Signhills Academy

Fraud Policy and Procedures

Introduction

Signhills Academy aims to be an honest and ethical institution. As such, it is opposed to fraud and seeks to eliminate fraud by the way it conducts business. This document sets out the School's policy and procedures for dealing with the risk of significant fraud or corruption. In order to minimise the risk and impact of fraud, the Academy's objectives are, firstly, to create a culture which deters fraudulent activity, encourages its prevention and promotes its detection and reporting and, secondly, to identify and document its response to cases of fraud and corrupt practices.

In order to achieve these objectives, the Academy has taken the following steps:

1. The development and publication of a formal statement of its expectations on standards of personal conduct, propriety and accountability;
2. The establishment of adequate and effective systems of internal financial and management control (and a clear requirement to comply with them), a Finance & Audit Committee and an independent Responsible Officer function with an ongoing responsibility to review and report on these systems;
3. The development and publication of a formal statement of the procedures to be followed by employees who have a suspicion of, or concern about, possible or actual malpractice within the Academy and a fraud response plan which sets out the Academy's policies and procedures to be invoked following the reporting of possible fraud or the discovery of actual fraud.

These three steps are described in greater detail in the following sections.

Personal Conduct

Signhills Academy aims to promote an organisational 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 Academy's expectations regarding standards of personal conduct, appropriate guidance is provided by the following key statements:

- These regulations are binding on all members of the Governing Body and members of staff. Refusal to observe them will be grounds for disciplinary action. They also apply to parent helpers.
- In disbursing and accounting for all funds, the School must demonstrate that it is adopting high standards of financial probity. Implicit within this regime is the requirement that Governing Body and employees of Signhills Academy must at all time conduct financial affairs in an ethical manner.
- All members of staff and members of the Governing Body and its committees are responsible for disclosing any personal, financial or beneficial interest in any transaction with respect to the School.
- 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 Head and to the Finance Officer.
- Members of the Governing Body or employees of the Academy shall never use their office or employment for personal gain and must at all times act in good faith with regard to the Academy's interests.
- Budget Holders are expected to adhere to the Financial Regulations at all times and to use their best efforts to prevent misuse or misappropriation of funds and other School property.

Taken together, these represent a statement of the framework within which members and employees are expected to conduct themselves.

Systems of Internal Control

Some useful definitions:

Theft - Dishonestly appropriating the property of another with the intention of permanently depriving them of it (Theft Act 1968). This may include the removal or misuse of funds, assets or cash.
False Accounting - Dishonestly destroying, defacing, concealing, or falsifying any account, record, or document required for any accounting purpose, with a view to personal gain for another, or with intent to cause loss to another or furnishing information which is or may be misleading, false or deceptive (Theft Act 1968).
Bribery and Corruption - The offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions taken by the authority, itsmembers or officers (Prevention of Corrupt Practices Act 1889 and 1916).
Deception - Obtaining property or pecuniary advantage by deception (Sections 15 and 16 of the Theft Act 1968 (and obtaining services or evading liability by deception (Sections 1 and 2 of the Theft Act 1978).
Collusion - The term “collusion” in the context of reporting fraud to the Treasury is used to cover any case, in which someone incites, instigates aids and abets, or attempts to commit any of the crimes listed above.

The next line of defence against fraud is the establishment of operational systems which incorporate adequate and effective internal controls designed to minimise the incidence of fraud, limit its impact and ensure its prompt detection. These controls include high level management controls such as budgetary control (designed to identify fraud which results in shortfalls in income or overspendings against expenditure) and organisational controls such as separation of duties, internal check and staff supervision. Personnel policies are also a key part of setting the culture and deterring fraud. This includes seeking to reduce the risk of employing dishonest staff by checking information supplied by employees and references obtained during the course of the recruitment process, including CRB checks and declaration of relatives employed by the Academy.

The general framework of responsibilities for financial management and the policies relating to the broad control and management of the Academy are documented in the Financial Procedures. This sets out in detail the expected controls which should operate within the key operational systems and are issued and updated periodically by the Finance Officer following approval by the Finance Committee on behalf of the Governing Body. They are binding on all officers, members of staff

The School has also established a Finance & Audit Committee and an independent Responsible Officer function which provides advice to management in respect of control matters and which conducts a cyclical programme of reviews of the adequacy and effectiveness of the systems which have been put in place (including those intended to minimise the potential exposure to fraud and corruption).

Fraud Response

The Fraud Response Plan sets out the Academy’s policies and procedures for ensuring that all allegations and reports of fraud or dishonesty are properly followed-up are considered in a consistent and fair manner and that prompt and effective action is taken to:

- minimise the risk of any subsequent losses;
- reduce any adverse operational effects;
- improve the likelihood and scale of recoveries;
- demonstrate that the Academy retains control of its affairs in a crisis; and

- make a clear statement to employees and others that it is not a soft target for attempted fraud.

The plan includes both statements of general policy and specific steps to be taken when circumstances dictate and is necessary in order to reduce the following risks:

- inadequate communication so that action is late or inappropriate;
- lack of leadership and control so that investigators are not properly directed and waste time and effort;
- failure to react fast enough so that further losses are incurred or the evidence required for successful recovery or prosecution is lost;
- adverse publicity which could affect confidence in the Academy; and
- creation of an environment which, because it is perceived as being ill-prepared, increases the risk of fraud.

The main elements of the Academy's plan are as follows.

1. All officers and members of staff, are required to notify the Finance Officer immediately of any financial irregularity, or any circumstance suggesting the possibility of irregularity, affecting the financial procedures, cash, stores or other property of the Academy.
2. The Finance Officer will ascertain whether or not the suspicions aroused have substance. She will, if appropriate, conduct a preliminary investigation to gather factual information and reach an initial view as to whether further action is required. The findings, conclusions and any recommendations arising from the preliminary investigation will be reported to the Head. If the Finance Officer is implicated or suspected of financial irregularity the initial investigation will be carried out by the Head or Chairman of Finance & Audit Committee. In the case of the Head being implicated or suspected of financial irregularity the preliminary investigations will be conducted by the Chairman of Finance & Audit Committee and the Head's role detailed below, will be performed by the Chairman of Governors
3. The Head will have the initial responsibility for co-coordinating the Academy's response. In doing this she will consult with the Human Resource advisors regarding potential employment issues. The Head will also seek expert legal advice from the Academy's Solicitors on both employment and litigation issues before taking any further action.
4. The Head is required to notify the Board of Governors of any serious financial irregularity. This action will be taken at the first opportunity following the completion of the initial investigations and will involve, inter alia, keeping the Responsible Officer and Chairman of the Board fully informed between committee meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.
5. If evidence of a fraud is forthcoming then the Board of Governors will inform the EFA as required by the Funding Agreement and will consider whether or not to refer the matter to the police.

References: This policy should be read in conjunction with:

- Whistleblowing Policy
- Financial Procedures
- Financial Handbook

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