



Zest Academy Trust

Fraud Response Plan

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Person Responsible: CFO

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Registered in England No. 8087508 Company Limited by Guarantee

Fraud Response Plan

Introduction

The fraud response plan sets out the Trusts 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

The use of the plan should enable the Trust to:

- prevent further loss;
- establish and secure evidence necessary for criminal and disciplinary action;
- notify other funding agencies, if the circumstances are covered by requirements of the Academies Trust Handbook;
- recover losses;
- punish the culprits;
- review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud;
- keep all personnel with a need to know suitably informed about the incident and the Trust's response;
- inform the police and establish lines of communication with the police;
- assign responsibility for investigating the incident;
- establish circumstances in which external specialists should be involved.

Initiating Action

All actual or suspected incidents should be reported without delay to the CFO and Finance or the CEO. If the allegations are against the CEO or CFO or other Trust Board appointee, then the Chair of the Trust Board should be contacted. The CFO shall, normally within 24 hours, hold a meeting of the following Project Group to decide on the initial response:

- COO;
- HR Consultant
- ICT Manager;
- CEO / CFO

The project group will decide on the action to be taken. This will normally be an investigation, led by the Trusts internal auditor.

The Chair of the Trust Board and the Trust's external auditors should be informed of the suspected fraud and kept up to date on the work of the above mentioned project group.

The Trust Board has the authority to commission a special investigation.

Prevention of Further Loss

Where initial investigation provides reasonable ground for suspecting a member or members of staff of fraud, the project group will decide how to prevent further loss.

Any suspension of staff will be in accordance with the Trust disciplinary policy. It may be necessary to plan the timing of suspension to prevent the suspect(s) from destroying or removing evidence that may be needed to support disciplinary or criminal action. In these circumstances, the suspect(s) should be approached unannounced. They should be supervised at all times before leaving the Trust's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the Trust. Any keys to premises, offices or furniture should be returned.

The Site Manager shall be required to advise on the best means of denying access to the Trust premises, while suspects remain suspended. Similarly the ICT Manager shall be instructed to withdraw without delay access permissions to the Trust's computer systems.

The internal auditor shall consider whether it is necessary to investigate systems other than that which has given rise to suspicion, through which the suspect may have held opportunities to misappropriate the Trust's assets.

Establishing and Securing Evidence

A major objective in any fraud investigation will be the punishment of any perpetrator, to act as a deterrent to other potential perpetrators. The Trust will follow disciplinary procedures against any member of staff who has committed fraud and if appropriate will pursue the prosecution of any such individual.

The CEO/CFO in conjunction with the Internal Auditor will:

- ensure that evidence requirements will be met during any fraud investigation;

- establish and maintain contact with the police; and
- ensure that members of staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

Notifying Other Parties

In accordance with the Academies Trust Handbook, when any instance of fraud or theft which exceeds the value notified by the Department of Education or appears to be systematic is discovered, the Secretary of State must be notified, via the DFE.

The CFO is responsible for informing the Chair of the Audit Committee and the Secretary of State of any such incidents.

Where the financial statements and regularity auditor, the internal auditor or the funding bodies' funding auditor identifies a significant fraud, or major weakness or breakdown in the accounting or other control framework, it must be reported (subject to the requirements of the Proceeds of Crime Act 2002) to the CFO of the Trust, and the Secretary of State as soon as practically possible.

Recovery of Losses

Recovering losses is a major objective of any fraud investigation. The internal auditor shall ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of losses should be sought in all cases.

Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the Court, pending conclusion of the investigation. Legal advice should also be obtained about prospects for recovering losses through the Civil Court, where the perpetrator refuses repayment. The Trust would normally expect to recover costs in addition to losses.

Reporting to the Trust Board

Any variation from the approved fraud response plan, together with reasons for the variation, shall be reported promptly to the Chair of the Trust Board

On completion of a fraud investigation, a written report shall be submitted to the Trust Board. If fraud has been established, then the report shall contain:

- a description of the incident, the people involved and the means of perpetrating the fraud;
- the measures taken to prevent a recurrence;
- quantification of losses;
- progress with recovery action;
- progress with disciplinary action;
- progress with criminal action;
- actions taken to prevent and detect similar incidents.

This report will normally be produced by the person carrying out the investigation.

Responsibility for Investigation

The internal auditor shall normally lead all fraud investigations. Management shall not normally undertake fraud investigations, although management should co-operate with requests from Internal Audit.

Some special investigations may require the use of technical expertise, which the Internal Auditor does not possess. In these circumstances, the project group may approve the appointment of external specialists to lead or contribute to the special investigation.

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
- financial management handbook
- investment policy
- reserves policy