

# Fraud Policy and Response Plan

**Learning together for success and progression**

*Approved by Academy Trust Board: July 2021*

# Fraud Policy and Response Plan

Trustee Committee Responsible:	Audit Committee
Nominated Lead Member of Staff:	Finance Director
Status and Review Cycle:	Every 3 years
Current Review:	July 2021
Next Review Date:	July 2024

## Fraud Policy

### 1. Introduction

Godalming College is an Academy Trust. As such, the framework of the financial management of the Trust is specified in the Academies Financial Handbook issued by the Education & Skills Funding Agency (ESFA) and updated annually.

The Trust is required to have a policy identifying key areas where fraud could arise, and on the process to be followed when evidence of potential irregularity is discovered.

Fraud is defined by the Trust as:

- wrongful or criminal deception intended to result in personal gain (financial or otherwise)
- giving or receiving of a bribe in order to influence behaviour.

Examples of fraud include:

- making false, inaccurate or unnecessary claims for overtime, subsistence or travel
- using College resources to obtain money, goods or services for personal gain
- deliberate or negligent failure to follow regulations or legislation which results in personal gain
- unauthorised use, borrowing or removal of Trust resources or equipment
- failure to declare an interest, gift or reward
- unfairly influencing the award of a contract
- creation of false documents.

The above list is not exhaustive. If an individual has any doubt about whether a matter is a fraud irregularity or not then they should refer to the Finance Director who will ensure the required action is taken.

## **2. Conflicts of Interest**

Conflicts of interest could arise in circumstances where an employee, a Trustee, or their family member has a financial, commercial or personal interest in any organisation that has any business dealings with the Trust. A 'personal interest' covers a wide range of scenarios and if the individual is in any doubt they should contact the Clerk to the Trustees for clarification.

All Trustees, the Senior Management Team and Budget Holders are required to complete Declaration of Interest Forms annually.

The Trust engages with a wide range of suppliers and contractors. No employee or Trustee who has a substantial interest in any potential supplier of goods and services to the Trust should be involved in the decision to use that supplier or be involved in the process of purchasing goods or services from them, without proper controls and oversight.

## **3. Receiving Gifts or Hospitality**

A Gift and Hospitality Register is held and maintained by the Finance Director. Certain rules apply to the receiving of gifts and hospitality, which are documented in detail in the Financial Regulations and Procedures Policy.

# **Fraud Response Plan**

## **4. Response Plan Introduction**

The Fraud Response Plan should be read as part of the Trust's Fraud Policy, and also in conjunction with the Trust's Whistleblowing Policy and the Disciplinary Procedure for Staff.

## **5. Initial Contact**

The initial point of contact for individuals with suspicions of a potential irregularity is the Finance Director, or the Principal in the case the Finance Director being associated with the potential irregularity. Alternatively the individual can raise their concerns using the Trust's Whistleblowing Policy which can be found on the Staff Portal.

All matters will be treated in the strictest confidence, but brief notes will be made by the Finance Director. The Finance Director will assess the significance of the concerns expressed, or the intentions of those involved. If the Finance Director considers the matter to be both insignificant and unintentional they will record their decision not to pursue the matter further and report the event later to the Audit Committee.

If the Finance Director considers the matter to be significant and/or intentional then they will contact the Chair of the Audit Committee to discuss the issue and way to proceed.

## **6. Establishment of Liaison Group and Appointment of Assessor**

The Chair of the Audit Committee is responsible for coordinating the response to any potential irregularity and for reporting to the Board of Trustees at the relevant stages.

Upon communication from the Finance Director of a matter of concern, the Chair of the Audit Committee will organise a Liaison Group meeting within 5 working days. The Liaison Group comprises the Chair of the Audit Committee, the Chair of the Board of Trustees, the Principal, the Finance Director, the Clerk to the Trustees and any other senior member of staff nominated by the Principal or Finance Director, based on their specific skill set relating to the matter of concern.

Should any member of this group be implicated in the irregularity, that member will be excluded from the group.

At its first meeting the Liaison Group will:

- appoint an Assessor who has the appropriate level of experience and time to review the allegation and to report back
- agree a timetable with the Assessor to report back in 5 working days
- approve a budget for fees for the Assessor to use for specialist advice, if required.

## **7. Review by the Assessor**

The Assessor, plus another member of the Liaison Group if required for support, will meet with the individual raising the concern as soon as possible. The meeting will be in strictest confidence, but the individual raising the concern may be accompanied by their Line Manager, a Trade Union representative, or a work place colleague.

The Assessor will obtain as much information as possible from the individual, making detailed notes.

Where appropriate, the Assessor may take advice from the Trust's legal advisors, subject to the fee limit agreed by the Liaison Group.

The Assessor must then report back to the Liaison Group within 5 working days, with a written report setting out their findings and recommendations.

The recommendations will be one or several of the following:

- the matter should be reported to either the firm providing internal audit services to the Trust, or the firm providing external audit services to the Trust, one of which will be appointed as Investigator
  - the matter should be reported to the Police
  - the matter should be further investigated internally by the Trust, in which case it should be brought back to a further meeting of the Liaison Group
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- no further action is required by the Trust as malpractice has not occurred and other Trust procedures are deemed more appropriate.

The Liaison Group will decide which of the Assessor's recommendations to adopt and will delegate implementation of its decisions to the Assessor.

## **8. Investigation**

If the Liaison Group decides that an Investigator needs to be appointed, it will set a budget for fees and agree a timetable. The Assessor will be the point of contact for the Investigator.

The Investigator will report back to the Liaison Group. The Investigator's report will set out recommendations to deal with the matter. The Liaison Group will draw up an action plan to implement the Investigator's recommendations.

Action should only be taken against the individual against whom the allegations are made when advised by the Investigator. Confidentiality must be maintained throughout.

As stated in the Academies Financial Handbook, the Trust must notify the ESFA, as soon as possible, of any instances of fraud, theft or irregularity exceeding £5,000 individually or £5,000 cumulatively in any financial year. The following information must be reported:

- full details of the event(s) with dates
- the financial value of the event
- measures taken by the trust to prevent recurrence
- whether the matter was referred to the police (and if not why)
- whether any loss has been offset by insurance

The ESFA may conduct or commission its own investigation into actual or potential fraud, theft or irregularity, either as the result of a notification from the Trust itself or from other information received. The ESFA may involve other authorities, including the police.

## **9. Other Issues**

The Chair of the Audit Committee will be responsible for keeping members of the Liaison Group informed of the stages of the process.

The identity of the individual raising concerns will be kept confidential unless they consent or there are sufficient grounds for the Assessor to believe malicious intent. In the absence of such consent or grounds, the Assessor must not reveal the identity of the person raising the concern unless:

- the Assessor is under a legal obligation to do so
- the Assessor needs to obtain legal advice, in which case the identity would be revealed confidentially to the legal adviser
- the individual concerned must give evidence at a disciplinary hearing

The Assessor will write to the individual raising the concern of the outcome or progress to date of any investigation within 28 days of the first meeting with the Assessor and the final outcome, when the investigation is concluded.

All correspondence to the individual raising concerns will be sent to their home address.

An individual raising a concern is entitled to consult with their own legal representative during any stage of this procedure.

If the individual who raises a concern is dissatisfied with the response that they receive, this should be recorded in writing to the Chair of the Audit Committee. In this situation the Liaison Group should appoint another Assessor to investigate this complaint. The decision of the Liaison Group following the second Assessor's recommendations is final.

Where appropriate the Trust may organise and pay for training to ensure that members of the Liaison Group and potential Assessors are adequately informed about their roles in following up any allegations of fraud.