



The Athelstan Trust

Fraud Policy and Procedures

Date of Review	Approved by	Date of Approval	Next Review Date	Website
April 2024, Jan 2025	Audit, Risk and Finance	15/1/25	Jan 2026	Y

Introduction

The Trust aims to be an honest and ethical institution. As such, it is opposed to fraud and seeks to eliminate fraud by the way it conducts business. This document sets out the Trust's policy and procedures for dealing with the risk of significant fraud or corruption. To minimise the risk and impact of fraud, the Trust's objectives are, firstly, to create a culture which deters fraudulent activity, encourages its prevention, and promotes its detection and reporting and, secondly, to identify and document its response to cases of fraud and corrupt practices.

To achieve these objectives, the Trust has taken the following steps:

1. The development and publication of a formal statement of its expectations on standards of personal conduct, propriety, and accountability.
2. The establishment of adequate and effective systems of internal financial and management control (and a clear requirement to comply with them), and an independent financial assurance function with an ongoing responsibility to review and report on these systems.
3. The development and publication of a formal statement of the procedures to be followed by employees who have a suspicion of, or concern about, possible or actual malpractice within the Academy and a fraud response plan which sets out the Academy's policies and procedures to be invoked following the reporting of possible fraud or the discovery of actual fraud.
4. A process for recording and reporting fraud that satisfies regulatory requirements whilst promoting an understanding of how it has happened along with "lessons learned" to prevent recurrence.

These steps are described in greater detail in the following sections.

Definitions

Fraud

Fraud is a general term covering a range of abuse and malpractice that leads to a financial advantage for the perpetrator or for a related person or entity, and/ or causing a loss to another. Fraud can occur in a number of ways ; an abuse of position, theft, larceny, embezzlement, fraudulent conversion, false pretences, forgery, corrupt practices and falsification of accounts. Fraud is intentional deceit, and so by definition does not include negligence.

Financial irregularity

A financial irregularity is any breach of the standards of financial integrity required by the Trust, including the Trust Financial Regulations and the Academy Trust Handbook.

Personal Conduct

The Trust aims to promote an organisational culture which encourages the prevention of fraud by raising awareness of the need for high standards of personal conduct. To help ensure that all employees are fully aware of the Trust's expectations regarding standards of personal conduct, appropriate guidance is provided by the following key statements:

- These regulations are binding on all trustees, governors, members of staff, students, and constituent parts of the Trust. Refusal to observe them will be grounds for disciplinary action.
- In disbursing and accounting for all funds, the Trust must demonstrate that it is adopting high standards of financial probity. Implicit within this regime is the requirement that trustees, governors and employees of the Trust must always conduct financial affairs in an ethical manner.
- All members of staff, members, Trustees, and governors of the Trust are responsible for disclosing any personal, financial, or beneficial interest in any transaction with respect to the Academy or its related companies, minority interest companies and trading areas.
- Any person who is responsible for placing an order with a supplier (whether a contractor or not) with whom he has a personal interest must disclose this to the Headteacher or the Chief Financial Officer
- Trustees, governors, or employees of the Trust shall never use their office or employment for personal gain and must always act in good faith with regard to the Academy's interests.
- Heads of Department/Budget Holders are expected to always adhere to the Financial Regulations and to use their best efforts to prevent misuse or misappropriation of funds and other Trust property.

Systems of Internal Control

The next line of defence against fraud is the establishment of operational systems which incorporate adequate and effective internal controls designed to minimise the incidence of fraud, limit its impact, and ensure its prompt detection. These controls include high level management controls such as budgetary control (designed to identify fraud which results in shortfalls in income or overspendings against expenditure) and organisational controls such as separation of duties, internal check, and staff supervision. Personnel policies are also a key part of setting the culture and deterring fraud. This includes seeking to reduce the risk of employing dishonest staff by checking information supplied by employees and references obtained during the recruitment process, including DBS checks.

The general framework of responsibilities for financial management and the policies relating to the broad control and management of the Trust are documented in the Financial Procedures Policy. The Financial Procedures are issued and updated periodically by the Chief Financial Officer. They are binding on all trustees, governors, members of staff, students and constituent parts of the Trust and are distributed to the Headteacher, the Senior Leadership Team, Heads of Department, and staff in the academies finance offices.

The Trust has also established an Audit, Risk and Finance Committee and an independent financial assurance function which provides advice to management in respect of control matters and which conducts a cyclical programme of reviews of the adequacy and effectiveness of the systems which have been put in place (including those intended to minimise the potential exposure to fraud and corruption).

Fraud Response

This document sets out the Trust's policies and procedures for ensuring that all allegations and reports of fraud or dishonesty are properly followed-up are considered in a consistent and fair manner and that prompt and effective action is taken to:

- minimise the risk of any subsequent losses
- reduce any adverse operational effects
- improve the likelihood and scale of recoveries
- demonstrate that the Academy retains control of its affairs in a crisis; and
- makes a clear statement to employees and others that it is not a soft target for attempted fraud

The plan includes both statements of general policy and specific steps to be taken when circumstances dictate and is necessary to reduce the following risks:

- inadequate communication so that action is late or inappropriate,
- lack of leadership and control so that investigators are not properly directed and waste time and effort,
- failure to react fast enough so that further losses are incurred, or the evidence required for successful recovery or prosecution is lost,
- adverse publicity which could affect confidence in the Trust; and
- creation of an environment which, because it is perceived as being ill-prepared, increases the risk of fraud.

The main elements of the Trust's policy are in line with the Whistleblowing Policy and are outlined below:

1. All trustees, governors, members of staff, students and constituent parts of the Trust are required to notify immediately the Headteacher and/or the Chief Financial Officer (see point 5 below) of any financial irregularity, or any circumstance suggesting the possibility of irregularity, affecting the financial procedures, cash, stores, or other property of the Trust. The Headteacher and/or Chief Financial Officer should bring this to the attention of the Chief Executive Officer immediately.
2. The Headteacher/Chief Financial Officer will ascertain whether or not the suspicions aroused have substance. They will if appropriate, conduct a preliminary investigation to gather factual information and reach an initial view as to whether further action is required. The findings, conclusions and any recommendations arising from the preliminary investigation will be reported to the Chair of Audit, Risk and Finance Committee and the Chair of Governors.
3. The Headteacher will have the initial responsibility for coordinating the individual Academy's response. In doing this they will consult with the Academy's Human Resources Advisor regarding potential employment issues. The Headteacher will also seek expert legal advice from the Academy's Legal Advisor on both employment and litigation issues before taking any further action.
4. The Headteacher is required to notify the Chief Executive Officer and LGB of any financial irregularity. This action will be taken at the first opportunity following the completion of the initial investigations and will involve, *inter alia*, keeping the Responsible Officer, the Chief Executive Officer, the Chair of Audit, Risk and Finance Committee and the Chair of Governors fully informed between committee meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.
5. Individuals should note that they should not mention concerns regarding an irregularity to any person involved in the irregularity. If the irregularity relates to the actions of the HT and / or CFO then the member of staff should refer to the whistleblowing policy (stage 3) and report their concerns to the CEO or a Trustee.

Reporting

All incidents of fraudulent activity must be reported to the Audit, Risk and Finance Committee. The report must include any "lessons learned", including an indication of any actions to be undertaken and

the appropriate timeline. The Trust will consider reporting the fraudulent activity to the police on a case-by-case basis.

The following instances of fraud must be reported to the DFE as soon as possible:

- Any instance where the value of the fraud exceeds £5,000 (individually or cumulatively)
- Any unusual or systematic fraud, regardless of value (see definitions below)

Unusual fraud means “of a nature that is novel, unpredictable, highly sophisticated or otherwise rare”. This might be a new type of cyber-crime, for example. Systematic fraud shall be taken to mean “having implications for the wider system of financial and other controls”. This means that, where fraudulent activity exposes a weakness in the wider system- and is not ‘merely’ opportunistic – it should be reported.

It shall be for the Accounting Officer, in consultation with the Chief Financial Officer and taking such advice as is necessary to determine whether an instance of fraud is unusual and/or systematic. If in doubt, the DFE shall be notified as a precautionary measure.

Any fraud reported to the DfE must include the details below. The CEO and CFO must also ensure that this information is recorded for all instances, since the £5,000 threshold might subsequently be reached.

- Full details of the event(s) with dates
- The financial value of the loss
- Measures taken by the trust to prevent recurrence
- Whether the matter was referred to the police (and if not why)
- Whether insurance or the RPA have offset any loss