



St Matthew's Primary School

Anti-Fraud Policy

Anti-Fraud Policy and Procedures

Introduction

St Matthew's Primary School 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 business. This document sets out the school's policy and procedures for dealing with the risk of significant fraud or corruption. In order to minimise the risk and impact of fraud, the school'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.

In order to achieve these objectives, the school has taken the following steps:

1. The development and publication of a formal statement of its expectations on standards of personal conduct, propriety and accountability;
2. The establishment of robust and effective systems of internal financial and management control (and a clear requirement to comply with them), and a governing body with an ongoing responsibility to review and report on these systems;
3. The development and publication of a formal statement of the procedures to be followed by employees who have a suspicion of, or concern about, possible or actual malpractice within the school and a fraud response plan which sets out the school's policies and procedures to be invoked following the reporting of possible fraud or the discovery of actual fraud.

These three steps are described in greater detail in the following sections.

Personal Conduct

St Matthew's Primary School aims to promote an organisational culture which encourages the prevention of fraud by raising awareness of the need for high standards of personal conduct. To help ensure that all employees are fully aware of the school's expectations regarding standards of personal conduct, appropriate guidance is provided by the following key statements:

- These regulations are binding on all members of the governing body, members of staff, pupils and constituent parts of the school. Refusal to observe them will be grounds for disciplinary action.
- In disbursing and accounting for all funds, the school must demonstrate that it is adopting high standards of financial probity. Implicit within this regime is the requirement that the governing body and employees of St Matthew's Primary School must at all time conduct financial affairs in an ethical manner.
- All members of staff and members of the governing body and its committees are responsible for disclosing any personal, financial or beneficial interest in any transaction with respect to the school.
- Any person who is responsible for placing an order with a supplier (whether a contractor or not) with whom they have a personal interest must disclose this to the headteacher, relevant line manager or to the bursar.

- Members of the governing body or employees of the school shall never use their office or employment for personal gain and must at all times act in good faith with regard to the school's interests.
- Budget holders are expected to adhere to the Financial Regulations at all times and to use their best efforts to prevent misuse or misappropriation of funds and other school property.

Taken together, these represent a statement of the framework within which members and employees are expected to conduct themselves.

Systems of Internal Control

The next line of defence against fraud is the establishment of operational systems which incorporate adequate and effective internal controls designed to minimise the incidence of fraud, limit its impact and ensure its prompt detection. These controls include high level management controls such as budgetary control (designed to identify fraud which results in shortfalls in income or overspendings against expenditure) and organisational controls such as separation of duties, internal checks and staff supervision. Personnel policies are also a key part of setting the culture and deterring fraud. This includes seeking to reduce the risk of employing dishonest staff by checking information supplied by employees and references obtained during the course of the recruitment process, including DBS checks.

The general framework of responsibilities for financial management and the policies relating to the broad control and management of the school are documented in the Financial Regulations. The Financial Regulations are issued and updated periodically as necessary by the LA; the bursar brings any updates to the attention of the governing body for their approval. They are binding on all officers, members of staff, students and constituent parts of the school. The bursar has, in addition, issued a finance manual which sets out in greater detail the expected controls which should operate within the key operational systems. This manual is reviewed annually by the governing body.

The school's governing body provides advice to management in respect of control matters and conducts a cyclical programme of reviews of the adequacy and effectiveness of the systems which have been put in place (including those intended to minimise the potential exposure to fraud and corruption).

Fraud Response

The fraud response plan sets out the school's policies and procedures for ensuring that all allegations and reports of fraud or dishonesty are properly followed-up and are considered in a consistent and fair manner and that prompt and effective action is taken to:

- minimise the risk of any subsequent losses;
- reduce any adverse operational effects;
- improve the likelihood and scale of recoveries;
- demonstrate that the school retains control of its affairs in a crisis; and
- make a clear statement to employees and others that it is not a soft target for attempted fraud.

The plan includes both statements of general policy and specific steps to be taken when circumstances dictate and is necessary in order to reduce the following risks:

- inadequate communication so that action is late or inappropriate;
- lack of leadership and control so that investigators are not properly directed and waste time and effort;
- failure to react fast enough so that further losses are incurred or the evidence required for successful recovery or prosecution is lost;
- adverse publicity which could affect confidence in the school; and
- creation of an environment which, because it is perceived as being ill-prepared, increases the risk of fraud.

The Fraud Response Plan is as follows.

1. All officers, members of staff, students and constituent parts of the school are required to notify the most senior member of staff not implicated, of any financial irregularity, or any circumstance suggesting the possibility of irregularity, affecting the financial procedures, cash, stores or other property of the school.
2. The senior member of staff (as above) will ascertain whether or not the suspicions aroused have substance, and will, if appropriate, conduct a preliminary investigation to gather factual information and reach an initial view as to whether further action is required. The findings, conclusions and any recommendations arising from the preliminary investigation will be reported to the headteacher. If the bursar is implicated or suspected of financial irregularity the initial investigation will be carried out by the headteacher or chair of governors.
3. The headteacher will have the initial responsibility for co-coordinating the school's response. In doing this the headteacher will consult with Human Resource advisers regarding potential employment issues. The headteacher will also seek expert legal advice from the school's solicitors on both employment and litigation issues before taking any further action and inform the council's internal audit manager.
4. The headteacher is required to notify the governing body of any serious financial irregularity. This action will be taken at the first opportunity following the completion of the initial investigations and will involve keeping the chair of governors fully informed between committee meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.
5. If evidence of a fraud is forthcoming then the governing body will inform the Local Authority's internal audit manager who may consider whether or not to refer the matter to the police.

References: This policy should be read in conjunction with:

- Whistleblowing Policy
- School financial handbook, which includes the Finance Manual
- Finance Matters leaflet for staff (includes guidance on gifts and hospitality)

Agreed by Governors:

10th December 2018