



*Achieving together in faith*

# **Holy Cross Catholic Multi-Academy Company**

## **Fraud Policy**

**2022 - 2025**

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## Contents

<b>Section</b>	<b>Page</b>
1. Introduction	3
2. Fraud, Corruption and Other Irregularity	3
3. The Company's Responsibilities	5
4. Line Management Responsibility	5
5. Staff Responsibilities	6
6. Fraud Response Plan	7
7. Creating an Anti-Fraud Culture	7
8. Detection and Investigation	7
9. Sanction & Redress	8
10. Learning from the Experience	8
11. Conclusion	8

## **1. Introduction**

Holy Cross Catholic Multi Academy Company requires staff at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible. Fraud is an ever-present threat to those resources and therefore must be a concern to staff. **The Company will not accept any level of fraud and corruption; consequently, any case will be thoroughly investigated and dealt with appropriately.** The purpose of this document is to set out the Company's responsibilities regarding the prevention of fraud and the procedures to be followed where a fraud is discovered or suspected. This policy supplements the Company's policies on Whistleblowing, Disciplinary Policy, Fraud Response Plan (see section 6 of this document) and Financial Regulations Manual.

The Education Funding Agency also has a very strict approach. Academy Companies **must** be aware of the risk of fraud, theft and/or irregularity occurring and address this in their internal control and assurance arrangements by putting in place proportionate controls. Companies must take appropriate action where fraud, theft and/or irregularity is suspected or identified.

The Company must notify the Education and Skills Funding Agency (ESFA) of any instances of fraud, theft and/or irregularity exceeding £5,000 individually or £5,000 cumulatively in any academy financial year. Any unusual or systematic fraud, regardless of value, **must** also be reported.

## **2. Fraud, Corruption and Other Irregularity**

The Fraud Act 2006, came into force on the 15<sup>th</sup> January 2007, and fraud has been given a legal definition. The act introduces 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.

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 MAC Board as to fall within the general principles of this policy and which may warrant consideration or investigation under the related Fraud Response Plan.

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 Company, perhaps to the on-going detriment to the Company. Additionally, an irregularity may also involve consideration of the possible inappropriate use of Company funds or assets, but which may not technically constitute fraud or corruption.

### **3. The Company's Responsibilities**

Overall responsibility for dealing with fraud and corruption rests with the Catholic Senior Executive Leader (CSEL, The Company's Accounting Officer). As the Company's Accounting Officer, the responsibilities of this post include:

- Establishing and maintaining a robust system of internal control to prevent fraud
- Establishing effective financial regulations, policies and procedures
- Establishing appropriate mechanisms for reporting fraud risk issues including reporting to the Responsible Officer, the Company Board and Education Funding Agency where appropriate
- Ensuring that vigorous and prompt investigations are carried out
- Taking appropriate legal and/or disciplinary action where fraud is proven
- Ensuring that appropriate action is taken to minimise the risk of similar frauds in the future
- Taking appropriate action to recover assets and minimise the loss

Trustees and staff in positions of financial responsibility and authorisation are required to provide the Chief Finance and Operating Officer (CFOO) with information concerning their direct or indirect pecuniary interests, and those of close family members, via the Annual Declaration of Interest Form and to keep that information up to date.

### **4. Line Management Responsibility**

Line managers are responsible for ensuring that an adequate system of internal control exists within their areas of responsibility and that those controls are effective. The responsibility for the prevention and detection of fraud therefore, rests primarily with the managers. There is a need for all managers to assess the types of risk that their individual department is exposed to; to review and test those control systems regularly; to ensure that controls are being complied with; and to satisfy themselves that their systems continue to operate effectively.

Line managers must be alert to the possibility that unusual events or transactions could be symptoms of fraud or attempted fraud. Fraud may also be highlighted as a result of specific management checks or be brought to management's attention by a third party.

In terms of establishing and maintaining effective controls it is generally desirable that:

- There is separation of duties so that control of a key function does not rest with one staff member

- When new systems are being designed, safeguards against fraud are considered at an early stage

## **5. Staff Responsibilities**

It is the responsibility of all members of staff within the Company to ensure that public funds controlled by the Company are safeguarded against fraud. Staff must alert their line manager if they believe an opportunity for fraud exists because of poor procedures or controls. Staff must report any suspicion of fraud immediately to their line manager (or other person in authority where appropriate) who should record this and report it to the Chief Finance and Operating Officer (CFOO) or, in the event that the allegations of malpractice are to be made against the CFOO, to the Chair of the Board of Directors. Staff are required to co-operate fully with any internal checks, reviews or fraud investigations. All staff are required to comply with policies and procedures. Failure to comply may result in disciplinary action.

All employees have the right to 'blow the whistle' on what they perceive to be a cause of serious concern or malpractice. All staff should familiarise themselves with the Company's Whistleblowing' policy and in particular the protection afforded them under the Public Disclosure Act 1998. The Company Board assures all staff that they will not suffer in any way as a result of reporting reasonably held suspicions.

The Company subscribes to the seven principles of public life set out in the Nolan Committee's first report, Standards in Public Life. These are:

**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.

**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.

**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.

**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.

**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.

**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.

**Leadership** - Holders of public office should promote and support these principles by leadership and example.

## **6. Fraud Response Plan**

The Company would follow Academy Disciplinary and Dismissals procedure and potentially involve, where necessary and appropriate:-

- Academy's External Auditors
- Police
- ESFA Contact and Media Advisors

## **7. Creating an Anti-Fraud Culture**

The creation of an anti-fraud culture underpins all other work to counter fraud. Staff within the Company must understand the risk of fraud faced by the organisation, that fraud is serious and that it diverts valuable resources from its primary objective. The Company recognises the importance of training in the delivery of high quality services and the Company supports the concept of fraud awareness training for key staff involved with internal control systems.

The MAC also utilises a peer-to-peer internal audit review in collaboration with another local MAC.

## **8. Detection and Investigation**

Where a fraud is detected or suspected, initial responsibility for investigating the matter rests with the CFOO who has been nominated as the Company's Investigating Officer. In their absence, or if the CFOO is in any way alleged to be involved in the fraud, responsibility for investigating the matter rests with the Chair of Board. The Investigating Officer shall inform and consult with the Headteacher in all cases except where the Headteacher is the alleged perpetrator. Investigations will be commenced as soon as possible.

The Investigating Officer does not have authority to determine the process for undertaking the investigation independently of the Responsible Officer. The Responsible Officer will be able to offer specialist advice and should be consulted at the first opportunity. If it is established that a fraud may have occurred then a comprehensive investigation must be carried out by an experience fraud specialist or referred to the police.

It is essential that all material that may be of evidential value must be recovered and preserved for further investigation if required. Additionally, the Company must consider whether to suspend any individual, under the Company's disciplinary procedures, who is the subject of the investigation. Suspension is a neutral act; it may be necessary to safeguard further evidence that may be used to prove or disprove the allegation. Suspension is with pay where there is no acceptable alternative e.g. removal from normal duties, imposition of restrictions to avoid future risk

## **9. Sanction & Redress**

The Company's disciplinary procedures provide for offences such as fraud, theft and deliberate falsification of Company registers, reports, accounts, expense claims and self-certification forms to be regarded as gross misconduct which may result in dismissal. The Company will take disciplinary action in all cases where it is considered appropriate.

In cases where fraud is proven the Company will notify the police of the outcome. The Company will co-operate fully with the investigating body and will always seek to recover funds lost through fraud. It may be necessary for the Company to initiate a Civil Action against the fraudsters. If, during the course of the investigation any failure of supervision is identified, the Academy must consider whether disciplinary action is appropriate for those involved.

## **10. Learning from the Experience**

Where fraud has occurred it is vital that Directors and management recognise the need to examine systems and procedures and make necessary changes to ensure that similar frauds will not occur. In addition to an internal control and scrutiny review advice would be sought from outside bodies, e.g. auditors, ESFA, peers in other academies, in respect of changes to systems and procedures.

## **Conclusion**

Whilst the circumstances of fraud will undoubtedly vary it is important that each individual case is subjected to the same rigorous process of investigation and

redress. The Company values its dedicated and loyal staff but it wishes to reiterate however, that it views fraud very seriously and will not hesitate to take the appropriate action in every case.