

The Auriga Academy Trust

Anti-Fraud, Bribery and Corruption Policy

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Please note that all Trust policies are reviewed regularly. Should you have any queries regarding this policy, note an omission or wish to propose an amendment, please email finance@aurigaacademytrust.org.uk.

1. Introduction and Responsibilities

The Auriga Academy Trust (the Trust) will not tolerate fraud, corruption or abuse of position for personal gain, wherever it may be found, in any area of the Trust's activities.

The Trust is committed to ensuring that it acts with integrity and has high standards of personal conduct. Everyone involved with the Trust has a responsibility in respect of preventing and detecting fraud. All staff, Trustees and Governors have a role to play. The Trust also recognises the role of others in alerting them to areas where there is suspicion of fraud.

Recognising a potential fraud and being able to report it is just as important as the measures to prevent and detect. It is the duty of all employees, Trustees and Governors of the Trust to take reasonable steps to limit the possibility of corrupt practices, and it is the responsibility of the Internal Auditor and External Auditors to review the adequacy of the measures taken by the Trust to test compliance and to draw attention to any weaknesses or omissions.

Any investigation carried out in relation to alleged irregularities is linked to the Trust **Disciplinary Policy and Procedure**.

2. Legislation and guidance

This policy is based on the Academy Trust Handbook, which states that Academy trusts must be aware of the risk of fraud, theft and irregularity and address it by putting in place proportionate controls. Trusts must take appropriate action where fraud, theft or irregularity is suspected or identified.

3. Definitions

3.1 Fraud

The Fraud Act 2006 (15th January 2007) 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) 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.'*

Fraud is different to theft, which is defined in the 1968 Theft Act as:

'A person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it'.

3.2 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 Trust 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.

3.3 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.'

The term 'fraud' is used throughout this document. For the purposes of the document the term also includes theft, bribery and corruption.

4. Purpose and Scope

This policy applies to all employees (full time, part time, temporary and casual), Governors and Trustees, Members and volunteers of the Trust.

The purpose of this document is to confirm the Trusts commitment to preventing and detecting fraud, bribery and corruption.

The Trust expects all persons associated with the Trust and those acting as its agents to conduct themselves in accordance with the seven principles of public life defined by the Nolan Committee 1995. The seven principles are:

- **Honesty:** Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest
- **Integrity:** Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties
- **Selflessness:** Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends
- **Objectivity:** In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit
- **Openness:** Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands
- **Accountability:** Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- **Leadership:** Holders of public office should promote and support these principles by leadership and example.

The Trust requires Trustees, Members, Governors and employees at all levels to lead by example in adhering to legal requirements, financial rules, contract procedure rules, codes of conduct, and prescribed procedures and practices.

The Trust requires Trustees and senior staff to design and operate systems and procedures that will minimise losses due to fraud, bribery, corruption and other dishonest action.

The Trust expects all persons connected to the Trust to be alert to the possibility of fraud, bribery and corruption in all their dealings.

The Trust will not tolerate fraud. Employees found to be defrauding the Trust face gross misconduct dismissal under the disciplinary process. Employees and any other parties defrauding the Trust e.g. claimants or contractors will have their cases referred to the Police.

5. Procedures / Deterring Fraud

The wide range of procedures in place to minimise the risk of fraud constitutes a major part of the Trust's system of internal control, which is designed to ensure the Trust conducts its business properly and effectively and completes its transactions fully and accurately.

The Trust aims to have in place efficient and effective systems of control that as far as possible prevent potential fraudsters from exploiting weaknesses. The prime responsibility for maintaining such systems lies with the Accounting Officer (CEO). Support is given by the Finance Director (COO) and independent audit reports, which provide an independent appraisal of the integrity of all internal control systems.

The following key procedures and controls operate within the Trust:

- The Trust has an effective Anti-Fraud, Bribery and Corruption Policy, and maintains a culture that will not tolerate fraud, bribery or corruption
- All persons associated with the Trust comply with respective Codes of Conduct
- A Register of Interests is maintained to enable Governors, Trustees and employees to record any financial or non-financial interests that may bring about conflict with the Trust's interests
- A Register of Gifts and Hospitality is maintained to enable Governors, Trustees and employees to record gifts and hospitality either received, or offered and declined, from the Trust's contractors and suppliers
- Confidential Reporting (Whistleblowing) procedures are in place and operate effectively
- Suitable and enforced financial and contract procedure rules are in place
- Suitable and enforced ICT controls and procedures.
- There are robust recruitment and selection procedures
- There are clear and active disciplinary arrangements
- Sanctions are pursued against those who commit fraud, bribery and corruption.

The Trust is fully committed to ensuring that the examples of best practice indicated above are an integral part of its operations.

The Trust uses a number of ways to deter potential fraudsters from committing or attempting fraudulent or corrupt acts (including bribery) whether they are inside and / or outside of the Trust, including:

- Having sound internal control systems, which allow for innovation while limiting opportunities for fraud, bribery and corruption.
- Publicising the Trust's determination to prevent and detect fraud, bribery and corruption.
- Acting robustly and decisively when fraud, bribery and corruption are suspected and proven – e.g., the termination of contracts, dismissal, prosecution.
- Action to recover any losses through fraud – e.g. through agreement, Court action, penalties, insurance etc.

6. Reporting a Suspected Fraud

When individuals report suspected fraud, their suspicions will always be treated seriously, and all details provided will be recorded accurately and in a timely manner. Those reporting fraud, can be assured that all information will be dealt with in the strictest confidence and that anonymity will be preserved if requested. However, anonymity may not be able to be preserved if it is incompatible with a full and fair investigation.

When reporting a fraud

- Make an immediate note of all relevant details and include all relevant information - the date and time of the event, record of conversations (including telephone), names of persons present (or description if the name is not known), vehicle details where appropriate e.g. type, colour, registration etc.
- Report suspicions as soon as possible together with the relevant details to the Headteacher or CEO. Concerns relating to the behaviour or actions of the Headteacher or CEO can be raised directly with the Chair of the Trust.
- Suspicions should be put in writing to the Headteacher or CEO by letter or email. The email / envelope must be marked as CONFIDENTIAL.

The Trust would prefer not to receive information anonymously as it may be necessary to collate further information. However, all anonymous information that is received will be investigated.

Individuals who suspect an incidence of fraud, are requested NOT to

- Confront or accuse anyone directly.
- Try to investigate the matter themself.
- Discuss suspicions with anyone other than the appropriate level of authority.
- Be afraid to report a matter on the basis that suspicions may be groundless; all reports will be treated on the basis that they are made in good faith.

7. Investigating a Suspected Fraud

All allegations of suspected fraud and irregularities are to be brought to the attention of the Headteacher and the CEO, unless this individual is involved in the irregularity in which case the Chair of the Trust should be informed. Please refer to the Trust **Whistleblowing Policy** for further guidance.

The Headteacher / CEO will have responsibility for co-ordinating the initial response. The Headteacher / CEO will identify an Investigating Officer, who will be a responsible individual selected as appropriate. The Investigating Officer also has the responsibility to report all findings to members of the Board of Trustees.

The Investigating Officer will

- ascertain whether the suspicions aroused have substance.
- if appropriate, conduct a preliminary investigation to gather factual information and reach an initial view as to whether further action is required.
- determine whether the findings, conclusions and any recommendations arising from the preliminary investigation should be reported to the Chair of Trustees.
- notify the Board of Trustees of any serious financial irregularities. This action will be taken at the first opportunity following the completion of the initial investigations and will involve keeping the Chair of Trustees fully informed.

If further investigations are required, the Investigating Officer will

- highlight to the Chair of Trustees any serious control weaknesses, fraud or major accounting breakdowns.
- determine which outside agencies should be involved (police, auditors).

In all instances the matter must be reported to the Chair of the Trust Audit Committee, even if there is no evidence to support the allegation

If evidence of fraud is forthcoming, then the Board of Trustees will inform the Department for Education as required by the Funding Agreement.

8. Confidentiality and Safeguards

The Trust recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the alleged malpractice. The Trust will not tolerate harassment or victimisation and will do what it lawfully can to protect an individual when a concern is raised in good faith.

This does not mean that if the person raising the concern is already the subject of a disciplinary, redundancy or other procedure, that those procedures will be halted as a result of the concern being reported.

There is a need to ensure that the process is not misused. For further guidance refer to the Trust's Disciplinary, Grievance and Capability policies.

9. Reporting and Monitoring

All incidents of fraudulent activity must be reported to the Audit and Risk Committee of the Trustees. The report must include any "lessons learned", including an indication of any actions to be undertaken and the appropriate timeline.

All instances of fraud will be reported to the external auditors by the Finance Director.

The following instances of fraud must be reported to the ESFA as soon as possible:

- Any instance where the value of the fraud exceeds £5,000
- Where the total value subject to fraud in any given academy financial year exceeds £5,000
- Any unusual or systematic fraud, regardless of value. **Unusual fraud** means "of a nature that is novel, unpredictable, highly sophisticated or otherwise rare". This might be a new type of cyber-crime, for example. **Systematic fraud** shall be taken to mean "having implications for the wider system of financial and other controls". This means that, where fraudulent activity exposes a weakness in the wider system and is not 'merely' opportunistic – it should be reported. It shall be for the Accounting Officer (CEO), in consultation with the Finance Director and taking such advice as is necessary, to determine whether an instance of fraud is unusual and/or systematic. If in doubt, the ESFA shall be notified as a precautionary measure.

Any fraud reported to the ESFA must include the following details:

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

The Finance Director must ensure that this information is recorded for all instances, since the £5,000 threshold might subsequently be reached.