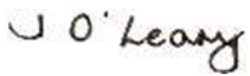


# SHINE Multi Academy Trust Fraud Response

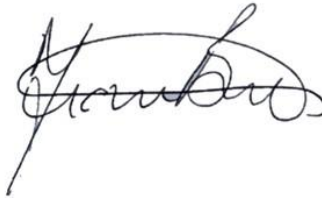


**Management log**

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CEO



Chair of the Board

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### 1. Summary

1.1 This policy and procedure defines the expected conduct of all staff engaged at Shine Multi Academy Trust (SHINE), whether in paid or voluntary employment, in relation to deterring and/or detecting fraud and corruption, and who to report it to.

1.2 The Board of Trustees (Board) are committed to ensuring that it acts with integrity and has high standards of personal conduct. Everyone involved with SHINE has a responsibility in respect of preventing and detecting fraud. All staff, governors and trustees have a role to play. The Board also recognises the role of others in alerting them to areas where there is suspicion of fraud.

1.3 Recognising a potential fraud and being able to report it is just as important as the measures to prevent and detect.

1.4 It is the duty of all employees and associates to take reasonable steps to limit the possibility of corrupt practices, and it is the responsibility of the responsible officer and auditors to review the adequacy of the measures taken by the Board to test compliance and to draw attention to any weaknesses or omissions.

## 2. Definition of fraud

2.1 Although there is no precise legal definition of fraud, 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. Fraud can occur anywhere within SHINE and can present itself not simply as financial or financially motivated but covers areas including financial, reputational, employment and pupils.

2.2 Irregularities fall within the following broad categories, the first three of which are criminal offences:

- **Theft** the dishonest taking of property belonging to another person with the intention of depriving the owner permanently of its possession;
- **Fraud** the intentional distortion of financial statements or other records by persons internal and external to SHINE, which is carried out to conceal the misappropriation of assets or otherwise for gain;

- **Bribery and corruption (see 3.1 gifts & hospitality)** involves the offering or the acceptance of a reward, for performing an act, or for failing to perform an act, which leads to gain for the person offering the inducement;
- **Failure to observe**, or breaches of, Scheme of Delegation and Financial Regulations; SHINE's procedures which in some circumstances can constitute an irregularity, with potentially significant financial consequences.

2.3 Examples of what could constitute fraud and corruption are:

- theft of cash;
- non-receipt of income;
- substitution of personal cheques for cash;
- travelling and subsistence claims for non-existent journeys/events;
- travelling and subsistence claims inflated;
- manipulating documentation to increase salaries/wages received, e.g. false overtime claims;
- payment of invoices for goods received by an individual rather than the academy;
- failure to observe, or breaches of, regulations and/or other associated legislation laid down by the academy;
- unauthorised borrowing of equipment;
- breaches of confidentiality regarding information;
- failure to declare a direct pecuniary or otherwise conflicting interest;
- concealing a generous gift or reward;
- unfairly influencing the award of a contract;
- creation of false documents;
- deception;
- using position for personal reward.

2.4 The above list is not exhaustive, and fraud and corruption can take many different paths. If in any doubt about whether a matter is an irregularity or not, clarification must be sought from the chief financial officer (CFO) / business manager.

2.5 Similarly, if there is concern or doubt about any aspect of a matter which involves an irregularity, or an ongoing investigation into a suspected irregularity, the best approach is to seek advice from the headteacher.

### **3. Roles and responsibilities:**

3.1 The Board has adopted the following measures to demonstrate its commitment to anti-fraud and corruption:

- standards and resources committees meet regularly;
- a requirement for all staff, trustees, and local governors to declare prejudicial interests and not contribute to business related to that interest;
- a requirement for staff, trustees, and local governors to disclose personal interests;
- all staff, trustees and local governors are made aware of the understanding on the acceptance of gifts and hospitality;
- clear recruitment policies and procedures.

3.2 Staff, trustees, and local governors also have a duty to report another member of staff, trustee, or local governor whose conduct is reasonably believed to represent a failure to comply with the above.

### **4. Responsible officer**

4.1 The responsible officer has specific responsibility for overseeing the financial arrangements on behalf of the Board.

4.2 The main duties of the responsible officer are to provide the Board with on-going independent assurance that:

- financial responsibilities of the Board are being properly discharged;
- resources are being managed in an efficient, economical, and effective manner;
- sound systems of financial control are being maintained; and
- financial considerations are fully taken into account in reaching decisions.

### **5. Chief Financial Officer**

5.1 The CFO has a responsibility for ensuring that effective systems of internal controls are maintained and will safeguard the resources of SHINE.

5.2 In respect of fraud, it is therefore the responsibility of the CFO to ensure internal controls prevent and detect any frauds promptly. This includes:

- proper procedures and financial systems;
- effective management of financial records;
- management of the academy's financial position.

## **6. External audit**

6.1 The Trust's Annual Report and Financial Statements include an Independent Auditors' Report. This report includes a view as to whether the financial statements give a true and fair view and whether proper accounting records have been kept by SHINE's academies throughout the financial year. In addition, it reports on compliance with the accounting requirements of the relevant Companies Act and confirms compliance with the financial reporting and annual accounting requirements issued by the Department for Education (DfE).

## **7. Reporting a suspected fraud:**

7.1 All allegations of suspected fraud and irregularities are to be brought to the attention of the CFO and also referred to the CEO and the headteacher, unless this individual is involved in the irregularity in which case the chair of the Board's appointed resources committee should be informed.

## **8. Response to allegations**

8.1 The headteacher will have responsibility for coordinating the initial response with the support of the CFO. In doing this they will consult with human resource advisors regarding potential employment issues. The headteacher will also seek legal advice from the Board's solicitors on both employment and litigation issues before taking any further action.

8.2 The CFO and headteacher will ascertain whether or not the suspicions raised have substance. In every case, and as soon as possible after the initial investigation, they will pass the matter on to the chair of the resources committee. Even if there is no evidence to support the allegation, the matter must be reported.

8.3 The resources committee will undertake the management of the investigation:

- they will, if appropriate, conduct a preliminary investigation to gather factual information and reach an initial view as to whether further action is required;
- they will determine whether the findings, conclusions and any recommendations arising from the preliminary investigation should be reported to the chair of the Board;
- if, further investigations are required, they will determine which outside agencies should be involved (police, auditors).

8.4 The headteacher is required to notify the Board of any serious financial irregularities. This action will be taken at the first opportunity following the completion of the initial investigations and will involve keeping the chairs of the board and the resources committee fully informed between meetings of any developments relating to serious control weaknesses, fraud, or major accounting breakdowns.

8.5 If evidence of fraud is forthcoming, then the Board will inform the DfE as required by the Funding Agreement and will consider whether or not to refer the matter to the police.

## **9. Prevention of further loss**

9.1 Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, a project group will be created and will decide how to prevent further loss.

9.2 Any suspension of staff will be in accordance with the Disciplinary Policy. It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action. In these circumstances, the suspect(s) should be approached unannounced. They should be supervised at all times before leaving SHINE's premises. They should be allowed to collect personal property under supervision but should not be able to remove any property belonging to the Trust. Any keys to premises, offices or furniture should be returned.

9.3 The premises manager shall be required to advise on the best means of denying access to the SHINE's premises, while suspects remain suspended. Similarly, the ICT manager shall be instructed to withdraw without delay access permissions to computer systems.

9.4 The external auditor shall consider whether it is necessary to investigate systems other than that which has given rise to suspicion, through which the suspect may have held opportunities to misappropriate SHINE's assets.

## **10. Establishing and securing evidence**

10.1 A major objective in any fraud investigation will be the punishment of any perpetrator, to act as a deterrent to other potential perpetrators. The Board will follow disciplinary procedures against any member of staff who has committed fraud and if appropriate will pursue the prosecution of any such individual.

10.2 Should the fraud be detected after the employee has left employment of SHINE. The process that follows will be the same as if they were still employed by SHINE.

10.3 Once sufficient evidence has been established, the Police should be notified, and the Board will then follow their guidance.

10.4 The CFO / Business Manager in conjunction with the external auditor will:

- ensure that evidence requirements will be met during any fraud investigation;
- establish and maintain contact with the police; and
- ensure that members of staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

## **11. Recovery of losses**

11.1 Recovering losses is a major objective of any fraud investigation. The external auditor shall ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of losses should be sought in all cases.

11.2 Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the Court, pending conclusion of the investigation.

11.3 Legal advice should also be obtained about prospects for recovering losses through the Civil Court, where the perpetrator refuses repayment. The Board would normally expect to recover costs in addition to losses.

## **12. Confidentiality and safeguards**

12.1 The Board recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the alleged malpractice. The Board

will not tolerate harassment or victimisation and will do what it lawfully can to protect an individual when a concern is raised in good faith.

12.2 This does not mean that if the person raising the concern is already the subject of a disciplinary, redundancy or other procedure, that those procedures will be halted as a result of the concern being reported.

12.3 To help achieve the objective of preventing fraud and corruption, there is a clear network of systems and procedures in place for the prevention, detection and investigation of fraud and corruption. This policy attempts to consolidate those in one document and should be read in conjunction with the following SHINE policies:

- Whistleblowing
- Financial Regulations
- Disciplinary Policy
- Equal Opportunities Policy
- Gift and Hospitality Policy