



## **ANTI-FRAUD & IRREGULARITY**

# Varndean College

## Anti-Fraud & Irregularity Policy

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### INTRODUCTION

The College has a duty to ensure that its financial affairs are properly administered, and expects its staff to act at all times with honesty and integrity to safeguard the public resources for which they are responsible.

Fraud may occur internally or externally and may be perpetrated by staff, consultants, suppliers, contractors, individually or in collusion.

The purpose of this policy document is to set out responsibilities with regard to fraud prevention, what to do in the event of a suspected fraud and the action that will be taken by management.

This policy is intended to:

- safeguard against fraud and corruption,
- promote its detection, and
- identify a clear pathway for its investigation
- show that all appropriate sanctions will be taken where fraud, corruption or other wrongdoing has been found

The College will not tolerate fraud, corruption or other wrongdoing and will take the strongest possible action through disciplinary action, involving the Policy and pursuing financial recovery through the Courts.

### What is fraud?

Fraud encompasses irregularities and illegal acts which are characterised by an intention to deceive or mislead, and where the individual knows the information is false or at least has good reason to suppose that it is not true. Fraud is likely to result in an unauthorised benefit to an individual but could also be to the benefit of the College.

Under the Fraud Act 2006 fraud can be committed by:

- False Representation
- Failing to disclose information
- Abuse of position

### Responsibilities

The College has a responsibility to:

- develop and maintain effective controls to prevent fraud, corruption or other wrongdoing
- carry out vigorous and prompt investigations where fraud, corruption or malpractice is suspected
- take appropriate disciplinary and/or legal action against perpetrators
- take disciplinary action against staff or their line managers where their failures have enabled fraud or other wrongdoing to occur

## Anti-Fraud & Irregularity Policy

---

Managers are responsible for:

- identifying the risks to which systems and procedures are exposed
- developing and maintaining effective controls to prevent and detect fraud
- ensuring that controls are being complied with by all staff
- ensuring that all staff receive adequate and appropriate training to provide awareness of the relevant codes of conduct, rules and regulations that are required to be followed

Individual members of staff have a responsibility to:

- act with honesty, integrity and propriety in the use of College resources
- report known or suspected fraud
- assist in the investigation of fraud

### **PROCEDURES FOR THE PREVENTION OF FRAUD & CORRUPTION**

The College will implement the following procedures to prevent incidents of fraud and corruption.

1. Maintain appropriate Financial Regulations, Procedures and Standing Orders.
2. Ensure all employees are aware of their responsibilities under the Financial Regulations and Procedures and staff Code of Conduct.
3. Recruit staff in accordance with the approved Recruitment and Selection Policy.
4. Draw attention to the responsibility of staff under the Financial Regulations and Procedures during staff induction.
5. Maintain a Register of Interests for Corporation members and staff with significant financial responsibilities
6. Encourage staff to discuss any perceived weaknesses in financial controls with the Business Director through normal meeting sequences or direct discussion.
7. Encourage Internal Assurance service to review financial and other systems potentially subject to fraud and corruption on a risk-based cyclical basis.
8. Ensure auditors and internal assurance service have access to all financial and other relevant documentation and appropriate reporting rights to the highest levels of the Corporation.
9. Review all audit and internal assurance reports through meetings of the Senior Leadership Team, Audit Committee and appropriate meetings of the full Corporation.
10. Establish procedures for the reporting and investigation of fraud, corruption and other irregularities.

### REPORTING / INVESTIGATION PROCEDURES FOR SUSPECTED FRAUD & CORRUPTION

1. If a member of staff suspects that fraud may be being attempted is occurring or has occurred he/she shall notify the Business Director immediately. The member of staff must not discuss the matter with anybody else unless formally instructed to do so. If the Business Director is suspected of fraud the Principal or designated alternate shall be notified and act in place of the Business Director throughout the investigation.
2. Alternatively, staff can raise their concerns using the College's Public Interest Disclosure ('whistleblowing') procedure. A copy of this can be found on the staff intranet.
3. In conjunction with the Principal, the Business Director will decide the appropriate course of action, including any steps to be taken under the disciplinary procedure, e.g. suspension pending investigation.
4. If it is clear that any possible irregularity is of minimal effect and has arisen by accident, the Business Director will maintain a formal record of this conclusion and any action taken.
5. In any case of irregularity other than that of minimal effect arising by accident (see 4 above) the Business Director shall advise the head of the internal assurance services (IAS) and the Chair of the Audit Committee. Evidence of fraud, corruption or any impropriety shall be referred to the Audit Committee which may commission a special investigation by the IAS or others.
6. If the suspected irregularity is of sufficient seriousness the Business Director will notify the Chair of the Corporation, external auditors and the Education Funding and Skills Agency (ESFA). He/she will also arrange for the Police to be informed at the first indication of any serious concern. Such actions will take place in consultation with the internal assurance services.
7. The Business Director will agree arrangements for the investigation with the Head of the internal assurance service and will take account of:
  - i) the need to complete the investigation with all due speed provided that this does not compromise due professional care
  - ii) the applicability of the College's Disciplinary Procedures to the case
  - iii) the possibility of formal legal action
  - iv) the need to safeguard the integrity of any evidence, the safety of assets and the rights of persons involved

# Varndean College

## Anti-Fraud & Irregularity Policy

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8. After completing the investigation the internal assurance service will produce a written report and send it to the Chair of the Audit Committee, the Business Director and External Auditors. This report will include the following:
  - i) a conclusion as to whether there has been a fraud or other irregularity
  - ii) its nature and extent
  - iii) its effect on the College
  - iv) who was involved, if this is known
  - v) potential for recovery
  - vi) recommendations to improve systems of control
9. The Chair of the Audit Committee may ask the Clerk to the Corporation to call a special meeting of the Audit Committee to consider the report and its consequences. The Chair will also make a full report to a meeting of the Corporation.
10. All suspected cases of fraud will be treated as confidential and external enquiry referred to the Business Director other designated persons.