



Summit Learning Trust

Fraud Policy

Approved by:	Finance & Resources	Date: October 2021
Last reviewed on:	October 2021	
Next review due by:	October 2023	
Monitoring & Review	Finance Director, Principals, Audit & Risk Committee	
Links	Academy Trust Handbook, Expenses policy, Gifts and Hospitality policy	
Staff responsible	Finance Leads, Principals, Finance Director, CEO, Finance & Resources Committee	

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1. Rationale

The Summit Learning 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 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.

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), and an independent External Audit Check 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

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 Trustees, Governors and members of staff and volunteers. 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 Trustees, Governors and employees of the Trust must at all times conduct financial affairs in an ethical manner.
- all members of staff, Trustees and Governors of Trust 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) with whom they have a personal interest must disclose this to their setting's Principal or the Trust Finance Director.

- Trustees, Governors 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.
- Department/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 Directors and employees are expected to conduct themselves.

3. 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. 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.

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 Procedures. The Financial Procedures are issued and updated periodically by the Finance Director. They are binding on all Trustees, Governors, members of staff and volunteers of the Trust and are distributed to the Principals and the Finance Leads to distribute accordingly.

The Trust has also established an Audit & Risk Committee and an independent External Audit Check 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

This document 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 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 Trust's policy are in line with the Whistleblowing Policy and are outlined below:

1. All Trustees, Governors, members of staff and volunteers of the Trust are required to notify immediately the Principal and/or the Finance Director 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 Principal and/or the Finance Director should bring this to the attention of the Chief Executive Officer who will report it to the Chair of the Trust Finance & Resources Committee immediately.
2. The Principal and/or the Finance Director 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 who will report it to the Chair of the Trust Finance & Resources Committee.
3. The Principal will have the initial responsibility for coordinating the individual Academy's response. In doing this he/she will consult with the Trust's HR department regarding potential employment issues. The Principal will also seek expert legal advice from the Trust's Legal Advisor on both employment and litigation issues before taking any further action.
4. The Principal is required to notify the Chief Executive Officer or Finance Director 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 Chair of the Directors fully informed between committee meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns. The Chief Executive Officer or Finance Director will report it to the Chair of the Trust Finance & Resources Committee.
5. If evidence of a fraud is forthcoming then the Board of Trustees will inform the DfE as required by the Funding Agreement and will consider whether to refer the matter to the Police.