

PARK HIGH SCHOOL



FRAUD AVOIDANCE POLICY

Reviewed by: Finance Committee – Autumn 1 2020

Approved by: Governing Body

Date of Review: Autumn 1 2021

Updates September 2020

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Updates September 2019

- No changes

Updates September 2018:

- Addition of the Anti-Fraud Checklist and responses from Extended Assurance visit June 2018

Updates September 2017:

- No changes

Updates March 2016:

- Change of name Finance Director to School Business Manager throughout the 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

For clarity and transparency the following Acts and definitions are used:

Fraud

The Fraud Act 2006 came into force on 15th January 2007. The Act created a single offence of fraud and defined this in three classes:

- False representation;
- Failure to disclose information where there is a legal duty to do so;
- Abuse of position.

The Act also created four new offences of:

- Possession of articles for use in fraud;
- Making or supplying articles for use in fraud;
- Obtaining services dishonestly;
- Participating in fraudulent business.

The Chartered Institute of Public Finance and Accountancy (CIPFA)*1 defines fraud as:

"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."

Bribery

A bribe is:

“A financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity” [CIPFA].

There are various Bribery offences, including offering or accepting a bribe (Sections 1 and 2 of the Bribery Act 2010), bribing or attempting to bribe a foreign official (Section 6) and being a commercial organisation failing to prevent bribery (Section 7). While the Council is not a ‘commercial organisation’ for its normal activities, it is still considered appropriate for it to have regard to Guidance relating to the Bribery Act.

Corruption

Corruption is:

"The offering, giving, soliciting or accepting of any inducement or reward which would influence the actions taken by the body, its members or officers."

Theft

The 1968 Theft Act states that:

“A person shall be guilty of theft if s/he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it”

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.
- External Fraud
- Cyber Enabled

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."*

- 3.1 Fraud can be committed by persons outside as well as inside the school.
- 3.2 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.
- 3.3 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

3.4 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
- Cyber fraud including scams, phishing, vishing, malvertising, social engineering

4. Policy.

4.1 Cyber Crime and Cyber Security

Cyber crime is described as a crime where the computer is the object of the crime or used as a tool to committing an offence. A cybercriminal may use a device to access a user's personal information, confidential business information or to disable a device. It is also a cybercrime to sell or elicit the above information online.

Cyber crime may involve malicious attacks on computer software, including:

- email hacking, which is unauthorised access to an email account by tricking people to open or respond to spam emails or to open emails with a virus;
- phishing, which involves hackers sending malicious email attachments or URLs to users to gain access to their accounts or computers. Users are tricked into emails claiming they need to change their passwords or updating their payment details, giving criminals access;
- Malvertising, which is online advertising, which looks harmless, but may lead to harmful content or may directly infect the victim's computer with malicious software that can damage data or steal personal information or even bring the user's computer under the control of a remote operator.

4.1.2 Prevention of Cyber Fraud

The ICT manager is responsible for and ensures that:

- firewalls and antivirus software are in place to protect the school network system and the systems are tested on a regular basis;
- data is backed up regularly;
- users are provided with the minimum level of access needed to do their jobs. When staff leave, their access is revoked immediately;
- staff are trained in checking that emails are genuine before sending passwords, information and bank details, and that any phishing emails are reported immediately to the ICT team;

- checks are carried out on all hardware and software and all configuration changes are authorised, documented and implemented. Only approved users can make changes. Software updates and security patches are implemented as soon as they are released; systems are monitored constantly, and any unusual activity is investigated

4.1.3 **Prevention of Fraud/Irregularity**

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.

4.2.4 **On line Banking**

The preferred and regular method of payment is via electronic payment method, Bankers Automated

Credit system (BACS) transfers, which is subject to stringent authorisation and control procedures:

- a) the Finance Assistant prepares the BACs run report and checks that the appropriate supporting documentation is in place.
- b) the Finance Manager carries out an initial review of the BACs run report and supporting documentation.
- c) the BACS run report is checked and signed in accordance with the Financial Procedures, prior to payment being made.

4.2.5 On line Banking passwords

Regular reminders from the bank prompt users to change on line banking passwords.

4.2.6 Credit Card

Robust procedures are in place to ensure proper use of the school's credit cards:

- 1) the school's credit cards are kept secure at all times in the safe;
- 2) credit card transactions are authorised by the budget holder;
- 3) the transaction is entered on to a control sheet immediately, so that any instances of fraudulent use can be identified;
- 4) usage of the card is spot checked by the Director of Business and Finance Manager;
- 5) the Finance Assistant ensures that all transactions on the credit card statement are supported by a VAT receipt if applicable;
- 6) if a credit card is lost, Lloyds Bank must be informed immediately. A 24 hour service is provided for this purpose. Telephone number: 0800 096 9779.

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 ESFA Fraud Indicators checklist should be utilised where concerns exist that a fraudulent activity has taken place.
- 4.3.3 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).
- 4.3.4 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);

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

4.3.6 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 ESFA 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

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

4.3.8 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'.

4.3.9 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 with 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.

4.3.10 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 Governing Body 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: **October 2020**

Review date: October 2021

Introduction

Park High School requires all Staff and Governors to act honestly and with integrity at all times and to safeguard the public resources for which they are responsible. The School will not accept any level of fraud or corruption; consequently, any case will be thoroughly investigated and dealt with appropriately. The School is committed to ensuring that opportunities for fraud and corruption are reduced to the lowest possible level of risk.

1. What is Fraud?

The Fraud Act 2006, came into force on 15th January 2007, and fraud has been given a legal definition. The act introduces the provision for a general offence of fraud which is broken into three sections

☐ Fraud by false representation

☐ Fraud by failing to disclose information

☐

Fraud by abuse of position

Fraud by false representation

Representation must be made dishonestly, and is made with the intention of making a gain or causing a loss or risk of loss to another. A representation is defined as false if, it is untrue or misleading, and the person making it knows that it is, or might be, untrue or misleading. Representation can be stated by words or communicated by conduct i.e. written, spoken or by electronic means.

Fraud by failing to disclose information

Fraud by failing to disclose information details that a fraud will have been committed if a person fails to declare information which he/she has a legal duty to disclose. There is a requirement that the person acts dishonestly and intends to make a gain for himself/herself, cause a loss to another or expose another to a risk of loss.

Fraud by abuse of position

Fraud by abuse of position requires a person who is in a privileged position to act dishonestly by abusing the position held; and by doing so, fails to disclose to another person, information which he/she is legally required to disclose. The dishonest act must be with the intention of making a gain for himself/herself or another. Alternatively, it may be with the intention of causing a loss or risk of loss to another. The offence may be committed by omitting to make a declaration as well as by an act.

It should be noted that the introduction of the Fraud Act 2006, does not prevent the prosecution of offences under the various Theft Acts and Forgery and Counterfeiting Act, e.g. theft counterfeiting and falsification of documents.

Corruption

Corruption is a specific type of fraud and involves:

“The offering, giving, soliciting or acceptance of any inducement or reward which may influence the action of any person”.

Corruption involves two or more people. Corruption does not always result in a loss, indeed the corrupt person may not benefit directly from their deeds.

Irregularity

An irregularity may be any significant matter or issue, other than fraud or corruption, which is so defined and prescribed by the governing body as to fall within the general principles of this policy and may warrant consideration or investigation under the fraud response procedure.

For example, an irregularity may be where a member of staff makes a genuine error or mistake in the course of their duties/responsibilities, but where this error or mistake is subsequently hidden from the governors, perhaps to the on-going detriment of the academy. Additionally, an irregularity may also involve consideration of the possible inappropriate use of academy funds or assets, which may not technically constitute fraud or corruption.

2. Procedure for Reporting Fraud

Vigorous and prompt investigations will be carried out into all cases of actual or suspected fraud discovered or reported in accordance with the School’s Whistleblowing Procedure. All matters will be dealt with in confidence and in strict accordance with the terms of the Public Interest Disclosure Act 1998 which protects the legitimate personal interests of staff.

3. Fraud Response and Investigation Plan

The School has a Fraud Response and Investigation Plan that sets out how to report suspicions, how investigations will be conducted and concluded. This plan forms part of the school’s Fraud Policy (Appendix 1). The EFA checklist on Fraud Indicators will be used to inform the investigation. (Appendix 2)

4. Responsibilities

a. The Headteacher as the **Accounting Officer** is accountable for establishing and maintaining a sound system of internal control that supports the achievement of the School’s policies, aims and objectives. The system of internal control is designed to respond to and manage the whole range of risks that the School faces. The system of internal control is based on an on-going process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively. Managing fraud risk will be seen in the context of the management of this wider range of risks.

b. Overall responsibility for managing the risk of fraud has been delegated to the **School Business Manager**.

The responsibilities of the **School Business Manager** therefore include:

- Developing a risk management plan as part of the risk management process and undertaking a regular review of the fraud risks associated with each of the categories in order to keep the risk management plan current;

- Establishing and maintaining an effective Fraud Policy and Fraud Response and Investigation Plan, commensurate to the level of fraud risk identified in the risk management plan;
- Designing an effective control environment to prevent fraud commensurate with the risk management plan;
- Establishing appropriate mechanisms for:
 - i. reporting fraud risk issues;
 - ii. reporting significant incidents of fraud to the Accounting Officer;
 - iii. external reporting in compliance with Company Law, Accounting Standards and Charity Commission expectations;
 - iv. liaising with the Finance and General Purposes Committee on issues of fraud prevention, detection, and management;
 - vi. making sure that all staff are aware of the School's Fraud Policy and know what their responsibilities are in relation to combating fraud;
 - vii. taking appropriate action to recover assets;
 - viii. ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future.

c. All **managers** are responsible for:

- ☐ Ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively;
- ☐ Preventing and detecting fraud;
- ☐ Assessing the types of risk involved in the operations for which they are responsible;
- ☐ Regularly reviewing and testing the control systems for which they are responsible;
- ☐ Ensuring that controls are being complied with and their systems continue to operate effectively;
- ☐ Implementing new controls to reduce the risk of similar fraud occurring where frauds have taken place.

d. The **External Auditor** is responsible for:

- ☐ Delivering an opinion to the Accounting Officer on the adequacy of arrangements for managing the risk of fraud and ensuring that the school promotes an anti-fraud culture;
- ☐ Assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of control commensurate with the extent of the potential exposure/risk in the various segments of the school's operations;
- ☐ Ensuring that the Senior Leadership Team has reviewed its risk exposures and identified the possibility of fraud as a business risk;

- ☐ Assisting the Senior Leadership Team in conducting fraud investigations; Reporting to the school's Audit Committee on the efficiency of controls for the prevention, detection and management of fraud.

e. **Every member** of staff is responsible for:

- ☐ Acting with propriety in the use of official resources and the handling and use of public funds whether they are involved with cash or payments systems, receipts or dealing with suppliers or the School's decision-making bodies;
- ☐ Conducting themselves in accordance with the seven principles of public life set out in the first report on Standards in Public Life by the Nolan Committee. They are: selflessness, integrity, objectivity, accountability, openness, honesty and leadership;
- ☐ Being alert to the possibility that unusual events or transactions could be indicators of fraud;
- ☐ Reporting details immediately through the appropriate channel if they suspect that a fraud has been committed or see any suspicious acts or events;
- ☐ Cooperating fully with whoever is conducting internal checks or reviews or fraud investigations.

f. **The Governing Body**

- ☐ **The Chairman** is responsible for ensuring that an adequate system of internal control exists and that controls operate effectively;

All Governors are responsible for:

- ☐ Abiding by the school's policies and regulations and the guidance on Codes of Practice for Board Members of Public Bodies.
- ☐ Being alert to the possibility that unusual events or transactions could be indicators of fraud;
- ☐ Reporting details immediately through the appropriate channel if they suspect that a fraud has been committed or see any suspicious acts or events;
- ☐ Cooperating fully with whoever is conducting internal checks or reviews or fraud investigations

5. **Attachments**

- (i) Appendix 1 –Fraud Response and Investigation Plan
- (ii) Appendix 2 – Fraud Indicators

Fraud Response and Investigation Plan

Contents

1. Introduction
2. Procedure
3. Malicious allegations
4. Action by the school
5. Suspension pending investigation
6. Investigation of suspected fraud
7. Recovery of losses

1 Introduction

- ☐ The purpose of this plan is to define the responsibilities for action in the event of a suspected fraud. Its focus is to:
- ☐ establish responsibilities for investigating the incident and taking appropriate action
- ☐ establish and secure evidence for disciplinary and/or criminal action
- ☐ prevent further loss
- ☐ recover losses
- ☐ establish lines of communication with the police.

2. Procedure

Actions to be taken by employees/governors

If you become aware of a suspected fraud or irregularity, you should write down your concerns immediately. Make a note of all relevant details, such as what was said on the telephone or during other conversations, the date, the time and the names of anyone involved. Report the matter immediately to the School Business Manager or in their absence the Headteacher or Deputy Headteacher. When you report your concerns you must be prepared to hand over any notes or evidence you have already gathered. Confidentiality is of paramount importance throughout the process.

A member of staff or Governor may choose to report concerns anonymously and such anonymity will be respected. It should be noted that if the report suggested criminal activity and the case is referred to the police, the identity of the person reporting the details will be needed at a later date if criminal proceedings are to be pursued effectively. Identification is preferred and will assist the investigation.

You **must not do** any of the following:

- contact the suspected perpetrator in an effort to determine the facts and demand answers
- discuss the case facts, suspicions or allegations with anyone other than members of the Audit Committee and their nominated investigators
- attempt to personally conduct an investigation of your own.

3. Malicious Allegations

If an allegation is made frivolously, in bad faith, maliciously or for personal gain, disciplinary action may be taken against the person making the allegation.

4. Actions to be taken by the School

- Any member of staff who reports a suspected fraud should feel confident they will be listened to seriously and sensitively. They should be given a fair hearing and they should feel reassured that they will not suffer because they have voiced their suspicions
- Members of the Senior Leadership Team must immediately inform the Headteacher of any concerns reported to them.
- If the Headteacher or School Business Manager are implicated in the suspected fraud it should be reported directly to the Chair of the Audit Committee
- If any of the members of the Audit Committee are implicated in the suspected fraud it should be reported directly to the Chair of Governors. In such circumstances the Chair of Governors will determine the procedure for examining the facts of the suspected fraud, any subsequent investigation and for deciding action
- A meeting of the Audit Committee will be held at the first opportunity, ideally within 24 hours of the suspected fraud being reported. Where members of the Audit Committee are not available suitable alternatives can be appointed from the Finance Committee.
- If the suspected fraud has a value of over £5000 this will be reported to the EFA.
- The Audit Committee will consider the report of suspected fraud and decide:

whether to instigate an investigation to establish the facts of what has taken place
whether to recommend to the Headteacher that the matter is reported to the police
whether to recommend to the Headteacher to suspend the individual(s) suspected pending further investigation (see 3. below).

Where further evidence is required before deciding whether to instigate an investigation, the Audit Committee will commission the gathering of further evidence and reconsider the position in order to make a decision.

5. Suspension pending investigation

The Audit Committee will consider whether to make a recommendation to the Headteacher to suspend the individual(s) suspected pending further investigation. The prime consideration in this respect is to prevent further loss and/or the destruction or removal of evidence.

Where an individual is to be suspended they should be approached unannounced and asked to attend a meeting, where the suspension is confirmed and explained. Wherever possible, they should be given the opportunity to be accompanied at the meeting by a trade union representative or work colleague. If it is not possible for them to be accompanied, the meeting may proceed nonetheless so that action can be taken to prevent further loss and/or the destruction or removal of evidence. Following suspension, the individual(s) will be supervised at all times before leaving the premises. Only personal property may be removed and all keys must be surrendered. The Network Manager will be informed and access to School IT systems denied immediately. The individual will be sent confirmation of the suspension, in writing.

Suspension pending investigation of suspected fraud does not imply that it has been established that fraud has taken place and does not represent disciplinary action. Members of staff will remain on full pay during the period of suspension.

6. Investigation of suspected fraud

The Audit Committee will normally commission an internal investigation of the suspected fraud, but will have authority to appoint other experts to conduct the investigation where necessary.

- The school, its employees and Governors will make available to the investigator all such information and records as are necessary to pursue the investigation.
- The matters investigated will be kept confidential in so far as this does not hinder or frustrate the investigation process.
- The investigator will prepare a report setting out their findings from the investigation. The report will cover:
 - (i) an opinion on whether a fraud has been committed and the reasons and summary evidence in support of the opinion
 - (ii) where the opinion is that a fraud has been committed, description of the fraud, value of loss, people involved and the means by which the fraud was perpetrated
 - (iii) measures already taken or to be taken to prevent recurrence
 - (iv) any recommendations for action to strengthen future responses to fraud.

The Audit Committee will consider the report and determine whether it demonstrates that a fraud has been committed and who may be responsible. In the light of their conclusions, the Finance and General Purposes Committee will decide the action to be taken, as follows:

- (i) if it is determined on the basis of the evidence that no fraud has taken place, the Audit Committee will agree action to ensure that all relevant parties are informed. If any individual(s) have been suspended pending investigation, the Headteacher will be responsible for advising on action relating to the lifting of the suspension in the case
- (ii). if it is determined on the basis of the evidence that a fraud has taken place, the Audit Committee will refer to the Disciplinary Procedure in the case of staff. The Audit Committee will also agree any action necessary under the School's requirements for reporting to external bodies such as the EFA and The Audit Commission. The Audit Committee may recommend to the Headteacher that the matter is reported to the police if this has not happened at an earlier stage and/or that civil action is taken to recover losses.
- (iii) If the report recommends improvements to the school's control systems, the School Business Manager will ensure that these are implemented at the earliest opportunity.
- (iv) Where the matter is referred to staff disciplinary procedures, a separate investigation under those procedures will be necessary and evidence from the Audit Committee's investigation will form part of the disciplinary investigation.

7 . Recovery of losses

The Audit Committee will assess the opportunity for recovering any losses, including taking legal action through the Courts, where appropriate. The Headteacher will be responsible for ensuring that any legal action is pursued.

Fraud Indicators



Anti-fraud checklist for academy trusts

Fraud occurs in every sector and although the level of identified fraud in academies is very low academy trusts (ATs) need to be aware of the potential for it to occur. The ten questions below are intended to help AT governors, accounting officers and heads of finance to review their arrangements for preventing; detecting and dealing with fraud should it occur. The arrangements each AT will have in place will vary according to size, complexity and structure.

1. Are the AT's governors and accounting officer aware of the risk of fraud and their responsibilities regarding fraud? **Yes, policy in place and included in annual review of the Risk Register within each committee.**
2. Is fraud included within the remit of the AT's audit committee or equivalent? **Yes, at Audit Committee and Full Governing Body level too.**
3. Has the role of the AT's external auditor and responsible officer or equivalent regarding fraud been established and is it understood? **Yes, included in schedule of extended assurance visits throughout the year.**
4. Is fraud risk considered within the AT's risk management process? **Yes, included in annual review of the Risk Register within each committee.**
5. Does the AT have a fraud strategy or policy and is there a 'zero tolerance' culture to fraud in the AT? **Yes.**
6. Is the fraud strategy or policy and 'zero tolerance' culture promoted within the AT, for example through financial regulations, disciplinary procedures, checks on new staff, induction process, staff training, vetting of contractors? **Yes – Financial policies, procedures and recruitment checks and processes in place and followed.**
7. Does the AT have policies on whistleblowing, declaration of interests and receipt of gifts and hospitality? **Yes, reviewed and updated on an annual basis and staff reminded of the procedures in place.**
8. Does the AT have appropriate segregation of duties? **Yes as per scheme of delegation.**
9. Is it clear to whom suspicions of fraud in the AT should be reported? **Yes, as per policy.**
10. If there has been any fraud in the AT has a 'lessons learned' exercise been undertaken? **Yes and updated in Financial Procedures as requested by auditors.**

There is additional reading and further guidance on the [DfE website](#).

