



Zest Academy Trust

Fraud Policy Procedures

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Person Responsible: CFO

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Fraud Policy and Procedures

Introduction

The Academy 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 academy's policy and procedures for dealing with the risk of significant fraud or corruption in line with the Trusts risk register and the Academies Trust Handbook 2022.

In order to minimise the risk and impact of fraud, the Trusts 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.

In order to achieve these objectives, the Trust has taken the following steps:

- The development and publication of a formal statement of its expectations on standards of personal conduct and accountability.
- The establishment of adequate and effective systems of internal financial management control and a clear requirement to comply with them.
- External reviews and reporting on financial management control systems within the Trust and its academies are in place.
- 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 Trusts policies and procedures to be invoked following the reporting of possible fraud or the discovery of actual fraud.

These steps are described in greater detail in the following sections

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 Trusts expectations regarding standards of personal conduct, the following key statements provide appropriate guidance:

These regulations are binding on all members, 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, Zest Academy Trust and its academies must demonstrate that it is adopting high standards of financial probity. Implicit within this regime is the requirement

that members, trustees, governors and employees of the Trust must at all times conduct financial affairs in an ethical manner.

All Academy council members, Trustees, Members and members of staff of the Trust are responsible for disclosing any personal, financial or beneficial interest in any transaction with respect to the Trust or its related academies, minority interest companies and trading areas. This is done through the declaration of interest forms which are completed annually.

Any person who is responsible for placing an order with a supplier with whom he has a personal interest must disclose this to the CEO or CFO.

Members, trustees, Academy council members or 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 Trusts interests.

Budget holders are expected to adhere to the financial regulations and procurement policy 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 members, trustees, governors or employees are expected to conduct themselves.

System 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 and monitoring 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 course of the recruitment process, including enhanced Disclosure and Barring Service (DBS) checks.

The general framework of responsibilities for financial management and the policies relating to the broad control and management of the Trust and its academies are documented in the Financial Regulations. The financial regulations are issued and updated periodically by the CFO following approval by the Trust Board on behalf of the academies governing body. They are binding on all members, trustees, governors or employees, members of staff, students and constituent parts of the academy and are distributed to the Head of School, Senior Leadership Teams, and staff with financial responsibilities.

Fraud response

The fraud response plan sets out the Trusts 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 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 Trusts plan are in line with the whistleblowing policy as stated in the financial regulations and are outlined below:

- All members, trustees, governors, members of staff, students and constituent parts of the Academy are required to notify immediately the CEO and/or the CFO of any financial suggesting the possibility or irregularity, affecting the financial procedures, stores or other property of the Academy. CEO and/or the CFO should bring this to the attention of the Chair of the Trust Board immediately.
- The CEO and/or CFO will ascertain whether or not the suspicions aroused have substance. he/she 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, conclusion and any recommendations arising from the preliminary investigation will be reported to the Chair of the Trust Board.
- The CEO will have the initial responsibility for coordinating the Trusts response. In doing this he/she will consult with the trusts human resources advisor regarding potential employment issues. The CEO will also seek expert legal advice from the trusts legal advisor on both employment and litigation issues before taking any further action.

- The CEO is required to notify the Trust Board of any serious 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 Chair of 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.
- If evidence of a fraud is forthcoming then the Trust Board will inform the Education Skills Funding Agency (ESFA) as required by the funding agreement and will consider whether or not to refer the matter to the police.

All elements of fraud will be reported to the ESFA. The ESFA reserves the right to conduct or commission its own investigation into actual or potential fraud, theft or irregularity in any Trust or academy either as the result of a formal notification from the Trust itself or as the result of other information received.

Monitoring

The Trust will monitor the effectiveness of all policies and procedures.

Related policies:

The following policies are related to this policy:

- Anti-bribery policy
- Assets and depreciation policy
- Academies trust handbook
- Investment policy
- Reserves policy