Change	Reason Reviewer / Legislation	Date
Reviewed and no change to original	No changes in legislation	December 2025
Management procedures Continuous replaced with “An annual review”	Reviewer	December 2035
Remote working During home working, Finance staff maintain daily communications Added “with ELT”	Reviewer	December 2035

Anti-Fraud policy

Date Approved	January 2026
Date of Next Review	January 2028

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1. Introduction

This policy was drawn up in accordance with advice to academies from the Department for Education and based on guidance from the Academies Financial handbook 2020.

For the purposes of this policy, fraud is defined as dishonest, irregular or illegal acts, characterised by a deliberate intent at concealment or false misrepresentation, resulting in the diversion of resources, whether or not for personal gain, for the benefit of an individual or group of individuals at a consequent loss to the School.

The objective of this policy is to safeguard the proper use of IET's finances and resources. The School derives the majority of its income from public funds and so has a particular responsibility to ensure that income and resources are used solely for the purposes intended.

Fraud is a serious matter and the Trust Board and the Audit and Risk Committee are committed to investigating all cases of suspected fraud. Any member of staff, regardless of their position or seniority, against whom evidence of fraud is found, will be subject to disciplinary procedures that may result in dismissal. The School will involve the Education & Skills Funding Agency (ESFA) and the police, and may seek redress via civil proceedings.

2. Prevention

As the aftermath of fraud is costly, time-consuming, disruptive and unpleasant, and may lead to unwelcome adverse publicity, a major thrust of this fraud policy is prevention.

Leadership

Trustees and senior managers should ensure that their behaviour is demonstrably selfless and transparent, and should champion the School's policies regarding conflicts of interest, hospitality and gifts.

Management procedures

Fraud can be minimised through carefully designed and consistently operated management procedures, which deny opportunities for fraud. Staff must comply with and should be given training in the School's policies and procedures on segregation of duties, data security and conflict of interest, and the School's financial regulations. An annual review of systems by internal audit may deter attempted fraud and should result in continuous improvements. The risk of fraud should be a factor in internal audit plans.

Staff appointments

Potential new members of staff must be screened before appointment, particularly for posts with financial responsibility. For example:

- References should cover a reasonable, continuous period of at least three working years, and any gaps should be explained.
- An official employer's reference should be obtained.
- Doubts about the contents of the reference should be resolved before confirming the appointment. If this is done by telephone, a written record of the discussion should be kept.
- Where possible, qualifications should be checked before making an offer of employment, for example by requiring original certificates at the interview.
- Checks should be undertaken eg. Enhanced Disclosure & Barring Service with barred list information.
- Checks should be undertaken to verify that candidates for teaching posts are not prohibited from teaching.

Cash

Management of cash should include the following:

- Segregation of duties - systems should prevent one person from receiving, recording and banking cash. Where there are many outlets, the system should incorporate additional supervisory management, and unannounced spot checks. Segregation of duties should continue during periods of leave or sickness absence.
- Reconciliation procedures - an independent record of cash received and banked may deter and detect fraud.
- Receipts should be issued in return for cash received, to provide an audit trail.
- Physical security, such as access to keys and access codes should be kept secure.
- Frequent banking.
- Use of a cashless system is encouraged, to avoid the need for cash handling.

Cheques

With regard to cheques, the following preventative measures should be taken:

- Physical security - unused, completed and cancelled cheques should never be left unsecured. Spoiled cheques should not be destroyed, but should be clearly marked ‘VOID’ and lines marked through the print. They should then be filed along with the relevant documentation for future reference.
- Frequent bank reconciliations - some frauds have gone undetected for long periods because accounts have not been reconciled promptly, or because discrepancies have not been fully investigated.
- Segregation of duties.
- Use of bank account names which it is difficult to represent as personal names, to prevent the simple theft of cheques in the post and their conversion into cash.
- Clear instructions to debtors about correct payee details and the address to which cheques should be sent.
- Rotation of staff responsibilities, including the regular rotation of counter-signatories, to reduce the risk of collusion.
- Training in secure completion of cheques.
- Use of electronic funds transfer (such as BACS) as an alternative to cheques.

Purchasing

Many of the largest frauds suffered in education institutions have targeted the purchase ledger. Preventative measures should be taken as follows:

- Minimising little used or unusual account codes.
- Ensuring that all account codes are effectively monitored and approved by line management.
- Segregation of duties.
- Secure management of the creditors' standing data file, including segregating the origination and approval of new or amended data.
- Requiring purchase orders, wherever possible, for the procurement of all services, as well as goods.
- Matching the invoice amounts to the purchase order commitment in all cases. Where service order variations occur, these should be authorised by the Finance Director.

- Where possible, a certified delivery note should be matched to the invoice for payment.

All suppliers should be vetted to establish that they are genuine and reputable companies before being added to lists of authorised suppliers.

Remote working

If staff work from home (for instance during the COVID-19 pandemic of 2020) they should be ultra vigilant of potential fraudulent activity. Fraudsters change their ways of operating during such times, and staff must maintain rigid systems and processes. All approval processes are even tighter with most finance work now being electronic and virtually paperless, therefore exercising due diligence is crucial. During home working, Finance staff maintain daily communications with ELT and others where appropriate and fraud awareness is heightened.

3. Detection

Checks and balances

Detective checks and balances will be designed into all relevant systems and applied consistently, including segregation of duties, reconciliation procedures, random checking of transactions, and review of management accounting information, including exception reports. Systems should identify transactions which have not followed normal procedures.

Behaviour patterns

Suspect patterns of behaviour among staff dealing with financial transactions should be investigated, for example, living beyond apparent means, taking few holidays, regularly working alone out of normal hours and resistance to delegation. Any indication of addiction to drugs, alcohol or gambling should be addressed promptly, for the welfare of the individual and to minimise the risks to the Academies.

Whistle blowing policy

Anyone suspecting fraud may use the School's whistle blowing policy, which may provide protection against reprisal for any such disclosure.

4. Fraud response procedure

Purpose

The purpose of this fraud response procedure is to define authority levels, responsibilities for action and reporting lines in the event of suspected fraud or irregularity. Those investigating a suspected fraud should:

- Aim to prevent further loss.
- Liaise with the Academy's insurer.
- Establish and secure evidence necessary for criminal and disciplinary action.
- Inform the police.
- Notify the Education & Skills Funding Agency (ESFA).
- Endeavour to recover losses.
- Take appropriate action against those responsible.
- Keep internal personnel and outside organisations with a need to know suitably informed, on a confidential basis, about the incident and the academy's response.
- Deal with requests for references for employees disciplined or prosecuted for fraud.
- Review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud.

Initiating action

Members of staff, students or members of the governing body may suspect fraud or irregularity in the academy. If so, they should report it as soon as possible to the CEO or DoE and the CFO.

The person to whom the suspected incident is reported should then ensure that it is made known without delay to the CEO or DoE and the CFO.

The CFO should, as soon as possible (and with the aim of acting within 24 hours), chair a meeting of the following group to decide on the initial response, using properly appointed nominees where necessary:

- CEO or DoE
- CFO
- Chair of Finance committee

If the actual or suspected incident concerns or implicates a member of this group, the Chair of Trustees or Vice Chair of Trustees will appoint a substitute.

Responsibility for investigation

The group, chaired by the CFO, will decide on the action to be taken. This will normally be an investigation led by the external auditors, Cooper Parry.

Prevention of further loss

Where initial investigation provides reasonable grounds for suspecting a member or members of staff, Trustees or others of fraud, the group will decide how to prevent further loss. This may require the suspension of the suspect or suspects, under the appropriate disciplinary procedure. It may be necessary to plan the timing of suspension to prevent suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.

In these circumstances, the suspect or suspects should be approached unannounced. They should be supervised at all times before leaving the Academy's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the academy. Any security passes and keys to premises, offices and furniture should be returned. The Site Leadership should be required to advise on the best means of denying access to the School while suspects remain suspended, for example by changing locks and informing senior staff not to admit the individuals to any part of the premises. Similarly, the ICT Manager should be instructed to withdraw without delay access permissions to the Academy's computer systems.

The group will consider whether it is necessary to investigate systems other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the Academy's assets.

Establishing and securing evidence

The Academy will follow disciplinary procedures against any member of staff or governor who has committed fraud and will pursue the prosecution of any such individual through the criminal courts. The CEO or DoE will:

- Ensure that evidence requirements are met during any fraud investigation.
- Establish and maintain contact with the police.
- Ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

Reporting lines

The group will provide regular, confidential reports to the Chair of Trustees, which will 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.

Notifying the ESFA

The Academy must notify the ESFA of any attempted, suspected or actual fraud or irregularity.

Recovery of losses

The CFO will endeavour to ensure that the amount of any loss is quantified. Repayment of losses will be sought in all cases. Where the loss is substantial, legal advice should be obtained about the need to freeze the suspect's assets through the court, pending the conclusion of the investigation. Legal advice may be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. The Academy will normally expect to recover costs in addition to losses.

Final report

On completion of a special investigation, a written report, normally prepared by the Chair of Finance, shall be submitted to the Audit 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.

The final outcome will be reported to the complainant.

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 must be referred to the Chair of Trustees for advice.

Review of policy

The Audit and Risk Committee will review this policy for every 2 years, or in light of any changes to relevant legislation