

SOUTH BANK ACADEMIES

Anti-Fraud Policy

Introduction

South Bank Academies (Trust) aims to be an honest and ethical multi-academy trust and as such is opposed any means of fraud. The Trust will seek to eliminate fraud by the way it conducts business taking a zero tolerance approach to fraud and any areas of malpractice, in all cases the Trust will consider whether the matter will be reported to the police.

All staff, 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.

South Bank Academies 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.

Aim

In an aim to eliminate fraud the Trust will:

- include in this policy a formal statement of its expectations on standards of personal conduct, propriety and accountability
- the establishment of adequate and effective systems of internal financial and management control, and an independent audit function with an on-going responsibility to review and report on these systems
- include in this policy 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 Trust and a fraud response plan, which sets out the Trust's policies and procedures to be invoked, following the reporting of possible fraud or the discovery of actual fraud.

Definition of fraud

Fraud can be defined as the use of deception with the intention of:

- Gaining an advantage, personally and/or for family or friends
- Avoiding an obligation
- Causing a financial loss to the Trust or one of its schools

Whilst not a definitive list, the main types of fraud are:

- The theft of cash, assets or any other property of the Trust by staff or students
- False accounting – dishonestly destroying, defacing, concealing or falsifying any account, record or document required for any accounting purpose, with a view to personal gain or gain for another, or with the intent to cause loss to the Trust or furnishing information which is or may be misleading, false or deceptive
- Deliberate claiming of expenses that were not incurred on Trust business, or the use of Trust Charge Cards for the same purpose
- Abuse of position – abusing authority and misusing Trust resources or information for personal gain or causing loss to the Trust
- Entering into unfavourable contracts or arrangements with suppliers in order to benefit personally from the relationship.

- Attempting to make payments to the Trust with a stolen or unauthorised credit/debit card.

Operation

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 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 employees of the Trust must at all times conduct financial affairs in an ethical manner.
- All members of staff and lay members of Trust committees are responsible for disclosing any personal, financial or beneficial interest in any transaction with respect to the Trust 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 she/he has a personal interest must disclose this to the Trust Business Manager. The Trust Business Manager should disclose any personal interest to the CEO.
- Employees of the Trust shall never use their office or employment for personal gain and must at all times act in good faith with regard to the Trust's interests.
- Budget Holders are expected to adhere to the Financial Regulations at all times and to use their best efforts to prevent misuse or misappropriation of funds and other Trust property.

Taken together, these represent a statement of the framework within which employees are expected to conduct themselves.

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.

HR 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 course of 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 Handbook. The Financial Handbook is reviewed, updated and issued

periodically by the Trust Business Manager, following approval by the Trust Board. They are binding on all members of staff, students and constituent parts of the Trust.

Independent auditors provide advice to management in respect of control matters and conduct 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).

The Trust will work closely with Police and other appropriate agencies to combat fraud.

Computer system controls have been implemented to minimise any illegal access to certain sensitive programmes and databases. These include password logon control, access control into programmes and firewalls.

Fraud response

The Fraud Response Plan 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 Trust retains control of its affairs in a crisis; and
- make 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 in order 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 Academy; and create an environment which, because it is perceived as being ill-prepared, increases the risk of fraud.

Fraud plan

The main elements of the Trust's plan are as follows.

- All members of staff, students and constituent parts of the Trust are required to notify immediately the Trust Business Manager 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 Trust Business Manager will ascertain whether or not the suspicions aroused have substance. She/he 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 CEO.

- The CEO will have the initial responsibility for co-ordinating the Trust's response. In doing this she/he will seek advice from a Solicitor or Employment Law advisor regarding potential employment or litigation issues before taking any action.
- In the event of suspected fraud involving the Trust Business Manager or the CEO, any members of staff, students and constituent parts of the Trust are asked to notify the Chair of the Audit Committee.
- The Trust is required to notify the Trust Board of any acts of fraud or financial irregularities. This action will be taken at the first opportunity following the completion of the initial investigations.
- The CEO will keep the Chair of the Trust Board and the Chair of the Audit Committee fully informed between committee meetings of any developments relating to control weaknesses, fraud or accounting breakdowns.
- A report on any matters arising will be presented to every Audit Committee meeting.
- The Trust has a Speak Up/Whistleblowing policy that allows staff, students and other associated stakeholders to disclose information regarding perceived malpractice without fear of reprisal.
- If evidence of a fraud is forthcoming then the Trust Board will inform the DfE as required by the Funding Agreement and in all cases will consider whether to refer the matter to the police.

Monitoring and Evaluation

The Trust Board and CEO will monitor the operation and effectiveness of the Trust's Fraud Policy at specified intervals.