

DIOCESE OF  
**ST ALBANS**  
MULTI-ACADEMY TRUST

# Fraud Policy

<b>Policy type</b>	Trust Core Policy
<b>Adopted by the Trust Board</b>	
<b>For review</b>	
<b>Person responsible</b>	Chief Operating Officer

This policy is a mandatory policy for all DSAMAT Academies and must be implemented with no amendments.

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## 1. Introduction

- 1.1 The Diocese of St Albans Multi-Academy Trust (DSAMAT) aims to be an honest and ethical institution and as such is opposed to any means of Fraud. The Trust will seek to eliminate fraud by the way it conducts DSAMAT 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.
- 1.2 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, propriety and accountability;
  - The establishment of adequate and effective systems of internal financial and management control (and a clear requirement to comply with them), a Finance & Operations Committee who cover both audit and risk;
  - The development and publication of a formal statement (Whistle Blowing Policy) 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.

## 2. Personal Conduct

- 2.1 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 officers, 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 officers and employees of the Trust must at all times conduct financial affairs in an ethical manner.
  - All budget holders 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 he/she has a personal interest must disclose this to the Trust.
  - Officers 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 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 officers and employees are expected to conduct themselves.

### 3. Systems of Internal Control

- 3.1 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 checks 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 DBS checks.
- 3.2 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 Regulations. The Financial Regulations are issued and updated periodically by the Chief Operating Officer following approval by the Finance/Operations & Audit Committee on behalf of the Trust. They are binding on all officers, members of staff, students and constituent parts of the Trust and are distributed to Budget Holders and Financial Managers. All financial operations are covered by documented Financial Procedures which sets out in greater detail the expected controls which should operate within the key operational systems.

### 4. Fraud Response

- 4.1 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.
- 4.2 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.

## 5. Fraud Plan

- 5.1 The main elements of the Trust's plan are as follows:
- 5.2 All officers, members of staff, students and constituent parts of the Trust are required to notify immediately the Chief Operating Officer of any financial irregularity, or any circumstance suggesting the possibility of irregularity, affecting the financial procedures, cash, stores or other property of the Trust.
- 5.3 The Chief Operating Officer 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, conclusions and any recommendations arising from the preliminary investigation will be reported to the Chief Executive Officer.
- 5.4 All officers, members of staff, students and constituent parts of the Trust are required to notify immediately the Chief Executive Officer, if they suspect the Chief Operations Officer of any financial irregularity, or any circumstance suggesting the possibility of irregularity, affecting the financial procedures, cash, stores or other property of the Trust.
- 5.5 All officers, members of staff, students and constituent parts of the Trust are required to notify immediately the Chair of the Board of Trustees, if they suspect the Chief Executive Officer of any financial irregularity, or any circumstance suggesting the possibility of irregularity, affecting the financial procedures, cash, stores or other property of the Trust.
- 5.6 The Chief Executive Officer will have the initial responsibility for co-ordinating the Trust's response. In doing this he/she will seek advice from a Human Resources Advisor, regarding potential employment issues. The Chief Executive Officer will also seek expert legal advice from the Trust's Solicitors on both employment and litigation issues before taking any further action.
- 5.7 The Chief Executive Officer 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 and will involve keeping the Chair of the Trust fully informed between committee meetings of any developments relating to control weaknesses, fraud or accounting breakdowns.
- 5.8 If evidence of a fraud is forthcoming then the Trust Board will inform the ESFA as required by the Funding Agreement and will consider whether or not to refer the matter to the police.

## 6. Monitoring and Review

- 6.1 The Trust has delegated to the Finance & Operations Committee the responsibility for reviewing the implementation and effectiveness of this policy. The Trust will approve all major changes to this policy. The policy will be promoted and published throughout the Trust.
- 6.2 The policy will be reviewed every three years or if there are changes to the relevant legislation.