

## Anti-Fraud Policy and Procedure

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Person Responsible	Deputy Chief Executive
Approval/ review bodies	SLT / Audit Committee / Corporate Board
Frequency of Review*	36 months

*\* Policies will be reviewed more frequently if legal changes or good practice require*

Review History:		
Date of review	Reviewed by	Reason for review
November 2006	Corporate Secretary	
June 2010	Director of Finance & Systems	Change in roles
October 2014	Vice Principal Finance and Resources	Complete review of the policy to ensure robustness.
May 2017	Vice Principal Finance and Resources	Internal audit recommendations and complete review to ensure robustness.
March 2020	Deputy Principal Finance and Resources	Policy Review
March 2023	Deputy Chief Executive	Policy Review

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#### **Related policies/documents:**

College Financial Regulations  
Data Protection Policy and Procedures  
Information Technology Conditions of Use  
Staff Disciplinary Policy and Procedure (Conduct)

## **1. Statement**

The Corporate Board is committed to minimising the risk of fraud, corruption and other irregularities. This policy and procedure document sets out its plans for responding when irregularities are suspected.

## **2. Objectives**

2.1. North Kent College (“the College”) which incorporates Hadlow College requires all staff, at all times, to act honestly and with integrity to safeguard the public resources for which the Corporation is responsible. Fraud is an ever-present threat to resources. All members of College staff must, therefore, remain alert to the risk that fraud or other irregularity could occur in their area of responsibility.

2.2. The purpose of this Policy is to set out:

2.2.1. staff responsibilities regarding the prevention of fraud and irregularity; and

2.2.2. the procedure to be followed where a fraud or irregularity is detected or suspected.

2.3. All actions taken by the College shall be in accordance with the law; relevant College Regulations; other College procedural documents; and requirements set out in the Education Skills Funding Agency (“ESFA”) Audit Code of Practice.

## **3. Definitions**

3.1. The most recent piece of fraud related legislation in the United Kingdom is the Fraud Act 2006, in addition to the existing common law offence of conspiracy to defraud, the Fraud Act 2006 provides for a general offence of fraud with three ways of committing it:

3.1.1. fraud by false representation;

3.1.2. fraud by failing to disclose information; and

3.1.3. fraud by abuse of position.

HM Treasury includes the following in their definition of fraud: theft; false accounting; bribery and corruption; and deception and collusion.

Computer fraud is where information technology equipment has been used to manipulate programmes or data dishonestly (for example, by altering, substituting or destroying records, or creating spurious records) or where the use of an IT system was a material factor in the perpetration of fraud. Theft or fraudulent use of computer time and resources, including unauthorised personal browsing on the internet, is included in this definition.

The UK Bribery Act 2010 consolidates and updates all previous bribery legislation.

3.1.4. This Act gives detail on the following offences:

- 3.1.4.1. a general offence of ***offering, promising or giving a bribe*** in order to obtain an advantage through the improper performance of a function;
- 3.1.4.2. a general offence of ***requesting, agreeing to receive or accepting a bribe*** in order to perform a relevant function improperly;
- 3.1.4.3. a specific offence of ***bribery of a foreign public official***;
- 3.1.4.4. a new offence of ***failure by a commercial organisation to prevent a bribe*** being paid to obtain or retain business or a business advantage.

3.2. Fraud can be committed by persons outside, as well as inside, the College. In the College context fraud or irregularity could include:

- 3.2.1. pilfering of stock;
- 3.2.2. improper use of telecommunication facilities;
- 3.2.3. unauthorised use of College equipment (including computers), theft of cash or equipment;
- 3.2.4. improper manipulation of computer programmes or data collusion with others for illicit gain;

- 3.2.5. falsification of documentation such as registers, enrolment forms, timetables, salary claims, financial records and claims for travel and subsistence or other allowances;
- 3.2.6. improper/inaccurate claims for overtime or time off in lieu; and/or
- 3.2.7. any other impropriety.
- 3.3. External attempts at fraud or irregularity could include:
  - 3.3.1. offers of bribes/inducements;
  - 3.3.2. submission of false invoices;
  - 3.3.3. demands for payment for unsolicited goods;
  - 3.3.4. contractor frauds involving overcharging, sub-standard work, bid rigging and/or collusion in competition for services; and/or
  - 3.3.5. fraudulent claims for College funds.
- 3.4. The management and financial systems of the College have been designed to incorporate appropriate controls for preventing fraud. These controls include, inter alia:
  - 3.4.1. supervisory check;
  - 3.4.2. appropriate organisational structures;
  - 3.4.3. complete, accurate and up to date records;
  - 3.4.4. physical security of assets/stocks;
  - 3.4.5. segregation of duties;
  - 3.4.6. clearly defined written responsibilities;
  - 3.4.7. clearly defined lines of reporting;
  - 3.4.8. regulations and associated procedure guides;
  - 3.4.9. audit investigations/reviews;
  - 3.4.10. adherence to Financial Regulations and other procedural documents; and

- 3.4.11. discrete groups of College staff for certification of orders/payments etc.

#### **4. Responsibilities**

- 4.1. The Chief Executive and Executive Principal (and where absent or unavailable the Deputy Executive Principal Teaching, Learning and Improvement Deputy Chief Executive ) is ultimately responsible for the management of the College, including line management and accountability arrangements.

The line managers are responsible for ensuring that an adequate system of internal control exists within their areas of responsibility and that the controls operate effectively.

The responsibility for the prevention and detection of fraud therefore rests, primarily, with managers, although all College staff are responsible for ensuring that fraud does not occur. There is a need for all managers to assess the types of risk involved with operations for which they are responsible, to review and test the control systems on a regular basis and to ensure compliance with control regimes.

- 4.2. In establishing effective internal controls, managers should be aware of the following good practice concepts:

- 4.2.1. regular rotation of staff in "control critical" functions;
- 4.2.2. wherever possible, segregation of duties so that control of all aspects of a key function does not reside with one person e.g. if a member of staff registers a supplier on the financial information system, s/he should not input invoices or create payment runs to pay invoices;
- 4.2.3. avoidance of processing backlogs; and
- 4.2.4. considering the control implications whenever a new system is being introduced.

- 4.3. The management systems outlined in paragraphs 4.1 and 4.2 have been developed in the light of the advice of the Deputy Chief Executive, the Internal Auditors and the College's insurers.

- 4.4. A further check is provided by the Audit Committee, which may commission the Internal Auditor or others to undertake special investigations.

## 5. Procedure

- 5.1. If a member of staff, or senior leader if the line manager is suspected, suspects that an action or event, perpetrated either by another member of College staff or by a third party, may constitute a potential fraud or irregularity, the suspicion should immediately be reported to his/her line manager. All parties must at all times use confidentiality when dealing with any accusations of fraud or irregularity.
- 5.2. The line manager must then discuss the facts of the case with the person raising the issue. If the line manager considers that a fraud or irregularity may have occurred, or is likely to occur, he/she must immediately report the matter to his/her Manager who must then report to the Deputy Chief Executive, normally in writing. The Deputy Chief Executive may decide to inform the Chief Executive and Executive Principal. (If the Deputy Chief Executive is implicated in the case then the Chief Executive and Executive Principal must be informed directly).
- 5.3. On receipt of the information the Deputy Chief Executive or the Chief Executive and Executive Principal must establish the facts of the case and decide what further action, if any, is required. This may or may not include:
  - 5.3.1. informing the member of the College staff suspected of the fraud or irregularity and seeking his/her comments;
  - 5.3.2. removing, for safe custody, any books, records or documents relating to the case;
  - 5.3.3. confiscating any equipment relating to the case (e.g. personal computers and data storage devices etc);
  - 5.3.4. taking action in the form of investigation techniques such as CCTV and email monitoring as defined in the "Information Technology Conditions of Use"
  - 5.3.5. taking action under the staff disciplinary procedure in consultation with the Head of Department concerned
- 5.4. All cases reported to the Deputy Chief Executive or Chief Executive and Executive Principal under the terms of paragraph 5.3 above must be reported by the Deputy Chief Executive or Chief Executive and Executive Principal to:

- 5.4.1. the College Internal Auditors;
  - 5.4.2. the Chief Executive and Executive Principal (unless the Chief Executive and Executive Principal is acting under paragraph 5.2 above, or unless the Chief Executive and Executive Principal is under investigation);
  - 5.4.3. the Chair of the Audit Committee; and
  - 5.4.4. the College Audit Committee, under a standing agenda item at each Committee meeting.
- 5.5. If there is strong evidence to suggest the incidence of a material fraud, the Chief Executive and Executive Principal, after consultation with appropriate individuals, including the College Internal Auditors and the Chair of the Audit Committee in his/her absence, must:
- 5.5.1. cause the College Disciplinary Procedure to be invoked;
  - 5.5.2. inform the Police;
  - 5.5.3. contact solicitors, bankers and insurers, if appropriate;
  - 5.5.4. recover any College property which has been unofficially removed from College premises;
  - 5.5.5. take any necessary steps to address the “loss” or issue concerned; and
  - 5.5.6. address any questions of public relations and publicity.
- 5.6. If the concern(s) relate to a senior post holder, then the arrangements set out in Sections 5.4 and 5.5 apply also to senior post holders, with the substitution of Chair of the Audit Committee for the Chief Executive and Executive Principal.
- 5.7. If necessary, the matter may be referred by any interested party, including members of the public, to the Clerk and Governance Advisor to the Corporation for any necessary action on behalf of the Corporation.
- 5.8. Where the Audit Committee feels that there is evidence of irregularity; fraud; corruption; or any impropriety, the Chair of the Committee must notify the Chief Executive and Executive Principal and the Chair of the Corporation, who should raise the matter at the next meeting of the Corporation. Where the matter is considered significant, the Corporation should consider holding a special meeting.

5.9. To ensure that all significant cases of fraud or suspected fraud, theft, bribery, corruption, irregularity, cybercrime, major weakness or breakdown in the accounting or other control framework are reported to the ESFA, and other relevant funding authority, as soon as possible. Any actual or suspected cases of significant fraud, including cybercrime, will be reported to the ESFA via the “allegations” mailbox at [allegations.mailbox@education.gov.uk](mailto:allegations.mailbox@education.gov.uk). Significant fraud is usually where there is one or more of the following factors (though this list is not exhaustive):

5.9.1. the gross amount of the loss (i.e. before any insurance claim) is in excess of £10,000;

5.9.2. there is likely to be public interest because of the nature of the fraud or the people involved;

5.9.3. the particulars of the fraud are novel or complex;

5.9.4. the fraud is systematic or unusual in nature

Fraud, by its inherent nature of deception to result in financial or personal gain, means that the transaction must be irregular and improper. The accounting officer must include any significant fraud in their statement of irregularity, propriety and compliance

5.10. There may be circumstances that do not fit this definition. In these circumstances advice may be sought from an appropriate contact at the ESFA.

5.11. If an allegation has been found to be groundless and it is believed that it has been made vexatiously, the Chief Executive and Executive Principal (or Chair of the Corporation) may decide to discuss the allegation with the member of staff who first raised the issue concerned. The Chief Executive and Executive Principal (or Chair) may ask another member of College staff to do this on his/her behalf. The Chief Executive and Principal (or Chair) may decide to invoke the College's Disciplinary Procedure in these circumstances.

5.12. It is believed that there is no conflict between the arrangements set out in this Policy and those given in the College Staff Policy and Disciplinary Procedure. Should there be found to be any such conflict, then the arrangements set out in the Staff Disciplinary Policy and Procedure shall apply.



- 5.13. Where a fraud or irregularity has occurred, College will take steps to improve the controls in the systems where the fraud occurred. This will help to ensure that the fraud, or a version thereof, does not recur in the future.

The Deputy Chief Executive will arrange periodic guidance on training for the prevention and detection of fraud.