



Astrea Academy Trust
INSPIRING BEYOND MEASURE

Astrea Fraud Policy

2020/21

Date	September 2020
Written by	Executive Director of Finance
Adopted by Trustees	July 2020
Review Date	July 2021, then annually upon publication of the Academies Financial Handbook

Principles

The Trust has a duty to safeguard public money and to ensure probity, regularity and value for money.

Fraud is deception carried out in order to gain an unfair advantage or to disadvantage another. It may involve the misuse of funds or other resources, or the supply of false information. Common types of fraud include theft, fictitious and or falsified invoices and credit card fraud.

To ensure that the Trust remains vigilant for risk, it will continue to have regard to [the advice of the ESFA](#) (March 2018 and subsequent versions).

Alerting the Trust to Fraudulent Activity

Any person who suspects fraud must report it in line with the Trust's Whistleblowing Policy, available on the Astrea Academy Trust main website.

The disclosure will be investigated in line with this policy and the Executive Director of Operations shall consider the need to commission external financial expertise.

Employees must be aware that fraud constitutes gross misconduct and the Trust will be robust in its use of the Disciplinary Policy, available on the Astrea Academy Trust main website.

Reporting

All incidents of fraudulent activity must be reported to the Finance, Risk and Audit Committee of the Trustees. The report must include any "lessons learned", including an indication of any actions to be undertaken and the appropriate timeline.

The Trust shall consider reporting the fraudulent activity to the police on a case-by-case basis.

The following instances of fraud must be reported to the ESFA as soon as possible:

- Any instance where the value of the fraud exceeds £5,000
- Where the total value subject to fraud in any given academy financial year exceeds £5,000
- Any unusual or systematic fraud, regardless of value (see definitions below)

Unusual fraud means "of a nature that is novel, unpredictable, highly sophisticated or otherwise rare". This might be a new type of cyber-crime, for example.

Systematic fraud shall be taken to mean "having implications for the wider system of financial and other controls". This means that, where fraudulent activity exposes a weakness in the wider system- and is not 'merely' opportunistic – it should be reported.

It shall be for the Accounting Officer, in consultation with the Executive Director of Finance and taking such advice as is necessary to determine whether an instance of fraud is unusual and/or systematic. If in doubt, the ESFA shall be notified as a precautionary measure.

Any fraud reported to the ESFA must include the details below. The CEO and CFO must also ensure that this information is recorded for all instances, since the £5,000 threshold might subsequently be reached.

- full details of the event(s) with dates
- the financial value of the loss
- measures taken by the trust to prevent recurrence
- whether the matter was referred to the police (and if not why)
- whether insurance or the RPA have offset any loss

Responsibilities

The Chief Executive Officer (CEO)

The responsibilities of the CEO (with support from the Executive Director of Finance [EDF/CFO], the Executive Director of Operations [EDO/COO] and the Head of HR) include:

- Delivering an opinion to the Chair of the Board of Trustees and Finance, Risk and Audit Committee on the adequacy of arrangements for managing the risk of fraud and ensuring that the Trust promotes an anti-fraud culture;
- Liaising with the Board of Trustees on issues of fraud prevention, detection, and management;
- Making sure that employees are aware of the Trust's approach to fraud (including the Whistleblowing Policy) and that they understand their responsibilities in relation to combating fraud;
- Developing a fraud risk management plan as part of the risk management process and undertaking a regular review of the fraud risks associated with each of the categories in order to keep the risk management plan current. This shall include having regard to the ESFA's [anti-fraud checklist for academy trusts](#) and the [cyber-security checklist for academy trusts](#);
- Establishing and maintaining the Trust's robust approach to fraud management, commensurate with the level of fraud risk identified in the risk management plan;
- Ensuring that prompt investigations are carried out if fraud occurs or is suspected;
- Making recommendations about legal and/or disciplinary action against perpetrators of fraud;
- Making recommendations about disciplinary action against supervisors where supervisory failures have contributed to the commission of fraud;
- Making recommendations about disciplinary or legal action against employees who fail to report fraud; and
- Ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future.

Executive Director of Finance (EDF/CFO)

The responsibilities of the Executive Director of Finance include:

- Designing an effective control environment to prevent fraud commensurate with the risk management plan through a system of internal controls. This shall include having regard to the [guidance on Fraud Risk Management](#), published by the Chartered Institute of Management Accountants;
- Working with the CEO and COO on significant incidents of fraud;
- Establishing appropriate mechanisms for reporting fraud risk issues and external reporting in compliance with legal requirements;
- Co-ordinating assurances about the effectiveness of the Trust's approach to fraud;
- Taking appropriate action to recover assets;
- Ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future. This shall include continuing to have reference to the ESFA's [reports about its investigations](#) and about [financial management and governance reviews](#) at academy trusts;
- Ensuring that appropriate anti-fraud training and development opportunities are available to relevant employees; and
- Recording any identified or attempted frauds in the Fraud Incident Register.

Principals and school business managers (SBMs)

With support from the Trust's central finance team, all Principals and school business managers are responsible for:

- Ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively;
- Preventing and detecting fraud;
- Assessing the types of risk involved in the operations for which they are responsible;
- Regularly reviewing and testing the control systems for which they are responsible;
- Ensuring that controls are being complied with and their systems continue to operate effectively; and
- Implementing new controls to reduce the risk of similar fraud occurring where frauds have taken place.

Employees

Every employee is responsible for:

- Acting appropriately in the use of the Trust's resources and the handling and use of public funds whether they are involved with cash or payments systems, receipts or dealing with suppliers or the school's decision-making bodies;
- Conducting themselves in accordance with the seven principles of public life set out in the first report on Standards in Public Life by the Nolan Committee. These are: selflessness, integrity, objectivity, accountability, openness, honesty and leadership;
- Being alert to the possibility that unusual events or transactions could be indicators of fraud;
- Reporting details immediately in line with the Whistleblowing Policy if they suspect that fraud has been committed or become aware of any suspicious activities; and
- Co-operating fully with whoever is conducting internal checks or reviews or fraud investigations.

The Board of Trustees

The Chair of Trustees and the Chair of the Finance, Risk and Audit Committee are responsible for ensuring that an adequate system of internal control exists and that controls operate effectively.

All Trustees are responsible for:

- Abiding by the Trust's policies and regulations and the Code of Conduct;
- Being alert to the possibility that unusual events or transactions could be indicators of fraud;
- Reporting details immediately through the appropriate channel if they suspect that fraud has been committed or see any suspicious acts or events; and
- Co-operating fully with whoever is conducting internal checks or reviews or fraud investigations.

Members of the Finance, Risk and Audit Committee are responsible for:

- Assisting the CEO and CFO in their investigation of Fraud; and
- Providing support and challenge through their consideration of the accounts and the Trust's registering of risk. This shall include having regard to the ESFA's [anti-fraud checklist for academy trusts](#).

External Auditors

The External Auditor is responsible for:

- Delivering an opinion to the CEO and CFO on the adequacy of arrangements for managing the risk of fraud and ensuring that the Trust promotes an anti-fraud culture;
- Assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of control commensurate with the extent of the potential exposure or risk across the Trust's operations;
- Ensuring that the Executive Board has reviewed its risk exposures and identified the possibility of fraud as a business risk;
- Assisting the Executive in conducting fraud investigations, if asked; and
- Reporting to the Finance, Audit and Risk Committee on the efficiency of controls for the prevention, detection and management of fraud, as invited.