

Fraud and Corruption Policy

Responsibility:	Director of Quality & Compliance	Date doc. created:	1st August 2024
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Signature:	Chris Garcia	Next review date:	March 2026

This document must be approved annually by the Senior Leadership Team and presented to the Advisory Board.

Owner and version control

Introduction

Post-16 education, training and skills sector is a very complex environment which is regulated through rules and guidance published by the DfE/ESFA, Ofsted, Awarding Organisations and others. As an organisation we have a duty to comply with relevant rules and guidance and to put in place robust systems to ensure compliance. To protect BPN from fraud our systems need to be sufficiently robust to identify potential fraud risks to allow for prompt investigation. It is important to recognise that fraud could originate from staff, associates, learners, suppliers, contractors and other organisations. This policy takes into consideration and complies with ESFA's Financial Handbook for Independent Training Providers that came into effect 1st August 2024.

Scope of the Fraud and Corruption Policy

All staff and associates have responsibility for reporting practices which they think may be fraudulent. The primary responsibility for preventing fraud and theft lies with senior managers who have put in place policies, procedures and training to protect the organisation. Best Practice Network (BPN) has an identified Fraud Prevention Lead who will oversee:

- Our approach to the identification of risks
- The drafting and implementation of policies and procedures designed to prevent fraud
- The development of a culture which complies with our policies and procedures
- The promotion of fraud awareness and the training of staff and associates
- The investigation of any issues which need further examination

The Fraud Prevention Lead will be responsible for investigating any allegations and for ensuring appropriate action is taken. All matters which are deemed to require investigation will be reported to the Advisory Board, regardless of the nature of the allegation or the outcome of the investigation. BPN is also contractually required to notify the DfE/ ESFA immediately it becomes aware of any instance of suspected fraud or financial irregularity.

All staff and associates have a responsibility to be aware of the potential for fraud and to take steps to minimise risks to the organisation (including theft). Staff should ensure that they are familiar with the

Whistleblowing Policy which is publicly available on BPNs website.

Depending on the nature of the issue we will also report issues of potential theft or fraud to our insurers and to the police.

Policy Statement

This policy and procedure define Anti-Fraud & Corruption and Gifts & Hospitality and offers guidance for all staff.

Best Practice Network aims to be an honest and ethical organisation. As such, it is opposed to fraud and seeks to eliminate fraud by the way it conducts business. This document sets out the Company's policy for dealing with the risk of significant fraud or corruption. To minimise the risk and impact of fraud, BPNs' objectives are, firstly, to create a culture which deters fraudulent activity, encourages its prevention and promotes its detection and reporting and, secondly, to identify and document its response to cases of fraud and corrupt practices.

This policy, in line with the Company's corporate values and best practice, provides both staff and management with mutually understood guidelines.

- The scope of this procedure extends to all Company employees, permanent, voluntary and fixed term.
- Time limits specified in this document may be extended by mutual agreement
- If requested, employees may be accompanied by a recognised trade union representative or work colleague, not involved in any part of the process, at any interviews.

Definition of Fraud:

Fraud is a general term covering theft, deliberate misuse or misappropriation of assets or anything that leads to a financial advantage to the perpetrator or others upon whose behalf he or she acts, even if these "others" are in ignorance of the fraud. Fraud is in fact intentional deceit and for this reason it cannot include negligence. Fraud incorporates theft, larceny, embezzlement, fraudulent conversion, false pretenses, forgery, corrupt practices and falsification of accounts.

Our intention as an organisation is to ensure that we maintain robust control mechanisms to both prevent and detect fraud and theft. All staff and associates have a responsibility to protect the assets of the organisation and should be alert to the potential for fraud and theft. All staff and associates must report immediately any concerns to their line manager or the Fraud Prevention Lead.

Fraud constitutes one or more of the following:

False representation. "False" in this respect means the representation must be untrue or misleading, and the person making it must know it is, or might be, untrue or misleading. Failing to disclose information that one is under a legal duty to disclose.

Abuse of a position in which one is expected to safeguard, or not act against, the financial interests of another person. To commit this offence the person's conduct must be dishonest with the intention of making a gain or causing a loss to another.

Theft means dishonestly appropriating property, including money or other assets.

Gifts and Hospitality

Any gifts, rewards and benefits that are disproportionately generous or that could be seen as an inducement to affect a business decision should be declared. The acceptance of gifts and hospitality is a sensitive area where actions can easily be misconstrued. Therefore, employees' actions should be such that they would not be embarrassed to explain them to anyone.

Irregularities fall within the following broad categories, the first three of which are criminal offences:

- **Theft** – the dishonest taking of property belonging to another person with the intention of depriving the owner permanently of its possession.
- **Fraud** – the intentional distortion of financial statements or other records by persons internal and external to the Company, which is carried out to conceal the misappropriation of assets or otherwise for gain.
- **Bribery and corruption** – involve the offering or the acceptance of a reward, for performing an act, or for failing to perform an act, which leads to gain for the person offering the inducement.

Failure to observe, or breaches of, Scheme of Delegation and Financial Regulations; the Company's Policies or company's procedures which in some circumstances can constitute an irregularity, with potentially significant financial consequences.

Examples of fraud and corruption (non-exhaustive)

- Theft of cash.
- Non-receipt of income.
- Substitution of personal cheques for cash.
- Travelling and subsistence claims for non-existent journeys/events.
- Travelling and subsistence claims inflated.
- Manipulating documentation to increase claims from ESFA
- Payment of invoices for goods received by an individual rather than the Company.
- Failure to observe, or breaches of, regulations and/or other associated legislation laid down by the Company or ESFA.
- Unauthorised borrowing of equipment.
- Breaches of confidentiality regarding information.
- Failure to declare a direct pecuniary or otherwise conflicting interest.
- Concealing a generous gift or reward.
- Unfairly influencing the award of a contract.
- Creation of false documents.
- Deception.
- Using position for personal reward.
- Associate staff claiming payment for hours they have not worked
- Staff claiming mileage for journeys they haven't made
- Claiming to have qualifications in an application/interview that they do not have
- Working for another organisation whilst claiming sick pay
- Falsely ordering goods or services for personal benefit
- Not checking ID docs for candidates but reporting that you have
- Misrepresenting a candidate's prior learning in order to gain additional funding from the ESFA falsely

The above list is not exhaustive, and fraud and corruption can take many different forms if in any

doubt about whether a matter is an irregularity or not, clarification must be sought from the Finance Director.

For the purpose of this policy an act will be considered fraudulent if it involves the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to the organisation or another party.

If a staff member or associate is at any time unsure of policy/ procedures, they should seek guidance and support from the Fraud Prevention Lead.

BPN adopts a culture that values ethical behaviour and financial probity and has a zero-tolerance policy towards fraud and theft.

Procedure

The prevention and detection of fraud and theft is made possible by having strong internal controls constantly applied. Routine checks and monitoring by management to ensure that procedures are being followed are, therefore, essential especially in those areas where risk of fraud and theft is greatest.

The primary responsibility for the prevention and detection of fraud and theft lies with management through the implementation, documentation and operation of effective systems of internal control.

As an organisation we expect all suspicions about fraud and theft to be reported to BPN's Fraud Prevention Lead and investigated. Our Fraud Response Plan is attached to this policy and will be implemented when fraud is suspected or alleged.

BPN will always attempt to recover any sums lost through fraud or theft using the civil and/or criminal law and relevant insurance policies.

Monitoring, Review and Evaluation

This policy/procedure will be reviewed every 12 months or in response to changes to legislation or best practice, whichever is the sooner. The Quality and Compliance Director is responsible for monitoring and reviewing this policy reporting to the Advisory Board and SLT.

Annex A

FRAUD RESPONSE PLAN

Purpose

This response plan provides a documented framework for the Fraud Prevention Lead (and if necessary other managers) to find out if fraud or theft is suspected or reported.

The plan seeks to ensure that in the event of fraud or theft, timely and effective action is taken to prevent further losses, identify fraudsters, safeguard evidence, minimise adverse effects on the organisation and learn lessons.

Reporting fraud & theft

All actual or suspected incidents of fraud and theft should be reported without delay to the Fraud Prevention Lead who will normally also be the Investigating Officer.

Where the Fraud Prevention Lead is suspected of fraud or theft the report should be made to the Managing Director who shall in turn appoint an Investigating Officer.

When reports of fraud or theft are made, the suspicions will be treated seriously, and all details provided will be recorded accurately and in a timely manner. The decision by someone to report a suspected fraud may be traumatic for them, and those reporting fraud are assured that all information will be treated with the strictest confidence.

Anonymity will be preserved where it is reasonably practicable to do so. Anonymity cannot be guaranteed.

The Fraud Prevention Lead will be responsible for liaising with the Advisory Board, and this should be done in a timely manner in all instances where a potential theft or fraud is reported. At this stage, management should take steps to prevent further losses, for example by suspending payments without compromising evidence or alerting the alleged fraudsters.

The Fraud Prevention Lead must also consider the need to report the issue to the DfE/ESFA or other funding bodies as required by contracts or funding rules.

Initial enquiry

On receiving details of a suspected theft or fraud, the Fraud Prevention Lead will undertake an initial review and decide if any further action will be required, liaising in a timely manner with the Directors and the Advisory Board.

Further action may include a reference to:

People Team: fraudulent activity is a breach of contract and where there are reasonable grounds for suspicion, then suspension may be required pending the outcome of enquiries.

The Police: delays in contacting the Police may prejudice the gathering of evidence and future enquiries.
DfE/ESFA/Other Funders: in accordance with contractual obligations and funding rules.

Conducting an Investigation

The Fraud Prevention Lead should decide on the detailed remit and scope of the investigation and determine the investigation timescales, reporting arrangements and deadlines ensuring that any investigation by the police is not compromised.

The Fraud Prevention Lead (or other trained member of staff) nominated by the Fraud Prevent Lead, should undertake an internal investigation, producing a report of their findings with all details being recorded fully and accurately. If the issue is complex, the Fraud Prevention Lead may need to produce interim reports documenting progress and intended next steps.

The report should seek to identify (where possible) any losses attributable to the fraud/theft. This report may need to be made available to the police and also to insurers.

Where necessary and appropriate the disciplinary policy will also be followed.

Concluding an investigation

At the end of the investigation, irrespective of the outcome, the Fraud Prevention Lead should review the position and see what lessons can be learned. Such reviews will help identify any weaknesses in controls that initially led to fraud/theft and should highlight any deficiencies that should be addressed.

On completion of the review, a detailed report should be submitted to the Board for consideration. The report should cover the description of the incident, the loss incurred, the people involved and means of perpetrating the fraud. It should set out the measures taken to prevent a recurrence and any timetabled actions for monitoring.

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