

Charles Darwin Academy Trust

This policy applies to all schools in CDAT

Prevention of Fraud Policy and Procedures

1. Introduction

1.1 Charles Darwin Academy Trust (referred to as 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 its 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 systems which prevent and deter 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:

1. The development and publication of a formal statement of its expectations on standards of personal conduct, propriety and accountability.
2. The establishment of adequate and effective systems of internal financial and management control (and a clear requirement to comply with them), via a Finance Committee and a separate Audit and Risk Committee. The latter committee organizes the internal scrutiny process including an independent internal audit function with an ongoing responsibility to review and report on these systems.
3. 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 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.

These three steps are described in greater detail in the following sections.

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 protocols are binding on all members of staff. 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 Members/Trustees/Governors are responsible for disclosing any personal, financial or beneficial interest in any transaction with respect to the Trust.
- Any person who is responsible for placing an order with a supplier (whether a contractor or not) must complete a Register of Business Interests form at the beginning of each academic year. If an order is placed with a supplier with whom a person has a personal interest it must be disclosed to the relevant school's Finance Officer.
- Employees shall never use their office or employment for personal gain and must at all times act in good faith with regard to the interests of the Trust.
- Budget Holders are expected to adhere to the CDAT Financial Regulations at all times and to use their best efforts to prevent misuse or misappropriation of funds and other school property.

Taken together, these represent a statement of the framework within which employees are expected to conduct themselves. These requirements will also be stated within documentation which is distributed to all members of staff.

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 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 DBS checks.
- 3.2 The general framework of responsibilities for financial management and the policies relating to the broad control and management of the school are documented in the CDAT Financial Regulations (which includes the individual school financial procedures) and other CDAT policies. These are reviewed and approved annually by the Trust Board Finance and Audit Committee on behalf of the Trust. Budget holders will be informed of significant changes. The contents of the documents are binding on all members of staff and are available to all Budget Holders.
- 3.3 The Trust has also established a Finance Committee and a separate Audit and Risk Committee and an independent internal audit function which provides advice to management in respect of control matters and which conducts 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).

4. Fraud Response

- 4.1 The Fraud Response Plan below sets out the Trust's 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.

Fraud Response Plan

1. All members of staff are required to notify immediately the school's Headteacher of any financial irregularity, or any circumstance suggesting the possibility of irregularity, affecting the financial procedures, cash, stores or other property of the Trust.
2. The Headteacher will ascertain whether or not the suspicions aroused have substance. The Headteacher will liaise with the CEO and 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 Audit and Risk Committee.
3. The CEO will have the initial responsibility for co-ordinating the school's response. In doing this he will consult with the school's HR consultants regarding potential employment issues.
4. The CEO is required to notify the Local Governing Body 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 Audit and Risk Committee and Chair of the CDAT Board fully informed between committee meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.

5. If evidence of a fraud is forthcoming then the CEO and/or the Chair of the CDAT Board will inform the DfE as required by the Funding Agreement and will consider whether or not to refer the matter to the police.

Approved by the Finance Committee on 15th March 2021