

## AURORA ACADEMIES TRUST

<b>Policy Title:</b>	Anti-Fraud Policy
<b>Policy Reference:</b>	AAT Anti-Fraud Policy Nov 2016
<b>Function:</b>	<u>For Information and Guidance</u> /Statutory
<b>Audience:</b>	Prospective Parents, Trustees, Governors, Regional Directors, Executive Headteachers, Heads, Teachers, Support Staff, as necessary
<b>Ownership/ Implementation:</b>	The Trustees/LAB Governing Body (as required) have overall responsibility for ensuring that this policy is implemented
<b>Version:</b>	001
<b>Approved by Trust Board:</b>	November 2016
<b>Next Date for Review:</b>	November 2018



# Anti-Fraud Policy

## ANTI FRAUD POLICY AND FRAUD RESPONSE PLAN

### 1. Introduction

- 1.1 This paper sets out the Trust strategies for minimising the risk of fraud, corruption and other irregularity and the plan for responding when such fraud, corruption or irregularities are suspected. This anti-fraud policy and fraud response plan complements the Trust Whistleblowing Policy.
- 1.2 This anti fraud policy and fraud response plan applies to you if you are an employee of the Aurora Academies Trust (the “Trust”) whether you work for the Trust in a school setting or in its central function.
- 1.3 The purpose of the procedure is to give a structure to improve conduct to the standards expected and to facilitate the fair dismissal of those who have not improved or whose conduct is so unacceptable as to warrant dismissal without notice. The aim is to ensure consistent and fair treatment for all employees.
- 1.4 The Trust delegates its authority in the manner set out in this procedure.

### 2. Definition of Fraud

- 2.1. Although there is no precise legal definition of fraud, the term is used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. Fraud can occur anywhere within the Trust and can present itself not simply as financial or financially motivated but covers areas including financial, reputational, employment and students. This policy covers all of the above.
- 2.2. For practical purposes for the application of this policy, fraud may be defined as the use of deception with the intention of:
  - a. Gaining an advantage, personally and/or for family or friends
  - b. Avoiding an obligation
  - c. Causing a financial loss to the Trust



### 3. Policy Statement

- 3.1. Those responsible for Trust management have a responsibility for the prevention, detection and investigation of irregularities. The Trust's internal audit service assists by examining and evaluating the adequacy and effectiveness of the actions taken to fulfil this obligation.
- 3.2 The Trust requires all employees to follow the Trust Financial Management Handbook and Procurement of Supplies and Services Policy and Framework procedures, which are designed to limit the opportunity for fraud and to identify any financial malpractice or misappropriation when procuring contracts for goods, works or services.
- 3.3 The Trust has implemented preventative measures to manage the risk of fraud, including the requirement for those involved in procurement to declare any personal interest in any transaction or proposed contract, such personal interest to include defined members of family, associates or companies in which the person or their defined family members hold an interest.
- 3.4 The Trust expects all employees and associated persons involved in procurement to exercise due diligence prior to entering into any contract, arrangement or relationship with a potential supplier of services, agent, consultant or representative where the contract exceeds £50,000, e.g. checks on the identity of directors and shareholders.
- 3.5 The Financial Management Handbook sets out the requirements for the segregation of duties when procuring goods and services, including the raising of Purchase Orders, receipt of goods and services, together with the authorisation of supplier invoices for processing and payment.
- 3.6 All instances of fraud or theft committed against the Trust, whether by employees or trustees or third parties, above £5,000 must be reported to the Education Skills and Funding Agency (ESFA). Any unusual or systematic fraud, regardless of fraud, must also be reported.
- 3.7 The ESFA will not tolerate fraud. It reserves the right to conduct or commission its own investigation into actual or potential fraud, theft or irregularity, in any academy trust either as a result of a formal notification from the trust itself or as a result of other information received. The ESFA may involve other authorities, including the police, as appropriate. The ESFA will publish reports into investigations it undertakes.
- 3.8 Irregularities include:
  - a. fraud, which includes the misappropriation of money and property



- b. corruption
- c. financial malpractice
- d. embezzlement
- e. serious mal-administration
- f. unethical practices that are not necessarily criminal
- g. dangerous acts or omissions creating health and safety hazards

3.9. The Trust's anti-fraud policy has the following components:

- a. The Trust creates an environment in which high standards of probity and accountability are expected. Trustees, Governors and staff register their outside interests and do not take part in decisions where they have such an interest. Clear guidance on the administration of finance and contracts is set out in the Financial Management Handbook and is complemented by the Trust Procurement of Supplies and Services Policy and Framework. There is an established Whistleblowing policy.
- b. All members of staff have a duty to comply with the Trust's regulations and to behave honestly and with integrity.
- c. The Trust Whistleblowing policy encourages staff to voice any reasonably held suspicion as part of an effective anti-fraud culture.
- d. This Whistleblowing policy sets out the Trust procedure and informs staff of their rights and obligations under the Public Interest Disclosure Act 1998. This legislation will protect employees from any reprisals as long as they meet the following rules:
  - 1. they must disclose the information in good faith
  - 2. they must believe it to be substantially true
  - 3. they must not act maliciously or make false allegations
  - 4. they must not seek any personal gain
- e. The Trust incorporates recommendations made by the internal audit service to strengthen the Trust's financial and operational systems of control.



## 4. Fraud Response Plan

### 4.1. Purpose

- a. The purpose of the plan is to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity.
- b. The use of the plan is intended to enable the Trust to:
  1. investigate the allegation of fraud as quickly as possible, in an unhindered way in order to determine whether the evidence is available to correctly identify that a fraud has taken place or not
  2. prevent further loss
  3. establish and secure evidence necessary for criminal and disciplinary action
  4. notify the ESFA if required
  5. recover losses
  6. take action against the culprits
  7. review the reason for the incident, the measures taken to prevent a recurrence and any action needed to strengthen future responses to fraud
  8. keep all personnel with a need to know suitably informed about the incident and the Trust's response
  9. inform the police and establish lines of communications
  10. assign responsibility for investigating the incident
  11. establish circumstances in which external specialists should be involved
  12. establish policies for follow on actions, such as future requests for references for employees involved in the incident



## 4.2. Action

- a. All actual or suspected incidents at a Trust level should be reported immediately to the Chief Executive Officer and/or Financial Director (unless the Chief Executive Officer and/or Financial Director is suspected, in which case it will be reported directly to the Chair of the Trust Governing Board) and Chair of the Finance and Audit Committee. The Chief Executive Officer will make any initial enquiries considered necessary to clarify the situation, either personally or via a nominated Investigating Officer, who will be a member of senior Trust management, but should then arrange a meeting of the Audit Committee to determine the initial response.

In the case of an actual or suspected incident at an Academy these should be reported immediately to the Headteacher (unless the Headteacher is suspected, in which case it will be reported directly to the Chair of Governors and Chief Executive Officer) and Chair of the Finance and Audit Committee. The Headteacher/Chair of Governors will make any initial enquiries considered necessary to clarify the situation, either personally or via a nominated Investigating Officer, who will be a member of the senior management team at the academy or a fellow governor respectively, but will then arrange a meeting of the Finance and audit Committee to determine the initial response.

Trust academies are required to report any allegations of fraud at the academy to the Trust Chief Executive Officer and the Trust Financial Director, without delay.

- b. The Audit Committee will decide the action to be taken including the need to commission special investigations and the resource implications. They will need to consider the following:
- c. Prevention of future loss
  1. this may require the suspension of a Trust employee with pay . This is to enable a thorough, unhindered and independent investigation to take place as quickly as possible. The suspension of the employee should not be seen as a form of punishment for the employee and does not imply any guilt on the part of the suspended employee
  2. the Trust reserves the right to suspend a Trustee of the Trust or a Governor of a local governing body if there is an allegation of fraud involving that Trustee/Governor that is being investigated and



ultimately to remove them from office if the allegation is substantiated, see Section d.3 below.

- a. suspects may need to be escorted from the premises and prevented from gaining future access, including access to the Trust's computer systems
- b. internal audit may consider that other related systems or areas should be investigated
- d. Action to be taken against the individual
  1. The Trust will follow disciplinary procedures against any member of staff who has committed fraud, which may result in dismissal. The Trust will normally pursue the prosecution of any such individual and the Trust reserves the right to involve the Police or other law enforcement agencies when investigating any allegations of fraud
  2. The circumstances in which the Trust will inform the ESFA about actual or suspected frauds are detailed in the Academies Financial Handbook. The Investigating Officer is responsible for informing the ESFA of any such incidents.
  3. Any removal of a trustee of the Trust and governor of a local governing body will be in accordance with the following procedure:
    - any removal of a trustee will be approved at a quorate meeting of the Trust Board and any removal of a governor will be approved at a quorate meeting of the local governing body, with seven days clear notice being given of the meeting, with the meeting Agenda being sent out with the notice of the meeting, including the item to be discussed and the item proposing the suspension or removal of the trustee/governor.
    - the trustee/governor will be given the opportunity to make representations.
- e. Recovery of loss

The amount of any loss should be quantified and repayment of losses sought in all cases. Where the loss is substantial legal advice should be obtained without delay from the Trust solicitors.



- f. Reporting to Governors at a Trust Academy
1. Any incident shall be reported without delay by the Headteacher to the Chair of the Finance and Audit Committee and to the Chief Executive Officer and Financial Director of the Trust. Follow up reports updating progress should be provided.
  2. Any variation from the approved fraud response plan, together with the reasons for the variations, shall be reported promptly to the Chief Executive Officer and/or the local Chair of Governors.
  3. A written report (normally prepared by Internal Audit) shall be submitted to the Trust Finance and Audit committee describing the incident, value of loss, individuals involved and the means of perpetrating the fraud. Also the measures taken to prevent a recurrence and any actions needed to strengthen future responses to fraud.

## 5 Monitoring Evaluation and Review

The Trust Board will review this policy at least every two years and assess its implementation, effectiveness and affordability.

