



# **FRAUD POLICY**

**September 2017**

# Fraud Policy

## INTRODUCTION

Radius Trust is committed to providing outstanding educational opportunities for all our pupils and students. Part of this commitment is the resolution to operate in an honest and ethical manner at all times. As such, Radius Trust is opposed to fraud and seeks to eliminate fraud by the way it conducts school business. This document sets out the Trust policy and procedures for dealing with the risk of significant fraud or corruption. In order to minimise the risk and impact of fraud, Radius 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 Responsible Officer 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 Radius 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.

## PERSONAL CONDUCT

Radius 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 Governors/Trustees, members of staff, pupils/students and constituent parts of Radius Trust. Refusal to observe them will be grounds for disciplinary action.
- In disbursing and accounting for all funds, Radius Trust must demonstrate that it is adopting high standards of financial probity. Implicit within this regime is the requirement that Governors/Trustees and employees of Radius Trust must at all times conduct financial affairs in an ethical manner.
- All members of staff and Governors/Trustees of Radius Trust are responsible for disclosing any personal, financial or beneficial interest in any transaction with respect to Radius 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 the Executive Head.
- Governors/Trustees or employees of Radius 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.
- All 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 governors 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. 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 Radius Trust are documented in the Financial Regulations. The Financial Regulations are issued and updated periodically by the Finance Director, following approval by the Board of Trustees. They are binding on all Governors/Trustees, members of staff, pupils/students and constituent parts of Radius Trust and are distributed to the Executive Team, Heads/Principals and staff in the Finance Team.

## **FRAUD RESPONSE**

The Fraud Response Plan sets out Radius 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 plan are in line with the Whistle Blowing Policy as stated in the Financial Regulations and are outlined below:

1. All Governors/Trustees, members of staff, pupils/students and constituent parts of Radius Trust are required to notify immediately the Executive Head 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 Radius Trust. The Executive Head and/or Finance Director should bring this to the attention of the portfolio governor/director for Finance and Resources immediately.
2. The Executive Head and/or 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 Chair of Trustees.
3. The Executive Head will have the initial responsibility for coordinating Radius Trust's response. In doing this he/she will consult with the Human Resources Manager regarding potential employment issues. The Executive Head 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 Executive Head is required to notify the Board of Trustees 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 Responsible Officer and the Chair of Trustees fully informed of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.
5. If evidence of a fraud is forthcoming then the Board will inform the DfE and will consider whether or not to refer the matter to the Police.

## **RELATED POLICIES AND PROCEDURES**

Disciplinary Procedure  
Finance Regulations  
Staff Code of Conduct  
Whistle Blowing Policy