



CITY OF WOLVERHAMPTON COLLEGE

ANTI-FRAUD POLICY

1. INTRODUCTION

- 1.1 The City of Wolverhampton College requires staff at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible. Fraud is an ever-present threat to those resources and therefore must be a concern to staff.
- 1.2 The College will not accept any level of fraud and corruption; consequently, any case will be thoroughly investigated and dealt with appropriately. The purpose of this document is to set out the College's responsibilities regarding the prevention of fraud and the procedures to be followed where a fraud is discovered or suspected. This policy supplements the College's policies on Whistleblowing, Fraud Response Plan, Disciplinary Policy and Financial Regulations and, as such, should be read in conjunction.

2. DEFINITION OF FRAUD AND CORRUPTION

- 2.1 A person is guilty of fraud if they are in breach of any of the sections listed in section 1 subsection 2 of the Fraud Act 2006 namely:
- Fraud by false representation
 - Fraud by failing to disclose information
 - Fraud by abuse of position

Fraud by false representation

Representation must be made dishonestly, and is made with the intention of making a gain or causing a loss or risk of loss to another.

A representation is defined as false if it is untrue or misleading and the person making it knows that it is, or might be, untrue or misleading. Representation can be stated by words or communicated by conduct i.e. written, spoken or by electronic means.

Fraud by failing to disclose information

Fraud by failing to disclose information details that a fraud will have been committed, if a person fails to declare information which he/she has a legal duty to disclose. There is a requirement that the person acts dishonestly and intends to make a gain for himself/herself, cause a loss to another or expose another to a risk of loss.

Fraud by abuse of position

Fraud by abuse of position requires a person who is in a privileged position to act dishonestly by abusing the position held; and by doing so, fails to disclose to another person, information which he/she is legally required to disclose. The dishonest act must be with the intention of making a gain for himself / herself or another. Alternatively, it may be with the intention of causing a loss or risk of loss to another. The offence may be committed by omitting to make a declaration as well as by an act.

Fraud can also be defined in a wider sense within the college environment to include acts of wrongdoing which may not be prosecuted under the Fraud Act 2006 but which may be subject to internal investigation. This may include but not be limited to:

- * Misrepresentation of financial or non-financial data for non-statutory reporting purposes
- * Data theft
- * Misappropriation of supplies or other college assets
- * Bribery and corruption
- * Deception and collusion

Fraud can be perpetrated by persons outside as well as inside the College.

Categories of fraud which may be relevant to City of Wolverhampton College include but are not limited to:

- * Misappropriation of cash
- * Expenses claim fraud
- * Purchasing and payment system fraud
- * False salary claims (contracts or additional hours and adjustments)
- * Theft of equipment or consumables
- * False accounting
- * Suppression or concealment or exploitation of documents or records
- * Unauthorised absence
- * Misuse of computer/IT facilities

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2.2 The introduction of the Fraud Act 2006 does not prevent the prosecution of offences under the various Theft Acts and Forgery and Counterfeiting Act, e.g. theft, counterfeiting and falsification of documents.

2.3 **Corruption**

A definition of corruption is 'dishonest or fraudulent conduct by those in power, typically involving bribery.

Corruption is further defined in the Bribery Act 2010 as relating to any or every person who by him/herself, or in conjunction with any other person, corruptly solicit, receive or agree to receive, for themselves or any other person, any gift, loan, fee, reward or advantage, whatsoever as an inducement to, or reward for, or otherwise on account of any member, officer or steward of a public body. This type of illegal activity may take the form of bribery, extortion, embezzlement, theft or other abuse of power to gain unfair or illegal advantage.

Types of corruption include, but are not limited to, abuse in the following areas:

- * influence of examination results
- * tendering and award of contracts
- * settlement of contractors' finance accounts/claims
- * appointment and reward of consultants
- * pecuniary interest of members and officers
- * Secondary employment of staff
- * hospitality
- * disposal of assets

For further information relating to the offence of Bribery refer to the College's Anti Bribery Policy

2.4 **Irregularity**

An irregularity may be any significant matter or issue, other than fraud or corruption, which is so defined and prescribed by the Audit Committee as to fall within the general

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principles of this policy and which may warrant consideration or investigation under the related Fraud Response Plan.

For example, an irregularity may be where a member of staff makes a genuine error or mistake in the course of their duties/responsibilities, but where this error or mistake is subsequently hidden from the College, perhaps to the on-going detriment to the College. Additionally, an irregularity may also involve consideration of the possible inappropriate use of College funds or assets, but which may not technically constitute fraud or corruption.

3. RESPONSIBILITIES

- 3.1 It is the responsibility of the Corporation (Board), as set out in grant funding agreements and contracts with the ESFA (and where relevant with MCA's and the GLA) to establish and maintain an adequate system of internal control, to ensure compliance, and to prevent and detect irregularities and suspected fraud (including bribery and corruption) (s51 Post 16 Audit Code of Practice).

The Corporation is committed to maintaining an honest and open atmosphere. It is also committed to the elimination of any fraud within the college and to the rigorous investigation of any such cases. The college may take action to recover any asset loss as a result of fraud.

- 3.2 The primary responsibility for prevention and detection of fraud lies with management, who should take all reasonable steps to limit the possibility of fraudulent and corrupt practices.

The college requires all staff to always act honestly, with integrity and to safeguard the resources for which they are responsible. As a public sector organization, City of Wolverhampton College adheres to the Managing Public Money principles – honesty, impartiality, openness, accountability, accuracy, fairness, integrity, transparency, objectivity and reliability.

Anyone having a reasonable suspicion of fraud must report it.

- 3.3 All College managers should be familiar with the risk of fraud or corruption within their areas of responsibility and for ensuring that an adequate system of internal control exists and is operating effectively. College managers are specifically responsible for:

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- * ensuring that the roles and responsibilities for internal controls are clearly assigned to reporting staff.
- * ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively
- * Assessing the types of risks involved together with reviewing and testing the control systems in the operations for which they are responsible
- * 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.
- * Assessing the types of risks involved together with reviewing and testing the control systems in the operations for which they are responsible
- * 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.

3.4 Individual members of staff are responsible for:

- * Acting with propriety in the use of official resources and in the handling and use of public funds they are involved with.
- * Cash or payment systems, receipts, or dealing with contractors or suppliers.
- * alerting their line manager where they believe the opportunity for fraud or corruption exists e.g. poor internal controls or procedures. Staff should be vigilant to the possibility that unusual events or transactions could be an indicator of fraud.
- * Reporting details immediately to their line manager or next most senior manager if they suspect that a fraud or corruption has been committed or see any suspicious acts or events
- * Make available all relevant information and co-operate fully with any investigation.

3.5 It is also essential that staff understand and adhere to laid down systems and procedures, including those of finance or HR, such as submission of travel expenses claims and timesheets, overtime and annual leave records.

The responsibilities of the internal and external auditors in respect of fraud are set out in the respective terms of reference and letters of engagement. Broadly, these

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are to plan, perform, conduct and evaluate audit work so as to have a reasonable expectation of detecting material misstatements in the accounts resulting from irregularities, including fraud or corruption

- 3.6 The Corporation subscribes to the seven principles of public life set out in the Nolan Committee's first report and all college staff should be conscious of conducting themselves in accordance with those principles known as the 'Nolan Principles' which are appended to this policy.
- 3.7 Governors and staff in positions of financial responsibility and authorisation are required to provide the Head of Governance with information concerning their direct or indirect pecuniary interests and keep that information up to date.
- 3.8 Internal Audit is a valuable resource for advice and assistance on control issues. They are responsible for providing an opinion to the Accounting Officer on the adequacy of arrangements for managing the risk of fraud and assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of controls. In terms of establishing and maintaining effective controls it is generally desirable that:
- a) There is separation of duties so that control of a key function does not rest with one staff member
 - b) When new systems are being designed, safeguards against fraud are considered at an early stage

4. Reporting fraud

All staff should be familiar with the provisions for the reporting of fraud identified at s4 of the Fraud Response Plan which is attached at appendix 2.

- 4.1 All employees have the right to 'blow the whistle' on what they perceive to be a cause of serious concern or malpractice. All staff should familiarise themselves with the College's Whistleblowing' policy and in particular the protection afforded them under the Public Interest Disclosure Act 1998. The Board of Governors assures all staff that they will not suffer in any way as a result of reporting reasonably held suspicions.



5. FRAUD RESPONSE PLAN

5.1 The College has a fraud response plan, in the event of a fraud being detected or suspected.

It covers:

- a) Reporting Fraud
- b) Investigating Fraud
- c) Police involvement
- d) Notifying the ESFA and other funding agencies
- e) Prevention of further loss
- f) Securing Evidence
- g) Disciplinary Proceedings
- h) Reference requests
- i) Recovering the losses
- j) Reporting
- k) Learning from Experience
- l) Publicity
- m) Review of the plan
- n) Contact details

6. CREATING AN ANTI-FRAUD CULTURE

6.1 The creation of an anti-fraud culture underpins all other work to counter fraud. Staff within the College must understand the risk to fraud faced by the organisation, that fraud is serious and that it diverts valuable resources from its primary objective. The College recognises the importance of training in the delivery of high quality services and the College supports the concept of fraud awareness training for key staff involved with internal control systems.

7. DETECTION AND INVESTIGATION

Instances of suspected or detected fraud will be investigated in accordance with the provisions of the fraud response plan.

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8. SANCTION AND REDRESS

- 8.1 The College's disciplinary procedures provide for offences such as fraud, theft and deliberate falsification of College registers, reports, accounts, expense claims and self-certification forms to be regarded as gross misconduct which may result in dismissal. The College will take disciplinary action in all cases where it is considered appropriate.
- 8.2 In cases where fraud is proven the College will notify the police of the outcome. The College will co-operate fully with the investigating body and will always seek to recover funds lost through fraud. It may be necessary for the College to initiate a Civil Action against the fraudsters. If, during the course of the investigation any failure of supervision is identified the College must consider whether disciplinary action is appropriate for those involved.

9 LEARNING FROM EXPERIENCE

Where fraud has occurred it is vital that management recognises the need to examine systems and procedures and make necessary changes to ensure that similar frauds will not occur. Internal Audit can provide advice in respect of changes to systems and procedures.

10 CONCLUSION

Whilst the circumstances of fraud will undoubtedly vary it is important that each individual case is subjected to the same rigorous process of investigation and redress. The College values its dedicated and loyal staff but it wishes to reiterate however, that it views fraud very seriously and will not hesitate to take the appropriate action in every case.

11. NEXT REVIEW

Date of next review: November 2026

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The Seven Principles of Public Life

Selflessness - Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity - Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity - In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability - Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness - Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty - Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership - Holders of public office should promote and support these principles by leadership and example.



FRAUD RESPONSE PLAN

1. Introduction

- 1.1 City of Wolverhampton College has a responsibility to safeguard the funds and assets allocated to it. The College will take appropriate action in the event that a fraud is suspected or discovered.

The purpose of this plan is to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity. The plan should enable the College to:

- * prevent or minimise further loss
 - * establish and secure evidence necessary for criminal and disciplinary action
 - * notify the funding body, if the circumstances are covered by the Mandatory requirements of the Post 16 Audit Code of Practice
 - * recover losses
 - * instigate appropriate action against the perpetrator
 - * deal with requests for references for employees disciplined or Prosecuted for fraud
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- Identify system or procedural weaknesses that allowed the fraud to occur; review the reasons for the incident and the measures to be taken to prevent a recurrence
 - Support an anti-fraud culture by dealing rapidly, firmly and effectively with any occurrences of fraud or attempted fraud;
 - Reduce the impact on the operational capability of the organisation;
 - Manage any media attention resulting from a fraud or attempted fraud to protect the reputation of the College.

- 1.2 This policy is to be read in conjunction with the College's Anti-Fraud Policy, Anti Bribery Policy, Whistleblowing Policy and Disciplinary Procedure.

2. Reporting Fraud

- 2.1 Reporting fraud may be a difficult decision especially where friends or colleagues are concerned. For that reason staff must be aware of the provisions of the Public Interest

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Disclosure Act 1998 which allows concerns to be raised confidentially (see Whistleblowing Policy and Anti-Fraud Policy for a full definition).

- 2.2 In accordance with the Financial Regulations and the Whistleblowing Policy, all actual or suspected incidents should be reported immediately to the Head of Governance.

If the disclosure involves or implicates the Head of Governance, then the disclosure should be made to the Chair of the College Board, who may be contacted via the Principal's office.

The Head of Governance is the designated assessor for such disclosures, and depending on the nature, will determine a group to consider the necessary response. (If the Head of Governance is implicated in the disclosure, this decision will be taken by the Chair of the College Board). This group may include the Principal & CEO, the Director of Finance and the Head of HR.

At some stage it may also be necessary to involve the Head of Marketing if there are potential public relations/media issues.

The group will recommend:

- whether an investigation is required;
- who should undertake the investigation;
- whether and at what stage internal audit need to be involved in the investigation;
- whether any individual(s) need to be suspended and
- whether the matter should be reported to the police and if so, obtain advice as to the acquisition and preservation of evidence.

The Chair of the Audit Committee should be advised at the earliest possible time that an investigation is taking place and who the Investigating Officer is.

3. Investigating Fraud

- 3.1 Once an allegation of fraud has been received it is important that an investigation is carried out as soon as possible. This is necessary to protect any evidence from being lost or destroyed and also to gather all the relevant information whilst it is still fresh.

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- 3.2 Where there is evidence of irregularity, fraud, corruption or any impropriety, the Chair of the Audit committee must notify the Chair of the Board of Governors, who must raise the matter at the next meeting of the Board (unless this would prejudice any investigation). Where the fraud or corruption is considered to be significant, the Chair of the Board must consider holding a special meeting.
- 3.3 Throughout all the stages of any investigation of suspected fraud, it is vital that the provisions of the Police and Criminal Evidence Act (PACE) Code C (2017) are complied with. The Investigating officer should take advice as necessary from the Internal Audit Service or the Police.
- 3.4 Any variation from the approved fraud response plan, together with reasons for the variation shall be reported promptly to the Chair of the Board of Governors and the Chair of the Audit Committee.

4. Police Involvement

The decision to involve the Police must be taken by the Principal in consultation with the Chair of the Audit Committee. Contact with the Police following their initial involvement will usually be via the Investigating Officer.

5. Notifying the ESFA and other funding agencies

- 5.1 The circumstances in which the College must inform the ESFA and other relevant funding providers about significant actual or suspected frauds are detailed in s54 of the Post 16 Audit Code of Practice (P16 ACOP).
ESFA should be contacted via the 'allegations mailbox' at allegations.mailbox@education.gov.uk

The Post 16 Audit Code of Practice states that 'Significant fraud is usually where one or more of the following factors are involved:

- i) the sums of money are in excess of £10,000
- ii) there is likely to be public interest because of the nature of the fraud or the people involved
- iii) the particulars of the fraud are novel, unusual or complex
- iv) The fraud is systematic or unusual in nature'

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- 5.2 The Principal as accounting officer must include any significant, systematic or unusual fraud in their statement of regularity propriety and compliance. (s 55 Post 16 ACOP)
- 5.3 The Post 16 Audit Code of Practice also states that fraud, including any suspected or attempted fraud should be reported to Action Fraud.
- 5.4 Where the College becomes aware of any instance of suspected fraud or financial irregularity as in the delivery of the Conditions of Funding (Grant) (Colleges) agreement College the College must notify the Secretary of State through the Education and Skills Funding Agency. (Conditions of Funding (Grant)(Colleges) s14)

6 Prevention of further loss

- 6.1 Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud or corruption, the Investigating Officer will consider how to prevent further loss and in consultation with other members of the Investigation Group decide whether to suspend any individual in accordance with the College's disciplinary procedures. Suspension does not imply guilt; it may be necessary to safeguard further evidence that may be used to prove or disprove the allegation. The Investigating Officer will balance the concerns regarding the integrity of any evidence and the maintenance of discretion and decide whether the individual should be suspended.
- 6.2 It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action. In these circumstances the suspect (s) should be approached unannounced. They should be supervised at all times before leaving the College's premises. They should be allowed to collect personal property under supervision, but should not be allowed to remove any property belonging to the College (mobile phones, lap tops, lease cars etc). A record of the property taken by the suspect(s) should be made and verified by both parties. Any security passes and keys to the premises, offices and furniture should be returned. Advice should be obtained on the best means of denying access to the College while suspects remain suspended (for example changing locks, informing Security staff and blocking security passes). Similarly, access permissions to the College's computer systems should be withdrawn immediately.
- 6.3 There may be occasions where the Investigating Officer needs to search a person's work area or location. Where such property or locations may include personal items belonging to staff under investigation, searches of working areas should be

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supervised (i.e by more than one member of staff other than the staff member under investigation) and the following complied with;

- i) an inventory of all items taken and verified by both parties;
- ii) any removed items to be recorded by the owner;
- iii) consideration given to whether access rights to building and computers should be restricted;
- iv) confirmation that all relevant College property has been returned – mobile phones, laptops, lease cars.

6.4 Such actions should be taken in consultation with Human Resources.

6.5 If during the course of these enquiries any system or procedural weaknesses are identified that may have contributed to the fraud occurring then they must be addressed immediately to prevent further losses.

7. Securing Evidence

Where there is material of evidential value available it must be secured immediately. This can be as simple as placing it in a locked drawer or cupboard that no one can access. The location of where each item was recovered should be recorded along with a brief description and details of why it may be relevant. Documents should be placed in plastic sleeves for protection in the event that they need to undergo forensic examination. Larger items should be placed in a carrier bag or box. All material gathered should be handed to the investigating officer at the earliest opportunity.

8. Disciplinary Proceedings

8.1 The College will take disciplinary action against any member of staff who has committed fraud. The College will also normally pursue the prosecution of any such individual.

8.2 Any criminal proceedings that are initiated as a result of the investigation may take quite a period of time and the Investigating Officer in consultation with other members of the Investigation Group must consider whether to commence disciplinary action before the criminal proceedings have concluded.

Disciplinary procedures can be taken in parallel with criminal proceedings without prejudice to either process even if this results in an individual being dismissed.

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9. Reference Request

Where a reference request is received for a member of staff who has been disciplined or prosecuted for fraud, this shall be referred to the Head of Human Resources. The Head of Human Resources shall prepare any answer to a request for a reference having regard to employment law.

10 Recovering the Losses

10.1 There are several options available to the College and the most appropriate will be dependent very much on the circumstances of each individual case. The options include:

- Voluntary repayment of funds;
An individual may make a voluntary repayment of funds, however it should be made clear that the payment would be made without prejudice to any other action being taken against the offender.
- Recovery through the Civil Courts;
Advice should be taken to ensure that this would not prejudice any criminal proceedings.
- Recovery through the Criminal Courts.
By way of a compensation order via funds confiscated from the offender by the Court.

10.2 The College should seek legal advice on the recovery of funds particularly where the sum is substantial.

10.3 If the financial loss may be covered by insurance then the appointed brokers should be advised at the earliest opportunity.

10.4 In the event that any funds lost as a result of fraud are not recoverable the College should record the relevant details and inform the External Auditors. The External Auditors will then be in a position to decide whether to include this in a statement in the Annual Accounts.

11. Reporting

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11.1 The Investigating Officer will provide a confidential report to the Chair of the Governing Body, the Chair of the Audit Committee, the Principal and the internal and external audit partner on a monthly basis, (unless the report recipients request a lesser frequency). The scope of the report shall include:

- * quantification of losses
- * progress with recovery plan
- * progress with disciplinary action
- * progress with criminal action
- * estimate of resources required to conclude the investigation
- * actions taken to prevent and detect similar incidents

11.2 On completion of the investigation, a confidential written report shall be submitted to the Audit Committee containing:

- * a description of the incident, including the value of any loss, the people involved and the means of perpetrating the fraud
- * the measures taken to prevent a recurrence
- * any action needed to strengthen future responses to fraud, with a follow-up report on whether or not the actions have been taken

12. Learning from Experience

Where fraud or corruption has occurred, it is vital that management recognises the need to examine systems and procedures and make necessary changes to ensure that similar frauds will not occur. If information resulting from the investigation identifies systems or procedural weaknesses, immediate remedial action should be taken and changes notified to all relevant staff.

13 Publicity

The Principal and Chair of the Board should be alerted to the potential for media attention at the earliest opportunity, so that an appropriate statement can be prepared. All press and third-party enquiries must be handled by the Principal. Under no circumstances should members of staff speak or write to representatives of the press, TV, radio or other third party about a suspected fraud. Where the matter is the subject of a criminal investigation the Investigating Officer should be consulted ahead of the release of any statement to ensure that the case is not prejudiced in any way.

14. Review of Fraud Response Plan

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The Fraud Response Plan will be reviewed every three years and after each use. Any need for change will be reported to the Audit committee and the Board of Governors for approval

Contact Details

Head of Governance	01902 836000
Principal	01902 836000
Chair of the Board	01902 836000
External Auditors (Bishop Fleming)	01392 448897
Internal Auditors (TIAA)	0845 300333
Police - West Midlands HQ	0845 113 5000

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