they may be unreasonably using their position to give some advantage to another.

Fraud and bribery now have distinct definitions in law provided under the Fraud Act 2006 and the Bribery Act 2010. The definitions are as follows:

***Fraud - A person is guilty of fraud by false representation, failing to disclose information or by abuse of position.***

***Bribery - Giving or receiving a financial or other advantage in connection with the improper performance of a position of trust, or a function that is expected to be performed impartially or in good faith.***

The Chartered Institute of Public Finance and Accountancy give the following definitions:

***Fraud is the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain. Fraud is a deliberate act and is therefore always intentional and dishonest.***

***Corruption is the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person.***

## 3. PURPOSE OF THE POLICY

In administering its responsibilities in relation to fraud and corruption, whether it is attempted on the Trust or from within it, DoWMAT is committed to an effective anti-fraud and corruption strategy designed to:

- Encourage prevention
- Promote detection, and
- Identify a clear pathway for investigation

DoWMAT's expectation on propriety and accountability is that Senior Managers and staff at all levels will lead by example in ensuring adherence to rules, and that all procedures and practices are above reproach.

All Trust / academy staff are expected to act in line with the 'seven Nolan principles of public life' being; selflessness, integrity, objectivity, accountability, openness, honesty and leadership. DoWMAT also demands that individuals and organisations that come into contact with the Trust will act with integrity and without thought or actions involving fraud or corruption.

Section seven of the Bribery Act 2010 creates a corporate offence of failing to prevent bribery, irrespective of what happens to the profit. DoWMAT could be considered guilty of a corporate bribery offence if a staff member, agent, or any other person acting on its behalf bribes another person, intending to obtain or retain business, or an advantage in the conduct of business for DoWMAT. Part of any DoWMAT defence would be the demonstration of adequate procedures being in place to prevent the bribery taking place.

DoWMAT's Anti-Fraud and Corruption Strategy is based on a series of comprehensive and inter-related procedures designed to frustrate any attempted fraudulent or corrupt act. These cover:

- Establishing an Anti-Fraud Culture (Section 4);
- Prevention (Section 5);
- Detection and Investigation (Section 6);
- Training (Section 7)

DoWMAT is also aware of the high degree of external scrutiny of its affairs by a variety of bodies including:

- Trust / Academy stakeholders
- Partner and Service Organisations
- Department of Education
- External Audit
  - HM Revenue & Customs
  - Parliamentary Committees
  - Government Departments

DoWMAT has a Comprehensive Response Plan to suspected Fraud and Corruption and this is attached in **Appendix 1**.

#### 4. ESTABLISHING AN ANTI-FRAUD CULTURE

DoWMAT is determined that the culture and tone of the organisation is one of honesty and opposition to fraud and corruption.

There is an expectation and requirement that all individuals and organisations associated in whatever way with DoWMAT will act with integrity, and that DoWMAT staff at all levels will lead by example in these matters.

DoWMAT staff are an important element in its stance on fraud and corruption and they are positively encouraged to raise any concerns that they may have on these issues where they are associated with DoWMAT's activity. This can be done in the knowledge that such concerns will be treated in confidence and be properly investigated.

If necessary, a route other than their normal line manager may be used to raise such issues and examples of such routes are:

- Academy Headteacher / Executive Headteacher / Head of School
- Member of the Trust Board
- Chair of Governors
- DoWMAT CEO

Members of the public and stakeholders are also encouraged to report concerns through any of the above avenues.

However, we recognise that, in some cases, our normal procedures will not be appropriate or adequate and employees will need to come forward on a confidential basis to express their concerns. Further detailed guidance on how to raise concerns confidentially is contained within the Whistleblowing Policy.

The Trust Board are responsible for following up any allegation of fraud or corruption received and will do so by following the guidance of the Fraud and Corruption Response Plan attached at **Appendix 1**.

Any abuse of this process by raising unfounded malicious allegations is a serious disciplinary matter.

DoWMAT has a zero tolerance approach to fraud and will deal swiftly and thoroughly with any member of staff who attempts to defraud the Trust or any Trust academy.

## 5. PREVENTION

DoWMAT recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff in terms of their propriety and integrity. Staff recruitment is therefore required to be in accordance with procedures laid down by the Trust and in particular to obtain written references regarding known honesty and integrity of potential staff before employment offers are made.

DoWMAT employees are expected to follow any Code of Conduct related to their personal professional qualifications and also to abide by the Trust / academy 'Code of Conduct'. The role that appropriate staff are expected to play in DoWMAT framework of internal control is governed by the Trust's policies and procedures.

All Directors and staff of DoWMAT are required to declare in a register held by the Head Teacher, any offers of gifts or hospitality which are in any way related to the performance of their duties or not. Declarations should be made on the register of any offer, regardless of the

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offer being accepted or declined. If offers are disproportionate to the relationship between DoWMAT and the other party, this could be perceived as bribery or corruption.

DoWMAT's Standing Orders and Financial Regulations place a duty on all staff to act in accordance with best practice when dealing with the affairs of the Trust.

Significant emphasis has been placed on the thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls.

The adequacy and appropriateness of DoWMAT's financial systems is independently monitored by both the Responsible Officer and External Audit and their recommendations are monitored by the Finance Committee.

## 6. DETECTION AND INVESTIGATION

The preventative systems, particularly internal control systems, within DoWMAT have been designed to provide indicators of any fraudulent activity, although generally they should be sufficient in themselves to deter fraud.

It is often the alertness of staff and the public to such indicators that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may be in progress.

Despite the best efforts of financial managers and auditors, many frauds are discovered by chance or *'tip-off'* and DoWMAT has in place arrangements to enable such information to be properly dealt with.

All suspected and detected fraud will be investigated following the guidance of the Fraud and Corruption Response Plan attached at **Appendix 1**.

Depending on the nature and anticipated extent of the allegations, the Trust will normally work closely with auditors and other agencies such as the police to ensure that all allegations and evidence is properly investigated and reported upon.

As a consequence of DoWMAT's zero tolerance approach, DoWMAT Disciplinary Procedures will be used where the outcome of the investigation indicates improper behaviour by members of staff.

DoWMAT will normally wish the police to independently prosecute offenders where financial impropriety is discovered.

## 7. TRAINING

DoWMAT recognises that the continuing success of its Anti-Fraud and Corruption Strategy and its general credibility will depend largely on the effectiveness of programmed training and the responsiveness of staff throughout the organisation.

To facilitate this, DoWMAT is committed to induction training for all Board members and employees to ensure that their responsibilities and duties are clear.

DoWMAT will aim to provide regular training and updates for all staff and managers in relation to Fraud Awareness and the Whistleblowing Policy.

## 8. RESPONSIBILITIES

The Trust Board is ultimately responsible for DoWMAT's system of internal control which is designed to provide assurance regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.

The Trust CEO carries overall responsibility for the prevention of fraud but these responsibilities lie with all DoWMAT employees.

The Trust Board are responsible for the day to day prevention and detection of fraud and should ensure that they:

- Identify the risks to which systems, operations and procedures are exposed;
- Develop and maintain effective controls to prevent and detect fraud; and
- Ensure that agreed controls are being complied with and are subject to independent verification.

All employees are responsible for:

- Acting with propriety in the use of DoWMAT resources whether they are involved with cash, payment systems and receipts, or in dealing with suppliers, contractors, other partners and customers; and
- Reporting details immediately, as detailed in this Policy, if they suspect that there is evidence of irregular or improper behaviour or that a fraud may have been committed.
- Acting in line with the 'seven Nolan principles of public life' being; selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
- Registering all offers of gifts and hospitality

## 9. CONCLUSION

DoWMAT has in place a clear network of systems and procedures to assist it in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.

To this end, DoWMAT maintains a continuous overview of such arrangements through, in particular, its CEO, the Trust Board, and its Responsible Officer and External Auditors.

## 10. REVIEW

This policy will be reviewed on an ongoing basis in line with best practice and legislative requirements, and at least every 2 years.

All questions regarding this procedure should be addressed, in the first instance, to the Trust CEO.

## APPENDIX 1: FRAUD AND CORRUPTION RESPONSE PLAN

### 1. INTRODUCTION

DoWMAT is committed to the values of probity and accountability, but the determined perpetrator will always find a way round systems and procedures. It is therefore necessary for all managers to be aware of what is required in the event of being notified of a suspected fraud. This document sets out the process for staff who wish to notify any suspicions and also how DoWMAT should respond.

### 2. NOTIFYING SUSPECTED FRAUD

Suspected fraud can be discovered in a number of ways but in all cases it is important that staff feel able to report their concerns and should be made aware of the means by which they are able to do so:

#### **Head Teacher**

If an employee within a Trust academy discovers a suspected fraud then it should be reported to the Head Teacher as a matter of urgency. Whilst the Head Teacher should establish as many details as possible (by discussion with the notifying person only) he/she should formally report the incident to the Chair of Governors and the DoWMAT CEO.

In some cases the notifying individual may prefer to report the suspicion to an independent officer or even to remain anonymous, therefore, the following options are available;

#### **Direct To Chair of Governors**

Where an employee wishes to report suspicions or evidence of fraud or corruption, but does not have the confidence to report this through the Head Teacher, they are encouraged to approach the Chair of the Local Governing Body or the DoWMAT CEO.

Further detailed guidance on how to raise concerns confidentially is contained within the Whistleblowing Policy.

#### **CEO**

Academy leaders, Governors and Trust staff are also able to report incidences of suspected fraud directly to the Trust CEO or to the Chair of the Trust Board.

### 3. INVESTIGATING SUSPECTED FRAUD

#### **Initial Steps**

Once fraud is suspected it is critical that any investigation is conducted in a professional and timely manner aimed at ensuring that the current and future interests of both DoWMAT, the Trust academy and the suspected individual(s) are protected. The latter is equally important as a suspicion should not be seen as guilt to be proved.

It is also crucial that the notifying employee does not feel threatened. DoWMAT undertakes to protect the identity of such employees and not to release the source of notification at any time during the investigation.

For each notified suspicion the Trust Board will appoint an "Investigating Officer" to be in charge of the investigation on a day-to-day basis. This can be a member of the Trust Central Team or the Responsible Officer.

#### **Subsequent Steps**

The Investigating Officer must:

1. Initially assess whether there is a need for any employee to be suspended. The decision should be kept under review at all stages of the ensuing investigation
2. Identify a course of action (what, who, when, how, where)
3. Identify the reporting process (who by, to whom, when and how) and ensure that strict confidentiality is continuously maintained, and
4. Bring the matter to the attention of the Trust Board

It is important, from the outset, to ensure that evidence is not contaminated, lost or destroyed. The Investigating Officer will therefore take immediate steps to secure physical assets, including computers and any records thereon, and all other potentially evidential documents, and ensure that appropriate controls are introduced to prevent further loss.

The Investigating Officer will:

- a. Ensure that a detailed record of the investigation is maintained. This should include a chronological file recording details of, for example:
  - i. telephone conversations;
  - ii. discussions, meetings and interviews;
  - iii. records/documents reviewed;
  - iv. tests and analyses undertaken; and
  - v. results and their significance

The file should be indexed and all details recorded no matter how insignificant they initially may appear.

- b. Ensure that evidence is obtained, appropriately categorised and retained:
  - i. prime documents;
  - ii. certified copies;
  - iii. physical items;
  - iv. secondary evidence (e.g. interview transcripts etc.);
  - v. circumstantial evidence; and
  - vi. hearsay.
- c. Ensure interviews are conducted in a fair and proper manner, and that contemporaneous notes are taken detailing who was present and who said what.

#### 4. LIAISON WITH THE POLICE

The experts at investigating fraud are the police. They will also advise on the likely outcome of any intended prosecution. Initial contact with the police should only be undertaken following discussion between the Head Teacher / CEO / Chair of the Trust Board and the Investigating Officer. It is the policy of the police to welcome early notification of suspected fraud.

If the police decide that a formal investigation is necessary, all staff should co-operate fully with any subsequent requests or recommendations. All contact with the police following their initial involvement will usually be via the Investigating Officer.

Where the police decide to formally investigate this will not prejudice any internal disciplinary procedures; these should continue as normal. However, the internal investigation and that of the polices should be co-ordinated to make maximum use of resources and information.

## 5. REPORTING FRAUD AND ATTEMPTED FRAUD

### Department of Education

DoWMAT will report to the Department of Education:

- any suspected fraud of a value in excess of £5,000; and
- any fraud or corrupt act by a Board member or Head Teacher, irrespective of the value involved.

Reporting will be undertaken by the Trust CEO at the earliest opportunity.

### Trust Board

The Trust Board will be informed of all cases of fraud and attempted fraud, to include details of the nature and extent of the fraud and any implications for the association's internal control system.

DoWMAT will maintain a register of all incidents of fraud and attempted fraud, which will be reviewed by the Trust Finance Committee at least quarterly.

### Interim Report

As soon as the initial 'detection' stage of the investigation has been completed an interim confidential report, which may be verbal, but is more likely to be in a written format, should be made by the Investigating Officer to the CEO / Head Teacher / Chair of the Trust Board / Chair of Governors, as appropriate, or any other officer decided upon at the preliminary stage. The Interim Report should include;

- i. the findings to date;
- ii. the interim conclusions drawn from those findings; and
- iii. a recommendation to continue the investigation, if this is justified by the initial findings.

If it is decided to continue the investigation, the future reporting arrangements and any changes to the planned action should be confirmed with the Trust CEO.

### Final Report

This report will supersede all other reports and be the definitive document on which management (in a disciplinary situation) and possibly the police (in a criminal situation) will base their initial decisions.

The format of the Final Report will not always be the same as each case is unique, but will frequently set out:

- i. When the fraud was initially discovered
- ii. The method of discovery
- iii. The period the fraud covers
- iv. Who the suspects are, their position in DoWMAT and their responsibilities
- v. Details of how the investigation was undertaken
- vi. The facts and evidence which were identified
- vii. Amount of loss and chances of recovery
- viii. Action taken against perpetrator

- ix. Action taken in respect of involving the police
- x. Action taken to prevent recurrence
- xi. Summary of findings and recommendations, both regarding the fraud itself and any additional work required on the system weaknesses identified during the investigation

All reports must be substantiated by the strongest evidence and avoid contents that could be considered to be defamatory in the event of the report being made public.

Defamation in law is defined as:

*“the publication (i.e. communication) of a statement which tends to lower a person in the estimation of right-thinking members of society generally or which tends to make them shun or avoid that person”.*

## 6. RECOVERY ACTION

DoWMAT will take appropriate steps, including legal action if necessary, to recover any losses arising from fraud, theft or misconduct. This may include action against third parties involved in the fraud or whose negligent actions contributed to the fraud.