



# Anti-Fraud, Bribery & Corruption Policy

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## 1 Introduction

Mowbray Education Trust is a large and complex organisation and is committed to discharging its responsibility to safeguard public funds and the highest standards of integrity. It is committed to fighting fraud and corruption whether attempted from inside or outside. Mowbray Education Trust is committed to having effective measures to prevent and detect fraud and corruption.

Mowbray Education Trust expects all members and employees to carry out their duties in accordance with appropriate legal requirements, internal codes of practice, rules and regulations and to act at all times with honesty and probity in the discharge of their functions.

In carrying out its duties and responsibilities, Mowbray Education Trust is determined to do everything it reasonably can to protect itself and the public from fraud and corruption and is committed to the rigorous maintenance of this Anti-Fraud & Corruption Strategy which will provide a framework for:

- encouraging fraud deterrence and prevention;
- raising awareness of fraud and corruption and promoting their detection;
- performing investigations and facilitating recovery of losses;
- invoking disciplinary proceeding and referrals to the Police; and
- monitoring, publishing and updating the Strategy and its related procedures and performance.

Mowbray Education Trust also expects that all outside individuals and organisations, including suppliers, contracting partners and claimants will act toward it with honesty and integrity without thought or actions involving fraud and corruption.

This Strategy is part of Mowbray Education Trust's Anti-Fraud and Corruption Framework and sits alongside policies and guidance including Whistleblowing Policy and employees' Code of Conduct, which are laid out in employee handbooks.

## 2 Definitions

Mowbray Education Trust defines the following:

**Theft** is 'the dishonest taking of property belonging to another person with the intention of permanently depriving the owner of its possession'.

This may involve:

- Falsification or alteration of accounting records or other documents
- Suppression or omission of the effects of transactions from records or documents
- Recording transactions which have no substance
- Willful misrepresentation of transactions or of Mowbray Education Trust's state of affairs

**Fraud** is ‘the intentional distortion of the financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain.’ This differs from “theft” where no attempt at concealment is made. It is also important to distinguish this from negligence and accidental error where no intent exists.

The Fraud Act 2006 established three main offences of fraud, all of which carry a maximum sentence of 10 years and/or an unlimited fine. The offences are:

- fraud by false representation
- fraud by failing to disclose information
- fraud by abuse of position.
- The following actions are among those which fall within the definition of fraud:
  - theft of company property, including information
  - misappropriation or use of company assets for personal gain
  - false accounting – dishonestly destroying, defacing, concealing or falsifying any account, record or document required for any accounting purpose
  - forgery or alteration of company documents
  - willful destruction or removal of company records
  - any computer- related activity involving the alteration, destruction, forgery or manipulation of data for fraudulent purposes or misappropriation of Mowbray Education Trust owned software
  - falsification of travel and subsistence claims
  - knowingly generating or paying false claims or invoices
  - unauthorised disclosure of confidential information to third parties e.g. confidential details of current business activities or of bids or activities that the company is contemplating.

## Bribery

- The Trust maintains separate Bribery, Gifts and Hospitality Policy

## Corruption

Corruption is the misuse of power for private gain.

The Bribery Act 2010 makes bribery and corruption a criminal offence and holds companies liable for failing to prevent acts of bribery or corruption by those working for or on its behalf, no matter where the act takes place.

## **3 Operating Culture**

Mowbray Education Trust is determined that the culture and tone of the organisation meets the expectations of the Committee on Standards of Public Life and the Standards Board for England. It is committed to the ten principles of public life: objectivity, openness, stewardship, leadership, accountability, honesty & integrity, selflessness, personal judgement, duty to uphold the law and

respect for others.

Employees are expected, and are positively encouraged, to raise any concerns relating to fraud and corruption, which they become aware of. These can be raised in a number of ways including with the employee's line manager or Chief Financial Officer. Staff can refer to the Whistleblowing policy when needed.

We expect members and employees to lead by example in ensuring opposition to fraud and corruption, and in ensuring adherence to rules and regulations, and to relevant Codes of Conduct, and that all procedures and practices are beyond reproach. The responsibility of senior managers is to ensure that all employees are aware of what is expected of them.

We require all individuals and organisations with whom it deals in any capacity to behave with integrity and without intent or actions involving fraud and corruption.

Our employees and members of the public are important elements in the stance against fraud and corruption and are positively encouraged to raise any concerns they may have on these issues which may impact on Mowbray Education Trust activities using Mowbray Education Trust's Complaints Procedures, which can be found on our website.

As part of its responsibilities, the Trust Board is required to investigate activities suspected of involving fraud and corruption, its audit and training plans are required to provide adequate coverage of the risk of fraud and corruption and also to reflect the requirements of its staff to be properly and regularly trained.

Where appropriate, we co-operate with other local authorities and public sector bodies in the prevention, detection and investigation of fraud and corruption.

Although Mowbray Education Trust encourages its employees to report concerns acting in good faith, any maliciously motivated and unfounded allegations may be dealt with through its disciplinary procedures.

## **4 Prevention**

It is the corporate responsibility of Mowbray Education Trust to put in place preventative measures to fight fraud and corruption to minimise risk.

Mowbray Education Trust's policies, Schemes of Delegation together with the Financial Regulations, and Codes of Conduct set out a framework for dealing with the affairs of Mowbray Education Trust and all members and employees have a duty to comply with their provisions. This includes the duty of employees to act within statutory regulations.

Members and staff must operate in accordance with Mowbray Education Trust's Procedure Rules and Code of Conduct.

Mowbray Education Trust has put in place systems and procedures to manage and discharge

its functions in an efficient and effective way. These systems incorporate internal controls to prevent and deter fraud and corruption. Employees must ensure that working practices comply with the systems and Audit Services will regularly evaluate the appropriateness and effectiveness.

Thorough documentation, including manuals and operating procedures, and effective control is expected of all financial and operational systems, and they must be issued to relevant staff. These must be regularly reviewed to ensure in line with best practice and effective internal controls.

Employee recruitment is required to be in accordance with procedures laid down in the Trust's human resources procedures and, in particular adequate checks made appropriate to the posts and before any appointment is made.

## **5 Employees are required to disclose any offers of gifts, in line with the Trust Bribery, Gifts and Hospitality Policy.**

### **Detection and Investigation**

All staff are responsible for the prevention and detection of fraud, corruption and other irregularities. Managers should pay special attention to particular circumstances, which may indicate an irregularity.

Initiating action Suspicion of fraud or irregularity may be captured through several means, including the following:

1. requirement on all staff to report fraud or irregularity
2. whistleblowing
3. planned audit work
4. operation of proper procedures.

All actual or suspected incidents of fraud should be reported without delay to the Chief Finance Officer, or CEO in the absence of the CFO. The CFO, or CEO, should, within 24 hours, hold a meeting of the following project group to decide on the initial response:

- CEO
- CFO
- ICT services lead

The group will decide on the action to be taken. This would normally be expected to be an investigation. The group shall in the first instance approach the Internal Auditor to ascertain capacity to undertake the investigation. Where the Internal Auditor cannot deliver the work in a

timely fashion the group will approach an independent, and suitably qualified, alternative to conduct the investigation.

Should any member of the above group be suspected of fraud or irregularity the matter should be reported without delay to the Chair of Audit, Finance and Risk Committee, who would then be responsible for convening the above meeting without the suspect person(s)

### **Prevention of further loss**

Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the project group will decide how to prevent further loss. This may require the suspension, with or without pay, of the suspects. It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action. In these circumstances, the suspect(s) 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, this explicitly includes any and all ICT devices. Any security passes and keys to premises, offices and furniture should be returned.

The Chief Finance Officer shall immediately arrange the cessation of access to any financial systems. The ICT services lead shall ensure any additional access to Trust data is ceased immediately.

### **Establishing and securing evidence**

The Trust will follow disciplinary procedures against any member of staff who has committed fraud. The Trust will normally pursue the prosecution of any such individual.

Internal audit will:

- maintain familiarity with The Trust's disciplinary procedures, to ensure that evidence requirements will be met during any fraud investigation
- establish and maintain contact with the police, following approval from the CEO
- establish whether there is a need for audit staff to be trained in the evidence rules for interviews under the Police and Criminal Evidence Act
- ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

Notifying the ESFA The circumstances in which the Trust must inform the ESFA about actual or suspected frauds are detailed in the Academies Trust Handbook. The CEO, as Accounting Officer, is responsible for informing the ESFA of any such incidents to [allegations.mailbox@education.gov.uk](mailto:allegations.mailbox@education.gov.uk)

The Trust must notify the ESFA, as soon as possible, of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any financial year.

Unusual or systematic fraud, regardless of value, must also be reported. The following information is required:

- full details of the event(s) with dates
- the financial value of the loss
- measures taken to prevent recurrence
- whether it was referred to the police (and if not why)
- whether insurance or the RPA have offset any loss.

The Trust's management is responsible for the prevention, detection and investigation of irregularities, including fraud and corruption. To discharge this responsibility, management should ensure that an adequate system of internal control is operated.

It is not a primary function of internal audit to detect fraud. However, the work of the internal audit service, in reviewing the adequacy and effectiveness of the internal control system, should help management to prevent and detect fraud. The internal audit service should ensure that it has the right to review, appraise and report on the extent to which assets and interests are safeguarded from fraud.

When Internal Auditors suspect fraud, or are carrying out a fraud investigation, it is important to safeguard evidence. They should assess the extent of complicity to minimise the risk of information being provided to those involved, and the risk of misleading information being obtained from them. Internal Auditors should report serious weaknesses, significant fraud or irregularity, or major accounting breakdowns to the Accounting Officer without delay.

The Trust should ensure that the Internal Auditor is informed, as soon as possible, of all attempted, suspected or actual fraud or irregularity. The Internal Auditor should consider any implications in relation to the internal control system, and make recommendations to management, as appropriate, to strengthen the systems and controls.

### **Recovery of losses**

Recovering losses is a major objective of any fraud investigation. The Internal Auditor, of other investigating party, shall ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of losses should be sought in all cases. 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. Legal advice should also be obtained 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.

### **References for employees disciplined or prosecuted for fraud**



Any request for a reference for a member of staff who has been disciplined or prosecuted for fraud shall be referred to the Chief Executive Officer who shall prepare any answer to a request for a reference having regard to employment law.

### **Reporting to Trustees**

All incidents of fraud, or suspected fraud, shall be reported without delay by the CEO to the chairs of both the Trustee Board and the Audit, Finance, People and Risk Committee.

Any variation from the approved fraud response plan, together with reasons for the variation, shall be reported promptly to the chairs of both the Trustee Board and the Audit, Finance, People and Risk Committee.

On completion of an investigation, a written report shall be submitted to the Audit, Finance, People and Risk 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

any action needed to strengthen future responses to fraud, with a follow-up report on whether the actions have been taken.

### **Reporting lines**

The project group shall provide a report to the chairs of the Trustee Board and the Chair of Audit, Finance, People and Risk on a monthly basis. The scope of the report shall include:

- quantification of losses
- progress with recovery action
- progress with disciplinary action
- progress with criminal action
- estimate of resources required to conclude the investigation
- actions taken to prevent and detect similar incidents.

## **6 Training**

Training and guidance are vital in maintaining the effectiveness of this Strategy and its general credibility. Mowbray Education Trust supports induction and work-related training, particularly for employees involved in internal control systems, to ensure that their responsibilities and duties are regularly highlighted and reinforced, and best practice is followed across the Mowbray Education Trust.

It is the responsibility of line managers to ensure that all scheduled training and refreshers are undertaken and records are kept and monitored by HR.

## **7 Review**

Mowbray Education Trust has in place a clear framework of systems and procedures to deter and investigate fraud and corruption. It will ensure that these arrangements are fair, monitored and updated to keep pace with future developments in preventative measures.

## 8 Log of Changes to Document

Date	Version	Page	Change	Who:
Mar 16	V1.0	Original document		Board
Dec 16	V1.0	Throughout	Job titles updated. Paragraph numbering removed Format updated	SM
Sep 18	V1.0	Throughout	COO changed to CFO	SC
Oct 18	V1.0	Whole document	Reviewed and approved by MET Audit committee meeting on 10 <sup>th</sup> October 2018	SC
Sept 19	V1.0	All Pages	Annual Review – Addition on front page of version control panel and reformatting for policy consistency – no content changes made.	CFO/Assistant Operations Manager
Sept 19	V1.0	All Pages	Annual approval	MET Audit Committee
Nov 20	V1.0	All pages Page 4 Page 8	Spacing incorrections made Definitions – Members <u>and</u> officers (from or) Training – Additional last sentence added on whose responsibility it is to ensure training are	Trust Board Nominee (MC)
Dec 20	V1.0	All pages / Page 4 / Page 8	All changes suggested approved	Interim CFO

Oct 21	V1.0	Name  Section 1 – Introduction  Section 2 – Definitions	Name of policy updated to ‘Anti Fraud, Bribery & Corruption’ policy  Added in wording to clarify ‘This policy also covers all our educational establishments.....’.  Updated definitions of Theft, Fraud and Corruption and gave additional examples.  Included the definition of ‘Bribery and the Bribery Act 2010 which is a very important component which needs to be considered.	Chief Finance Officer
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Oct 22	V1.0	Throughout	Iveshead comment added with regards to point of incorporation.	COO
Oct 24			Removal of reference to particular schools. This is implicit and doesn't limit schools, if growth occurs. Re-writing of the approach to dealing with a suspected fraud to make responsibilities more explicit. New Branding inserted.	