



# PROSPER TOGETHER MULTI ACADEMY TRUST

## ANTI-FRAUD AND CORRUPTION POLICY

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**PREPARED BY**  
S. TIMMINS

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Prosper Together Multi Academy Trust (the 'Trust') refers to all the Trust member schools and the central team.

## **Anti-Fraud and Corruption Policy**

### **1. Fraud Policy Statement**

Prosper Together Multi Academy Trust (the 'Trust') has a duty to its stakeholders and is required by law to protect the public funds it administers. In delivering its objectives, the Trust has no tolerance to fraud and corruption and will take all responsible steps to prevent fraud occurring, whether perpetrated by staff, parents/carers, contractors, suppliers, or any member of the public.

The Trust will maintain robust control mechanisms to both prevent and detect fraud. All managers have a responsibility for maintaining agreed, documented control systems and must be seen to be setting an example by complying fully with procedures and controls. The effectiveness of controls are subject to review by internal audit.

All members of staff have a responsibility to protect the assets and reputation of the Trust and are expected to be alert to the potential for fraud.

Confidential processes have been established to report concerns.

### **2. Introduction**

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 considers that all instances of fraud, corruption and other dishonesty puts at risk its objectives, diverting its resources from the provision of education. The abuse of the Trust's resources, assets and services undermines the Trust's reputation and threatens its sound financial standing.

The purpose of this policy is to:

- Set out the Trust's main objectives for countering fraud and corruption.
- Define fraud, corruption and bribery.
- Identify the scope of the applicability of the policy.
- Set out the Trust's intended culture against fraud, corruption and bribery.
- Detail how to raise concerns and to report malpractice.

### **3. Definitions**

#### **Fraud**

Fraud is a range of abuse and malpractice that is covered by the Fraud Act 2006. Fraud can be defined as an abuse of knowledge or position, or deception that is done deliberately to create an unfair gain for the perpetrator or for a related person or entity and/or cause a disadvantage to another. It can take place in many ways; withholding information, deliberately misleading, misrepresenting a situation to others or by abuse of position. Irrespective of the definition applied, fraud is always deceitful, immoral, and intentional and creates an unfair gain for one party and / or a disadvantage for another.

Gains and losses do not have to be direct. A gain to a related party or company through intentional abuse of position, albeit not directly to the officer involved, is still fraudulent. In the same way, using the school or Trust's name to procure personal goods and services is also fraudulent; where there is deliberate abuse of position to make a gain in the form of goods and services at a discount price or to get the Academy to pay for them.

### Corruption

Corruption will normally involve the above with some bribe, threat or reward being involved.

### Bribery

There are four key offences under the Bribery Act 2010:

- Bribery of another person.
- Accepting a bribe.
- Bribing a foreign official.
- Failing to prevent bribery.

Bribery is not tolerated. It is unacceptable to:

- Give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given.
- Give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to 'facilitate' or expedite a routine procedure.
- Accept payment from a third party that you know, or suspect, is offered with the expectation that it will obtain a business advantage for them.
- Accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return.
- Retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy.

### Facilitation Payments

Facilitation payments are not tolerated and are illegal. Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions.

## **4. Scope of Policy**

The Policy Statement applies to Members, Trustees, Local Governors, all employees (including temporary and casual) and agency staff.

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

The Trust recognises the importance of the seven principles of public life defined by the Nolan Committee 1995, and expects all trustees, members, governors, employees and those acting as its agents to conduct themselves according to them. 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.

Through observance of these principles, the Trust requires that all trustees, members, governors, employees and its agents to be alert to the possibility of fraud, corruption and dishonesty in all their dealings. The Trust also requires that those employees responsible for its systems and procedures should design and operate systems and procedures which endeavour to minimise losses due to fraud, corruption and other dishonest action and abuse.

## 5. Culture against Fraud and Corruption

The Trust is determined that the culture and tone of the organisation will be one of honesty and opposition to fraud and corruption of any kind. The Trust expects that the governors and employees at all levels will lead by example in ensuring adherence to approved policies, financial regulations, codes of conduct and prescribed procedures and practices.

The Trust implements and maintains systems of accountability and controls to ensure that its resources are properly applied in the way it intended. These systems include, as far as is practical adequate internal controls to detect not only significant errors but also importantly, fraud and corruption.

The Trust's Finance, Audit and Resources (FAR) Committee is responsible for overseeing internal controls, financial regularity and rigorous risk management. The Trust should comply with the requirements of the Academy Trust Handbook and regularly review ESFA guidance (see Appendix A).

The Trust expects and encourages staff to be alert to the possibility of fraud and corruption and to report any suspected cases.

The Trust is committed to developing a 'speak up' culture where any member of the Trust feels able to report any concerns or risks in relation to any area of practice or procedure.

Employees, especially those with financial and IT network responsibilities, should familiarise themselves with the type of fraud that might affect the Trust. This includes their responsibility to protect against cybercrime through use of their school devices and e-mail. Staff are expected to comply with the Trust's Cyber Security Policy.

Employees are expected to comply with the Staff Code of Conduct, which forms part of each employee's contract of employment. Employees should also follow standards of conduct laid down by their own professional body or institute (where applicable).

Employees are responsible for ensuring that they follow the instructions given to them by management and comply with the procedures and rules laid down by the Trust. They are under a statutory duty to account for money and property committed to their charge.

All senior employees are required to comply with the Academy Trust Handbook. This requires a written declaration of any pecuniary or close personal interests in contracts that have been, or it is proposed will be, entered into by the Trust. The legislation also prohibits the acceptance of fees or rewards other than by means of proper remuneration. Guidance regarding this is available in the Staff Code of Conduct. Failure to disclose an interest or the acceptance of an inappropriate reward may result in disciplinary action or criminal liability.

Managers at all levels are responsible for the communication and implementation of this policy in their work area.

Managers are expected to create an environment in which their members of staff feel able to 'speak up' about any concerns that they may have about suspected irregularities. Staff should feel comfortable to 'whistle-blow'.

## **6. Reporting Concerns**

All actual or suspected incidents of fraud, corruption or bribery in a school should be reported immediately to the Head Teacher who must report immediately to the Chief Operations and Finance Officer (COFO) of the Trust. Any other actual or suspected incidents of fraud, corruption or bribery in the Trust must be reported immediately directly to the COFO of the Trust. In either instance, if the COFO is not available on the day the incident is reported, or if there are concerns about reporting to the COFO, the incident should be reported immediately to the Chief Executive Officer (CEO) as Accounting Officer of the Trust.

When staff report suspected fraud, it is important that their suspicions be treated seriously and that all details provided by the reporting employee are recorded accurately and in a timely manner. They should be signed by the reporting employee to confirm understanding. It is essential that staff are put at ease, since the decision to report the suspected fraud may be traumatic for the individual concerned. Those reporting fraud should be assured that all information will be dealt with in the strictest confidence and that anonymity will be preserved if requested in the first instance, however anonymity may not be able to be preserved if it is incompatible with a full and fair investigation.

Once the COFO has received recorded details of the case, they should, within 24 hours, hold a meeting with a member of the Senior Leadership Team of the relevant school, to decide on the initial response. The COFO/SLT member should report the incident and their response to the CEO within 24 hours of the meeting and keep them informed about progress in dealing with the incident to timescales required by the CEO.

When fraud is identified, action will be taken by the CEO/COFO/HT (and/or members of FAR Committee), to:

- Clarify the situation.
- Determine who should carry out the investigation if needed beyond that carried out initial incident review.
- Determine which appropriate outside agencies (auditors, police if a criminal offence has been committed) to inform/be involved.
- Assess risk to the Trust.
- Determine to whom day to day management of the response should be given.
- Allocate responsibility for damage limitation action.
- Determine course of action to recover losses.
- Determine course of action to be taken against wrongdoers.
- Evaluate the events which enabled the fraud to occur.
- Revise procedures to prevent any reoccurrence.

The COFO/CEO must report the matter to the Chair of the FAR Committee and to the Chair of the Trustees, even if no evidence of malpractice is found.

Staff adhering to procedures, and who feel able to speak up and challenge matters which do not appear to be correct, provide the best protection against fraud and corruption. It is essential, therefore, that this policy is fully communicated to staff.

This policy should be read in conjunction with the Whistleblowing policy. Please see Appendix B for Fraud Response Process summary.

## **7. Sanctions and Recovery of Losses**

### Disciplinary Action

The Trust's Disciplinary Procedure will be used where the outcome of an investigation indicates improper behaviour by a member of staff.

The Head teacher is responsible for taking the appropriate disciplinary action as set out in the Trust's Disciplinary Procedures.

If a criminal offence is discovered, it may be appropriate to pursue a criminal prosecution. This could be instigated by the Trust under S222 of the Local Government Act 1972 or by referring the evidence to the police. Referral to the Police will not prohibit disciplinary action under the Disciplinary Procedure.

If it is found that an allegation has been made frivolously, disciplinary action may be taken against the person making the allegation. If it is found that an allegation has been made

maliciously, or for personal gain, then disciplinary action should be taken against the person making the allegation.

### Recovery of Losses

Prompt action is likely to be important in maximising recovery of any funds which have been lost or are thought to be vulnerable as a result of the fraud.

Where the Trust has suffered a loss, restitution will be sought of any benefit or advantage obtained and the recovery of costs will be sought from individual(s) or organisations responsible.

Where an employee who has committed fraud is a member of a Trust pension scheme through Teachers Pensions or LGPS, the Trust may be able to recover the loss from the capital value of the individual's accrued benefits in the scheme, which are then reduced as advised by the actuary.

The Trust will also take civil action, as appropriate, to recover the loss.

## **8. Reporting to the ESFA**

Any instances of fraud or theft above £5,000 against the Trust whether by employees, Trustees or third parties, or where fraud is unusual or systematic in nature, must be reported to the Education Skills and Funding Agency (ESFA).

The ESFA 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. ESFA may involve other authorities, including the police, as appropriate. ESFA will publish reports about its investigations and about financial management and governance reviews at academy trusts in line with its own policy on publishing information.

The CEO and COFO are responsible for reporting to the ESFA. They will also inform Trust's Auditors of any fraud.

## **9. Monitoring and Review**

The CEO, in conjunction with the COFO, has overall responsibility for the maintenance and operation of this policy. This policy will be reviewed every three years, or more often if required, by the COFO and approved by the FAR Committee.

## **10. Links with other policies**

This policy is linked to the:

- Trustee Code of Conduct
- Staff Code of Conduct
- Staff disciplinary Procedures
- Gift and Hospitality Policy
- Whistleblowing Policy
- Finance Policy and Procedures
- Cyber Security Policy



### ESFA anti-fraud checklist for academy trusts

The ESFA have published an anti-fraud checklist for academy trusts. It is noted that fraud occurs in every sector and although the level of identified fraud in academies is low, trusts must be aware of the potential for it to occur. The ten questions included in the checklist are intended to help trustees, members, governors, accounting officers and heads of finance to review their arrangements for preventing, detecting and dealing with fraud should it occur.

The risk of fraud is considered on an ongoing basis through:

- The Trust risk register which is discussed at the Trust's FAR Committee.
- The schedule for internal audit.
- The finance policy and financial procedures, which are reviewed annually.
- Delegated levels of authority, which are reviewed annually.
- Compliance with ESFA's Academy Trust Handbook.
- Checks undertaken by the Trust Central Team.
- Training for staff members.

### The 10 questions that we must always be aware of are:

- 1) Are trustees and the accounting officer aware of the risk of fraud and their responsibilities regarding fraud?
- 2) Is fraud included within the remit of the Trust's finance, resource and audit committee?
- 3) Has the role of the external auditor and responsible officer or equivalent regarding fraud been established and is it understood?
- 4) Is fraud risk considered within the Trust's risk management process?
- 5) Does the Trust have a fraud strategy or policy and is there a 'zero tolerance' culture to fraud in the Trust?
- 6) Is the strategy, policy and 'zero tolerance' culture promoted within the Trust, for example through financial regulations, disciplinary procedures, checks on new staff, induction process, staff training and the vetting of contractors?
- 7) Does the Trust have policies on whistleblowing, declaration of interests and the receipt of gifts and hospitality?
- 8) Does the Trust have appropriate segregation of duties?
- 9) Is it clear to whom suspicions of fraud in the Trust should be reported?
- 10) If there has been any fraud in the Trust, has a 'lessons learned' exercise been undertaken?

## FRAUD RESPONSE PROCESS SUMMARY

It is important that line managers know what to do in the event of fraud so that they can act without delay. The Fraud Response Process Summary outlines key actions to ensure effective and timely action is taken.

