

Westcountry Schools Trust (WeST)

Anti-Fraud and Corruption Policy

Person(s) responsible for updating the policy:	WeST, Executive Leadership Team
Date Approved:	18 July 2022
Date of next review:	July 2024
Status:	Non-statutory guidance
Published on	WeST website, School websites

Committee:	Finance Committee
Approved on:	5 July 2022
Next review date:	July 2024

Associated documentation	
Academies Handbook 2021	2021 edition
Financial Regulations Manual	Sept 2021
Whistleblowing Policy	December 2021
Gifts and Hospitality Policy	July 2022
Conflicts of Interest and Related Party Transactions	July 2022
HR Code of Conduct	September 2019
WeST Disciplinary Policy and Procedure	March 2019

Mission Statement

WeST holds a deep-seated belief in education and lifelong learning. Effective collaboration, mutual support and professional challenge will underpin our quest to ensure that all of the children and adults we serve are given every opportunity to fulfil their potential and succeed in life.

Westcountry Schools' Trust adopted this policy in July 2022.

Westcountry Schools' Trust will review this policy bi-annually or when the need arises

Contents

1. Context	3
2. Scope	4
3. Policy Statement	4
4. Prevention	5
4.1 Risks	5
4.2 Procedures/Systems to deal with risks	5
4.3 Leadership	5
4.4 Developing and promoting an Anti-fraud culture	6
4.5 Prosecution of offenders	6
4.6 Employee Screening	6
4.7 The Role of Auditors	7
5. Detection and Reporting of Suspected Financial Irregularity	7
5.1 Internal Management Systems	7
5.2 Public Interest Disclosure ('Whistleblowing') Procedure	8
6. Investigation of Suspected Irregularity	8
7. Recovery of losses	9
8. Monitoring and Review	9
POLICY HISTORY	10

1. Context

1.1 Westcountry Schools Trust takes fraud, theft, bribery, and corruption very seriously and there is a 'zero tolerance' culture to fraud in the Trust. The Trust has implemented this policy which, working alongside a set of financial policies, will ensure that arrangements are in place to protect public money.

1.2 To ensure that local practice and procedure learns from other instances of fraud and theft outside of the Trust, this policy will be reviewed on a two-year cycle. Where there are any instances of fraud/theft within the Trust, this policy will be reviewed as a priority.

The Academies Handbook (AH) requires academy trusts to have an internal control framework which reduces the risk of fraud and theft. The following internal control framework and policies reduce the risks:

- Scheme of Delegation and Financial Scheme of Delegation;
- Financial Regulations Manual;
- Whistleblowing Policy;
- Gifts and Hospitality Policy;
- Conflicts of Interest and Related Party Transactions Policy;
- HR Code of Conduct; and
- Disciplinary Policies and Procedures.

1.3 Section 6.11 of the AH refers to the investigation of fraud, theft and/or irregularity:

'Academy trusts must be aware of the risk of fraud, theft and/or irregularity and address it by putting in place proportionate controls. Trusts must take appropriate action where fraud, theft and/or irregularity is suspected or identified.

The board of trustees must notify ESFA, as soon as possible, of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any financial year. 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 it was referred to the police (and if not why);
- whether insurance or the RPA have offset any loss.

ESFA may conduct or commission investigations into actual or potential

fraud, theft, or irregularity in any academy trust, either because of a notification from the trust itself or from other information received. ESFA may involve other authorities, including the police.'

2. Scope

2.1 This policy relates to all academy schools and settings across the Trust (including the TLI) and supersedes any local policies and procedures that have been in use prior to conversion.

3. Policy Statement

3.1 The Trust and its constituent academies have a duty to protect public assets; to ensure that management and other practices accord with the standards of probity expected of public sector bodies; and to ensure that the resources available to it are used only in furtherance of the Trust's objectives as an educational body. Fraud, corruption, or any other kind of financial misconduct or irregularity will not be tolerated.

3.2 An irregularity may be defined as any breach of the standards of financial integrity required by an academy and/or Trust, including a breach of the Financial Regulations. This includes any instance, which has been made possible due to the actions or inactions of a member of staff even if there was no gain to them.

3.3 Irregularities fall broadly within the following categories, the first three of which are criminal, as well as disciplinary, offences ('person' includes corporate bodies, including limited companies, local authorities, other employees, and students):

- Theft: the dishonest taking of property belonging to another with the intention of depriving that person permanently of its possession;
- Fraud: the intentional distortion of financial statements or other records by persons external or internal to an academy and/or Trust, to conceal the misappropriation of assets or otherwise. This includes the distortion of records to conceal losses caused accidentally or by a third party;
- Bribery: the receiving of an inducement for an action which is illegal, unethical or in breach of trust;
- Corruption: the offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions of any person. Both parties are equally guilty of an offence; and
- Other irregularity: failure to observe an academy's and/or Trust's Financial Regulations, policies, and procedures. This includes failure to take appropriate action after becoming aware of such failure by another person.

3.4 The Trust has reviewed the list of generic indicators for potential fraud issued by the ESFA and assessed our risks against these indicators. It also reviews annually the ESFA fraud checklist and the Charity Commission for England and Wales' Internal Financial Controls Checklist (CC8) to provide assurance of the Trust's arrangements for preventing, detecting, and dealing with fraud should it occur and in the development of this policy.

3.5 The Trust's Internal Audit work programme supports where appropriate the prevention and identification of fraud including cybercrime.

3.6 The aftermath of financial misconduct is costly, time-consuming, disruptive, and unpleasant. The major thrust of the Trusts' strategy is, therefore, prevention.

4. Prevention

4.1 Risks

4.1.1 The largest irregularities in educational establishments typically have involved regular misappropriations over a period of years. The four areas most vulnerable to fraud in schools are cash handling, cheque handling, credit card handling and purchasing.

4.1.2 The misuse of information technology is also a major risk and one that is potentially growing in importance with the increasing reliance on technology in the education sector

4.2 Procedures/Systems to deal with risks

4.2.1 Fraud can be minimised through carefully designed and consistently operated management procedures, in particular, financial policies and procedures and financial regulations. The Trust will therefore ensure that management procedures, as described below, are effective and that staff receive training in the operation of them.

4.2.2 Key themes of the Trust's management procedures are:

- Segregation of duties in use of financial systems is practiced, so, for example, no individual has undue management of payments, income, or assets;
- The Trust and its academies has clear roles and responsibilities, with set levels of authority for authorising transactions (the Financial Scheme of Delegation);
- Systems are protected with electronic access restrictions to prevent the possible misuse of information technology.

4.3 Leadership

4.3.1 Key determinants of behavioural standards in any organisation will be the standards observed by its senior members of staff, and the policies and approach to their enforcement. The Trust Board and its Committees, Executive, and senior managers should therefore ensure that their behaviour is always demonstrably exemplary.

4.4 Developing and promoting an Anti-fraud culture

4.4.1 The Trust's Chief Financial Officer ('CFO') shall ensure all School Business Support Teams are provided, and are familiar, with the Trust's Financial Regulations Manual and the Financial Scheme of Delegation; and where necessary the ESFA's AH and published resources to reduce the risk of fraud or financial irregularities.

4.4.2 The Trust has confirmed the routes for staff to report suspicions of fraud through the Trust's Whistleblowing Policy, in section 4.1 'Raising a whistleblowing concern.' It will respond quickly and effectively to fraud when it arises and will work with its Internal Audit function to advise the Trust Board and Audit and Risk Committee of the effectiveness of anti-fraud measures and on fraud risk.

4.5 Prosecution of offenders

4.5.1 The Police advise that prosecution is a particularly effective deterrent because of the risk of a custodial sentence and a criminal record. However, the threat of prosecution only deters if the threat is real. Therefore, the policy is that the academy and/or Trust reserves the right to report to the Police, irrespective of the status of the individual. Action taken will be underpinned by the Trust's Disciplinary Policy and Procedure.

4.6 Employee Screening

4.6.1 In line with the Trust's recruitment and selection policy and Keeping Children Safe in Education safer recruitment provisions, new members of staff are appointed subject to a number of pre-employment checks:

- References
- Medical fitness for successful candidate only
- Qualifications
- An enhanced DBS check
- Proof of identity and eligibility to work in the UK
- Membership of any appropriate professional body
- Disqualification under the Childcare Act 2006 for eligible staff see section 15.

- Original documents should be produced and a copy of these will be taken and kept on the successful candidate's personal file with the exception of the DBS check.

In addition, the Trust complies with all provisions of KCSIE safer recruitment practice in respect of screening applicants at the shortlisting stage using available information from the application / self-declaration, and is currently considering the optimum approach for the introduction of online searches as part of the due diligence on shortlisted candidates (as newly included in KCSIE from 1st September 2022).

4.6.2 Recruitment processes require that if a member of staff has a close personal or familial relationship with an applicant, they declare this. It would normal protocol for the member of staff to avoid any involvement in the recruitment and selection process.

4.7 The Role of Auditors

4.7.1 The Trust's Accounting Officer and CFO consult widely, seeking any necessary audit advice on improving the prevention or detection of 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 their ongoing work.

4.7.2 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.

4.7.3 Both internal and external auditors have a full right of access at all reasonable times to all academy and Trust properties, assets, documents, and financial and other records. The auditors are also entitled to seek explanations from any member of the academy and/or Trust's staff.

5. Detection and Reporting of Suspected Financial Irregularity

5.1. Internal Management Systems

5.1.2 Efficient management systems are imperative if fraud is to be detected rapidly. The systematic review of every transaction minimises the risk of processing an irregular transaction. Detective checks and balances will be designed into all systems and applied consistently. This includes segregation of duties, reconciliation procedures, random checking of transactions, and review of management accounting information.

- 5.2. Public Interest Disclosure ('Whistleblowing') Procedure
- 5.3. If an individual has reason to suspect that fraud is taking place (or has taken place), they are expected to bring it to the attention of senior management within the academy and/or Trust as described in the Trust's Whistleblowing Policy. This sets out to whom an individual should report their suspicions, and the protection offered to employees raising such a suspicion.
- 5.4. Potentially Suspicious Behaviour
- 5.4.1 Staff members who have committed serious financial irregularities may attempt to conceal this by rarely taking holidays, regularly working alone late or at weekends, being resistant to delegation or resenting questions about work. If any suspicions are raised they should be discussed with the Accounting Officer, Headteacher/Principal or CFO. Any indication that a member of staff may be addicted to drugs, alcohol or gambling should also be discussed with the Accounting Officer, Headteacher/Principal or CFO. This is both for the welfare of the individual and to minimise the risks to the academy and/or Trust, which might include fraud. Any action should be taken with an assessment of the scale of risk in mind. Any suspicion will be investigated and dealt with in accordance with the procedure described below.

6. Investigation of Suspected Irregularity

- 6.1 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.
- 6.2 Suspicions must be reported without delay (normally to include, the CFO). Actions taken may include one or more of the following:
- immediate reference to an appropriate external authority such as the Police or a professional body;
 - appointment of an Investigating Officer, with the appropriate expertise and seniority. Decisions will be made on the remit of the investigation, form, and scope of the concluding report;
 - appointment of technical or external specialists;
 - in serious cases, suspension, whilst investigation is underway (This is a neutral act intended to facilitate enquires and does not imply any presumption of guilt). IT access is also likely to be immediately withdrawn; and
 - investigations into other systems through which the suspect may have had opportunities to misappropriate assets.
- 6.3 The report of the investigation may conclude that there is no case to answer, that disciplinary procedures should be applied or that there should be further

investigation.

6.4 In all but trivial cases, the Audit and Risk Committee will be advised of the investigation.

6.5 At the appropriate time, the Trust's insurers and external auditors will also be advised.

7. Recovery of losses

7.1 The Investigating Officer shall where possible quantify the amount of any loss. The CFO, in collaboration with the Accounting Officer, shall consider whether to, and how to go about, seeking repayment of losses.

7.2 Where the loss is substantial, legal advice will be obtained. The Trust would normally expect to recover costs in addition to losses.

8. Monitoring and Review

8.1 The Finance Committee has the responsibility for implementing, monitoring and reviewing this policy in conjunction with the Audit and Risk Committee. The CFO will make a report to both committees at each meeting of all issues raised and any subsequent actions taken. Any issues arising which do not fall within the remit of these two committees will be brought to the attention of the relevant committees and /or individuals.

Adoption of the Policy

This Policy has been adopted by the trustees of the Westcountry Schools Trust.

Date: 18.07.2022

POLICY HISTORY

Policy / Version Date	Summary of change	Contact	Implementation Date	Review Date
1.0 June 2022	New policy	CFO	July 2022	July 2024