

# **JOHN TAYLOR MULTI ACADEMY TRUST**



## **Fraud Policy**

Implementation date: January 2016

Reviewed on: July 2017,19,21,23

Next review due: July 2025

Policy owner: Barbara Mahoney

## **Introduction**

The Trust aims to be an honest and ethical organisation and requires all staff, governors and trustees to act honestly and with integrity at all times to safeguard the public resources for which they are responsible. As such, it is opposed to fraud and seeks to eliminate fraud by the way it conducts Trust business. No precise legal definition of fraud exists but many of the offences referred to as fraud are covered by the Theft Acts of 1968 and 1978. The term is used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. It applies to all areas of the Trust's business and activities. Fraud usually describes depriving someone of something by deceit. It might be straight theft, misuse of funds or other resources. It can also describe more complicated crimes like false accounting and the supply of false information and cyber crime. In legal terms all of these activities are theft.

This document sets out the Trust's policy 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 which is contained in a separate document.

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), an Audit and Compliance Committee and 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.

## **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 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 conduct financial affairs in an ethical manner at all time.
- All members of staff and 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 s/he has a personal interest must disclose this to their Line Manager, Headteacher and CEO.
- 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 JTMAT Financial procedures 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.

### **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. HR 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 ESFA Academy Trust Handbook. These are binding on all officers, members of staff, students and constituent parts of the Trust. The Chief Operating Officer has, in addition, issued a Financial Control Handbook which sets out in greater detail the expected controls which should operate within the key operational systems.

The Trust has also established a Local Governing Body committee at each school to consider issues pertaining to Managing and Organising the school. An independent internal audit function is appointed which provides advice to the Trust's Audit and Compliance committee 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).

Annual on-line training is provided for Trust finance staff highlighting aspects of fraud awareness and prevention.

## Appendix

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