



**SANCTA  
FAMILIA**

CATHOLIC ACADEMY TRUST

## **Anti-Fraud & Corruption Policy**

External Use

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## Summary

Sancta Familia Catholic Academy Trust (SFCAT) is committed to discharging its responsibility to safeguard public funds and act at all times with the highest standards of integrity. It is committed to fighting fraud and corruption whether attempted from inside or outside. Everyone involved with the Trust has a responsibility to prevent and detect fraud.

The Trust expects all Directors/ Local Governing Boards and staff to carry out their duties in accordance with appropriate legal requirements, internal codes of practice and policies, rules and regulations and to act at all times with honesty and probity in the discharge of their duties. The Trust has a number of documented controls to ensure proper administration and prevent and detect fraud and corruption.

The Trust also recognises the importance of the role of others in alerting them to areas where there is suspicion of fraud. How to report a suspected fraud is outlined in section 4. The areas that are most likely to be subject to attempted fraud are outlined in Section 5. Definitions of key terms are given in Section 6.

The Trust also expects that all outside individuals and organisations, including suppliers, contracting partners and claimants will act toward it with honesty and integrity.

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## 1. The Principal Roles

### **Staff and Directors/ Local Governing Boards**

To the public the Trust can be judged by the conduct of its staff and Directors/ Local Governing Boards. The Trust has adopted the following measures to demonstrate its commitment:

- All staff and Directors/ Local Governing Boards are made aware of and commit to the Trust's Code of Conduct;
- A requirement for all senior staff and Directors/ Local Governing Boards to declare all prejudicial and personal interests and not contribute to business related to those interests;

- All staff and Directors/ Local Governing Boards are made aware of the rules relating to the acceptance of gifts and hospitality;
- The Trust operates clear recruitment policies and procedures.

Staff and Directors/ Local Governing Boards also have a duty to report another member of staff or governor whose conduct is reasonably believed to represent a failure to comply with the above.

### **Chief Executive Officer & Headteachers**

The CEO and Headteachers have a responsibility for ensuring that internal controls will ensure proper administration and safeguard the resources of the Trust.

It is the responsibility of the CEO and CFO to ensure internal controls will prevent and detect any frauds promptly. This includes:

- Proper financial systems and operating procedures
- Production of effective management and financial information;
- Annual confirmation to Directors/ Local Governing Boards that the Trust meets the requirements of the Academies Financial Handbook and Funding Agreement

## **2. Audit**

The Trust's appointed external auditors will conduct an annual audit with a clear remit to undertake work to prevent and detect potentially fraudulent acts. This work concentrates on areas of highest risk.

The auditor will support Directors/ Local Governing Boards by:

- Investigating potential fraud;
- Establishing the extent of any fraud;
- Correcting accounting records if necessary;
- Recommending improvements in internal control;
- Advising on action to take to resolve any matter arising.

## **3. The Principal Anti-Fraud Measures**

The DfE have published an anti-fraud checklist for academy trusts - [Anti Fraud Checklist](#).

The questions included in the checklist (Appendix) are intended to help Directors/ Local Governing Boards, accounting officers and chief financial officers to review their arrangements for preventing, detecting and dealing with fraud should it occur. Arrangements will vary according to the size, complexity and structure of the trust.

The risk of fraud is considered on an ongoing basis through the Risk Register, which is discussed at every Finance, Audit and Risk Committee meeting; the schedule for audit and the annual updated financial procedures.

The Trust has taken a number of measures that should prevent or detect any attempted or actual fraud. No system of control can prevent all cases, and the Trust must minimise the risks to which it is exposed by:

- Regularly reviewing and improving key internal control systems;
- Regularly reviewing measures to minimise the risk of fraud;
- Involving staff in such reviews;
- Adopting formal procedures to investigate fraud when it is suspected and where detected, strengthen controls to prevent reoccurrence;
- Providing mechanisms for employees to voice their genuine concerns;
- Referring cases of suspected financial irregularity to the attention of the Police and the Department for Education (DfE);
- Working closely with the Police and the other appropriate agencies to combat fraud.

The Trust has corporate standards that should ensure proper administration. These include:

- Adherence to the Academies Handbook and Funding Agreement;
- Regular review of all external Trust contracts;
- Codes of Conduct for Directors/ Local Governing Boards and staff;
- Procedures to implement new legislation correctly;
- Clearly defined roles for all committees;
- Clear roles and responsibilities for Directors/ Local Governing Boards;
- Effective training for all staff and Directors/ Local Governing Boards;
- Effective Disciplinary Procedures;
- Effective Complaints Procedures.

These measures, and others, provide a framework supported by detailed procedure manuals for all key functions of the Trust. Other key principal internal controls include:

- Adequate segregation of duties;
- Proper authorisation procedures;
- Clear audit trail for all transactions;
- Independent monitoring and checking;
- Training of employees in their duties;

- Appropriate supervision;
- Effective management structures and organisation;
- Physical controls over highly portable assets;
- Effective IT and other security measures;
- A proper accounting and budgetary control system;
- Effective Internal Audit review systems.

Responsibility for effective internal control procedures rests with the Headteacher as Accounting Officer and involves every member of staff and the Trust.

## 4. Reporting a Suspected Fraud or Suspicion of Corrupt Practice

### Response to Alleged Frauds

The Trust requires that suspected fraud and other irregularities are referred to the CEO, unless this individual is involved in the irregularity in which case the Chair of Directors/ Local Governing Boards should be informed.

All reported irregularities will be thoroughly investigated, with due regard to the provisions of the Human Rights Act 2018, Data Protection Act 2018, the Regulation of Investigatory Powers Act 2000 and the Trust's Single Equality Policy.

Steps that would normally be taken are:

- If an employee suspects a fraud has occurred (or is likely to occur) they should report this to their Line Manager who must inform the Headteacher, unless the suspicion relates to the Line Manager. In this instance, or if the suspicion relates to the Headteacher, the member of staff should report directly to the Headteacher, CEO or to the Chair of Directors/ Local Governing Boards as appropriate.
- The Headteacher will inform Chair of Directors/ Local Governing Boards unless the suspicion relates to the Chair of Directors/ Local Governing Boards in which case the Headteacher will contact the EFA without consultation with the Chair of Directors/ Local Governing Boards.
- If an employee suspects a fraud has occurred (or is likely to) and believes that their Line Manager, Headteacher and Chair of Directors/ Local Governing Boards may be involved, then they can report any concerns direct to the DfE.

Members of the public are positively encouraged to report any concerns, either to the Headteacher, Chair of Directors/ Local Governing Boards, or via the Complaints Procedure.

The DfE will decide on the level of any investigation.

If investigations indicate a criminal offence may have occurred, the DfE may decide the matter is to be handled according to the Trust's Disciplinary Procedures and involve the Police.

Recommendations to improve controls and prevent any reoccurrence may be made by the DfE and the CEO will implement these.

## **Reporting Suspicions**

### **General**

Staff are vital to the successful implementation of measures against fraud. The Trust considers that staff have a duty to report any legitimate concerns they may have and must do so as outlined above.

If it is subsequently established that a member of staff knowingly withholds information of a concern or allegation, this will be dealt with as a disciplinary matter in itself.

The Public Interest Disclosure Act 1998 provides employees with statutory protection when disclosing such information.

Individuals are requested where possible to raise their concerns in writing, setting out the background and giving names, dates and places and reasons for bringing the matter to the attention of the Trust.

If an individual feels unable to put their concern in writing, an arrangement can be made to meet with an appropriate officer to discuss their concerns.

## **Confidentiality and Safeguards**

The Trust recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the alleged malpractice. The Trust will not tolerate harassment or victimisation and will do what it lawfully can to protect an individual when a concern is raised in good faith.

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.

In addition, staff must not 'tip off' another member of staff that any action, such as the commencement of an investigation or the raising of a suspicion of corruption or fraud, has been taken pursuant to this policy.

## **Confidentiality**

All concerns will be treated in the strictest confidence. The Trust will do its best to protect the identity of individuals who raise concerns and do not want their name to be revealed. However, it must be appreciated that during an investigation, a statement may be required as part of the evidence gathering process, particularly if the Police or External Auditors become involved. In order to take effective action, the Trust will need proper evidence for submission to the Courts or to a tribunal for examinationText ...

This Policy statement encourages individuals to put a name to allegations whenever possible, as concerns expressed anonymously are much less powerful. Anonymous allegations will be considered at the discretion of the Trust in the light of the

- Seriousness of the issues raised;
- Credibility of the concern;
- Likelihood of confirming the allegation from other sources.

Whilst the Trust will always do its best to protect individuals, it is more difficult to protect an individual from harassment, intimidation, or other detrimental conduct where an allegation or disclosure is made anonymously.

### **Safeguards**

There is a need to ensure that the process is not misused. Therefore, any abuse, such as raising malicious allegations will also be dealt with as a disciplinary matter. All such reports must be genuine and honest and uphold the principle of integrity.

This should not deter employees from raising legitimate and genuine concerns, (even if subsequently unfounded but made with good intent) and in so doing they will be supported in every possible way.

All genuine concerns reported will be treated in confidence and fully investigated. If a suspicion is reported and results in a prosecution or disciplinary hearing, a member of staff's involvement in this process as a witness may be necessary, unless other substantial reliable evidence is available.

The Trust accepts that the person reporting the suspicion needs to be assured that the matter is being properly addressed. Therefore, where possible, and subject to legal constraints (including the Freedom of Information Act and the Data Protection Act) feedback regarding the outcome of the investigation will be provided.

Staff and Directors/ Local Governing Boards must also report other abuses which may be of concern including unethical behaviour, falsification of records, sexual discrimination or harassment, abuse of drugs or alcohol, bullying and non-compliance with Health and Safety policies.

## **5. Key Risk Areas**

The following are key risk areas to be reviewed by the Trust as part of its Anti- Fraud and Corruption Policy:

Computer Fraud/unauthorized access

Contracting and Contract Payments

Travelling, Subsistence and other expense claims

Gifts and Hospitality

Creditor Payments

Grants



## 6. Definitions

### **Theft**

Theft is ‘the dishonest taking of property belonging to another person with the intention of permanently depriving the person of its possession’.

### **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 intentional deceit and for this reason it cannot include negligence or accidental error.

Fraud may involve:

- Falsification or alteration of accounting records or other documents;
- Suppression or omission of the effects of transactions from records or documents;
- Recording transactions which have no substance;
- Wilful misrepresentation of transactions or of the Trust’s state of affairs.

### **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 the Trust, its staff or Directors/ Local Governing Boards’. Main areas of activity which are susceptible to corruption may include:

### **Contracts**

### **Asset disposal**

It is the duty of the Trust and its staff and Directors/ Local Governing Boards to take reasonable steps to limit the possibility of corrupt practices.

It is the responsibility of Internal Audit to review the adequacy of the measures adopted by the Trust, to test compliance and to draw attention to any weaknesses or omissions.

## 7. Review

The Anti-Fraud and Corruption Policy is to be considered alongside other policies and guidance including the Trust’s Anti-Bribery and Whistleblowing policies, ICT Acceptable Use Policy and the Code of Conduct.

This policy will be subject to annual review to ensure that the arrangements are fair, monitored and updated to keep pace with future developments in preventative, deterrent and detection techniques.

## Appendices

### Indicators for potential fraud: a generic checklist for education providers

This is a generic list of red flags that could indicate fraudulent activity in your organisation, including bribery and corruption.

We've categorised them into:

- personal motives for fraud
- organisational motives for fraud
- weaknesses in internal controls
- transactional indicators
- possible methods used to commit or conceal fraud
- recordkeeping, banking and other

Due to the nature of fraud, red flags may not be exclusive to just one area.

This document is not exhaustive and is a guide only. It may be helpful as a checklist if you have concerns that fraudulent activity might be taking place.

Not all indicators may be relevant to all organisations.

#### Personal motives for fraud

Consider if any of these red flags are present in your organisation.

1. Do personnel believe they receive inadequate compensation and rewards (such as recognition, job security, annual leave or promotion)?
2. Does anyone have evidence of an expensive lifestyle (such as cars or trips) that seems disproportionate to their income?
3. Is anyone experiencing personal problems (such as with gambling, alcohol, drugs or debt)?
4. Is there an unusually high degree of competition or peer pressure?
5. Are there related-party transactions (business activities with personal friends, relatives or their companies)?
6. Are there any unrecorded or unmanaged conflicts of interest?
7. Are there any disgruntled employees (such as those who have recently been demoted or reprimanded)?
8. Has there been a recent failure associated with a specific individual?
9. Is there any personal animosity or professional jealousy?

#### Organisational motives for fraud

Consider if any of these red flags are present in your organisation.

1. Is the organisation experiencing financial difficulty?
2. Is the commercial arm experiencing financial difficulty?
3. Are deadlines to achieve outputs particularly tight?
4. Does the organisational governance lack clarity, direction or substance?
5. Is the organisation closely identified with or dominated by one individual?
6. Is the organisation under pressure to show results (such as budgetary matters or exam results)?
7. Has the organisation recently suffered disappointment or negative consequences as the result of bad decisions?
8. Does the organisation want to expand its scope or obtain additional funding?
9. Are funding awards or contracts for services up for renewal or continuation?
10. Is the organisation due for a site visit by auditors, Ofsted or others?
11. Does the organisation have a for-profit component?
12. Has the organisation recently been affected by new or changing conditions (such as regulatory, economic or environmental)?
13. Is the organisation facing pressure to use or lose funds to sustain future funding levels?
14. Is there a record of previous failures by one or more organisational areas, associated businesses or key personnel?
15. Have there been sudden changes in organisational practice or the usual pattern of behaviour?

### **Weaknesses in internal controls**

Consider if any of these red flags are present in your organisation.

1. Is there a general lack of transparency about how the organisation works and implements procedures and controls?
2. Does management demonstrate a lack of:
  - attention to ethical values, including a lack of communication regarding the importance of integrity and ethics?
  - concern about the presence of temptations and inducements to commit fraud?
  - concern regarding instances of fraud?
3. Is there a clear fraud response plan or investigation policy?
4. Does management fail to specify or require appropriate levels of qualification, experience or competence for employees?
5. Does management display a tendency to take risks?

6. Is there a lack of appropriate organisational and governance structure, with defined lines of authority and reporting responsibilities?
7. Does the organisation lack policies and communication relating to individual accountability and best practice (for example, related to procurement, travel and subsistence, use of alcohol, or declarations of interest)?
8. Is there a lack of human resources policies and recruitment practices?
9. Does the organisation lack employee performance appraisal measures or practices?
10. Does management display a lack of commitment towards the identification and management of risks relevant to the preparation of financial statements (that is, they do not consider the significance of risks, the likelihood of occurrence or how they should be managed)?
11. Is there inadequate comparison of budgets with actual performance and costs, forecasts and prior performance? Is there no regular reconciliation of control records and a lack of proper reporting to a governing body?
12. Is the management of information systems inadequate (such as having no policy on information technology security, computer use and access, verification of data accuracy, or completeness or authorisation of transactions)?
13. Is there insufficient physical security over facilities, assets, records, computers, data files and cash? Is there a failure to compare existing assets with related records at reasonable intervals?
14. Is there inadequate or inappropriate segregation of duties regarding initiation, authorisation and recording of transactions, maintaining custody of assets and the like?
15. Are accounting systems inadequate (that is, there is an ineffective method for identifying and recording transactions, no tracking of time periods during which transactions occur, insufficient descriptions of transactions and 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 prevent missing payment dates)?
16. Are the purchasing systems and procedures inadequate (such as poor or incomplete documentation to support procurement, purchase, payment or receipt of goods and services, and poor internal controls for authorisation and segregation of duties)?
17. Do subcontractor records and systems reflect inadequate internal controls?
18. Is there a lack of internal, ongoing monitoring of the controls that are in place or failure to take any corrective actions, if needed?
19. Is management unaware of, or does it display a lack of concern about applicable laws and regulations (for example, companies acts, charities acts, child protection, funding agreement, contract for services)?
20. Are there specific problems or reportable conditions that were identified by prior audits or other means of oversight that have not been corrected (such as a history of problems, a slow response to past findings or problems, or unresolved present findings)?
21. Is there no mechanism to inform management, directors, trustees or governors of possible fraud?

22. Is there a general lack of management oversight?

### **Transactional indicators**

Consider if any of these red flags are present in your organisation.

1. Are there related-party transactions with inadequate, inaccurate or incomplete documentation or internal controls (such as business or research activities with friends, family members or their companies)?
2. Does the not-for-profit entity have a for-profit counterpart with linked infrastructure (such as a shared board of trustees, governors or other shared functions and personnel)?
3. Are there specific transactions that typically receive minimal oversight?
4. Are there previous audits with findings of:
  - questioned costs?
  - evidence of non-compliance with applicable laws or regulations?
  - weak internal controls?
  - a qualified audit opinion?
  - inadequate management response to any of the above?
5. Are transactions or accounts difficult to audit or subject to management judgement and estimates?
6. Are there multiple sources of funding with inadequate, incomplete or poor tracking, failure to segregate funds or the existence of pooled funds?
7. Are there unusual, complex or new transactions, particularly if they occur at year end, or the end of a reporting period?
8. Are there transactions and accounts operating under time constraints?
9. Are there travel accounts with inadequate, inaccurate or incomplete documentation or poor internal controls such as:
  - appropriate authorisation and review?
  - 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?
10. Are there credit card accounts with inadequate, inaccurate or incomplete documentation or internal controls (such as appropriate authorisation and review)?
11. Are there accounts in which activities, transactions or events involve handling of cash or wire transfers, or are there high cash deposits maintained with banks?

12. Are there assets that are easily converted to cash, such as items that are:
- small size, high value, high marketability or lack of ownership identification?
  - easily diverted to personal use, such as cars, houses, equestrian centres or villas?
13. Are there accounts with large or frequent shifting of budgeted costs from one cost centre to another without adequate justification?
14. Does the payroll (including fringe benefits) system have inadequate controls to prevent an individual being:
- paid twice?
  - paid for non-delivery or non-existence?
  - outsourced but with poor oversight of starters, leavers and payments?
15. Are consultant agreements vague about work carried out, the time period covered, the rate of pay or the product expected, or is there a lack of proof that the product or service has actually been delivered?
16. Are sub-contractor agreements vague about work carried out, the time period covered, the rate of pay or the product expected, or is there a lack of proof that the product or service has actually been delivered?
17. Is there a sudden or rapid growth of newly contracted or existing education providers, for example:
- a rapid or significant increase in learner numbers for newly contracted providers?
  - providers with large cohorts of newly recruited learners in occupational areas where the provider has minimal or no previous experience?
  - concerns that a provider's infrastructure or staffing is insufficient to manage the increase in learners?

### **Methods used to commit or conceal fraud**

Consider if any of these red flags are present in your organisation.

1. Are there employee indicators such as:
- an eagerness to work unusual hours?
  - access to or use of computers at unusual hours?
  - a reluctance to take leave or seek support?
  - an insistence on doing tasks alone?
  - the refusal of a promotion or a reluctance to change job?
2. Are there employee issues with auditors such as:
- a 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 the auditors?

- an attempt to control the audit process (such as its timetables, access or scope)?
  - the auditee or employee blaming a mistake on a lack of experience with financial requirements or regulations governing funding
  - promises of co-operation followed by subsequent excuses to limit or truncate co-operation?
  - subtle resistance?
  - answering a question that was not asked?
  - offering more information than was asked for?
  - providing a wealth of information in some areas but little in others?
  - explaining a problem by saying, “We’ve always done it that way” or “Someone at DfE [or elsewhere] told us to do it that way” or “Mr X said he’d take care of it”?
  - a tendency to avoid personal responsibility (indicated by the overuse of “we” and “our” rather than “I”)?
  - blaming someone else?
  - too much forgetfulness?
  - trying to rush the audit process?
  - an uncharacteristic willingness to settle questioned costs in an attempt to deter further investigation or analysis?
3. Is there a general lack of transparency about how the organisation works, and about its procedures and controls?
  4. Are explanations fabricated to support an inability or unwillingness to provide evidence for transactions or assets (such as stated computer failure, loss of electronic data or theft of business records or assets)?

### **Recordkeeping, banking and other red flags**

Consider if any of these red flags are present in your organisation.

1. Are documents missing, copies rather than originals, in pencil or altered, or do they contain false signatures, the signature of an incorrect person or no authorisation where it would be expected?
2. Is there deviation from standard procedures (for example, all files but one having been handled a particular way or all documents but one having been included in a file)?
3. Are there excessive or poorly evidenced journal entries, or a lack of explanation for journal entries?
4. Are there transfers to or from any type of holding or suspension account?
5. Are there inter-fund company loans to other linked organisations?
6. Are there records that are inadequate or have not been updated or reconciled?
7. Are several different banks or bank accounts being used, or have there been frequent changes of bank?

8. Has there been a failure to disclose unusual accounting practices or transactions?
9. Are there unusual accounting practices or transactions, such as:
  - an uncharacteristic willingness to settle questioned costs?
  - non-serial-numbered transactions or out-of-sequence invoices or other documents?
  - the creation of fictitious accounts, transactions, employees or charges?
  - the writing of large cheques to cash or repeatedly for a particular individual?
  - excessive or large cash transactions?
  - payroll checks with unusual or questionable endorsements?
  - payees who have similar names or addresses?
  - non-payroll checks written to an employee?
10. Have delivery needs been defined in ways that can only be met by one source or individual?
11. Is there continued reliance on a person or entity despite poor performance?
12. Have non-business or personal goods or services been treated as business transactions in financial records (such as goods and services purchased for trustees, directors or their family members)?
13. Has the directors' loan account facility been misused (for example, deliberately miscoding transactions to gain personal advantage)?
14. Are material goods or services fictitiously or erroneously reported as having been purchased, with evidence fabricated to support the claim, so they can be used as a conduit to remove funds from the organisation?  
Potential evidence could include:
  - repeated purchases of the same items
  - identical items purchased in different quantities within a short time period
  - invoices and statements used as evidence for purchases facilitating duplicate transactions or payments
  - anomalies in the format of purchase invoices
  - goods and equipment not being used as promised, or that do not work or do not exist
15. Are legitimate business assets being used for non-business or private use?





# **SANCTA FAMILIA**

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