Counter Fraud and Error Policy

Counter Fraud and Error

Version: 1; effective from November 2024
Policy Summary: This policy sets out Cheynes Training's commitment to maintaining integrity, protecting resources, and fostering a culture of fraud awareness among all stakeholders. It highlights the importance of everyone's role in preventing and reporting potential fraud or errors.

1.   Introduction

This policy outlines Cheynes Training's commitment to preventing, detecting, and responding to fraud and error in relation to DfE funded apprenticeship provision. It aims to protect public funds, maintain the integrity of our organisation, and safeguard high-quality training delivery.

2.   Scope and Purpose

This Counter Fraud and Error policy applies to all employees, stakeholders, and contractors associated with Cheynes Training Ltd. Its purpose is to establish a framework for preventing, detecting, and responding to fraud, bribery, corruption, and errors within our organisation.

2.1   Definitions

- Fraud: The intentional use of deception to obtain an unjust or illegal financial advantage or to avoid an obligation.
- Bribery: The offering, promising, giving, accepting, or soliciting of an advantage as an inducement for an action which is illegal, unethical, or a breach of trust.
- Corruption: The abuse of entrusted power for private gain.
- Error: A mistake or omission that results in financial loss or misstatement.

2.2   Cheynes Training maintains a zero-tolerance stance towards fraud, bribery, and corruption. We are committed to acting professionally, fairly, and with integrity in all our business dealings and relationships. Any form of fraud, bribery, or corruption is strictly prohibited and will result in disciplinary action, up to and including termination of employment or contract, and potential legal proceedings.

2.3   Cheynes Training also aims to completely remove errors that result in financial loss; we will achieved this by ensuring robust internal control procedures and checks are in place for all financial transactions.

3.   Importance of Countering Fraud and Error

Countering fraud and error is crucial for our organisation for the following reasons:

- Financial Integrity: It protects our financial resources and ensures they are used for their intended purposes, complying with ESFA funding rules.
- Reputation: It safeguards our reputation and maintains trust with our stakeholders, partners, and the public.
- Legal Compliance: It ensures we meet our legal and regulatory obligations.
- Operational Efficiency: It improves our operational efficiency by reducing losses and strengthening internal controls.
- Ethical Culture: It fosters an ethical culture within our organisation, promoting honesty and integrity.
- Risk Management: It helps identify and mitigate risks that could potentially harm our organisation.

4. Roles and Responsibilities

4.1 Directors and employees of Cheynes Training are responsible for:

- Maintaining awareness of fraud risks and reporting any suspicions of fraud, bribery, or corruption
- Adhering to all internal control procedures and policies
- Cooperating fully with any fraud investigations

4.2 Academy Heads of Centre
In addition to their wider responsibilities, academy Heads of Centre are responsible for:

- Implementing and maintaining effective control systems within their areas of responsibility
- Ensuring staff are aware of fraud risks and control procedures
- Reporting any suspicions or allegations of fraud promptly
- Supporting fraud risk assessments in their areas

4.3 Senior Leadership Team
Alongside their wider responsibilities, the senior leadership team is responsible for:

- Setting the tone for a culture of integrity and zero tolerance for fraud
- Ensuring adequate resources are allocated to counter fraud activities
- Reviewing and approving the organisation's counter fraud strategy
- Receiving and acting upon regular reports on fraud risks and incidents

4.4 Head Office Team: Head office team members contribute to counter fraud activities by:

- Developing and maintaining the organisation's counter fraud strategy and policies
- Coordinating fraud risk assessments across the organisation
- Overseeing fraud investigations and ensuring appropriate action is taken
- Providing expert advice on fraud prevention and detection
- Liaising with external agencies (e.g., law enforcement) when necessary
- Reporting regularly to senior leadership on fraud risks and activities
- Ensuring appropriate pre-employment screening procedures are in place
- Incorporating fraud awareness into staff induction and training programs
- Supporting the implementation of disciplinary procedures related to fraud
- Implementing and maintaining robust financial control systems
- Conducting regular reconciliations and financial analyses to detect anomalies
- Supporting fraud risk assessments in financial processes

4.5 Internal Audit: the Internal Audit function plays a crucial role in counter fraud efforts by:

- Conducting independent assessments of fraud risks and controls
- Providing assurance on the effectiveness of fraud prevention measures
- Supporting fraud investigations as required
- Recommending improvements to control systems to prevent fraud

5. Risk Assessment

Cheynes Training will conduct regular fraud and error risk assessments to identify potential vulnerabilities and implement appropriate controls. The process will include:

1. Annual comprehensive risk assessment led by Head Office
2. Quarterly reviews of high-risk areas
3. Ad-hoc assessments in response to significant changes in operations or regulations

5.1 The risk/

5.1 The risk assessment process involves:

- Reviewing internal processes and controls
- Analysing historical fraud and error incidents
- Consulting with key stakeholders across the organisation
- Evaluating external fraud trends in the apprenticeship sector
- Assessing the effectiveness of existing fraud prevention measures

5.2 Identification of high-risk areas

Based on the nature of apprenticeship training provision and recent sector developments, we have identified the following high-risk areas:

Risk Identified	Comment
Apprentice Recruitment and Eligibility	Risk of enrolling ineligible apprentices or misrepresenting apprentice information
Compliance with Funding Rules	Potential for deliberate non-compliance to maximise funding
Data Submission and Reporting	Potential for inaccurate or manipulated data submissions to funding bodies
Off-the-Job Training Hours	Risk of over-reporting or falsifying off-the-job training hours
Apprenticeship Withdrawals and Breaks in Learning	Potential for delayed reporting of withdrawals or misuse of break in learning status
Employer Relationships	Risk of collusion with employers to misrepresent apprenticeship arrangements
Financial Management	Potential for misappropriation of funds or fraudulent expense claims
Achievement Rates Reporting	Potential manipulation of achievement data to meet Accountability Framework thresholds
Apprentice Feedback	Risk of falsifying or manipulating apprentice feedback scores to meet Accountability Framework thresholds`

5.3 These high-risk areas will receive particular attention during risk assessments and will be subject to enhanced monitoring and control measures. The list will be reviewed and updated regularly to reflect changes in the apprenticeship sector and our organisational structure.

6. Prevention Measures

To mitigate against the risk of fraud and error, Cheynes Training implements the following preventive measures:

6.1 Employee screening and vetting procedures: Cheynes Training conducts thorough background checks on all new employees, including verification of qualifications and professional certifications, Disclosure and Barring Service (DBS), employment history verification, and reference checks. We also require all employees to disclose any conflicts of interest annually

6.2 Segregation of duties in key processes: We ensure that no single individual has control over entire processes, particularly in high-risk areas: Separate responsibilities for enrolling apprentices, recording training hours, and submitting funding claims. We also divide duties for financial transactions between initiation, approval, and recording. We assign different staff members to conduct internal assessments/audits and verify achievement of qualifications. Cheynes Training implement a system of checks and balances in all key processes.

6.3 Internal/

6.3 Internal Control Systems and Procedures

Cheynes Training implement robust IT systems with appropriate access controls and audit trails. We have established clear policies and procedures for all key processes, including:

- Apprentice eligibility checks and enrolment procedures
- Recording and verification of off-the-job training hours
- Financial management and expense claim procedures

6.4 We utilise the Provider Data Self-Assessment Tool (PDSAT) to conduct regular internal audits of high-risk areas.

6.5 Cheynes Training has developed and implemented a Public Disclosure (Whistleblowing) Policy which sets out our anonymous reporting mechanism. We regularly review and update policies to address emerging risks and regulatory changes.

6.6 Staff training and awareness programmes: We provide induction training for all new staff, covering our Counter Fraud and Error policy, common fraud risks in apprenticeship provision, and individual responsibilities in preventing and reporting fraud.

6.7 Updates on fraud risks and prevention measures are communicated via newsletters, team meetings, e-alerts and our website. We encourage a culture of openness where staff feel comfortable discussing concerns and provide clear guidance on how to report suspicions of fraud or error

6.8 Additional preventive measures: Additional measures include

- Regularly reviewing and updating risk assessments for all key processes
- Establishing a fraud response plan and ensure all staff are aware of the procedures
- Conducting surprise audits or spot checks in high-risk areas
- Fostering strong relationships with employers and regularly verify apprenticeship arrangements

7. Detection Methods

Cheynes Training employs a range of detection methods to identify potential fraud and errors in our operations. These methods are designed to complement our prevention measures and provide early warning of any irregularities.

7.1 Data analytics and monitoring techniques
We utilise advanced data analytics and monitoring techniques to identify anomalies, patterns, or trends that may indicate fraudulent activity or errors. We carry out data analysis to monitor key metrics, including:

- Apprentice enrolment patterns
- Off-the-job training hours recorded
- Achievement rates and timelines
- Funding claims and financial transactions

7.2 We conduct regular data matching exercises to identify:

- Duplicate apprentice records
- Inconsistencies between different data sources
- Unusual patterns in apprentice progress or achievement

7.3   We look for suspicious activities, such as:

- Sudden spikes in apprentice enrolments from specific employers
- Unusual patterns in recording off-the-job training hours
- Anomalies in financial transactions or expense claims

7.4   Key performance indicators (KPIs) are also regularly reviewed and analysed to identify outliers or unexpected trends

7.5   Whistleblowing procedures
We maintain robust whistleblowing procedures to encourage the reporting of suspected fraud or irregularities. All staff, apprentices, employers, are aware of the whistleblowing procedures through regular communications, and inclusion in contracts and agreements. We protect the confidentiality of whistleblowers and have a non-retaliation policy. We aim to promptly investigate all reports of suspected fraud or irregularities and provide regular updates to the Board on whistleblowing activities and outcomes

7.6   Regular Audits and Spot Checks
We conduct a program of regular audits and unannounced spot checks to detect potential fraud or errors and have implemented a risk-based internal audit program, focusing on high-risk areas such as:

- Apprentice eligibility and enrolment processes
- Off-the-job training records
- Funding claims and financial management

7.7   We also conduct regular checks:

- Apprentice attendance and engagement
- Employer premises and training facilities
- Off-the-job training delivery
- Data entry and record-keeping processes

7.8   We regularly review and reconcile:

- Apprentice records against employer payroll data
- Training logs against funding claims
- Achievement records against certification bodies

7.9   In addition, we will conduct periodic audits of IT systems and access logs to identify any unauthorised activities

8.   Reporting Procedures

Cheynes Training maintains an open and transparent environment where all individuals feel empowered to report suspicions of fraud or error. We provide clear guidance, while ensuring the protection of those who come forward with concerns.

8.1   All employees, apprentices, employers, and other stakeholders are encouraged to report any suspicions of fraud or significant errors. When reporting, individuals should:

1. **Act promptly/**

1. **Act promptly:** Report concerns as soon as they arise.
2. **Provide details**: Include as much specific information as possible, such as dates, names, and descriptions of the suspected fraudulent activity or error.
3. **Maintain confidentiality:** Do not discuss suspicions with anyone not involved in the reporting process.
4. **Preserve evidence:** Do not attempt to personally investigate but secure any relevant documents or evidence if possible.

8.2 Individuals should report any concerns to the managing director of Cheynes Training in the first instance via email: melanie@cheynestraining.com. For concerns about senior management, reports can be made directly to relevant external bodies (e.g., DfE, Ofsted)

8.3 As set out in our Public Disclosure (Whistleblowing) Policy, we protect individuals who report suspicions in good faith. Our whistleblower protection measures include confidentiality, non-retaliation policy, anonymous reporting and disciplinary action.

9. Investigation Process
We will thoroughly investigate all reported incidents of suspected fraud or significant errors. Our investigation process is designed to be fair, thorough, and confidential, ensuring that all evidence is properly gathered and documented.

9.1 The following steps will be completed as part of the process:

9.2 **Initial Assessment**: we will review the reported incident within 48 hours of receipt and will determine if the report warrants a full investigation

9.3 **Investigation Planning**: if a full investigation is warranted, an investigation team is assembled and a detailed investigation plan is developed, outlining objectives, timelines, and resources needed

9.4 **Evidence Gathering**: we shall collect and secure all relevant documents, data, and physical evidence, conduct interviews with relevant parties, including witnesses and suspects

9.5 **Analysis**: all collected data will be reviewed and analysed to identify any patterns, inconsistencies, or anomalies

9.6 **Interim Reporting**: we will provide regular updates to senior management on the progress of the investigation.

9.7 **Conclusion and Recommendations**: We will determine if fraud or significant error has occurred based on the evidence and develop recommendations for corrective action and prevention of future incidents.

9.8 **Final Report**: a comprehensive report will be prepared detailing the investigation findings and recommendations. The report shall be shared with senior management and the board of Cheynes Training.

9.9 **Follow-up:** We shall implement recommended actions from the final report and monitor the effectiveness of implemented measures

10. Response Plan
Cheynes Training will take swift and appropriate action when fraud or significant errors are detected. This response plan outlines the steps we will take to address such incidents, implement disciplinary procedures, and recover any losses incurred.

10.1 Having/

10.1 Having secured all relevant evidence and documentation via the investigation process set out in Section 9 above, we will suspend access to systems and premises for suspected individuals, if necessary and notify senior management and the board of Cheynes Training. If appropriate, the incident will be reported to relevant external bodies, such as the ESFA and Ofsted, as required, and inform the police if criminal activity is suspected

10.2 Cheynes Training has a communication plan in place to inform relevant stakeholders, including affected apprentices and employers, ensuring all communications maintain confidentiality and do not compromise any potential legal proceedings

10.3 Cheynes Training will implement immediate corrective actions to prevent further fraudulent activity or errors and review and strengthen internal controls and procedures. Policies and procedures will be thoroughly reviewed to identify and address any weaknesses and additional training, and awareness programs will be conducted for staff

11. Disciplinary Procedures and Potential Sanctions

Where necessary, we will follow our formal disciplinary procedure as outlined in the employee handbook, whilst ensuring compliance with employment laws and regulations.

11.1 A thorough investigation shall be conducted, gathering all relevant evidence, providing the accused individual(s) with an opportunity to explain their actions. A formal disciplinary hearing will take place, allowing the individual to be accompanied by a colleague or union representative, where the evidence shall be presented with the individual being allowed to respond

11.2 Potential sanctions include:

- Verbal warning
- Written warning
- Final written warning
- Demotion or loss of responsibilities
- Suspension without pay
- Termination of employment

11.3 The individual with the right to appeal any disciplinary decision and we shall ensure that the appeal is heard by an impartial party not involved in the original decision.

11.4 Cheynes Training will maintain detailed records of all disciplinary proceedings and outcomes.

12. Process for Recovering Losses
Our first step will be to quantify the losses by conducting a thorough financial assessment to determine the full extent of losses. Then one (or more) of the following options will be implemented depending on the results:

12.1 Insurance claims: notify our insurers and file any relevant claims

12.2 Civil recovery: seek legal advice to explore options for civil recovery, considering pursuing legal action against the individual(s) responsible for the fraud or error

12.3 Repayment agreements: where appropriate, negotiate repayment agreements with individuals responsible for the losses, ensuring any agreements are legally binding and enforceable

12.4 Funding body/

12.4   Funding body recovery: Cooperate fully with any recovery processes initiated by funding bodies, such as the ESFA/DfE, providing all necessary documentation and evidence to support the recovery process

12.5   Asset recovery: Identify and recover any assets obtained through fraudulent means and working with law enforcement agencies if necessary to trace and recover assets

13.   Monitoring and Review

We plan to continuously improve our counter-fraud and error prevention efforts. We therefore intend to conduct a comprehensive review of this policy annually and on an ad-hoc basis should significant changes be made to current legislation/funding rules.

13.1   We will use key performance indicators (KPIs) to measure the effectiveness of our counter-fraud efforts.

14.   Communication Strategy

This policy will be held on the Cheynes Training website and used during staff inductions. Stakeholders will be made aware of the policy via our monthly Employment and Training Briefing (ETB) newsletter, with updates communicated to staff and stakeholders via e-alerts and team meetings.

Last Review: November 2024
Next Review: November 2025

Melanie Mitchell, Managing Director, November 2024