

## ANTI-FRAUD

This Anti-Fraud Policy outlines the way in which Halesowen College (the “College”) manages the risk of fraud; how to report concerns within the College and the external reporting required.

### Anti-Fraud Policy Statement

The Corporation, the College’s governing body (the “Corporation”), is committed to maintaining an honest and open atmosphere. It is also committed to the elimination of any fraud within the College and to the rigorous investigation of any such cases. The College may also take action to recover any asset loss as a result of fraud.

All members of staff can be confident that mechanisms are in place for them to report genuine and/or reasonably held suspicions of fraud. For these purposes “reasonably held suspicions” shall mean any suspicions other than those which are raised maliciously or vexatiously or for personal gain and found to be groundless.

The College requires all staff always to act honestly, with integrity, and to safeguard the resources for which they are responsible. As a public sector organisation, Halesowen College adheres to the Managing Public Money principles; honestly, impartiality, openness, accountability, accuracy, fairness, integrity, transparency, objectivity and reliability. Anyone having a reasonable suspicion of fraud must report it.

The College has a zero tolerance of fraud and will investigate and deal appropriately with any case suspected or occurring. The College is committed to ensuring that opportunities for fraud and corruption are reduced to the lowest possible level. Where there are suspicions of fraud or fraudulent activity there are clear channels to report concerns and expedient and effective action taken.

The College has an Anti-Fraud Policy which supports this policy statement and sets out the College’s procedures for detected or suspected fraud.

The College has a robust system of internal control and procedures in place to reduce the likelihood of fraud. These include:

- Standing Orders Relating to Contracts
- Financial Regulations
- Financial Procedures
- Risk Management Policy
- Procurement Policy

The College also has an assurance framework which includes an internal audit function and is subject to annual external audit of financial statements and regularity. Their work contributes to the overall prevention of fraud framework. The College also self-assesses the risk of fraud and the adequacy of organisational controls in place to prevent, deter and detect fraud.

# Anti-Fraud Policy

## 1.1 Purpose

The purpose of this document is:

- To provide systems and processes to respond quickly and effectively into allegations of suspected fraud and responding to actual fraud should it arise.
- To engender an anti-fraud culture throughout the organisation with a clear commitment to ethical behaviour.
- To be clear about roles and responsibilities of governors, managers and staff.
- To provide instruction how and to whom suspicions of fraud in the College should be reported both internally and externally.

This policy forms part of suite of policies including:

- whistleblowing
- gifts and hospitality
- anti-bribery
- anti-money laundering
- risk management

This document provides an explanation of the College's framework of internal controls and to provide direction and help to staff who find themselves having to deal with suspected cases of theft, fraud or corruption. This document is not intended to provide direction on the prevention of fraud; the control environment and the anti-fraud culture is embodied within sound financial regulations, staff code of conduct and commitment to openness and transparency.

## 1.2 What is Fraud?

The Fraud Act 2006 established a single statutory offence of fraud. The offence of fraud can be committed by:

- false representation
- failing to disclose
- abuse of position

provided that the relevant conduct has been carried out dishonestly.

The definitions of these offences are outlined in Appendix A.

Fraud is a criminal offence and a person who is guilty of fraud is liable to summary conviction, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum or both. On conviction on indictment to imprisonment for a term not exceeding ten years or to a fine (or both).

Fraud is usually used to describe depriving an individual or an organisation of assets by deceit, which might either be:

- straightforward theft,
- misuse of funds or other resources, or
- more complex crimes like false accounting and the supply of false information.

In legal terms, all of these activities can constitute theft. The Fraud Act 2006 however makes it no longer necessary to prove either that the victim was deceived or that they suffered any

loss provided there was a dishonest intention on the part of the perpetrator to make a gain for himself/herself or to cause loss to another.

The Serious Fraud Office may be involved in cases where the value of the alleged fraud may exceed £1m, where there is an international dimension, where there may be widespread public concern or the case is complex.

The ESFA specify in the Conditions of Grant Funding that the College has a duty to notify the department of any instances of Fraud or financial irregularity in the delivery of the funding agreement (see Appendix B). Moreover, the College will inform the West Midlands Combined Authority immediately where it becomes aware of any instance of suspected fraud or financial irregularity in the delivery of the Services including, but not limited to, cases of: collusion with members of the staff of WMCA or employees of the Department for Education or any other Inspectorate or Regulatory Body; computer fraud; the submission to the WMCA of inaccurate, incomplete, misleading, or falsified information for the purpose of a claim for funding; fraud involving Awarding Organisations; and, fraud involving Supply Chain organisations;

Technology fraud is increasing and it is illegal to obtain services dishonestly by, for example, using a stolen credit card to shop online or to possess articles for use in fraud, for example to use computer programmes to generate credit card details that are then used fraudulently.

Phishing, the sending of an e-mail to an individual falsely representing that the email has been sent by an institution where the recipient maintains a financial account, is also fraud.

Throughout this policy the term fraud is used generically and encompasses all of the above.

The College has a whistleblowing policy which staff can use to raise concerns should not be able to report them through the usual line management structures. This policy is available on the staff hub.

### **1.3 The College's Roles and Responsibilities**

Fraud may, subject to the circumstances of the case and following disciplinary investigation, may be deemed as gross misconduct. The College's disciplinary policy would be adhered to in addition to any possible criminal and/or civil prosecution. The College must ensure that any internal investigation does not prejudice police proceedings and any disciplinary investigation may have to wait until police investigations and legal proceedings are complete.

Financial Regulations clearly state the responsibilities of all staff regarding financial regularity, suspected fraud and whistleblowing. These responsibilities are as follows:

- To ensure security of the College's property; to avoid loss and to observe due economy in the use of resources.
- Immediately to notify the Vice Principal/Chief Operating Officer whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, or cash equivalents or stores or property of the College. This may be reported via the usual line management process (refer to paragraph 1.4). The Vice Principal/Chief Operating Officer, in liaison with the Principal and in accordance with relevant College policies, shall take such steps as is considered necessary by way of investigation and report. All employees also have the right of direct access to a senior post holder if required. However, should an irregularity cause a member of staff to report a concern under the College's Whistleblowing Policy then all subsequent action must be in accordance with this policy.

- To inform the Vice Principal/Chief Operating Officer immediately of any loss/damage to property or stocks.
- To comply with any directions made by the Principal in relation to the control of budgets and with the systems of financial control and information laid down by the Vice Principal/Chief Operating Officer.
- To ensure that they are aware of and adhere to the College's policies and, financial procedures/authority limits and the values of purchases for which quotations and tenders are required.

All staff have a responsibility to have read and understood College policies governing Anti-Fraud, Anti-Bribery, Whistleblowing, Anti-Money Laundering and the policy governing gifts and hospitality.

Responsibilities of the Principal include the annual preparation, in conjunction with the Chair of the Corporation, of a Corporate Governance Statement. This states that the College is responsible for taking steps that are reasonably open to it in order to safeguard its assets and to prevent and detect fraud and other irregularities.

Internal audit have a remit to audit key financial controls as part of a wider assurance framework covering all aspects of the College's systems of internal control and associated activity, which provides the Corporation and the Principal with an evaluation of the adequacy and effectiveness of the College's risk management, control and governance processes. Internal audit assist in the promotion of anti-fraud culture and the deterrence and prevention of fraud by examination and evaluation of internal controls. Any fraud suspected by internal audit should be reported to the Vice Principal/Chief Operating Officer and/or Principal immediately unless it is inappropriate to do so. The Chair of Audit Committee shall be informed of all suspected and actual fraud. Audit staff should follow procedures issued by the head of the Internal Audit Service. Internal audit may assist in the investigation of any reported fraud or irregularity at the request of the College.

At an operational level the Vice Principal/Chief Operating Officer is responsible for the regular review of anti-fraud policy and fraud response plan and development and maintenance of a fraud risk and profile and system of control.

## 1.4 Reporting a Fraud

An employee should usually discuss any suspicions with their line manager in the first instance providing it is appropriate to do so. Line managers should advise the employee of the requirements of Financial Regulations and other appropriate policies to ensure that the concern is reported quickly and to the appropriate people. The line manager must not attempt to conduct an investigation themselves. If after discussion both the member of staff and line manager conclude that there is nothing potentially fraudulent occurring, then the line manager should take any necessary operational action; for example, changing process and procedures. However, if either party feels that there may be a fraud, they must report the suspicion to the Vice Principal/Chief Operating Officer who shall inform the Principal and Chair of Audit Committee as appropriate. Any frauds reported to an individual will be treated in accordance with anti-fraud and whistleblowing policies.

If an employee has concerns about his/her line manager, the employee should report the suspicions directly to the Vice Principal/Chief Operating Officer. The conditions of the Whistleblowing Policy must again be observed.

Whenever an irregularity causes a member of staff to report a concern under the College's Whistleblowing Policy then all subsequent action must be in accordance with that policy.

As stated above, any member of staff suspecting an irregularity should discuss this, if appropriate, with their line manager.

Vice Principal/Chief Operating Officer shall be responsible for informing any individual within the College's management structure who it is appropriate to involve and any relevant third parties such as internal audit and external audit. All suspected frauds however minor shall be reported to internal audit at the first possible opportunity. The Vice Principal/Chief Operating Officer shall inform the Corporation through the Chair of the Audit Committee of any reported incidents. A Senior Manager will inform the Chair of the Corporation and/or police as appropriate.

If it is inappropriate for any member of staff suspecting an irregularity to discuss this with either their line manager or the Vice Principal/Chief Operating Officer or the Principal, they should refer to the Whistleblowing Policy.

Should any employee receive a scam email to their College email address these should not be opened but forwarded to the Director of Information Services who, in liaison with the Vice Principal/Chief Operating Officer or the Head of Finance and Payroll, will report these to Action Fraud: [www.actionfraud.police.uk](http://www.actionfraud.police.uk). Even though no money may have been lost reporting to Action Fraud enables crucial intelligence to be gathered and preventative action taken.

The Whistleblowing Policy provides a framework for staff to raise concerns externally.

Any disciplinary action will be conducted in accordance with existing College policies.

The external auditor must report any serious weakness or an accounting or other control breakdown which they identify to the Vice Principal/Chief Operating Officer and Principal unless it is inappropriate to do so. The Chair of Audit Committee shall be informed as above.

It is the responsibility of the Audit Committee to review arrangements by which staff of the College may raise concerns about possible improprieties. As specified in Financial Regulations it is the role of the Corporation to ensure that management controls and policies against fraud are appropriate and sufficient to safeguard public funds.

In the event that the Audit Committee suspects irregularity, fraud, corruption or any impropriety, the Chair of Audit Committee must inform the Chair of the Corporation, who must raise the matter at the next Corporation meeting, or if appropriate a special meeting should be called. The Audit Committee may commission a special investigation by internal audit or similar.

Appendix B provides details of reporting fraud to the ESFA.

This Policy will be subject to annual review. Related policies include Anti-Bribery, Whistleblowing, and Disciplinary.

Reviewed/Approved	By	Date
Updated by	Jacque Carman	10.02.2023
Approved by	CLT	14.02.2023
	Audit Committee	07.03.2023
	Corporation	29.03.2023
Website	Yes / No	Yes
Date of Next Review		01.03.2024

# Anti-Fraud Policy

## Definitions

- Fraud by false representation; by dishonestly making a false representation intending by making the representation to make a gain for yourself or another, or to cause loss to another or expose another to a risk of loss. A representation is false if it is untrue or misleading, and the person making it knows that it is, or might be, untrue or misleading. An example of this would be an employee submitting a false expense claim form for payment. In each such case:
  - the defendant's conduct must be dishonest
  - his/her intention must be to make a gain; or cause a loss or the risk of a loss to another
  - no gain or loss needs actually to have been made
  - the maximum sentence is 10 years' imprisonment
- Fraud by failing to disclose information; by dishonestly failing to disclose to another person information which you are under a legal duty to disclose and intends, by failing to disclose the information, to make a gain for themselves or another, or to cause loss to another or expose another to the risk of loss. An example of this would be an employee failing to disclose a criminal conviction that would affect their working practices.

The focus will be on:

- the prosecution assertion that there was a legal duty to disclose information
  - the precise relationship that gave rise to that duty
  - the information that it is alleged that the defendant failed to disclose.
- Fraud by abuse of position; by occupying a position in which you are expected to safeguard, or not to act against, the financial interests of another person, and dishonestly abusing that position, intending, by means of the abuse of that position, to make a gain for themselves or another, or to cause loss to another or to expose another to a risk of loss. An example of this would be a Finance Director diverting company monies from an employer's bank account into their own personal bank account.

As defined by law, fraud is when a person dishonestly makes a false representation to make a gain for her/himself or another or dishonestly fails to disclose to another person, information which she/he is under a legal duty to disclose, or commits fraud by abuse of position, including any offence as defined in the Fraud Act 2006.

### Anti-Fraud Policy

#### Reporting to the Funding Agency/WMCA

The College must notify the Department immediately where it becomes aware of any instance of suspected fraud or financial irregularity in the delivery of the Agreement including, but not limited to, cases of:

- collusion with members of the staff of the Department or employees of the Department for Education
- computer fraud
- the submission to the Department of inaccurate, incomplete, misleading or falsified information for the purpose of a claim for funding
- fraud involving Awarding Organisations
- fraud involving sub-contractors

Where the Agency has reasonable cause to suspect that fraud or irregularity has occurred in relation to the delivery of the Agreement and payments made hereunder, the Department and/or its agents will have the right of access to the College's Premises (or that of any of its sub-contractors) at any reasonable time with or without notice to examine and remove or copy all relevant documents and records including electronic records and to interview the College's staff or agents engaged with the delivery of the Agreement.

Where the Agency has reasonable cause to suspect that fraud or irregularity has occurred in relation to the delivery of the Agreement and payments made hereunder, the ESFA may require the College to procure the services of an independent accountant (or other equivalent/appropriate professional) to investigate at the College's cost.

Where the ESFA has reasonable cause to suspect that fraud or irregularity has occurred in relation to the delivery of the Agreement or any other Agreement between them and the College and payments made there under, they will have the right to suspend payments and/or require the College to suspend recruitment of Learners under this Agreement and any other Agreement between the Parties. The College is an exempt charity so must inform the ESFA of any schemes, orders or official warnings issued by the Charities Commission. Failure to inform will constitute a Serious Breach of the conditions of grant funding agreement.

The College will co-operate in the identification of Learners who may be unlawfully claiming benefits. The ESFA may from time to time brief the College as to the co-operation and assistance it reasonably requires including the provision of information regarding fraud by Learners.