



FRAUD POLICY

To ensure all staff, Directors and Academy Council Governors are aware of their responsibilities for the proper use of Trust assets and finances.

Fraud is a serious matter and the Trust is committed to investigating all cases of suspected fraud.

Author	Sandra George
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Summary

This policy and procedure defines the expected conduct of all staff engaged at the Trust, whether in paid or voluntary employment, in relation to deterring and/or detecting fraud and corruption, and who to report it to.

It includes clear guidelines on what is acceptable in terms of gifts and hospitality and how these matters are declared.

Also, reference is made to other Trust policies where appropriate.

1. Introduction

Acorn Education Trust (the Trust) is committed to ensuring that it acts with integrity and has high standards of personal conduct. Everyone involved with the Trust has a responsibility in respect of preventing and detecting fraud. All staff, Academy Council Governors and Directors have a role to play. The Trust also recognises the role of others in alerting them to areas where there is suspicion of fraud.

Recognising a potential fraud and being able to report it is just as important as the measures to prevent and detect.

It is the duty of all employees, Directors and Academy Council Governors at the Trust to take reasonable steps to limit the possibility of corrupt practices, and it is the responsibility of the Auditors to review the adequacy of the measures taken by the Trust to test compliance and to draw attention to any weaknesses or omissions.

Any investigation carried out in relation to alleged irregularities is linked to the Trust's [Whistleblowing Policy](#).

2. Definitions

2.1. 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 in fact 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.

2.2. 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 Acorn Education Trust, its staff or Academy Council Governors and Directors.

2.3. Gifts and Hospitality

Any gifts, rewards and benefits that are disproportionately generous or that could be seen as an inducement to affect a business decision should be declared.

The acceptance of gifts and hospitality is a sensitive area where actions can easily be misconstrued. Therefore, employees' actions should be such that they would not be embarrassed to explain them to anyone.

Irregularities fall within the following broad categories, the first three of which are criminal offences:

- **Theft** - the dishonest taking of property belonging to another person with the intention of depriving the owner permanently of its possession;
- **Fraud** - the intentional distortion of financial statements or other records by persons internal and external to the Trust, which is carried out to conceal the misappropriation of assets or otherwise for gain;
- **Bribery and corruption (gifts and hospitality policy)** involves the offering or the acceptance of a reward, for performing an act, or for failing to perform an act, which leads to gain for the person offering the inducement;
- **Failure to observe**, or breaches of the [Scheme of Delegation](#) and [Academies Financial Handbook](#) which in some circumstances can constitute an irregularity, with potentially significant financial consequences.

2.4. Examples of what could constitute fraud and corruption are

- Theft of cash
- Non-receipt of income
- 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 Trust
- Failure to observe, or breaches of regulations and/or other associated legislation laid down by the Trust
- Unauthorised borrowing of equipment
- Breaches of confidentiality regarding information
- 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

2.5. The above list is not exhaustive and fraud and corruption can take many different paths. If in any doubt about whether a matter is an irregularity or not, clarification must be sought from the Business and Finance Director.

2.6. Similarly, if there is concern or doubt about any aspect of a matter which involves an irregularity, or an ongoing investigation into a suspected irregularity, the best approach is to seek advice from the Chief Executive Officer.

3. Policy Statement

3.1. This policy and procedure defines Anti-Fraud & Corruption and offers guidance for all staff in the Trust.

3.2. 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 Trust business. This document sets out the Trust's policy and procedures for dealing with the risk of significant fraud or corruption. In order 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.

3.3. This policy, in line with the Trust's corporate values of integrity, consistency, impartiality, fairness and best practice, provides both staff and management with mutually understood guidelines for the administration of this procedure.

3.4. The scope of this procedure extends to all Trust employees, permanent, voluntary and fixed term.

3.5. Time limits specified in this document may be extended by mutual agreement.

3.6. If requested, employees may be accompanied by a recognised trade union representative or work colleague, not involved in any part of the process, at any interviews.

4. Roles and Responsibilities

4.1. Staff, Academy Council Governors and Directors

Acorn Education Trust has adopted the following measures to demonstrate its commitment to anti-fraud and corruption:

- The Finance & Audit Committee meets regularly;
- A requirement for all staff, Directors and Academy Council Governors to declare prejudicial interests and not contribute to business related to that interest;
- A requirement for staff, Governors and Directors to disclose personal interests;
- All staff, Academy Council Governors and Directors are made aware of the understanding on the acceptance of gifts and hospitality;
- Clear recruitment policies and procedures.

Staff, Academy Council Governors and Directors also have a duty to report another member of staff, Academy Council Governor or Director whose conduct is reasonably believed to represent a failure to comply with the above.

4.2. Auditors

The Trust Auditors have specific responsibility for overseeing the financial arrangements on behalf of the Directors.

The main duties of the Auditors is to provide the Directors with on-going independent assurance that:

- The financial responsibilities of the Directors are being properly discharged;
- The resources are being managed in an efficient, economical and effective manner;
- Sound systems of financial control are being maintained; and
- Financial considerations are fully taken into account in reaching decisions.

4.3. Chief Financial Officer (CFO)

The CFO has a responsibility for ensuring that effective systems of internal controls are maintained and will safeguard the resources of Acorn Education Trust. The CFO is also the Business and Finance Director.

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

- Proper procedures and financial systems;
- Effective management of financial records;

- Management of the Trust's financial position.

4.4. 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 financial reporting and annual accounting requirements issued by the Department for Education.

5. Reporting a Suspected Fraud

5.1. All allegations of suspected fraud and irregularities are to be brought to the attention of the CEO and also referred to the Business and Finance Director, unless this individual is involved in the irregularity in which case the Chair of Directors should be informed.

5.2. Please refer to the [Trust Whistleblowing Policy](#) for further guidance.

6. Response to Allegations

6.1. The Business and Finance Director will have initial responsibility for co-ordinating the initial response. In doing this he/she will consult with the Human Resource Director regarding potential employment issues. The HR Director will also see legal advice from the Trust's solicitors on both employment and litigation issues before taking any further action.

6.2. The CEO and Business and Finance Director will ascertain whether or not the suspicions aroused have substance. In every case, and as soon as possible after the initial investigation, they will pass the matter on to the Chair of Finance Committee. Even if there is no evidence to support the allegation, the matter must be reported.

6.3. The Audit Committee will undertake the management of the investigation.

6.4. They will, if appropriate, conduct a preliminary investigation to gather factual information and reach an initial view as to whether further action is required.

6.5. They will determine whether the findings, conclusions and any recommendations arising from the preliminary investigation should be reported to the Chair of Directors.

6.6. If further investigations are required, they will determine which outside agencies should be involved (police, auditors).

- 6.7. The CEO is required to notify the Directors of any serious financial irregularities. This action will be taken at the first opportunity following the completion of the initial investigations and will involve keeping the Chair of Directors fully informed between meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.
- 6.8. If evidence of fraud is forthcoming then the Directors will inform the Department for Education as required by the Funding Agreement and will consider whether or not to refer the matter to the police.

7. Confidentiality and Safeguards

- 7.1. Acorn Education 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. The Trust will not tolerate harassment or victimisation and will do what it lawfully can to protect an individual when a concern is raised in good faith.
- 7.2. 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.
- 7.3. There is a need to ensure that the process is not misused. For further guidance refer to the Trust **Disciplinary, Grievance and Capability policy**.

8. Preventative Measures

- 8.1. The main aim of this policy is prevention as dealing with fraud can be costly, time-consuming, disruptive, and lead to unwelcome adverse publicity.
- 8.2. Leadership
- Directors, Academy Council Governors and senior leaders must be selfless and open, and should lead by example and adhere to the Trust's policies.
- 8.3. Internal Control
- Fraud can be minimised through carefully designed and consistently operated internal controls, which deny or reduce opportunities for fraud. Staff must comply with and should receive training in the Trust's policies on segregation of duties, data security and conflict of interest, and the Trust's financial regulations.
- A continuous review of systems by Auditors may deter attempted fraud and should result in continuous improvements to the processes and controls which

prevent or deter fraud. The risk of fraud should be a major consideration in the inspections and internal audit plans.

8.4. Staff

The standards of conduct expected of staff are detailed in the staff handbook. Staff must be screened before appointment, particularly for posts with financial responsibility and the following controls should be applied:

- References should cover a continuous period of at least 5 working years, and any gaps should be explained
- references should cover character, in addition to academic or other achievements
- doubts about the contents of references should be resolved before confirming the appointment; if this is done by telephone, a written record of the discussion should be kept
- essential qualifications should be checked before making an offer of employment, for example by requiring original certificates at the interview
- Disclosure Barring Service (DBS) checks should be obtained for all Trust appointments and contractors (where they will work on site, unsupervised during school timetable hours)

8.5. Cash other than Petty Cash

Management of cash should include the following:

- All cash and cheques must be kept in the School Office safe prior to banking. Banking should take place every week or more frequently if the total of cash held in school exceeds the limit allowed by the [Scheme of Delegation](#) and the Trust's insurance arrangements.
- Systems should prevent one person from receiving, recording and banking cash. Where this is not possible or practical there should be adequate supervisory checks to ensure that receipts are controlled and reconciled to cash banking.
- Monies collected must be banked in their entirety in the appropriate bank account. The Finance Officer is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The Business and Finance Director shall authorise reconciliations.
- The latest technologies and commercial services should be adopted where they are secure, affordable and improve the control of Trust finances by reducing the use of cash and the opportunity to commit fraud.

- The Auditors will review cash management procedures annually to ensure best practice is applied.
- When unoccupied, the Finance Office will be locked and cash and cheques will be locked in the official Trust safe.

8.6. Petty Cash

The Trust maintains petty cash funds to pay for small, miscellaneous expenditures or emergency supplies. Petty cash funds should be small enough so that they do not tie up Trust assets or become targets for theft, but should be large enough to lessen the inconvenience of frequently replenishing them.

The academy will hold a cash balance and departmental petty cash floats in accordance with the levels determined by the Finance Committee and recorded in the [Financial Scheme of Delegation](#).

Typically petty cash funds should not need to be replenished more than twice in any accounting period. More frequent top-ups must be reviewed by the Business and Finance Director to ensure that the fund is being used appropriately and not as means of expediency to circumvent the Financial Regulations. Any investigation must be recorded and reported to the Finance Committee.

- 8.7. In the interests of security, efficiency and value for money, the Finance Officer will arrange supplier accounts where repeated and frequent purchases are made from petty cash.
- 8.8. The Central Finance Office will maintain a register of Petty Cash accounts with details of authorised custodians.
- 8.9. Authorised custodians must sign the register to acknowledge responsibility for the cash in their custody and that they have read and understood the regulations relating to Petty Cash Accounts.
- 8.10. Senior Leaders shall ensure that adequate security arrangements are in place to hold petty cash floats and ensure that only authorised custodians transfer cash to and from departmental cash boxes.
- 8.11. Senior Leaders shall ensure that only authorised custodians hold voucher books and issue vouchers.
- 8.12. The cash is administered by the School Finance Officer and is kept in the School Office safe.
- 8.13. Vouchers and receipts for petty cash disbursements shall be obtained and forwarded to the Central Finance Office with the departmental petty cash control sheet, duly reconciled and signed.

8.14. Cheques

Cheques are often completed in ways which facilitate opportunist fraud. Cheques are sometimes intercepted by organised criminals who falsify payee and value details using sophisticated techniques. Debtors may also be told to make cheques payable to a private account, possibly using an account name which is similar to that of the Trust.

The following preventative measures should be taken:

- Unused, completed and cancelled cheques should never be left unsecured. Except in the Central Finance Office, cheques awaiting signature must be handed to signatories in person.
- If cheques are destroyed a record of the serial numbers should be maintained.
- Debtors must be given clear instructions to send payments to the School Office, not the department which has provided the goods or services
- Where possible, debtors must be encouraged to use electronic bank transfers in accordance with the Financial Regulations.
- Signatories must not, under any circumstances, sign blank cheques

8.16. Purchasing

Preventative measures should be taken as follows:

- Procurement of all goods and services must be supported by a signed and authorised purchase order, submitted to the Finance Department prior to placing the order
- Invoice amounts must be matched to the purchase order commitment in all cases. Where order variations occur, these should be supported by an authorised explanation or authorised order variation
- Where possible, a certified delivery note should be matched to the invoice for payment. If a delivery note cannot be attached, the invoice must be signed 'goods received'
- All items with a value in excess of £100, other than consumables, must be labeled and recorded in the Trust's asset register

8.16. Assets

Preventative measures should be taken as follows:

- All assets with a purchase price of more than £100 will be recorded in the Trust's inventory system in accordance with the Trust's financial regulations and the financial Scheme of Delegation.

- All assets entered in the Trust's inventory system to be marked and uniquely identified with an official Trust asset label
- Annually, department heads will perform an asset stock check of their areas of responsibility and immediately report any discrepancies or irregularities which cannot be resolved to the Finance Office.
- The Finance Office will notify the Finance Committee if discrepancies or irregularities cannot be resolved by them.
- The removal of any asset from its recorded location must be authorised, reported to the finance office and noted on the Trust's inventory system.

8.17. Information Security

The Trust and finance department receives and stores large amounts of electronic and physical data. The Trust has a responsibility to protect sensitive information relating to the Trust, the students, employees and other organisations it may work with. To reduce the opportunity to obtain sensitive, personal or commercial information, the finance team will:

- Operate a Clear Desk policy which means that all files and documents will be locked in secure cabinets when the office is closed or unoccupied
- Use dedicated servers (or virtual servers) to store all electronic finance documents and accounting data
- Restrict accessibility to accounting systems to the finance office and will not allow it to be accessible from any other location. The client software for the accounting system may not be installed on any computer outside of the finance office without the permission of the Executive Business Team.
- Prevent remote user login to the accounting system except for named individuals who may be required to connect to the accounting systems for maintenance or security or business continuity purposes.
- Use a group email account for all communications with customers, suppliers and official bodies for the communication of financial information
- The group email account must only be available to members of the finance office
- Regularly review and update procedures to ensure that, whilst complying with accounting standards, the finance team takes every opportunity to employ technology and commercial systems to reduce its use of paper and paper-based systems.

9. Links with other Policies

9.1. The Trust is committed to preventing fraud and corruption. To help achieve this objective there is a clear network of systems and procedures in place for the prevention, detection and investigation of fraud and corruption. This Fraud policy attempts to consolidate those in one document and should be read in conjunction with the following Trust policies:

- [Whistleblowing Policy](#)
- [Scheme of Delegation](#)
- [Academy Financial Handbook](#)
- Gifts and Hospitality Policy
- Disciplinary and Dismissal Policy
- Equal Opportunities Policy