

'They will soar on wings like eagles ...'
Isaiah 40:31

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Multi Academy Trust Policy

Common Trust Policy, Use as Published

Fraud Policy and Procedure

Date adopted by Trust Board: 17/05/2016

Date of Review: 03/2023

Date of next Review: 03/2025

1. Purpose of the Policy

For the purposes of this policy, fraud is defined as dishonest, irregular or illegal acts, characterised by a deliberate intent at concealment or false representation, resulting in the diversion of resources, whether or not for personal gain, for the benefit of an individual or group of individuals at a consequent loss to the school/academy.

The objective of this policy is to safeguard the proper use of Aquila's, (the Trust) finances and resources. The Trust derives the majority of its income from public funds, however its schools may also receive charitable donations and income from parents, and so has a particular responsibility to ensure that income and resources are used solely for the purposes intended.

Fraud is a serious matter and the Board of Trustees is committed to investigating all cases of suspected fraud. Any member of staff, regardless of their position or seniority, against whom prima facie evidence of fraud is found, will be subject to disciplinary procedures that may result in dismissal. The Trust will normally involve the Department for Education (DfE) and the police, and may seek redress via civil proceedings.

2. Consultation process:

This policy was developed in consultation with the Audit and Risk Committee, with reference to the ESFA's Anti-fraud checklist for academy trusts and Academy trust guide to cyber-crime and cyber security.

3. Relationship to other policies:

Academies Financial Handbook

Whistleblowing Policy (see Staff Handbook)

Trust Financial Administration & Control Policy

4. Roles and Responsibilities:

Prevention

As the aftermath of fraud is costly, time-consuming, disruptive and unpleasant, and may lead to unwelcome adverse publicity, a major thrust of this fraud policy is prevention.

Leadership

Trustees, governors and senior managers should ensure that their behaviour is demonstrably selfless and open, and should champion the Trust's policies on conflicts of interest, hospitality and gifts.

Management procedures

Fraud can be minimised through carefully designed and consistently operated management procedures, which deny opportunities for fraud. Staff must comply with the policies and procedures for the Trust and, in particular, should be aware of procedures relating to the following activities:

- Cash management
- Cheque management
- Use of reputable suppliers
- Purchasing
- Conflicts of interest
- Recruitment
- Risk management

This list is not exhaustive.

A continuous review of systems by internal audit will also be undertaken to deter attempted fraud and should result in continuous improvements.

All instances of fraud or theft committed against the Trust, whether by employees or governors or third parties, above £5,000 must be reported by the Trust to the ESFA. Any unusual or systematic fraud, regardless of value, must also be reported.

The ESFA reserves the right to conduct or commission its own investigation into actual or potential fraud, theft or irregularity in any Academy either as the result of a formal notification from the Trust itself or as the result of other information received.

Detection

Checks and balances

Checks and balances will be designed into all relevant systems and applied consistently, including segregation of duties, reconciliation procedures, random checking of transactions, and review of management accounting information, including exception reports. Systems should identify transactions which have not followed normal procedures.

Behaviour patterns

Suspect patterns of behaviour among staff dealing with financial transactions should be investigated, for example, living beyond apparent means, taking fewer holidays, regularly working alone out of normal hours and resistance to delegation. Any indication of addiction to drugs, alcohol or gambling should be addressed promptly, for the welfare of the individual and to minimise the risks to the academy.

Cyber crime

Cyber-crime may involve malicious attacks on computer software, including email hacking, phishing and malvertising. In order to minimise the risk of fraud, theft and/or irregularity all trustees, governors and employees must, as a minimum:

- use firewalls, antivirus software and strong passwords
- routinely back up data and restrict devices that are used to access data
- train staff to ensure that they:
- check the sender of an email is genuine before, for example, sending payment, data or passwords
- make direct contact with the sender (without using the reply function) where the email requests a payment
- understand the risks of using public wifi
- understand the risks of not following payment checks and measures

This is not an exhaustive list.

Whistle Blowing policy

Anyone suspecting fraud may use the Trust's Whistle Blowing Policy, which provides protection against reprisal for any such disclosure.

Fraud response procedure

Purpose

The purpose of this fraud response procedure is to define authority levels, responsibilities for action and reporting lines in the event of suspected fraud or irregularity. Those investigating a suspected fraud should:

- Aim to prevent further loss.
- Liaise with the Trust's insurer.
- Establish and secure evidence necessary for criminal and disciplinary action.
- Inform the police as appropriate.
- Notify the DfE (ESFA).
- Endeavour to recover losses.
- Take appropriate action against those responsible.

- Keep internal personnel and outside organisations with a need to know suitably informed, on a confidential basis, about the incident and the Trust's response.
- Deal with requests for references for employees disciplined or prosecuted for fraud.
- Review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud.

Initiating action

Members of staff, trustees, governors or students may suspect fraud or irregularity in the Trust or within any of its academies. If so, they should report it as soon as possible to the Headteacher or Chair of Governors within the academy or to the Chief Financial Officer, CEO or Chair of the Trustees. The person to whom the suspected incident is reported should then ensure that it is made known without delay to the CEO and the Chair of the Audit and Risk Committee. The CEO or Chief Financial Officer should, as soon as possible (and with the aim of acting within 24 hours), chair a meeting of the following group to decide on the initial response, using properly appointed nominees where necessary:

- Headteacher
- CEO or Chief Financial Officer
- Chair of the Audit and Risk Committee.

If the actual or suspected incident concerns or implicates a member of this group, the Chair of Trustees or Chair of Finance and Resources Committee will appoint a substitute.

Responsibility for investigation

The group, chaired by the CEO, will decide on the action to be taken. This will normally be an investigation led by the external auditors which may switch internal audit resources from planned audits.

Prevention of further loss

Where initial investigation provides reasonable grounds for suspecting a member or members of staff, directors, governors or others of fraud, the group will decide how to prevent further loss. This may require the suspension of the suspect or suspects, under the appropriate disciplinary procedure. It may be necessary to plan the timing of suspension to prevent suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.

In these circumstances, the suspect or suspects should be approached unannounced. They should be supervised at all times before leaving the Trust's premises. They should be allowed to collect personal property under supervision, but must not be able to remove any property belonging to the Trust. Any security passes and keys to premises, offices and furniture must be returned. The Head Teacher will be required to advise on the best means of denying access to the academy while suspects remain suspended, for example by changing locks and informing premises or reception staff not to admit the individuals to any part of the premises. Similarly, the ICT manager will be instructed to withdraw without delay access permissions to the academy's computer systems.

The group will consider whether it is necessary to investigate systems other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the academy's assets.

Establishing and securing evidence

The Trust will follow appropriate disciplinary procedures against any member of staff, director or governor who has committed fraud and will normally pursue the prosecution of any such individual through the criminal courts. The Chief Financial Officer will:

- Ensure that evidence requirements are met during any fraud investigation.
- Establish and maintain contact with the police.
- Ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

Reporting lines

The group will provide regular, confidential reports to the Chair of Trustees, which will include:

- Quantification of losses.
- Progress with recovery action.
- Progress with disciplinary action.
- Progress with criminal action.
- Estimate of resources required to conclude the investigation.
- Actions taken to prevent and detect similar incidents.

Notifying the DfE (ESFA)

The Trust will notify the DfE of any actual fraud or irregularity.

Recovery of losses

The external auditors will endeavour to ensure that the amount of any loss is quantified. Repayment of losses will be sought in all cases. Where the loss is substantial, legal advice should be obtained about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice may be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. The Trust will normally expect to recover costs in addition to losses.

Final report

On completion of a special investigation, a written report, normally prepared by the external auditor, shall be submitted to the Chair of Trustees 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 the actions have been taken.

The final outcome will be reported to the complainant.

References for persons disciplined or prosecuted for fraud

Any request for a reference for persons disciplined or prosecuted for fraud must be referred to the Chair of Trustees or CEO for advice.

5. Monitoring & Review:

The Trust will review this policy in light of events and assess its implementation and effectiveness.

- Trustees and governors will oversee the internal audit arrangements; providing the appropriate level of support and challenge to ensure that the agreed practice and procedure has been implemented through: scrutiny of all reporting information requested and received
- Identify any associated risks, trends, underlying or contributory factors
- Any identified or attempted frauds will be recorded by the Chief Financial Officer in the Fraud Incident Register. All fraud or attempted fraud incidents will be reported to the Audit and Risk Committee and the Board of Trustees
- Assess any opportunities for change to enhance existing practice and achievement of the Trust's vision
- Make decisions in respect of any proactive and/or mitigating action to be taken
- Evaluate the impact and effectiveness of policy and practice in line with the agreed policy review schedule or as necessary.

Appendix A Fraud Incident Register

LOG NUMBER	DATE	COMPANY/PERSON	DESCRIPTION OF INCIDENT	OUTCOME
1				
2				
3				