

## Anti-Fraud, Bribery and Corruption Policy

### Policy Monitoring, Evaluation and Review

This policy is effective for all academies within The Mead Educational Trust, the Teaching School, the SCITT and all other activities under the control of the Trust and reporting to the Trust Board.

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### Revision History:

Version	Date	Author	Summary of Changes:
0.1	18.08.2015	WY/SCA	Review of policy in accordance with conversion to MAT
0.2	21.09.2015	WY/SCA	Update of roles
0.3	08.06.2016	DWY	Revision of job titles
1.0	September 2017	DWY	Specific inclusion of Teaching School and SCITT in the coverage of this Policy. Inclusion of the new post of Deputy Chief Executive Officer
1.1	September 2018	DWY	Removal of responsibilities for Deputy Chief Executive Officer (DCEO) Change of name and logo for the Trust Minor other changes
1.2	September 2019	DWY	No changes

# ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY

Within this policy there may be references to Principals or Academy Principals. Where these designations are seen it is understood that the lead manager for both the Teaching School and SCITT are equally accountable

Within this policy there may be references to Business Manager(s). Where this designation is seen it is understood that the financial lead for both the Teaching School and SCITT are equally accountable

Within this policy there may be references to an Academy or Academies in all instances please equally read as School or Schools

## 1. Introduction

Fraud, bribery, corruption, or other dishonesty, would adversely affect The Mead Educational Trust's reputation. Each Academy within The Mead Educational Trust therefore has a duty to protect public assets; to ensure that management and other practices accord with the standards of probity expected of public sector bodies; and to ensure that the resources available to it are used only in furtherance of each Academy's objectives as an educational body.

The Trust has a **zero-tolerance** approach to all forms of fraud and financial irregularity. The Trust will not tolerate fraud or corruption by its members, trustees, employees, suppliers, contractors, partners, service users or members of the general public and will take all necessary steps to investigate all allegations of fraud or corruption and pursue sanctions available in each case, including removal from office, disciplinary action, dismissal, loss recovery and/or referral to the Police and/or other agencies.

The Trust is committed to an effective anti-fraud and corruption strategy designed to encourage prevention, promote detection and clarify responses through a defined plan which incorporates investigatory action. The main responsibility for preventing and detecting fraud lies with all staff but the Executive Leadership Team and Finance staff have a particularly important role to play in detecting and reporting fraud. The strategy set out in this paper is designed to cover fraud which is attempted from within each Academy or from outside and is based on policies covering culture, prevention, detection and investigation and also training which is designed to frustrate any attempted fraudulent or corrupt act.

The strategy has been formulated in advance of any fraud risk assessments which may subsequently be undertaken. If such an exercise were to be undertaken then the outcome may give rise to amendments to the strategy.

The Fraud Act 2006 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 Department for Education (DfE) defines fraud as an intentional false representation, including failure to declare information or abuse of position that is carried out intended to make gain, cause loss or expose another to the risk of loss.

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'.*

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.

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."*

Other irregularities are:

*"The failure to observe the Academy's Financial Regulations, policies and procedures. This includes failure to take appropriate action after becoming aware of such failure by another person"*

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

The Anti-Fraud, Bribery and Corruption Policy and Strategy document applies to Trustees, Governors and all employees (full time, part time, temporary and casual) of the Trust and its academies.

## **2. Definition of Fraud**

This Fraud Policy covers staff, pupils and activities of the Academy. For the purposes of the Academy's policy, fraud is defined as the use of deception with the intention of:

- Gaining an advantage, personally and for family or friends; or
- Causing financial loss to the Academy.

*Examples of common types of irregularities and internal fraud are detailed in Appendix 1*

A fraud does not have to be successfully perpetrated for an offence to have been committed under the Fraud Act.

## **3. Policy Statement**

The Trust expects all Trustees, Governors, employees 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.

#### **4. Culture**

The Trust's expectation on propriety and accountability is that pupils and members of staff at all levels act with integrity and lead by example in ensuring adherence to rules and that all procedures and practices are above reproach. The Academy also expects that individuals and organisations that it comes into contact with will act towards the Academy with integrity and without thought or actions involving fraud or corruption.

The Trust is conscious of the high degree of external awareness of its affairs by a variety of bodies and the need to act in all matters with probity and propriety. The Trust is determined that the culture and tone of the organisation is one of honesty and opposition to fraud, bribery and corruption.

The staff and pupils of each Academy are an important element in its stance on fraud and corruption and they are positively encouraged to raise any concerns that they may have on these issues where they are associated with Academy business or activity; this includes concerns related to the provisions of the Public Interest Disclosure Act 1998. Such concerns can be raised in the knowledge that they will be treated in confidence and properly investigated. Concerns can be raised with line managers, senior management, the Chair of Governors or the Chair of the Finance Committee. Where incidents are reported, the Trust's Chief Financial Officer will be advised in order that action can be taken in line with the provisions set out in the Trust's Fraud Response Plan. Any member of staff therefore has a route to raise concerns to someone outside their direct management line where necessary. This will include instances where a senior member of Academy staff is suspected of fraud.

In addition to concerns raised by staff and pupils, members of the public and others coming into contact with the Trust are encouraged to report concerns through the above channels. (Where concerns or allegations are made by staff and are subsequently proved to be malicious and unfounded then such abuses will be viewed as a serious disciplinary matter.)

The Trust will deal swiftly and thoroughly with all cases of fraud and corruption in line with the Fraud Response Plan approved by Governors.

*The Fraud Response Plan is attached as Appendix 2*

The aftermath of financial misconduct is costly, time-consuming, disruptive and unpleasant. The major thrust of the Academy's strategy is therefore, prevention

#### **5. Prevention**

##### **5.1 Risks**

The largest irregularities in educational establishments typically have involved regular misappropriations over a period of years. The three areas most vulnerable to fraud in schools are cash handling, cheque handling and the operation of the purchase ledger. The misuse of information technology is also a major risk and one that is potentially growing in importance with the increase in technology.

## **5.2 Procedures/Systems to deal with risks**

Fraud can be minimised through carefully designed and consistently operated management procedures, in particular, financial policies and procedures and Financial Regulations. The Trust will therefore ensure that management procedures, as described below, are effective and that staff receive training in the operation of them.

- Segregation of duties in use of financial systems is practiced, so, for example, no individual has undue management of payments, income or assets.
- The institution has clear roles and responsibilities, with set levels of authority for authorising transactions
- Systems will be protected with electronic access restrictions to prevent the possible misuse of information technology.

## **5.3 Leadership**

Key determinants of the standards of behaviour in any organisation will be the standards observed by senior members of staff, and the policies and approach to their enforcement promoted from the senior staff.

The Academy's Governing Body and senior managers should therefore ensure that their behaviour is always demonstrably selfless.

Clear policies on commercial ethics, registration and declaration of interests and accepting hospitality and gifts, are part of the purchasing policy (located on pages 11- 19 of Finance Policy) and need to be observed, and seen to be observed.

## **5.4 Prosecution of offenders**

The Police advise that prosecution is a particularly effective deterrent because of the risk of a custodial sentence and a criminal record. However, the threat of prosecution only deters if the threat is real. Therefore, the policy is that the Academy reserves the right to report to the Police, irrespective of the status of the individual. The Academy will undertake disciplinary action, and reserves the right to take legal action, in addition to reporting offenders to the Police.

## **5.5 Employee Screening**

Potential new members of staff will be screened before appointment, particularly for posts with financial responsibility. For example:

- References should cover a reasonable, continuous period; and any gaps should be explained;
- An official employer's reference should be obtained;
- Offers of appointment to be made subject to receipt of satisfactory references and any doubts about the contents of the reference should be resolved before confirming the appointment. If this is done by telephone, a written record of the discussion should be kept to comply with employment law
- Essential qualifications and DBS checks are made,
- Recruitment procedures require that members of recruitment panels will declare any relationships or connections with candidates prior to their involvement with the process.

## **5.6 The Role of Auditors**

- The Audit Committee and internal audit procedures are a key element of the Trust's control system. Internal audit carries out a risk based series of audits designed to assess the school's identification and management of fraud risks.

- External auditor reviews of financial checks and balances and validation testing provide further deterrence. Auditors may also wish to assess systems in place to deter corruption.
- Both internal and external auditors have a full right of access at all reasonable times to all Academy property, assets, documents and financial and other records. The auditors are also entitled to seek explanations from any member of the Academy's staff.
- In addition, the Academy will regard the misleading of auditors, including the withholding of relevant information, as gross misconduct in its own right.

## **6. Responsibility**

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 Local Governing Bodies (LGBs) and the Audit Committee are responsible for ensuring there are strong and effective arrangements in place for managing the risk of fraud and ensuring the academy's interests are safeguarded, including its reputation.

Risk is managed through the existence and application of appropriate policies and procedures. The wide range of procedures in place to minimise the risk of fraud constitute a major part of the system of Internal Control, which is designed to ensure the academies conduct its business properly and effectively and complete its transactions fully, accurately and properly.

The responsibility for anti-fraud arrangements is widely dispersed. Trustees must give clear support to the arrangements. The LGB's, Chief Executive Officer (CEO) and Principals must provide strong leadership by advocating the academy's arrangements and supporting strong action when these are ignored.

The importance of a positive culture towards anti-fraud, bribery and corruption cannot be overstated. The effectiveness of the Trust's policy can be undermined by a culture that does not apply the public standards and supporting procedures routinely on a day to day basis. Maintaining appropriate arrangements, continually advocating them and taking robust action where they are not applied all help to build the right underpinning culture.

## **7. Key Procedures and Controls**

The following key procedures and controls operate within the Trust:

- The Trust has an effective Anti-Fraud, Bribery and Corruption Policy and Strategy, and maintains a culture that will not tolerate fraud, bribery or corruption;
- The Trust complies with the requirement to undertake Section 128 checks for governors, trustees and members as well as the academy leaders;
- Trustees, Governors and employees comply with respective Codes of Conduct;
- Risk Management procedures are in place;
- A Register of Interests is maintained to enable Trustees, Governors and appropriate employees to record any financial or non-financial interests that may bring about conflict with the school's interests;
- A Register of Gifts and Hospitality is maintained to enable Trustees, Governors and employees to record gifts and hospitality either received, or offered and declined, from contractors and suppliers;
- Confidential Reporting (Whistle blowing) procedures are in place and operate effectively;
- Suitable and enforced financial and contract procedure rules are in place;
- 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 maintains a continuous overview of its arrangements for managing the risk of fraud. A regular review of the Policy and Strategy is carried out and the documents are revised as appropriate to reflect any key changes and to incorporate current best practice.

The school expects that the individuals and organisations with which it deals (e.g. partners, suppliers, contractors, and service providers) will act with integrity and without thought or actions involving fraud, bribery and

corruption. Where relevant, the Trust will include appropriate clauses in its contracts about the consequences of fraud, bribery and corruption. Evidence of such acts is most likely to lead to a termination of the particular contract and will normally lead to prosecution.

In assessing the effectiveness of its arrangements, the Trust will monitor the extent to which:

- Key personnel are trained in detecting and investigating fraud;
- Identified incidents are investigated;
- Perpetrators are robustly dealt with;
- The school responds to identified weaknesses in its systems and controls;
- There is any trend in incidents experienced;
- Perpetrators are prosecuted;
- Recovery of losses is sought.

## **8. Raising Concerns**

It is the responsibility of the Trustees, Governors, CEO, Principals and employees to prevent and help detect fraud, bribery and corruption. In high risk areas specific controls aimed at preventing and detecting frauds will be in place.

Governors, CEO and the Principals have a duty to inform the Board of Trustees and the Audit Committee of any potential fraud, bribes, corruption or other suspected irregularities.

The Trust Chief Financial Officer will ensure that a log is maintained of all reported incidents at the school which will be reported to the trustees. Any incidents above £5000 will be reported to the ESFA and the Academy Insurers

A decision will then be made as to who is best placed to investigate any concerns raised. The investigating officer also has the responsibility to report all findings to the Audit Committee.

It is often the alertness of employees and the Public that enables frauds to be detected. In accordance with the Whistleblowing Policy, any member of staff with any concerns about the Trust or its academies' activities should normally raise concerns through their immediate manager or senior management. However, it is recognised that this may not be possible in certain circumstances. In these cases, contact should be made with the Chair of the Trust or the Audit committee; the CEO or the Chief Financial Officer as appropriate. Concerns may also be raised with the Trust's External Auditor.

All concerns, reported by whatever method, will be treated in confidence and will be reviewed and investigated by the person deemed to be appropriate and best placed to do so. This may mean that, depending on the level, type and details of the concern raised, that concerns are investigated by the Trust, internal audit or in the case of very serious concerns, the External Auditor or the Police.

*A complete Fraud Response Plan is attached as Appendix 2*

## **9. Monitoring and Review**

The Audit Committee has the responsibility for implementing, monitoring and reviewing this policy. The Chief Financial Officer will make an annual report to the Audit Committee providing a summary of all issues raised and any subsequent actions taken. Any issues, which arise, which do not fall within the remit of the Audit Committee or are relevant to other areas of an Academy, will be brought to the attention of the relevant committees and /or individuals.

- 1.

## **Appendix 1**

The main types of irregularity are:

- Theft - this may include the removal or misuse of funds, assets or cash;
- False accounting - dishonestly destroying, defacing, concealing or falsifying any account, record or document required for any accounting purpose, with a view to personal gain or gain for another, or with the intent to cause loss to the Academy or furnishing information which is or may be misleading, false or deceptive;
- Abuse of position - abusing authorities and/or misusing Academy resources or information for personal gain or causing loss to the Academy.

Examples of fraud, which are neither exclusive nor exhaustive, include:

- Misappropriation of cash e.g. theft of cash from cash boxes, cash registers, and takings from trading outlets, vending machines, or from social fund;
- Theft of stock;
- Fraudulent encashment of payable orders or cheques;
- Misappropriation of other assets including information and intellectual property. This would also include theft of stationery for private use,
- Unauthorised use of Academy property e.g. vehicles, computers, other equipment;
- Purchasing or purchase ledger fraud (e.g. approving/paying for goods not received, approving/paying bogus suppliers, approving/paying inflated prices for goods and services, accepting any bribe);
- Travel and subsistence claims overstated or falsely claimed. This may include advances not recovered or forging of counter-signatories;
- Accepting pay or time off in lieu for time not worked (e.g. false claim for hours worked, failing to work full contracted hours by any member of staff, false overtime claims, or falsification of sickness self-certification);
- Computer Fraud (e.g. altering or substituting records, duplicating or creating spurious records, or destroying or suppressing records).

Whilst by no means being proof on their own, the circumstances below (warning signs) may indicate fraud, and should therefore put managers, staff and pupils on the alert:

- Altered documents (correcting fluid, different pen or handwriting);
- Claim form details not readily checkable;
- Changes in normal patterns, of cash takings or travel claim details (for example);
- Text erratic or difficult to read or with details missing;
- Delay in completion or submission of claim forms;
- Lack of vouchers or receipts in support of expense claims, etc.;
- Staff seemingly living beyond their means;
- Staff under constant financial or other stress;
- Staff choosing not to take annual leave (and so preventing others becoming involved in their work), especially if solely responsible for a 'risk' area;
- Complaints from public or staff;
- Always working late;
- Refusal of promotion;
- Insistence on dealing with a particular individual.

In addition to the warning signs outlined above, staff and pupils are advised to take notice of the following "Do's and Don'ts" in respect of possible fraud-related instances or actions:

- If you are suspicious or have concerns DO tell someone - confidentiality will be respected.



- DO keep a record of conversations or actions, including times, dates, locations etc.
- DO keep or copy any document that arouses your suspicions.
- DO be discreet with the information, only discuss it with the nominated individual or people they refer you to.
- DO be responsive to staff concerns.
- DO deal with the matter promptly.
- DO NOT keep quiet and hope the problem will go away.
- DO NOT confront the individual with your suspicions.
- DO NOT try to investigate yourself.
- DO NOT discuss with other staff or colleagues.
- DO NOT collect evidence (especially computerised information) without specialist advice.
- DO NOT contact the police directly.

## **Appendix 2**

### **Fraud Response Plan**

#### **1. Introduction**

The purpose of the Plan is to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity. The Plan also sets out the process for staff who wish to notify any suspicions to senior management and also how senior management should respond to such notifications.

#### **2. Initiating Action**

Suspicion of fraud or irregularity can be discovered in a number of ways but in all cases it is important that staff feel able to report their concerns and are also aware of the means by which they are able to do so. Suspected fraud may emanate from several sources including:

- a) Requirement of all Academy staff to report suspected fraud or irregularity to the Academy Business Manager;
- b) Public interest disclosures procedure ("whistle blower's charter");
- c) The carrying out of planned audit activity;
- d) The carrying out of proper procedures.

All actual or suspected incidents should be reported without delay to the Trust Chief Financial Officer or in his/her absence to the Academy Business Manager. The Chief Financial Officer and Business Manager advise the CEO of the incident(s) and a meeting of a minimum of three officers from the Finance Committee will be held within 24 hours to decide on the action to be taken. In the event of one of the officers in the Finance Group being accused of fraud, a Governor can be appointed to replace that officer on the Group.

The CEO will advise the Chair of the Governing Body of the incident(s) and the action to be taken by the Finance Committee. The action taken will normally result in an independent investigation being commissioned through the special engagement of the Academy's Internal Auditors. The decision by the Finance Committee to initiate a special investigation shall constitute authorisation to the Internal Auditors to use time provided in the internal audit plan for special investigations, or contingency time or to switch internal audit resources from planned audits. Where insufficient time is available within the existing audit plan then the Chief Financial Officer will arrange for a separate engagement to be commissioned.

The audit investigation will be conducted in a professional manner aimed at ensuring that the current and future interests of both the Academy and the suspected individuals are protected (suspicion must not be seen as guilt to be proved). The Academy undertakes to protect the identity of notifying employees and not to release the source of information at any time during the investigation unless required to do so by statutory or professional obligation (information may be provided to a court if legal proceedings are necessary).

#### **3. Prevention of Further Loss**

Where the initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the Finance Group will decide how to prevent further loss. This may require suspension of the suspect(s). It may be necessary to plan the timing of the suspension to prevent the suspect(s) from destroying or removing evidence that may be needed to support disciplinary or criminal action.

In these circumstances, the suspect(s) will be approached unannounced and they should be supervised at all times before leaving the Academy's premises. They will be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the Academy or to access a computer. Any security passes and keys for premises, offices and furniture must be returned to the Academy. Laptop computers and associated external drives must also be returned.

The Academy's Site Manager will advise on the best means of denying access to the Academy whilst suspects remain suspended (for example by changing locks and informing staff not to admit the individuals to any part of the premises). Similarly the network manager, IT officer, or equivalent, will be instructed to withdraw, without delay, access permissions to the Academy's computer systems.

The Academy's Internal Auditors will consider whether it is necessary to investigate systems (other than that which has given rise to the suspicion) through which the suspect may have had opportunities to misappropriate the Academy's assets.

#### **4. Establishing and Securing Evidence**

A major objective in any fraud investigation will be the potential punishment of the perpetrators, to act as a deterrent to other personnel. The Academy will follow disciplinary procedures (as set out in the Staff Handbook and the Academy Statutes) against any member of staff who has committed a fraud.

Careful consideration will be given to the introduction of disciplinary action which will only be progressed after account has been taken of any criminal action which the Police may be pursuing. (The Academy will normally pursue the prosecution of any such individual).

Where significant fraud is suspected, the Finance Committee will arrange for the police to be informed and, where necessary, solicitors to be instructed (after first advising the CEO of the proposed action).

The Academy's Internal Auditors will:

- a) Maintain familiarity with the Academy's disciplinary procedures to ensure that evidence requirements will be met during any fraud investigation;
- b) Establish and maintain contact with the police where necessary and after notifying the CEO of the intention to do so (in view of the public interest this will happen on most occasions of fraud);
- c) Ensure that audit staff involved in any fraud investigation are trained in the evidence rules for interviews under the Police and Criminal Evidence Act;
- d) Ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

#### **5. Notifications**

Where a significant fraud is suspected the CEO will inform, without delay the Education Funding Agency, Secretary of State and the Academy's Insurers. (Similar action will be taken on the occurrence of any serious weakness or major accounting breakdown in the Academy).

Significant fraud or irregularity is defined as where one or more of the following apply:

- a) The sums of money involved are, or potentially are, in excess of £20,000;
- b) The particulars of the fraud are novel, unusual or complex;
- c) There is likely to be public interest because of the nature of the fraud or irregularity, or the people involved.

Where it is decided not to involve the police, then the Chief Financial Officer will advise the Finance Committee of the reason.

#### **6. Recovery of Losses**

Where a fraud investigation is undertaken the Academy will view the recovery of any losses sustained as a major objective. The Chief Financial Officer will ensure that in all fraud investigations the amount of any loss will be quantified and repayment of any such losses will be sought in all cases.

Where it appears the loss may be substantial (i.e. £5,000 or more) legal advice will be obtained without delay about the need to freeze the suspect's assets through the courts, pending the conclusion of the investigation. Legal advice will also be taken about the prospects for recovering losses through the civil courts where necessary. The Academy would normally expect to recover costs in addition to the losses identified.

#### **7. References for Employees Disciplined or Prosecuted For Fraud**

The Academy requires that any request for a reference for a member of staff who has been disciplined or prosecuted for fraud will be referred to the CEO. The CEO will prepare an answer to a request for a reference having regard to employment law.

## **8. Reporting to Chairs of Governors and the Audit Committee**

Any incident involving significant fraud (as defined above) will be reported without delay by the CEO to the Chairs of the Governing Body, Audit Committee and the Finance Committee. Similarly, any variation from the Governing Body-approved Fraud Response Plan shall be reported promptly to the Chairs of the Governing Body, Audit Committee and the Finance Committee.

On completion of a special investigation, a written report shall be submitted to the Finance Committee containing:

- a) A description of the incident(s), including the value of any loss, the people involved and the means of perpetrating the fraud;
- b) the measure taken to prevent a recurrence;
- c) any action needed to strengthen future responses to fraud, with a follow-up report on whether any actions have been taken.

This report will normally be prepared by the Academy's Internal Auditors or the Chief Financial Officer.

## **9. Reporting Lines**

Following the identification of significant fraud (see paragraph 5.2) the Finance Committee will provide (as soon as possible) a confidential report to the Chair of the Governing Body, the Chair of the Finance Committee, and the CEO. Further monthly updates will be produced unless the report recipients request a lesser frequency (such updates may include an involvement of the Academy's legal advisers).

The scope of the report shall include:

- a) Quantification of losses identified;
- b) Progress with action for recovery of losses;
- c) Progress with disciplinary action;
- d) Progress with criminal action;
- e) Estimate of resources required to conclude the investigation;
- f) Actions taken to prevent and detect similar items.

A final report will be produced once the independent investigation is completed and it will represent the definitive document on which management (in a disciplinary situation) and possibly the Police (in a criminal situation) will base their decision. The report should include:

- a) How the investigation arose;
- b) Who the suspects are;
- c) The position of the suspects in the Academy and their responsibilities;
- d) How the investigation was undertaken;
- e) The facts and evidence which were identified;
- f) Summary of findings and recommendations both regarding the fraud itself and any additional work required on the system weaknesses identified during the investigation.

## **10. Responsibility for Investigation**

All special investigations will normally be led by the Academy's Internal Auditors. The work will be commissioned by the Finance Group and the Auditors will report to the Chief Financial Officer on a day to day basis. Special investigations will not be undertaken by management, although management should co-operate with requests for assistance from the Internal Auditors.

Should a special investigation require the use of technical expertise which the Internal Auditors do not possess, the Finance Group may approve the appointment of external specialists to lead or contribute to the special investigation.

## **11 Review of Fraud Response**

This plan will be reviewed regularly (at least every two years) for fitness of purpose by the Chief Financial Officer or after each use. Any need for change will be reported to the Finance Committee for approval.

