

Policy Title: **Anti-Fraud Policy**

Author/Responsible Manager	Deputy Principal for Finance, Funding & Data
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Risk Assessment (please note here any identified risks of non-compliance with the policy)	<ul style="list-style-type: none"> College used to process illegal transactions Breach of Criminal Finance Act 2017, Money Laundering Regulations 2024. The failure to prevent fraud resulting in a Failure to Prevent Fraud Offence under the Economic Crime and Corporate Transparency Act 2023 (ECCTA) The resultant financial and reputational damage

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Equality Impact Assessment

Characteristic	No impact	Positive impact	Negative impact	Evidence
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Disability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Gender	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pregnancy/Maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Religion/belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sexual orientation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Age	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Marriage & civil partnership	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Carried out by: SK

Actions required:

Action	Date	Reviewed by	Date

1. Introduction

The definition of fraud from the Fraud Act of 2006 is: 'The making of a false representation or failing to disclose relevant information, or the abuse of position, in order to make financial gain or misappropriate assets'.

Under the Economic Crime and Corporate Transparency Act 2023 (ECCTA) the corporation will be criminally liable where a person commits a fraud offence for the benefit of the organisation or someone to whom the organisation provides a service.

It is the responsibility of the corporation to establish and maintain an adequate system of internal controls to ensure compliance and to prevent and detect irregularities and suspected fraud that includes theft, bribery and corruption. The aim of this policy is to raise awareness and put in place processes to prevent, detect, investigate and sanction suspected fraud.

This policy applies to all employees and anyone acting for, or on behalf of, the College ("associated persons"), including governors, other volunteers, temporary workers, consultants, agency staff, suppliers, service users and contractors.

2. Policy Statement

The purpose of this policy is to:

- Ensure that staff are aware of fraud in order to prevent it
- Bring suspected fraud to notice
- Provide a framework response plan for investigating and reporting fraud; and ensure both alleged and proven fraud are dealt with in a consistent and timely manner

3. Examples of Fraud

There are many examples of fraud, and it can be committed by persons outside as well as inside the College.

The base fraud offences are:

Base Fraud Offences	Examples in a college context
Fraud by false representation	False information on grant applications Greenwashing False awards
Fraud by failing to disclose information	Failure to disclose information to gain better loan terms, or during funding rounds
Fraud by abuse of position	Ghost students Misuse of funding or grant Misappropriation
Obtaining services dishonestly	Software piracy Obtaining credit on the basis of false information
Participation in a fraudulent business	Ponzi schemes
False statements by company directors	Claiming over or underperformance to attract funding
False accounting	Inflating revenue, overstating assets, understating liabilities
Fraudulent trading	Misleading creditors, accepting contracts without the intention to fulfil them

Cheating the public revenue	Claiming monies where they are not due
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In the College context, fraud or irregularity could also include:

- Pilfering of stock.
- Improper use of telephone facilities.
- Unauthorised use of College equipment (including computers).
- Theft of cash or equipment.
- Improper manipulation of computer programmes or data.
- Collusion with others for illicit gain.
- Falsification of documentation e.g. registers, enrolment forms, timetables, salary
- Claims, financial records and claims for travel and subsistence or other allowances.
- Improper claims for overtime or time off in lieu; and
- Any other impropriety.

External attempts at fraud or irregularity could include:

- Submission of false invoices.
- Demands for payment for unsolicited goods.
- Contractor frauds involving overcharging, sub-standard work, bid rigging and/or collusion in competition for services.
- Fraudulent claims for College funds; and
- Phishing attempts to extract money from the College

4. Procedures

Fraud Prevention Procedures

The Fraud Prevention Procedures follow this framework:

- 1) **Top Level Commitment** from the Board, Senior Post Holder and members of SLT
- 2) Dynamic **Fraud Risk Assessments** are undertaken and reviewed regularly.
- 3) Proportional **Fraud Prevention Procedures** are **implemented and enforced**.
- 4) **Due Diligence** is undertaken to mitigate fraud risks
- 5) Policies/procedures are **communicated** effectively
- 6) The Fraud detection and prevention procedures are **monitored and reviewed**.

4.1 Top Level Commitment

The Board, Senior Post Holders and members of SLT will undertake training to ensure that they understand their role in preventing fraud. They will also follow the fraud prevention procedure as set out in section 4 of this policy.

4.2 Fraud Risk Assessment

Generic risks and risk factors associated with potential fraud for the college include:

- Personal motives for fraud such as receiving inadequate compensation or reward, expensive lifestyle, problems including gambling or debt, related party transactions, conflicts of interest, animosity or jealousy
- Organisational motives for fraud including financial difficulty, under pressure to show results, due a site visit by auditors, Ofsted or DfE, pressure to maintain funding levels
- Weaknesses in internal control such as lack of transparency, lack of attention to ethical values, inadequate accounting or purchasing systems, lack of internal monitoring, unaware of applicable laws and regulations

- Transactional indicators including transactions that are difficult to audit, poor tracking of funding, transactions operating under time constraints, poor payroll controls, vague consultancy agreements

An anti-fraud risk assessment has been developed to identify key areas across the College where fraud is more likely.

The College also has a risk register which enables the college to identify potential areas of risk and the controls and responsibilities in place to mitigate risk. Using the 5-point scoring process, the College can easily identify whether existing controls are sufficient.

Curriculum areas such as Hospitality, Construction, The Arts and Hair & Beauty hold a lot of disposable and portable stock that may go missing if insufficient attention is paid to stock control and monitoring. Detection methodologies are essential across all curriculum areas to ensure that students are not disadvantaged by loss of equipment or resources.

4.3 Implementation and Enforcement of Fraud Prevention Procedures

Proportionate fraud prevention procedures will be taken based on the risk assessment. The mitigation measures will be documented in the risk assessment.

Where fraud is suspected, depending on the nature of the allegation, the Whistleblowing Policy may be the best course of action, in which case the process under whistleblowing would be followed.

When staff report suspect fraud, it is important that their suspicions are treated seriously and that all details provided by the reporting employee are recorded accurately and in a timely manner. Staff (or others) reporting fraud should be assured that all information will be dealt with in the strictest confidence and that their anonymity will be preserved if requested unless that is incompatible with a full and fair investigation.

Regardless of the direction any future internal or police investigation may take, the anonymity of any 'whistleblower,' where appropriate, will not be disclosed to anyone implicated in the suspected wrongdoing without their prior approval.

In the case of any significant fraud, the Deputy Principal for Finance, Funding and Data ("the Deputy Principal") is responsible for reporting it to the Corporation, Action Fraud and to the Department for Education ("DfE").

All actual or suspected incidents of fraud should be reported without delay to the Deputy Principal for Finance, Funding & Data:

- (1) In the event of any suspicious transaction or loss the Deputy Principal should be contacted without delay and the information confirmed in writing.
- (2) Any transaction in progress must not proceed further without the consent in writing of Deputy Principal
- (3) Proceeding with a suspicious transaction without such consent may be a criminal offence, for which the maximum penalty is imprisonment.
- (4) Under no circumstances should the subject of a report be made aware of the existence of such a report. Such 'tipping off' may be a criminal offence, for which the maximum penalty is imprisonment.

The Deputy Principal for Finance, Funding & Data is the person nominated to receive disclosures under the money laundering legislation. Any concern of a

transaction possibly being linked to either money laundering or the proceeds of crime must be referred to them for consideration and if the concerns are validated will report to the National Crime Agency (NCA). Reports of such concern must be made to them in writing and include relevant supporting information setting out the basis of the concern, the person or organisation involved, and the nature and amount of any relevant transactions with the College.

4.4 Due Dilligence

Proportional and on-going due dilligence procedures will be carried out for suppliers, staff and contractors in accordance with risks identified in the risk assessment.

4.5 Communications

This policy and our responsibility to prevent fraud will be communicated to staff and stakeholders and where appropriate training will be undertaken.

4.6 Monitoring and Review

This policy will be reviewed every 2 years to ensure that the procedures remain in line with legislative requirements and the organisation's needs. The fraud risks, mitigations, procedures and due diligence will be dynamic activities, which will be monitored and reviewed in response to changes in the risks and the effectiveness of internal controls in place to mitigate those risks.

5. Treasury Management

5.1. Treasury Management Transactions

- **Training** - Through this document and any future updates, staff will be kept aware of developments in money laundering legislation and best practice and the appropriate staff are encouraged to keep abreast of money laundering issues through publications and the Internet.
- **Material and regular deposits or borrowing** - For all investment or borrowing counterparties, the College will ensure that the counterparty has been suitably identified.

5.2. Non-Treasury Management Transactions

- **Regular cash and other receipts** - The College will in the normal operation of its services accept payments from individuals or organisations in relation to rents, sundry debtors, accommodation charges etc.
 - a) Receipts will normally be paid by BACS or cheques and the relevant bank will be required to comply with the money laundering regulations for their customer.
 - b) These types of transactions relate to usage of a property or a specific service that would not normally be ideal conduits for money laundering.
 - c) Most customers will be locally known businesses.
- **Cash receipts** - Cash receipts (i.e. notes, coins or traveller's cheques) should only be accepted if the amount received on any occasion from any one person or organisation is not more than £2,000. Any bank payments from unknown or overseas banks should be subject to critical scrutiny.
- **Occasional receipts from infrequent customers** – The main receipts accepted by the College, outside of the operation of its services, will be related to capital receipts from the sale of assets. The College can take confidence from the following:

- a) The Finance department will deal with the sale and will identify the payee during the course of the process of sale.
 - b) Receipts will normally be paid by BACS or cheques or direct debits and the relevant bank will be required to comply with the money laundering regulations for their client.
- **Payments** – The majority of the payments by the College will be via the payroll system, directly to bank accounts. Similarly, the majority of creditor payments will be paid via BACS directly to domestic/business bank accounts or by crossed cheques and so the same controls will apply. In these cases, the relevant bank will be required to comply with the money laundering regulations for their client's further use of the money.
- **Cash payments** – The local procedures and magnitudes for cash payments (as well as receipts) will need to be reviewed to ensure compliance with the above procedures.
- **Refunds** – Particular care will need to be taken with the procedures for refunds. For instance; a significant overpayment which results in a repayment will need to be properly investigated and authorised before payment. A money launderer could make a deliberate overpayment to the College in order to generate a refund from the College as a means of laundering funds, since a College cheque is likely to be accepted without question as representing untainted funds.
 - a) Under no circumstances should the College officer agree to pay a refund in excess of £1,000 to a person/organisation (other than a bank or similar financial institution) other than the person/organisation entitled to the refund.
 - b) Under no circumstances should the College officer agree to split a refund due to a person / organisation between different beneficiaries.
 - c) Refunds should be paid to the person / organisation entitled to them.
 - d) Under no circumstances should the Deputy Principal for Finance, Funding & Data permit the College to be used in effect as a provider of bank account facilities which allow a creditor of the College to make payments to other persons/organisations.
 - e) All refunds should be paid by cheque or BACS.

APPENDIX 1 : Anti-fraud checklist for post-16 providers¹:

Fraud occurs in every sector and providers need to be aware of the potential for it to occur. The 10 questions below are intended to help providers review their arrangements for preventing, detecting and dealing with fraud should it occur. Arrangements will vary according to the size, structure and complexity of the provider.

1	Are directors / governors / trustees, accounting officer (if applicable) and chief financial officer (or equivalent) aware of the risk of fraud and their responsibilities about fraud?	Anti-fraud policy in place (SLT review and governors approve)
2	Does the provider have a regularly reviewed anti-fraud strategy, fraud risk assessment processes and a fraud response plan?	Anti-fraud strategy in place to include risk assessment and fraud response plan
3	Has the provider established systems and processes to respond quickly and effectively into allegations of suspected fraud, and responding to actual fraud when it arises?	Policy identifies systems and processes to respond to fraud via the Whistleblowing Policy and also directly to the Deputy Principal of Finance, Funding & Data
4	Does the provider engender an anti-fraud culture throughout the organisation, for example: a clear statement of commitment to ethical behaviour; fraud champion; focus on prevention; sound financial regulations (including segregation of duties); recruitment; disciplinary procedures; screening; training and induction?	Financial regulations are very clear in respect of segregation of duties and overall college culture along with size of the organisation allows for early identification of concerns that might be linked to fraud. The Financial regulations have been amended to detail the scheme of delegation.
5	Is fraud risk included within the remit of the provider's audit committee?	Fraud risk is included within the Terms of Reference for Audit & Risk Committee
6	Is fraud risk considered within the provider's risk management process?	A Fraud Risk Register is in place to monitor areas of risk
7	Does the provider have regularly reviewed policies on whistleblowing, declarations of interest and receipt of gifts and hospitality?	All three policies are reviewed annually
8	Is it clear how and to whom suspicions of fraud in the organisation or subcontractors should be reported, both within the provider, and externally (e.g. Action Fraud, external auditors, regulators, DfE as necessary)?	Yes, reporting requirements included in the Whistleblowing policy plus reference to external reporting requirements
9	Does the provider periodically evaluate the effectiveness of anti-fraud measures in reducing fraud?	Not currently

¹ 1 Post-16 Audit Code of Practice 2018-19 ESFA February 2019

10	Does the provider undertake 'lessons learned' exercises when suspected or actual fraud has taken place?	All policies and risk registers will be amended to recognise lessons learned from incidences of fraud
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