



Fraud Policy

PURPOSE

This policy and procedure defines the expected conduct of all staff engaged at the academy, whether in paid or voluntary employment, in relation to deterring and/or detecting fraud and corruption, and who to report it to. Reference is made to other academy policies where appropriate.

Date of last review:	April 2015	Author:	Head of Financial Recording
Date of next review:	April 2018	Owner:	CFO
Type of policy:	<input checked="" type="checkbox"/> Network-wide <input type="checkbox"/> Set for school <input type="checkbox"/> Tailored by school	Approval:	Board
School:	N/A	Key Contact Name:	Governance Team
Key Contact Email:	governance.team@arkonline.org	Key Contact Phone:	0203 116 6333

POSITIONING WITHIN ARK OPERATIONAL MODEL

Component	Element
<input type="checkbox"/> Strategic Leadership & Planning <input type="checkbox"/> Monitoring, Reporting & Data <input type="checkbox"/> Governance & Accountabilities <input type="checkbox"/> Teaching & Learning <input type="checkbox"/> Curriculum & Assessment <input type="checkbox"/> Culture, Ethos & Wellbeing <input type="checkbox"/> Pathways & Enrichment <input type="checkbox"/> Parents & Community <input checked="" type="checkbox"/> Finance, IT & Estates <input type="checkbox"/> Our People	Finance administration

Summary

This policy and procedure defines the expected conduct of all staff engaged at the academy, whether in paid or voluntary employment, in relation to deterring and/or detecting fraud and corruption, and who to report it to. Reference is made to other academy policies where appropriate.

Introduction

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

Recognising a potential fraud and being able to report it is just as important as the measures to prevent and detect.

It is the duty of all employees and governors of Ark Schools to take reasonable steps to limit the possibility of corrupt practices, and it is the responsibility of the Responsible Officer and external auditors to review the adequacy of the measures taken by the academy to test compliance and to draw attention to any weaknesses or omissions.

Any investigation carried out in relation to alleged irregularities is linked to the Ark Schools Disciplinary procedure.

Definitions:

Fraud

Fraud is a general term covering theft, deliberate misuse or misappropriation of assets or anything that leads to a financial advantage to the perpetrator or others upon whose behalf he or she acts, even if these “others” are in ignorance of the fraud. Fraud is in fact intentional deceit and for this reason it cannot include negligence.

Fraud incorporates theft, larceny, embezzlement, fraudulent conversion, false pretences, forgery, corrupt practices and falsification of accounts.

Corruption

The term ‘corrupt practices’ is defined for the purpose of this code as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by Ark Schools, its staff or Governors.

Gifts and Hospitality

Any gifts, rewards and benefits that are disproportionately generous or that could be seen as an inducement to affect a business decision should be declared.

The acceptance of gifts and hospitality is a sensitive area where actions can easily be misconstrued. Therefore, employees’ actions should be such that they would not be embarrassed to explain them to anyone. See the Gifts and Hospitality Policy for more details.

Irregularities fall within the following broad categories, the first three of which are criminal offences –

Theft

The dishonest taking of property belonging to another person with the intention of depriving the owner permanently of its possession;

Fraud

The intentional distortion of financial statements or other records by persons internal and external to the academy, which is carried out to conceal the misappropriation of assets or otherwise for gain;

Bribery and corruption

The offering or the acceptance of a reward, for performing an act, or for failing to perform an act, which leads to gain for the person offering the inducement;

Failure to observe

Or breaches of, Scheme of Delegation and Financial Regulations; Ark Schools Procedures which in some circumstances can constitute an irregularity, with potentially significant financial consequences.

Examples of what could constitute fraud and corruption are -

- theft of cash;
- non-receipt of income;
- substitution of personal cheques for cash;
- travelling and subsistence claims for non-existent journeys/events;
- travelling and subsistence claims inflated;
- manipulating documentation to increase salaries/wages received, e.g. false overtime claims;
- payment of invoices for goods received by an individual rather than the academy;
- failure to observe, or breaches of, regulations and/or other associated legislation laid down by the academy;
- unauthorised borrowing of equipment;
- breaches of confidentiality regarding information;
- failure to declare a direct pecuniary or otherwise conflicting interest;
- concealing a generous gift or reward;
- unfairly influencing the award of a contract;
- creation of false documents;
- deception;
- using position for personal reward.

The above list is not exhaustive and fraud and corruption can take many different paths. If in any doubt about whether a matter is an irregularity or not, clarification must be sought from FRD or Principal.

Similarly, if there is concern or doubt about any aspect of a matter which involves an irregularity, or an ongoing investigation into a suspected irregularity, the best approach is to seek advice from the Principal.

Policy Statement:

This policy and procedure defines Fraud & Corruption and offers guidance for all staff in Ark Schools. Section 7 of this document outlines the other policies that this one is linked to.

Ark Schools aims to be an honest and ethical institution. As such, it is opposed to fraud and seeks to eliminate fraud by the way it conducts academy business. This document sets out the ARK Schools policy and procedures for dealing with the risk of significant fraud or corruption. In order to minimise the risk and impact of fraud, the academy's objectives are, firstly, to create a culture which deters fraudulent activity, encourages its prevention and promotes its detection and reporting and, secondly, to identify and document its response to cases of fraud and corrupt practices.

The scope of this procedure extends to all academy employees, permanent, voluntary and fixed term.

Time limits specified in this document may be extended by mutual agreement.

Roles and Responsibilities:

Staff and Governors

Ark Schools has adopted the following measures to demonstrate its commitment to anti-fraud and corruption:

- All staff are made aware of the academy Code of Conduct for Employees;
- A requirement for all staff and governors to declare prejudicial interests and not contribute to business related to that interest;
- A requirement for staff and governors to disclose personal interests;
- All staff and governors are made aware of the understanding on the acceptance of gifts and hospitality;
- Clear recruitment policies and procedures.

Staff and governors also have a duty to report another member of staff or governor whose conduct is reasonably believed to represent a failure to comply with the above.

Responsible Officer

The Responsible Officer has specific responsibility for overseeing the financial arrangements on behalf of the Ark Schools Board.

The main duties of the Responsible Officer are to provide the Board with on-going independent assurance that:

- The financial responsibilities of the Board are being properly discharged;
- The resources are being managed in an efficient, economical and effective manner;
- Sound systems of financial control are being maintained; and
- Financial considerations are fully taken into account in reaching decisions.

Finance and Resources Director

The FRD in each academy has a responsibility for ensuring that effective systems of internal controls are maintained and will safeguard the resources of academy.

In respect of fraud it is therefore the responsibility of the School Administrator to ensure internal controls prevent and detect any frauds promptly. This includes:

- Proper procedures and financial systems;
- Effective management of financial records;
- Management of the academy's financial position.

External Audit

The Ark Schools Annual Report and Financial Statements include an Independent Auditors' Report. This report includes a view as to whether the financial statements give a true and fair view and whether proper accounting records have been kept by the academy throughout the financial year. In addition, it reports on compliance with the accounting requirements of the relevant Companies Act and confirms compliance with the financial reporting and annual accounting requirements issued by the DfE.

Reporting a Suspected Fraud:

All allegations of suspected fraud and irregularities are to be brought to the attention of the FRD and also referred to the Principal and Ark Schools CFO, unless this individual is involved in the irregularity in which case the Chair of Governors should be informed.

Please refer to the academy Whistleblowing Policy for further guidance.

Response to Allegations

The Principal will have initial responsibility for co-ordinating the initial response. In doing this they must will consult with the Ark Schools HR Team regarding potential employment issues.

The Principal will ascertain whether or not the suspicions aroused have substance. In every case, and as soon as possible after the initial investigation, they will pass the matter on to the Chair of the Governing Body and Responsible Officer. Even if there is no evidence to support the allegation, the matter must be reported.

The investigation will be conducted in line with the Ark Schools Disciplinary Policy. The Principal is required to notify the Responsible Officer and Governing Body of any serious financial irregularities. This action will be taken at the first opportunity following the completion of the initial investigations and will involve keeping the Responsible Officer and Chairman of the Governing Body fully informed between governor meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.

If evidence of fraud is forthcoming, then Ark Schools will inform the Department for Education as required by the Funding Agreement and will consider whether or not to refer the matter to the police.

Links with other Policies:

Ark Schools is committed to preventing fraud and corruption. To help achieve this objective there is a clear network of systems and procedures in place for the prevention, detection and investigation of fraud and corruption. This Fraud policy attempts to consolidate those in one document and should be read in conjunction with the following academy policies:

- Whistle-Blowing Policy
- Financial Regulations
- Disciplinary Policy
- Gifts and Hospitality Policy