



# **The Painsley Catholic Academy**

Better Together

**The Painsley Catholic Academy**  
**Counter Fraud, Theft, Irregularity and Cybercrime Policy**  
**2021/22**

<b>Approved by:</b>	Directors	<b>Date:</b> September 2021
<b>Last reviewed on:</b>	August 2021	
<b>Next review due by:</b>	August 2022	

## Introduction

The Painsley Catholic Academy (The Academy) requires all Staff and Directors to act honestly and with integrity at all times and to safeguard the public resources for which they are responsible. The Academy will not accept any level of fraud or corruption; consequently, any case will be thoroughly investigated and dealt with appropriately. The Academy is committed to ensuring that opportunities for fraud and corruption are reduced to the lowest possible level of risk.

## What is Fraud?

No precise legal definition of fraud exists; many of the offences referred to as fraud are covered by the Theft Acts of 1968 and 1978. The term is used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. With respect to the Academy this applies to all areas of the Academy's business and activities.

"Fraud" is usually used to describe depriving someone of something by deceit, which might either be straight theft, misuse of funds or other resources, or more complicated crimes like false accounting and the supply of false information. In legal terms, all of these activities are the same crime – theft.

Some useful definitions ([www.legislation.gov.uk](http://www.legislation.gov.uk)):

**Theft** - Dishonestly appropriating the property of another with the intention of permanently depriving them of it (Theft Act 1968). This may include the removal or misuse of funds, assets or cash.

**False Accounting** - Dishonestly destroying, concealing, or falsifying any account, record, or document required for any accounting purpose, with a view to personal gain for another, or with intent to cause loss to another or furnishing information which is or may be misleading, false or deceptive (Theft Act 1968).

**Bribery and Corruption** - The offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions taken by the authority, its members or officers (Prevention of Corrupt Practices Act 1889 and 1916).

**Deception** - Obtaining property or pecuniary advantage by deception (Sections 15 and 16 of the Theft Act 1968 (and obtaining services or evading liability by deception (Sections 1 and 2 of the Theft Act 1978).

**Collusion** - The term "collusion" in the context of reporting fraud to the Treasury is used to cover any case, in which someone incites, instigates aids and abets, or attempts to commit any of the crimes listed above.

## The Academy Trust Handbook (2021) states:

*6.12 The board of trustees must notify 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:*

- a) Full details of the event(s) with dates*
- b) The financial value of the loss*
- c) Measures taken to prevent recurrence*
- d) Whether it was referred to the police (and if not why)*
- e) Whether insurance of the RPA have offset any loss*

## **Cybercrime**

The Academy Trust Handbook states:

*'Academy trusts must also be aware of the risk of cybercrime, put in place proportionate controls and take appropriate action where a cyber security incident has occurred' (Page 59, section 6.16)*

*'Trusts must obtain permission from ESFA to pay any cyber ransom demands. ESFA supports the National Crime Agency's recommendation not to encourage, endorse, or condone the payment of ransom demands. Payment of ransoms has no guarantee of restoring access or services and is likely to result in repeat incidents (Page 59, section 6.17)'*

This policy should be read in conjunction with The Painsley Catholic Academy's Malware Policy and Cybercrime Incident Response Plan once finalised.

## **Avenues for Reporting Fraud**

The Academy has in place avenues for reporting suspicions of fraud. Directors and members of staff should report any such suspicions in line with the Academy's Whistle Blowing Policy. All matters will be dealt with in confidence and in strict accordance with the terms of the Public Interest Disclosure Act 1998. This statute protects the legitimate personal interests of staff. The Academy's Whistle Blowing Policy provides further information. Vigorous and prompt investigations will be carried out into all cases of actual or suspected fraud discovered or reported in line with the Academy Trust Handbook (page 58, section 6.12).

## **Responsibilities**

The Academy Trust Handbook (September 2021) is the Department for Education's financial guide for the directors, governing bodies and managers of academies. Drawing on the overall financial requirements specified in academy Funding Agreements, it provides detailed guidance on a wide range of financial management, funding and accounting issues.

The Academy Trust Handbook sets out the overall governance framework for academies and describes the key systems and controls that should be in place. It describes the grants that the Department makes available and specifies the financial reporting/budget management arrangements that must be followed by academies to ensure accountability over the substantial amount of public funds that they control.

The Academies Accounts Direction 20/21 discusses in detail the requirements for preparing an annual trustees report and accounts in order to comply with Company Law, Accounting Standards and Charity Commission expectations.

The Chief Executive Officer for the Academy is the **Accounting Officer** and is responsible for establishing and maintaining a sound system of internal control that supports the achievement of the Academy's policies, aims and objectives. The system of internal control is designed to respond to and manage the whole range of risks that the Academy faces. The system of internal control is based on an on-going process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively. Managing fraud risk will be seen in the context of the management of this wider range of risks.

The Accounting Officer is personally responsible to the board, and through it to the Secretary of State and Parliament for:

- Ensuring regularity and propriety;
- Ensuring prudent and economical administration;
- Avoiding waste and extravagance;
- Securing value for money through the efficient, effective and economic use of available resources;
- The day-to-date organisation, staffing and management of the Academy Trust.
- Taking appropriate legal and/or disciplinary action against perpetrators of fraud;
- Taking appropriate disciplinary action against supervisors where supervisory failures have contributed to the committing of fraud;
  
- Taking appropriate disciplinary action against staff who fail to report fraud;

The key responsibilities of the Academy's **Chief Financial Officer (CFO)** include:

- Overseeing the preparation of the annual accounts undertaken by the MAC Accountant;
- Overseeing the preparation and monitoring of the budget
- Technical advice; and
- Liaison with auditors along with the MAC Accountant.

In respect to minimising the risk of fraud, the CFO is responsible for:

- Developing a fraud risk profile and undertaking a regular review of the fraud risks associated with each of the key organisational objectives in order to keep the profile current;
- Establishing an effective fraud policy and fraud response plan, commensurate to the level of fraud risk identified in the fraud risk profile;
- Designing an effective control environment to prevent fraud commensurate

with the fraud risk profile;

- Establishing appropriate mechanisms for reporting fraud risk issues;
- Reporting incidents of fraud to the CEO/Accounting Officer;
- External reporting in compliance with Company Law, Accounting Standards and Charity Commission expectations.
- Coordinating assurances about the effectiveness of fraud policies to support the Statement of Internal Control.
- Liaising with the CEO/Accounting Officer, Board of Directors, the Audit & Risk Committee or Resources Committee on issues of fraud prevention, detection, and management;
- Making sure that all staff are aware of the organisation's fraud policy and know what their responsibilities are in relation to combating fraud;
- Developing skill and experience competency frameworks;
- Ensuring that appropriate anti-fraud training and development opportunities are available to appropriate staff in order to meet the defined competency levels;
- Ensuring that vigorous and prompt investigations are carried out if fraud occurs or is suspected including cyber fraud;
- Taking appropriate action to recover assets;
- Ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future.

**All staff with financial responsibility, including budget holders are responsible for:**

- Ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively including ICT controls to minimise cyber fraud;
- Preventing and detecting fraud including cyber fraud;
- Assessing the types of risk involved in the operations for which they are responsible;
- Reviewing and testing the control systems for which they are responsible regularly;
- Ensuring that controls are being complied with and their systems continue to

operate effectively;

- Implementing new controls to reduce the risk of similar fraud occurring where frauds have taken place.

**The Internal Auditor is responsible for:**

- Delivering an opinion to the Accounting Officer, Board of Directors and Audit and Risk committee on the adequacy of arrangements for managing the risk of fraud and ensuring that the Academy promotes an antifraud culture;
- Monitoring the monthly financial checklists which include 'counter fraud' assurances from each school;
- Assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of control commensurate with the extent of the potential exposure/risk in the various segments of the academy's operations;
- Ensuring that management has reviewed its risk exposures and identified the possibility of fraud as a business risk;
- Assisting management in conducting fraud investigations;
- Reporting to Academy's Board of Directors, the Audit and Risk committee or Resources Committee on the efficiency of controls for the prevention, detection and management of fraud including cyber fraud.

**Every member of staff is responsible for:**

- Acting with propriety in the use of official resources and the handling and use of public funds whether they are involved with cash or payments systems, receipts or dealing with suppliers or the Academy's decision making bodies;
- Conducting themselves in accordance with the seven principles of public life set out in the first report of the Nolan Committee "Standards in Public Life". They are: selflessness, integrity, objectivity, accountability, openness, honesty and leadership;
- Being alert to the possibility that unusual events or transactions could be indicators of fraud, both internally and externally including cyber fraud;
- Reporting details immediately through the appropriate channel if they suspect That fraud has been committed or see any suspicious acts or events;
- Cooperating fully with whoever is conducting internal checks or reviews or fraud investigations.

**The Board of Directors are responsible for:**

- Ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively;
- All members are responsible for abiding by the Academy's policies and regulations and the guidance on Codes of Practice for Board Members of Public Bodies.
- Being alert to the possibility that unusual events or transactions could be indicators of fraud;
- Reporting details immediately through the appropriate channel if they suspect that a fraud has been committed or see any suspicious acts or events;
- Cooperating fully with whoever is conducting internal checks or reviews or fraud investigations

**The Audit & Risk committee are responsible for:**

As the Painsley Catholic Academy is a multi-academy the Education Skills Funding Agency's (ESFA) expectations are that there must be a dedicated Audit & Risk committee.

The Board of Directors will appoint members to the Audit & Risk committee.

The responsibilities of the Audit & Risk committee will overlap with those of the Accounting Officer and Chief Financial Officer. It is envisaged they will normally attend all meetings of the Audit & Risk committee, unless, exceptionally, his or her own performance is being discussed. Additional information is provided in the Academy Trust Handbook (September, 2021).

**Fraud Response Plan**

The Academy has a Fraud Response Plan in place that sets out how to report suspicions, how investigations will be conducted and concluded. This plan forms part of the Academy's Fraud Policy.