

Anti-Fraud Policy



Education is for improving lives and for leaving your community and world better than you found it.

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1. Introduction

Community Academies Trust is committed to ensuring that it acts with integrity and has high standards. Everyone involved with the trust has a responsibility in respect of preventing and detecting fraud. All staff, directors and local governors have a role to play. The trust also recognises the role of others in alerting them to areas where there is suspicion of fraud.

Community Academies Trust has many measures to ensure proper administration and prevent and detect fraud and corruption. Recognising a potential fraud and being able to report it is just as important as the measures to prevent and detect.

The Education and Skills Funding Agency (ESFA) states that academy trusts must be aware of the risk of fraud, theft and/or irregularity occurring and, as far as possible, address this risk in their internal control and assurance arrangements by putting in place proportionate controls.

The ESFA goes on to state that trusts must take appropriate action when fraud, theft and/or irregularity is suspected or identified, notifying the ESFA of any instances of fraud, theft or irregularity exceeding £5,000 individually or cumulatively in any academy financial year. The ESFA reserves the right to commission its own investigation into actual or potential fraud, theft or irregularity in any academy trust, including involving other authorities such as the police and publishing reports in line with its policy.

2. Definitions

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.

Fraud incorporates - theft, larceny, embezzlement, fraudulent conversion, false pretences, forgery, corrupt practices and falsification of accounts.

Corruption

The term ‘corrupt practices’ is defined for the purpose of this code as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by Community Academies Trust, its staff, directors or local governors.

It is the duty of Community Academies Trust and its staff, directors and governors to take reasonable steps to limit the possibility of corrupt practices. It is the responsibility of our internal audit process to review the adequacy of the measure taken by the trust, to test compliance and to draw attention to any weaknesses or omissions.

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Examples of what could constitute fraud and corruption are:

- theft of cash or property;
- non-receipt of income into bank accounts under the control of the trust;
- substitution of personal cheques for cash;
- travelling and subsistence claims for non-existent journeys/events;
- travelling and subsistence claims inflated;
- manipulating documentation to increase salaries/wages received, e.g. false overtime claims;
- payment of invoices for goods received by an individual rather than the school or trust;
- unauthorised borrowing of equipment;
- failure to declare a direct pecuniary or otherwise conflicting interest;
- concealing a generous gift or reward;
- unfairly influencing the award of a contract;
- creation of false documents;
- deception;
- using position for personal reward;
- manipulation of financial returns to conceal the misappropriation of assets or otherwise for gain.

3. Principal Roles

Staff, Directors and Local Governors

To the public, Community Academies Trust can be judged by the conduct of its staff, directors and local governors. Community Academies Trust has adopted the following measures to demonstrate its commitment:

- All staff, directors and local governors are made aware of the trust's Code of Conduct for employees and governors;
- Formation of an Audit Committee as a sub-committee of the Board of Directors which hold 3 meetings per year;
- Internal audit work carried out on behalf of the audit committee, reported back at each meeting and action taken;
- A requirement for all staff, directors and governors to declare all business and pecuniary interests;
- A gifts, hospitality and anti-bribery policy which is made available to all staff, directors and local governors. A central register of gifts and hospitality is kept;
- Robust recruitment and selection policies and procedures;
- A scheme of financial delegation which allows all staff, directors and governors to be aware of the level of financial decision making they are empowered to make.

Staff, directors and local governors have a duty to report another member of staff, director or governor whose conduct is reasonably believed to represent a failure to comply with the above.

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Directors

The directors act as trustees of Community Academies Trust and are bound by the requirements of Company Law, The Charities Commission and the Academies Financial Handbook published by the Education & Skills Funding Agency (ESFA). They are responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Directors must approve a written scheme of financial delegation that maintains robust internal control arrangements.

Accounting Officer

The Accounting Officer has a specific responsibility for ensuring value for money, regularity and probity under the provisions in the Academies Financial Handbook. This includes a personal responsibility to Parliament for the financial resources under the trust's control. The Accounting Officer must sign a statement on regularity, propriety and compliance each year and submit this to the ESFA.

In respect of fraud it is therefore the responsibility of the Accounting Officer to ensure internal controls prevent and detect any fraud promptly. This includes:

- Proper procedures and financial systems;
- Effective management and financial information.

Executive Director (Finance & Operations)

The Executive Director (Finance & Operations) carries out the role of the trust's Chief Financial Officer and plays a technical and leadership role, ensuring sound and appropriate financial governance.

Audit Committee

The audit committee has responsibility for:

- Reviewing the trust's anti fraud policy and ensure any instances of fraud or irregularity are managed and investigated appropriately;
- Directing an appropriate programme of work to be delivered by independent assurance providers. This programme of work should be derived from the Audit Committee's assessment of the key risks faced by the trust and should be planned to cost within the budget envelope set by the Board in determining the budget for audit for the Trust;
- Advise the Board on the appointment, re-appointment, dismissal and remuneration of an internal auditor or any other independent assurance provider.

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Internal Audit

The internal audit function consists of one or more external accountancy companies who visit at least three times per year and have a clear remit to undertake work to prevent and detect potentially fraudulent acts. This work concentrates on areas of highest risk but also on areas which, although small in value, are subject to fraud.

External Audit

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

ESFA

The trust must notify the ESFA of any instances of fraud, theft and/or irregularity exceeding £5,000 individually or £5,000 cumulatively in any academy financial year. They may commission their own investigation into this and involve other authorities, including the police as appropriate. They may also publish information in line with its own policy.

The ESFA has also [published](#) anti-fraud guidance for academies.

4. Principal Anti-Fraud Measures

Community Academies Trust has taken a number of measures that will prevent or detect any attempted or actual fraud. No system of control can prevent all cases, and the trust must minimize the risks to which it is exposed. At the highest level the trust will:

- Regularly review and improve key internal control systems;
- Regularly review measures to minimize the risk of fraud;
- Involve staff in such reviews;
- Adopt formal procedures to investigate fraud when it is suspected and where detected, strengthen controls to prevent reoccurrence;
- Provide mechanisms for employees to voice their genuine concerns;
- Have no hesitation in referring cases of suspected financial irregularity to the attention of the police;
- Work closely with the police and the other appropriate agencies to combat fraud.

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Community Academies Trust has introduced corporate standards that should ensure proper administration. These include:

Staff Contracts and Annual Review of:

- Codes of Conduct for Directors, governors and staff;
- Measures to implement new legislation correctly;
- Clear roles for the Directors of Community Academies Trust;
- Training administration issues;
- Disciplinary Procedures; and
- Complaints Procedures.

These measures, and others, provide a framework supported by detailed procedure manuals for all key functions of Community Academies Trust. Other key principle internal controls that are adopted include wherever possible:

- Adequate separation of duties;
- Proper authorisation procedures;
- A proper audit trail;
- 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 implementation of these principles on internal control rests with the Executive Directors, Headteachers and Heads of Schools and involves every member of staff and every governing body.

5. Reporting a Suspected Fraud

Response to Alleged Frauds

Community Academies Trust requires suspected fraud and irregularities to be referred to the Headteacher, unless this individual is involved in the irregularity, in which case the Executive Director Finance and Operations or a Director of Education should be informed. If the concern is at this level then reporting should be to the Accounting Officer or ultimately the Chair of the Board of Directors.

Staff with suspicions of fraud should not confront the suspect or try to investigate the matter themselves. They should not discuss their suspicions with anyone other than their Headteacher or a Director. All reported irregularities will be thoroughly investigated.

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Steps that would normally be taken are:

- If an employee suspects a fraud has occurred (or is likely to) they should report this to their Headteacher unless the suspicion relates to that individual. In this instance to employee should report to an Executive Director.
- The Headteacher will inform an Executive Director who will take further action.
- If suspicions stem from an Internal Audit visit, the Executive Director (Finance and Operations) will inform the Accounting Officer or the Chair of the Board of Directors.
- Members of the public can report any concerns, either to the Headteacher, Chair of Governors, The Executive Directors, or via the Complaints Procedure.
- The Accounting Officer will decide on the level of any investigation having taken advice from the Executive Director (Finance and Operations). If necessary the Accounting Officer will take any appropriate legal advice. Any investigation will be carried out by an appropriate independent person or company.
- If the investigation shows a fraud has occurred this will be reported to the Board of Directors. The perpetrator will be dealt with in accordance with the trust's Disciplinary Policy.
- If investigations indicate a criminal offence may have occurred, the Accounting Officer will decide, in consultation with the Executive Director (Finance and Operations) and taking appropriate legal advice, whether to involve the police.
- In all cases where the fraud exceeds £5,000 individually or £5,000 cumulatively in any financial year, the ESFA will be informed as soon as is operationally practical.
- Recommendations to improve controls and prevent any reoccurrence will be made following the investigation. The Accounting Officer and Executive Director (Finance and Operations), in consultation with the Board of Directors, will decide on the implementation of the recommendations.

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6. Reporting Suspicions

General

Employees are vital to the successful implementation of measures against fraud. Community Academies Trust therefore considers that employees have a duty to report any legitimate concerns they may have and must do so as outlined above. Employees are protected in reporting genuine suspicions by the Trust Whistleblowing Policy.

If it is subsequently established that an employee knowingly withholds information of a concern or allegation it may be dealt with as a disciplinary matter in itself.

The Public Interest Disclosure Act 1998 (a copy of which can be found at www.opsi.gov.uk) provides employees with statutory protection when disclosing such information.

If possible concerns are better raised in writing, you need to set out the background, provide names, dates and places and reasons for bringing the matter to the attention of Community Academies Trust. However, if an individual feels unable to put their concern into writing, arrangements can be made to meet with an appropriate executive director to discuss the concerns.

Community Academies 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. Community Academies Trust will not tolerate harassment of 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.

Confidentiality

All concerns will be treated in the strictest confidence. Community Academies 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 become involved. In order to take effective action, Community Academies Trust will need proper evidence that may be required to stand up to examination in courts or tribunals.

This policy encourages individuals to put a name to allegations whenever possible, as concerns expressed anonymously are much less powerful, but will be considered at the discretion of Community Academies Trust in terms of:

- Seriousness of the issues raised;
- The credibility of the concern;
- The likelihood of confirming the allegation from attributed sources.

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Whilst Community Academies 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 may also be dealt with as a disciplinary matter. All such reports must be genuine and honest as, to be otherwise, would go against the principle of integrity.

This should not deter employees from raising legitimate and genuine concerns, (even if subsequently unfounded but made with good intent) as, in doing so 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, employees involvement, as a witness, in this process may be necessary, unless other substantial reliable evidence is available. Employees taking such a route will be notified quickly and any action taken.

Community Academies 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 Freedom of Information Act and General Data Protection Regulations) feedback regarding the outcome of the investigation will be provided.

Employees 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.

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