



**GEORGE
DIXON
ACADEMY**

ANTI –FRAUD & CORRUPTION POLICY

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Anti-Fraud and Corruption Policy

Introduction

George Dixon Academy is committed to ensuring that it acts with integrity and has high standards. Everyone involved with George Dixon Academy has a responsibility in respect of preventing and detecting fraud. All staff and governors have a role to play. George Dixon Academy also recognises the role of others in alerting them to areas where there is suspicion of fraud.

All staff and governors must be honest in fact and must also be beyond the reach of suspicion of dishonesty. The Nolan Committee report, published in 1996, requires a very high standard of ethics in public life. The report detailed seven key principles to be applied in public life; these are selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

The Academy is committed to ensuring that it acts with integrity in all business activities. The Academy is opposed to corruption and seek to eliminate fraud by the way we conduct business, the culture instilled in the staff and the recruitment of trustworthy individuals.

Legal framework

This policy has due regard to statutory legislation, including, but not limited to, the following:

- The Bribery Act 2010
- The Fraud Act 2006

Definitions

Fraud

Fraud is a criminal offence.

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 pretences, forgery, corrupt practices and falsification of accounts.

Corruption

The term ‘corrupt practices’ is defined for the purpose of this code as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by George Dixon Academy, its Staff or Governors.

The acceptance of gifts or hospitality is covered in the Academy’s Gifts, Hospitality and Any-Bribery Policy.

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 or external to the Academy, which is carried out to conceal the misappropriation of assets or otherwise for gain;

Bribery and Corruption – involves the offering or acceptance of a reward, or performing an act, or 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 or Academy's Procedures which in some circumstances can constitute an irregularity, with potentially significant financial consequences.

Examples of what could constitute fraud and corruption are -

- theft of cash
- Non-receipt of income
- redirecting income to a non-Academy bank account;
- substitution of personal cheques for cash;
- travelling and subsistence claims for non-existent journeys or events or inflating claims
- manipulating documentation to increase salaries/wages received, e.g. false overtime claims;
- payment of invoices for goods received by an individual rather than the Academy;
- 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.

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

Annex A details Indicators of Potential Fraud. The list is not exhaustive and is a guide only. Due to the nature of fraud, indicators may not be exclusive to just one area

Similarly, if there is concern or doubt about any aspect of a matter which involves an irregularity, or an on-going investigation into a suspected irregularity, the best approach is to seek advice from the Co-Headteachers, particularly the Accounting Officer.

It is the duty of George Dixon Academy and its employees and Governors to take reasonable steps to limit the possibility of corrupt practices.

It is the role of the Academy's Internal Audit Service (RSM Risk Assurance Services LLP) to review the adequacy of the measure taken by George Dixon Academy, to test compliance and to draw attention to any weaknesses or omissions.

Policy Statement

This policy and procedure defines Anti-Fraud & Corruption and offers guidance for all staff in the Academy.

The Academy is an honest and ethical institution. As such, it is opposed to fraud and seeks to eliminate fraud by the way it conducts Academy business. This document sets out the Academy's policy and procedures for dealing with the risk of significant fraud or corruption. In order to minimise the risk and impact of fraud, the Academy's 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 provides both staff and management with mutually understood guidelines for the administration of this procedure.

The scope of this procedure extends to all Academy 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.

The Principal Roles

Staff and Governors

George Dixon Academy has adopted the following measures to demonstrate its commitment to anti-fraud and anti-corruption

- The Finance & Audit Committee meets regularly
- A requirement for all staff and governors to declare pecuniary and business interests and not contribute to business related to that interest;
- A requirement for staff and governors to disclose personal interests and or conflicts of interests which are recorded in the Register of Business Interest;
- All Staff and Governors are made aware of the understanding on the acceptance of gifts and hospitality; (Refer to Gifts, Hospitality and Anti-Bribery Policy)
- There is recording of Related Party transactions, for senior staff and governors and compliance with the Department for Educations requirements as detailed in the Academy Trust Handbook
- The Academy follows the Department for Educations guidance concerning connected party transactions.
- There are clear recruitment policies and procedures;

Staff and Governors also have a duty to report another staff or governor whose conduct is reasonably believed to represent a failure to comply with the above.

Accounting Officer

The Accounting Officer has specific responsibility for overseeing the financial matters on behalf of the Governing Body and has personal responsibility to Parliament and the Department for Educations Accounting Officer for financial resources under the Academy's control.

Finance Director (Chief Financial Officer)

The Finance Director has a responsibility for ensuring that internal controls will ensure proper administration and safeguard the resources of George Dixon Academy

In respect of fraud it is the responsibility of the Finance Director to ensure internal controls prevent and detect any frauds promptly. This includes:

- Proper procedures and financial systems;
- Effective management and financial information;
- Management of the Academy's financial position

Internal Audit

Internal Audit provide the governors with on-going independent assurance that:

- The financial responsibilities of the governors are being properly discharged with respect to regularity, propriety and compliance
- The resources are being managed in an efficient, economical and effective manner;
- Sound systems of financial control are being maintained; and
- Recommend necessary changes and improvements to address any inadequacies.

External Audit

The Academy's Annual Report and Financial Statements include an independent Auditors' Report. This report includes a view as to whether the financial statements give a true and fair view and whether proper accounting records have been kept by the Academy throughout the financial year. In addition, it reports on compliance with the accounting requirements of the relevant Companies Act and confirms compliance with the financial reporting requirements issued by the Department for Education..

Creating an Ethical Culture

The creation of an ethical, anti-fraud culture underpins all the work done by the Academy to counter fraud and other irregularities.

All employees are expected to act with high levels of integrity

All individuals and organisations that work with the Academy must act with integrity.

Anti-fraud awareness training is held for all budget holders annual to ensure they understand the risk of fraud faced by the Academy.

Cybercrime and Cybersecurity

The Academy is vigilant of cybercrime and clear cybersecurity measures are in place:-

Firewalls, ant-virus software and strong passwords are used

Data is backed up

The Strategic ICT Manager sends out reminders to employees regarding Phishing emails and sends test emails periodically to staff

The Strategic ICT Manager ensures systems and operating systems are up to date and patches.

The Academy in line with RPA requirements to move to multifactor authentication

The trust will follow the National Crime Agency's (NCA) recommendation to not pay cyber ransom demands. Any decision to pay a cyber ransom demand will only be made if permission has been obtained from the Department for Education

Reporting a Suspected Fraud

All allegations of suspected fraud and irregularities are to be brought to the attention of the Finance Director and also referred to the Accounting Officer, unless this individual is involved in the irregularity in which case the Chair of Governors should be informed.

Please refer to the Academy's Whistleblowing Policy which may be relevant in certain circumstances.

Response to Allegations

The Accounting Officer will have initial responsibility for co-ordinating the initial response. In doing this he will consult with Human Resource advisors regarding potential employment issues. The Accounting Officer will also seek legal advice from the Academy's solicitors on both employment and litigation issues where necessary, before taking any further action.

The Accounting Officer will ascertain whether or not the suspicions aroused have substance. In every case, and as soon as possible after the initial investigation, he will inform the Finance & Audit Committee. Even if there is no evidence to support the allegation, the matter must be reported.

The Finance & Audit will oversee the management of the investigation:

- They will, if appropriate, conduct a preliminary investigation to gather factual information and reach an initial view as to whether further action is required.
- They will determine whether the findings, conclusions and any recommendations arising from the initial investigation should be reported to the Chair of Governing Body.
- If further investigations are required they will determine which outside agencies should be involved (police, auditors)

The Accounting Officer is required to notify the Governing Body of any serious financial irregularities. This action will be taken at the first opportunity following completion of the initial investigations and will involve keeping the Chair of the Governing Body fully informed between meetings of any developments relating serious control weaknesses, fraud or major accounting breakdowns.

If evidence of fraud is forthcoming then the Governing Body must inform the Department for Education as required by the Funding Agreement and the Academy Trust Handbook currently in force; and will consider whether or not to refer the matter to the police.

Confidentiality and Safeguards

George Dixon Academy recognises that the decision to report a concern can be a difficult one to make. George Dixon Academy will not tolerate harassment or victimisation of anyone who has made a report.

This does not mean that if the person raising the concern is already the subject of a disciplinary, redundancy or other procedure, that those procedures will be halted as a result of the concern being reported.

There is a need to ensure that the process is not misused. For further guidance refer to the Disciplinary, Grievance and Capability Policies.

Links with other Policies

The Governing Body is committed to preventing fraud and corruption. To help achieve this objective there is a clear network of systems and procedures in place for the prevention detection and investigation of fraud and corruption. This Anti- Fraud and Anti-Corruption policy attempts to consolidate those in one document and should be read in conjunction with the following Academy policies and procedures.

- Whistleblowing Policy
- Financial Regulations, Academy Staff Finance Handbook, Business Charge Card Policy and Procedures
- Staff Disciplinary, Grievance and Capability Policies and Code of Conduct
- Equality Policy
- Gifts, Hospitality and Anti-Bribery Policy
- Business and Pecuniary Interest Declarations

Review

The Anti-Fraud and Corruption Policy will be subject to annual review to ensure that it remains current.

Appendix 1: Indicators for potential fraud

[This list is not exhaustive and is a guide only. Due to the nature of fraud, indicators may not be exclusive to just one area.]

Personal motives for fraud

- Personnel believe they receive inadequate compensation and/or rewards, e.g. recognition, job security, holidays or promotions
- Expensive life style, e.g. cars and holidays
- Personal problems, e.g. gambling, alcohol, drugs or debt
- Unusually high degree of competition or peer pressure
- Related party transactions (business activities with personal friends, relatives or their companies)
- Conflicts of interest
- Disgruntled employee, e.g. being recently demoted or reprimanded
- Recent failure associated with specific individual
- Personal animosity or professional jealousy

Organisational motives for fraud

- Organisation experiencing financial difficulty
- Commercial arm experiencing financial difficulty
- Tight or unusually tight time deadlines to achieve level of outputs
- Organisational governance lacks clarity, direction or substance
- Organisation closely identified with, or dominated by, one individual
- Organisation under pressure to show results, e.g. budgetary matters or exam results
- Organisation recently suffered disappointment or consequences of bad decisions
- Organisation wants to expand its scope or obtain additional funding
- Funding award or contract for services is up for renewal or continuation
- Organisation due for a site visit by auditors, Ofsted or others
- Organisation has a for-profit component
- Organisation recently affected by new and/or changing conditions, e.g. regulatory, economic or environmental
- Organisation faces pressure to use or lose funds to sustain future funding levels
- Record of previous failure(s) by one or more organisational areas, associated business or key personnel
- Sudden change in organisation practice or pattern of behaviour

Weakness in internal controls

- There is a general lack of transparency about how the organisation works, and its procedures and controls
- Management demonstrates a lack of attention to ethical values – including a lack of communication regarding the importance of integrity and ethics, a lack of concern about the presence of temptations and inducements to commit fraud, a lack of concern regarding instances of fraud, and no clear fraud response plan or investigation policy

- Management fails to specify and/or require appropriate levels of qualifications, experience or competence for employees
- Management displays a penchant for taking risks
- Lack of an appropriate organisational and governance structure with defined lines of authority and reporting responsibilities
- Organisation lacks policies and communication relating to individual accountability and best practice, e.g. related to procurement, expenses, use of alcohol and declarations of interest
- Lack of personnel policies and recruitment practices
- Organisation lacks personnel performance appraisal measures or practices
- Management displays a lack of commitment towards the identification and management of risks relevant to the preparation of financial statements
- There is inadequate comparison of budgets with actual performance and costs, forecasts and prior performance – there is also no regular reconciliation of control records and a lack of proper reporting to the governing board
- Management of information systems is inadequate, e.g. no policy on ICT security, computer use, verification of data accuracy, or completeness or authorisation of transactions
- There is insufficient physical security over facilities, assets, records, computers, data files and cash
- Failure to compare existing assets with related records at reasonable intervals
- There is inadequate or inappropriate segregation of duties regarding initiation, authorisation and recording of transactions, maintaining custody of assets and alike
- Accounting systems are inadequate, i.e. they have an ineffective method for identifying and recording transactions, no tracking of time periods during which transactions occur, insufficient description of transactions and to which account they should be allocated to, no easy way to know the status of funds on a timely basis, no adequate procedure to prevent duplicate payments or missing payment dates
- Purchasing systems and/or procedures are inadequate, e.g. poor or incomplete documentation to support procedure, purchase, payment or receipt of goods or services
- Subcontractor records and/or systems reflect inadequate internal controls
- There is a lack of internal, ongoing monitoring of controls which are in place and/or failure to take any necessary corrective actions
- Management is unaware of or displays a lack of concern regarding applicable laws, e.g. Companies Act, Charities Act
- Specific problems and/or reportable conditions identified by prior audits or other means of oversight have not been corrected
- No mechanism to exists to inform management, directors, trustees or governors of possible fraud
- General lack of management oversight

Transactional indicators

- Related party transactions with inadequate, inaccurate, or incomplete documentation or internal controls, e.g. business activities with friends
- Not-for-profit entity has for-profit counterpart with linked infrastructure, e.g. shared board of trustees, governors or other shared functions and personnel
- Specific transactions that typically receive minimal oversight
- Previous audits with findings of questioned costs, evidence of non-compliance with applicable laws or regulations, weak internal controls, a qualified audit opinion, or an inadequate management response to any of these issues
- Transactions and/or accounts which are difficult to audit and/or subject to management judgement and estimates
- Multiple sources of funding with inadequate, incomplete or poor tracking, failure to segregate funds, or existence of pooled funds
- Unusual, complex or new transactions, particularly if they occur at year end or end of reporting period
- Transactions and accounts operating under time constraints
- Cost sharing, matching or leveraging arrangements where industry money or other donation has been put into a foundation without adequate controls to determine if money or equipment has been spent/used and whether it has gone to allowable costs and at appropriate and accurate valuations
- Outside entity provided limited access to documentation
- Travel accounts with inadequate, inaccurate or incomplete documentation or poor internal controls, variances between budgeted amounts and actual costs, claims in excess of actual expenses, reimbursement for personal expenses, claims for non-existent travel, or collecting duplicate payments
- Credit card accounts with inadequate, inaccurate or incomplete documentation or internal controls such as appropriate authorisation and review
- Accounts in which activities, transactions or events involve handling of cash or wire transfers
- Presence of high cash deposits maintained with banks
- Assets which are of a nature easily converted to cash (e.g. small size, high value, high marketability or lack of ownership identification) or easily diverted to personal use (e.g. cars or houses)
- Accounts with large or frequent shifting of budgeted costs from one cost centre to another without adequate justification
- Payroll (including fringe benefits) system has inadequate controls to prevent an individual being paid twice or paid for non-delivery or non-existence
- Payroll (including fringe benefits) system is outsourced but there is poor oversight of starters, leavers and payments
- Consultant and subcontract agreements which are vague regarding the work, time period covered, rate of pay or product expected
- There is a lack of proof that a product or service was actually delivered by a consultant or subcontractor
- Sudden and/or rapid growth of newly contracted or existing education providers, e.g. significant increase in pupil numbers for newly contracted providers

Methods used to commit and/or conceal fraud

Employee indicators such as:

- Eagerness to work unusual hours
- Access to or use of computers at unusual hours
- Reluctance to take leave or seek support
- Insistence on doing their job alone
- Refusal of promotion or reluctance to change their job

Auditor/employee issues such as:

- Refusal or reluctance to provide information or hand over documents
- Unreasonable explanations
- Annoyance or aggressive responses to questions or requests, in an attempt to deter auditors
- Trying to control the audit process
- Employee blames a mistake on a lack of experience with financial requirements or regulations governing funding
- Promises of cooperation followed by subsequent excuses to limit or truncate cooperation
- Subtle resistance
- Answering a question that was not asked
- Offering more information than asked
- Providing a lot of information in some areas and little to none in others
- Explaining a problem by saying “we’ve always done it that way”, “someone from the government told us to do it that way” or “Mr X told us to do it that way”
- A tendency to avoid personal responsibility, e.g. overuse of “we” and “our” rather than “I”
- Blaming someone else
- Too much forgetfulness
- Trying to rush the audit process
- Uncharacteristic willingness to settle questioned costs in an attempt to deter further investigation or analysis

General indicators such as:

- A general lack of transparency about how the organisation works and its procedures and controls
- Fabricated explanations to support inability or unwillingness to evidence transactions or assets, such as stated loss of electronic data or theft of business records

Record keeping, banking and other

- Documents that are missing, copied, written in pencil, altered, or that contain false signatures, the incorrect signature or no authorisation where it would be expected
- Deviation from standard procedures, e.g. all files but one handled in a particular way

- Excessive and/or poorly evidenced journal entries, unable to provide explanation for journal entries
- Transfer to or via any type of holding or suspension account
- Inter-fund company loans to other linked organisations
- Records maintained are inadequate, not updated or not reconciled
- Use of several different banks or frequent bank changes
- Use of several different bank accounts
- Failure to disclose unusual accounting practices or transactions
- Unusual accounting practices or transactions, including:
 - Uncharacteristic willingness to settle questioned costs
 - Non-serial-numbered transactions or out-of-sequence invoices or other documents
 - Creation of fictitious accounts, transactions, employees or charges
 - Writing large cheques to cash or repeatedly to a particular individual
 - Excessive or large cash transactions
 - Payroll cheques with unusual or questionable endorsements
 - Payees have similar names or addresses
 - Non-payroll cheques written to an employee
- Defining delivery needs in ways that can only be met by one source or individual
- Continued reliance on person or entity despite poor performance
- Treating non-business and/or personal goods or services as business transactions in financial records
- Misuse of directors loan account facility, e.g. deliberate miscoding of transactions in directors loan account to gain personal advantage
- Materials, goods and or services fictitiously erroneously reported as purchased, and evidence has been fabricated to support the claim. This could potentially be evidenced by:
 - Repeated purchases of the same items
 - Identical items purchased in different quantities within a short time period
 - Invoices and statements used to evidence purchase facilitating duplicate transactions or payments
 - Anomalies in the format of purchase invoices
 - Goods or equipment are not used as promised, or they do not work or exist
- Legitimate business assets put to non-business or private use