



ANTI-FRAUD and Bribery POLICY

Date Approved by Board:	December 2015
Review Date:	September 2017
Responsible Individual:	Clerk to Board and Accounting Officer

SCOPE AND PURPOSE OF POLICY

Wellspring Academy Trust (“the Trust”) is committed to the values of probity and accountability and requires staff at all times to act honestly and with integrity, to safeguard the public resources for which they are responsible. Fraud and Bribery is an ever-present threat to these resources and it is therefore necessary for all managers to be aware of what is required in the event of being notified of a suspected fraud. The Anti-Fraud and Bribery Policy describes the Trust’s position on fraud and what staff should do if they suspect a fraud. The Policy should be read in conjunction with the Trust’s Public Interest Disclosure (‘whistleblowing’) Policy which identifies a framework to allow members of the Trust’s staff, management, Directors or the Trust community to raise concerns confidentially.

The Board of Directors already has procedures in place that reduce the likelihood of fraud and bribery occurring. These include Financial Regulations, documented procedures and internal control and risk management systems.

Definitions

Fraud

For a fraud offence to occur, a person must act dishonestly with the intent of making a financial or other gain, or to cause a loss (or risk of loss)

Any person who dishonestly makes a false representation to make a gain for themselves or another or dishonestly fails to disclose to another person information which s/he is under a legal duty to disclose, or commits fraud by abuse of position, including any offence as defined in the Fraud Act 2006.

For the purposes of this Policy the term covers deception (as defined in the Theft Act 1978), forgery, extortion, corruption (giving, soliciting or acceptance of an inducement or reward), theft, conspiracy, embezzlement, misappropriation, false representation and concealment of facts/collusion.

Bribery

Bribery Act 2010

The Bribery Act 2010, which repeals previous corruption legislation, covers the offences of offering and or receiving a bribe and introduced specific responsibility on organisations to have in place sufficient and adequate procedures to prevent bribery and corruption taking place. Under the Act, bribery is defined as “Inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other privileges”. Corruption is broadly defined as “The offering or the acceptance of inducements, gifts, favours payments or benefit in kind which may influence the improper action of any person”; corruption does not always result in a loss. The corrupt person may not benefit directly from their deeds; however, they may be unreasonably using their position to give some advantage to another.

A bribe is offering, promising, or giving a financial, or otherwise, advantage to another person with the intention of bringing about improper performance or reward. The Bribery Act also states that a person is guilty of an offence if they request, agree to receive, or accept a financial or other advantage intending that a relevant function or activity should be performed improperly by them or another. It further states that offering or agreeing to accept a bribe is an offence even if no money or goods have been exchanged.

Computer Misuse

If a person causes a computer to function with intent to access a program or data held & the access is unauthorised & they are aware at the time that this is the case.

The intent need not be directed against any particular program or data, or against a particular kind of program or data, or against a particular computer. (for example, by altering, substituting or destroying records, or creating spurious records), or where the use of an IT system was a material factor in the perpetration of fraud. Reference is made to the Computer Misuse Act 1990 in respect of computer fraud. Theft or fraudulent use of computer time and resources is also included in this definition.

Public Service Values

Academies are accountable to a wide range of bodies, including Education Funding Agency (EFA). Therefore Academies must set high standards of conduct and propriety to ensure the correct and ethical use of public funds. The Trust ensures this through adopting and implementing sound systems of internal control.

Accountability: Everything done by those who work in the organisation must be able to stand the test of parliamentary scrutiny, public judgements on propriety and professional code of conduct.

Probity: Absolute honesty and integrity should be exercised in dealing with pupils, assets, staff, suppliers and customers.

Openness: The organisation's activities should be sufficiently public and transparent to promote confidence between the Trust and its pupils, staff and the public.

All those who work in the organisation should be aware of, and act in accordance with these values.

Board of Directors' Policy Statement

The Board of Directors is absolutely committed to maintaining an honest, open and well intentioned atmosphere within the Trust. It is therefore also committed to the elimination of any fraud within the Trust and to the rigorous investigation of any such cases.

The Board of Directors wishes to encourage anyone having reasonable suspicions of fraud to report them. Therefore it is also the Board of Directors policy, which will be rigorously enforced, that no employee will suffer in any way as a result of reporting reasonably held suspicions. For these purposes 'reasonably held suspicions' shall mean any suspicions other than those which are raised maliciously and found to be groundless.

Prevention, Awareness and Training

The adoption of proper and adequate measures to prevent fraud and corruption are the responsibility of the Board, Accounting Officer, Principals, and other managers.

All Board members and staff need to be made aware of, and have ready access to, the Trust's agreed policies and procedures e.g. Financial Regulations, Codes of Conduct, and any relevant practice and procedure documents.

References will be taken up for all permanent and temporary staff to verify their suitability, honesty and integrity.

The Trust has and will maintain in place systems and procedures, which incorporate internal controls, including adequate separation of duties to ensure that, as far as possible, errors, fraud and corruption are prevented.

Financial Procedures detail key financial systems and provide guidance to underpin the Trust's Financial Regulations. The Finance Officer and Principals are responsible for ensuring that appropriate internal controls are properly maintained.

The Trust will deal with any instances of fraud or corruption swiftly. Disciplinary action will be taken as necessary and the police informed/involved if appropriate.

In the event that fraud is suspected on the part of contractors, employees internally or by staff involved in agency or contract work on behalf of other bodies, procedures and responsibilities for reporting and initial investigation are the same as for staff. The Trust will inform and involve employing contractors or agencies when appropriate.

The Trust recognises that the continuing effectiveness of the Anti-Fraud Policy depends largely on the awareness and responsiveness of Board members and staff.

It is essential that Board members and staff are made aware of the policy when they join the Trust and receive a copy for inclusion in their personal records and, in addition, have ready access to all other relevant documents, policies and procedures which regulate the Trust's activities.

Role of the Accounting Officer

The Accounting officer, is responsible for ensuring that an effective system of internal control is maintained and operated by the Trust. This system includes the establishment of financial regulations and procedures, which must be adhered to at all times and by all staff.

Principals' Responsibilities

Principals are responsible for ensuring that an adequate system of internal control exists within their Academy and that controls operate effectively. The responsibility for the prevention and detection of fraud, therefore, rests primarily with Principals. There is a need for all Principals to assess the types of risk involved in the operations for which they are responsible; to review and test the control systems for which they are responsible regularly; to ensure that controls are being complied with; and to satisfy themselves that their systems continue to operate effectively.

The Finance Officer is available to offer advice and assistance on control issues as necessary. In terms of establishing and maintaining effective controls it is desirable that:

- There is a regular rotation of staff responsibilities, particularly in posts where key financial controls are operating;
- Wherever possible, there is a separation of duties so that control of a key function is not vested in one individual;
- Backlogs are not allowed to accumulate and
- In designing any new system, consideration is given to building in safeguards against internal and external fraud.

All Staff Responsibilities

Every member of staff has a duty to ensure that public funds are safeguarded, whether they are involved with cash or payments systems, receipts, stocks, assets or dealing with contractors or suppliers. Staff should alert the Finance Officer (or his/her nominee) where they believe that the opportunity for fraud exists because of poor procedures or lack of effective controls.

Staff should alert the Finance Officer (or his/her nominee) if they suspect a fraud has been committed or see any suspicious acts or events as a matter of urgency. If the suspected fraud involves the Finance Officer the member of staff should make their concerns known to the Principal. If the

suspected fraud involves the Principal, the member of staff should make their concerns known to the Accounting Officer.

Staff should also assist in any investigations by making available all relevant information and by co-operating in interviews.

It should be added that under no circumstances should a member of staff speak or write to representatives of the press, TV, radio or to another third party about a suspected fraud without the express authority of the Accounting Officer. Care needs to be taken to ensure that nothing is done that could give rise to an action for slander or libel.

Personal Conduct

The Trust subscribes to seven principles of public life set out in the Nolan Committee's first report. As stewards of public funds, Trust staff must have, and be seen to have, high standards of personal integrity and must adhere to the Trust's employment policies. Staff should not accept gifts, hospitality or benefits of any kind from a third party which might be seen to compromise their integrity. Guidelines are included in the Trust's Financial Regulations, Finance Procedures and relevant employment policies.

Disciplinary Action

After proper investigation, the Trust will take legal and/or disciplinary action in all cases where it is considered appropriate. Generally, in relation to proven frauds or frauds which come to light, whether perpetrated by a member of staff or by persons external to the Trust, the case will be referred to the police at the earliest possible juncture. The Trust will co-operate fully with police enquiries and these may result in the offender(s) being prosecuted. All investigations will consider whether there has been a failure of supervision and where this has occurred appropriate disciplinary action will be taken against those responsible.

Recovery of Losses

In all cases, the Trust will take steps to recover any losses resulting from the fraud.

Review of the Anti-Fraud Policy

The Anti-Fraud Policy will be reviewed as part of the annual revision of the Trust's Financial Regulations.

EQUALITY AND DIVERSITY

An EqIA is not relevant for this policy.

LINKED POLICIES

- Fraud response plan
- Public Interest Disclosure Policy
- Disciplinary Policy
- Gifts and Hospitality Policy.

LOCATION AND ACCESS TO THIS POLICY

This policy is located on the Trust's Intranet.

REVIEWS

This policy was first approved by the Board in January 2014. A review was undertaken in September 2015 and presented to Board for approval in December 2015. Next review due: September 2017



FRAUD RESPONSE PLAN

Date Approved by Board:	December 2015
Review Date:	September 2017
Responsible Individual:	Accounting Officer

1 Scope and Purpose of Policy

Introduction

Wellspring Academy Trust (“the Trust”) is committed to the values of probity and accountability and requires staff at all times to act honestly and with integrity, to safeguard the public resources for which they are responsible. Fraud is an ever-present threat to these resources and it is therefore necessary for all managers to be aware of what is required in the event of being notified of a suspected fraud. The Fraud Response Plan describes the Trust’s position on fraud and what staff should do if they suspect a fraud. The Plan should be read in conjunction with the Trust’s Anti-Fraud Policy and Whistleblowing Policy which identifies a framework to allow members of the Trust’s staff, management, Governors/Directors or the Trust community to raise concerns confidentially.

2 Stage 1: Finance Officer (or nominee)

Establish as many details as possible by discussion with the notifying individual only.

Irrespective of the source of the concern, the Finance Officer should undertake an initial enquiry to ascertain the facts to confirm or repudiate the suspicions which have arisen so that, if necessary, further action may be taken. If the suspected fraud involves the Finance Officer, responsibility for ensuring the following steps are followed passes to the Accounting Officer.

Secure the evidence

Preliminary examination may involve the review of documents and, if initial investigation supports the suspicion that a fraud has been perpetrated, the Finance Officer should take steps to ensure that this is preserved in a safe place.

Notify the Accounting Officer

Whilst the Finance Officer should establish as many details as possible they should report the incident to the Accounting Officer. The Accounting Officer is responsible for reporting any instances of fraud or theft to the Education Funding Agency (EFA) in accordance with the EFA Handbook.

Notify Chair of the Audit Committee

The Finance Officer should, after notifying the Accounting Officer, contact the Chair of the Audit Committee to notify them of the suspected fraud and make preparation for their inclusion in the Fraud Response Group. The Chair of the Audit Committee is then responsible for notifying the Internal Auditors accordingly.

3 Stage 2: Accounting Officer

Establish Fraud Response Group (FRG)

The Accounting Officer should, within 24 hours, hold a meeting of the following group to decide on the initial response:

- Head of Human Resources (Sponsor)
- Finance Officer
- Chair of the Audit Committee (or delegate member of Audit Committee if
- Any other person that the Accounting Officer considers necessary to assist the Group.

The FRG should, on the basis of the evidence available and the preliminary investigation undertaken by the Finance Officer and Accounting Officer, consider the significance of the fraud and decide on the level of action to be taken. This may be an internal investigation led by a senior member of the Trust or a Special Investigation led by internal audit. It is likely that a suspected fraud, unless it is identified as minor, will be investigated by internal audit.

The Accounting Officer will notify the Chair of the Board of Directors and Chair of the relevant Local Governing Body within 24 hours of the Fraud Response Group meeting.

Consideration should also be given as to whether to inform the police and the EFA.

In some cases evidence may need to be secured before the FRG meeting is held to prevent it either being lost or destroyed. The members of FRG may be required to seek advice from external specialists in connection with this, especially with regard to electronic evidence (see "Protection of electronic evidence" below).

Notify the Trust's Insurers

At an early stage the Trust's insurers should be informed of a suspected fraud.

Prevent Further Losses

Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the Fraud Response Group will decide how to prevent further loss. This may require, after consultation with Human Resources, the suspension of the suspects to prevent them destroying or removing evidence that may be needed to support disciplinary action or criminal prosecution.

In these circumstances, the suspects should be approached unannounced. They should be supervised at all times before leaving the Trust's premises. They should be allowed to collect personal property under supervision, but should not be able to

remove any property belonging to the Trust. Any security passes and keys to premises, offices and furniture should be returned and access to the Trust's IT systems denied immediately.

Advice should be obtained on the best means of denying access to the Trust while suspects remain suspended including permissions for the Trust's computer systems.

Protection of electronic evidence

Electronic evidence including emails, documents produced and saved on computers and times of access onto systems can be a valuable source of information and evidence when investigating allegations of fraud, corruption or bribery. This evidence must be carefully handled during its collection, review and storage. If appropriate precautions are not taken then this evidence may not be admissible in court proceedings, whether civil or criminal.

Computers or servers should not be 'tampered with' in any way by staff without a proper understanding of the resultant implications. The act of turning a computer off or on can affect the integrity of the evidence and therefore specialists should be brought in to 'image' the contents of the computer as soon as practically possible. This copy of the data can then be searched allowing the original data to be preserved.

Specialist forensic computer software should be used when reviewing or extracting data from computers and servers to ensure that the integrity of the evidence is maintained. Other electronic media, including for example mobile telephones, electronic notebooks, iPods and memory sticks, should also be secured and treated in the same way. The FRG may commission specialists or experts to support the Trust with securing electronic data.

Appoint an Investigating Officer

For each notified suspicion the FRG will appoint an 'Investigating Officer' who will be in charge of the investigation on a day to day basis. For Special Investigations, this will be the Chair of the Audit Committee or Head of Internal Audit.

4 Stage 3 – Accounting Officer and Investigating Officer

The Investigating Officer and Accounting Officer must:

- identify a course of action (what, who, when, how, where);
- identify the reporting process (who by, to whom, when and how); and ensure that strict confidentiality is continuously maintained.

If the suspected Fraud involves the Accounting Officer, the Chair of the Board of Directors must take responsibility of the Investigation.

5 Liaison

The Accounting Officer

The Accounting Officer is responsible for informing the EFA and, where a special investigation is proposed, consulting with the Chair of the Audit Committee to commission this investigation, usually to the Trust's Internal Auditors.

If the suspected Fraud involves the Accounting Officer, the Chair of the Board shall undertake the responsibilities of the Accounting Officer.

Internal and External Audit

The primary role of internal audit is to report on the adequacy and effectiveness of systems and procedures (the 'internal control' environment). Where the Investigating Officer is not the Head of Internal Audit, then the latter should be kept informed of progress and will always be available to assist the Investigating Officer. Internal audit should consider whether it is necessary to investigate systems, other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the Trust's assets. Internal Auditors will always be receptive to discussing concerns raised by staff, students, suppliers or the general public.

The Trust also has a duty to report all suspected frauds to its External Auditors at the earliest opportunity.

The Police

The experts at investigating fraud are the police. They can also advise on the likely outcome of any intended prosecution. If the police decide that a formal investigation is necessary, all staff should co-operate fully with any subsequent requests or recommendations. All contact with the police following their initial involvement will usually be via the Investigating Officer or Accounting Officer. When the police decide to formally investigate this will not prejudice any internal disciplinary procedures. However, the Trust's investigation and the police's should be co-ordinated to make maximum use of resources and information and to ensure that neither investigation is compromised whilst ever they run concurrently.

Education Funding Agency

The circumstances in which the institution must inform the EFA about actual or suspected frauds are detailed in the EFA's Academies Financial Handbook.

The Accounting Officer is responsible for informing the EFA of all instances of fraud or theft committed against the Trust, whether by employees or trustees or third parties, above £5,000. Any unusual or systematic fraud, regardless of value, must also be reported.

The EFA will not tolerate fraud. It reserves the right to conduct or commission its own investigation into actual or potential fraud, theft or irregularity, in any academy trust either as the result of a formal notification from the trust itself or as the result of other information received. The EFA may involve other authorities, including the police, as appropriate. The EFA will publish reports into investigations it undertakes.

6 Investigating Suspected Fraud

Internal Investigation

Once fraud is suspected any investigation should be conducted in a professional manner aimed at ensuring that the current and future interests of both the Trust and the suspected individual(s) are protected. The strongest evidence must substantiate all investigative work and reports must avoid contents that could be considered to be defamatory in the event of the report being made public.

Throughout all stages of any internal investigation of suspected fraud it is vital that the provisions of the Police and Criminal Evidence Act 1984 (PACE) are complied with.

- The Investigating Officer must:
 - Open a file to record chronologically:
 - telephone conversations and face-to-face discussions
 - records/documents reviewed
 - tests undertaken and results
 - steps taken to support the parties involved.

The file should be indexed and all details recorded no matter how insignificant they might initially appear.

- Ensure the correct form of evidence is obtained and appropriately retained.
- Ensure the need for specialist investigative techniques has been considered, where appropriate.
- Ensure interviews are conducted in the appropriate manner. In particular, that the requirements of PACE are complied with when interviewing suspects.
- Ensure compliance with RIPA, The Fraud Act 2006 and The Bribery Act 2010.

Special Investigation

The decision by the Audit Committee to commission a special investigation will constitute authority to internal audit to use time provided in the internal audit plan for special investigations. All special investigations will normally be led by the Trust's Internal Auditors who will follow their own written procedures on fraud investigation.

Special investigations should not be undertaken by management, although management should co-operate with requests for assistance from internal audit.

7 Reporting Fraud

Interim Report

As soon as the initial 'detection' stage of the investigation has been completed an interim confidential report should be made by the Investigating Officer to Accounting Officer and any other officer decided upon at the preliminary stage.

The Interim Report should set out:

- the findings to date;
- the interim conclusions drawn from those findings; and
- should seek approval to continue the investigation if this is appropriate.

If it is decided to continue the investigation then future reporting arrangements and any changes to the planned action should be confirmed.

Final Report

This report will supersede all other reports and be the definitive document on which management (in a disciplinary situation) and possibly the police (in a criminal situation) will base their initial decisions. The format of the Final Report will not always be the same as each case is unique, but will frequently set out:

- how the investigation arose;
- who the suspects are;
- their position within the organisation and their responsibilities;
- how the investigation was undertaken;
- the facts and evidence which were identified;
- quantification of losses;
- progress with any recovery action;
- progress with any disciplinary action;
- progress with any criminal action;
- action taken to prevent and detect similar incidents; and
- a summary of findings and recommendations, both regarding the fraud itself and any additional work required on the system weaknesses identified during the investigation.

8 Report to Audit Committee

Under its normal reporting arrangements, internal audit will keep the Chair of the Audit Committee and the Chair of the Board of Directors informed of its work in the area of fraud and corruption. In certain circumstances however, internal audit may consider it necessary to report directly and promptly to the Audit Committee. This applies, in particular, to cases of suspected fraud involving senior employees. Such notification will, of course, be carried out in a manner consistent with the Trust's disciplinary procedures. This is to ensure that Directors maintain their independence in respect of appeals from employees against disciplinary action.

Any variations from the approved Fraud Response Plan, together with reasons for the variation should be reported promptly to the Chair of Audit Committee and the Chair of the Board of Directors. On completion of a special investigation, a written report should be submitted to the Audit Committee containing:

- a description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud;
- the measures taken to prevent a recurrence; and
- any action needed to strengthen future responses to fraud, with a follow-up report on whether or not the actions have been taken.

9 Report to Board of Directors

Where the Audit Committee feels that there is evidence of irregularity, fraud, bribery, corruption or any impropriety, the Chair of the Audit Committee must notify the Chair of the Board of Directors who must raise the matter at their next meeting. Where the matter is considered significant, the Directors must consider holding a special meeting.

10 Recovery of Losses

Recovering losses is a major objective of any fraud investigation. In all investigations, the amount of any loss should be quantified and repayment of losses should be sought. Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation and about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. The Trust would normally expect to recover costs in addition to losses.

The possibility of recovering a loss through insurance should not be overlooked. There may be time limits for making a claim and in certain cases claims may be invalidated if legal action has not been taken.

11 Register of Actual / Attempted Fraud Incidents

The Finance Officer will maintain an up to date register of actual and attempted fraud incidents. As part of the notification procedure for potential frauds the Finance Officer will update the register to include all notifications of potential fraud.

If subsequently an investigation leads to the conclusion that a fraud neither took place nor was attempted, the potential fraud will be removed from the register.

12 Absence/Unavailability of Key Individuals in the Fraud Response Plan

In order to ensure the Fraud Response plan is fully operational in the event of a key individual being unavailable, the following delegations can be made to ensure the policy is compiled with promptly;

Accounting Officer – Duties can be delegated to a Director of the Trust. The Accounting Officer cannot delegate the responsibility of reporting fraud to the EFA in accordance with the EFA's Academies Financial Handbook.

Chair of the Audit Committee – duties can be delegated to another Director on the Audit Committee.

Other key individual noted in the policy (i.e. required member of the Fraud Response Group) – Duties can be delegated to individual with relevant expertise with approval of the Accounting Officer.

13 Review of the Fraud Response Plan

The Fraud Response Plan will be reviewed as part of the annual revision of the Trust's Financial Regulations.

14 Linked Policies

Financial Regulations
Anti-Fraud and Bribery Policy
Whistleblowing Policy
Disciplinary Procedure
EFA Handbook

15 Equality and Diversity

An EqIA is not required for this policy.

16 Location and Access to this Policy

This policy is available on the Trust's intranet.