

Fraud Prevention Policy

1. Purpose

The purpose of this document is to give Ambitious about Autism's (AaA – the Charity) and Ambitious about Autism Schools Trust's (AaAST – the Trust) policy on fraud and set out our responsibilities for its prevention. It also refers to the Fraud Response Plan, which outlines the action to be taken if fraud is discovered or suspected, including reporting requirements.

2. The statutory guidance

This policy has been drafted with reference to the following statutory guidance:

- The Charity Commission's guidance related to fraud prevention and detection - <https://www.gov.uk/guidance/protect-your-charity-from-fraud>
- The Academy Trust Handbook - [Academy Trust Handbook](#)

3. Policy statement

The Trust / Charity takes the most serious view of any attempt to commit fraud by members of staff, volunteers, Trustees, Governors, contractors and their employees and others. Staff involved in impropriety of any kind or any proven instance of fraudulent practice will be treated as constituting gross misconduct and will be dealt with under the Disciplinary Procedure, including prosecution, if appropriate.

AaAST / AaA is committed to ensuring that fraud is prevented and immediately dealt with should it arise. Staff are encouraged to disclose ("blow the whistle" - see separate Whistleblowing Policy) on any fraudulent practice which they become aware of. Fraud can be perpetrated at any level in the organisation, including Trustees.

The Trust / Charity treats attempted fraud as seriously as accomplished fraud.

4. Key principles

4.1 Definition of fraud

The term fraud is used to describe a whole range of activities such as the use of deception to obtain an unjust or illegal financial benefit, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion, or intentional misrepresentation affecting the financial statements (for example, manipulating information in order to present a misleading picture of AaA and AaAST's financial situation). Generally, fraud involves the intention to deceive a person or organisation in order to obtain an advantage, avoid an obligation or cause loss.

The term also includes the use of information technology equipment to manipulate programs or data dishonestly, the theft of IT equipment and software, and the intentional misuse of computer time and resources.

AaA and AaAST require staff at all times to act honestly and with integrity and to safeguard the resources for which they are responsible. Fraud is an ever-present threat to these resources and hence must be a concern of all members of staff.

4.2 Fraud prevention

Systems and controls should be put in place across the organisation to proactively prevent fraud from occurring. The Trust / Charity's Executive Leadership Team (ELT) should maintain a risk register that includes financial fraud and theft, to ensure that the risk of fraud is managed consistently and mitigated proactively across the Trust / Charity. Any actions identified to further mitigate against this risk should be addressed in a timely manner.

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All managers, supported by members of the ELT, should:

- identify and assess the risks involved in the operations for which they are responsible;
- develop and maintain effective controls to prevent and detect fraud;
- ensure compliance with controls; and
- ensure that agreed procedures are followed.

4.3 Fraud detection

Should a suspected or actual fraud be identified by any staff member, volunteer, Trustee or Governor, the fraud response plan (see **Appendix 1**) should be followed and the appropriate members of staff and Trustees consulted. This plan can act as a checklist of actions and a guide to follow in the event of fraud being suspected. It covers issues such as:

- actions to be taken in the first 48 hours,
- who and when to report to, for example the Department for Education / Charity Commission, Police/Action Fraud, HMRC etc.,
- how to secure the evidence,
- how to prevent losses,
- who within the Trust / Charity will notify the Police/Action Fraud and investigate fraud, and
- who has responsibility for notifying stakeholders and dealing with external enquiries.

The responsibility for reporting serious incidents is outlined in the serious incident reporting policy.

4.3.1 Charity Commission Serious incident reporting (AaA and AaAST)

The Charity Commission requires charities to report serious incidents including fraud. A serious incident is an adverse event, whether actual or alleged, which results in or risks significant:

- loss of your charity's money or assets
- damage to your charity's property
- harm to your charity's work, beneficiaries or reputation

The most common type of incidents are frauds, thefts, significant financial losses, criminal breaches, terrorism or extremism allegations, and safeguarding issues.

If a serious incident takes place, AAA will report what happened to the Charity Commission and explain how it is being dealt with, even if it has been reported to the police/action fraud, donors or another regulator. If there is doubt as to whether reporting is required, legal advice will be sought as to whether reporting to the Charity Commission needs to take place or not.

4.3.2 ESFA Serious Incident reporting (AaAST only)

The ESFA requires the Board of Trustees of all Academy Trusts to notify them, as soon as possible, of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any financial year. Unusual or systematic fraud, regardless of value, must also be reported.

Further information about what must be reported can be found in section 6.12 of the [Academy Trust Handbook](#).

5 Roles and Responsibilities

5.1 Trustees

The Board of Trustees hold ultimate responsibility for ensuring their charity makes a report, and does so in a timely manner. Trustees are responsible for:

- receiving reports from the FRC to satisfy themselves that AaAST's / AaA's finances are being properly safeguarded and are fairly reflected in the management and statutory accounts.
- ensuring that there are appropriate controls in place.

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5.2 The Accounting Officer / Chief Executive is responsible to the Trustees for:

- developing and maintaining effective controls to help prevent or detect fraud;
- carrying out vigorous and prompt investigations if fraud is suspected or occurs;
- taking appropriate disciplinary and/or legal action against perpetrators of fraud;
- taking disciplinary action against managers where their failures have contributed to the commission of the fraud;
- reporting all fraud or attempted fraud or where there is a risk to the reputation of the Charity, to the Chair of the Finance and Resource Committee (FRC) or, failing that, to the Chair of Trustees;
- for AaAST, reporting fraud where the monetary loss is in excess of £5,000 (single transaction or cumulative in an academic year) to the ESFA.
- for AaA reporting all fraud or risk of fraud to the Charity Commission;
- ensuring that a log of incidents of fraud, or attempted fraud is maintained;
- this responsibility can be delegated by the Trustees to the Director of Finance and Planning, whilst retaining accountability.

5.3 Finance & Resources Committee is responsible for:

- reviewing management and statutory accounts prepared by staff and, on behalf of the Boards, and is responsible for ensuring that they present a true and fair view of AaAST's / AaA's finances.
- ensuring that the auditor is in attendance at the meeting where the accounts are reviewed to present their report and management letter.
- having a private session with the auditor, asking for any issues of concern to be presented to the members of the committee.

5.4 The Director of Finance & Planning is responsible for:

- having in place financial controls which are designed to reduce the chances of, and opportunities for, fraudulent practices. They include: purchasing policy and procedures, internal controls within the finance department, controls over the receipt of donations and regular risk assessment reviews which are presented to the Board;
- following up any suspicions of fraud that are communicated, and following up where a fraud is reported;
- investigating actual or suspected fraud;
- completing a review of control systems once their investigation has been completed, and
- offering advice and assistance on risk and control issues.
- ensuring appropriate insurance policies are in place to mitigate against the impact of frauds

5.5 Line managers

Line managers are responsible for the prevention and detection of fraud by ensuring that an adequate system of internal control exists within their areas of responsibility, and these controls operate effectively.

5.6 Staff and volunteer responsibilities:

Every member of staff and volunteer has a duty to ensure that the Trust's / Charity's funds, its reputation and its assets are safeguarded and;

- should alert their line manager where they believe the opportunity for fraud exists because of poor procedures or lack of effective supervision;
- has a responsibility to report details of (a) any suspected or actual fraud, or (b) any suspicious acts or events, to their line manager, or the Director of Finance and Planning.
- assist in any investigations by making available all relevant information and by co- operating in interviews.

6 Other Key Policies

This policy should be read in conjunction with the following policies:

- Serious Incident Reporting Policy
- Whistleblowing Policy
- Disciplinary Policy

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- Purchasing Policy and Procedures
- Bribery Policy
- Professional Code of Conduct Policy
- ICT Acceptable Use Policy
- Confidentiality Policy
- Data Security Policy
- Data Protection Policy

Appendix 1
Fraud Response Plan

Whenever a suspected or actual fraud is identified, the Director of Finance and Planning (DFP) should be alerted immediately. If they are unavailable, or if they are implicated in any way in the fraud themselves, the Deputy Chief Executive should be alerted.

The DFP will initiate an initial information gathering exercise within one working day, calling on any relevant colleagues to provide details so that an initial risk assessment can be carried out. As a part of this exercise, a decision will be made by the DFP as to which, if any, external parties are likely to need to be informed. Any internal sensitivities (for example, in relation to implicated parties) will be identified by the DFP.

The results of the initial risk assessment will be shared with the CEO. The DFP and CEO will make a decision together regarding reporting to the Trustees.

The results of the initial risk assessment will dictate the course of action that follows, with consideration made of the factors listed below.

1. Investigations team

- Establish a fraud response team
- Appoint a co-ordinator to centralise crisis management
- Depending on the scale of the fraud, select an independent investigator with the right experience
- Decide which trustees, employees and departments should be included or excluded
- Identify the need for any external help – forensic accountants, lawyers, IT data recovery

2. Assess the impact on the organisation’s resources

- People
- Equipment
- IT systems
- Premises

3. Gather information

- Timeline of events
- IT systems involved
- Persons involved: Suspects, collaborators, innocent bystanders, external parties
- Evidence to be preserved, filed and stored: letters, emails, diaries, telephone logs, voicemails, bank statements.
- Protecting assets: suspend routine deleting of files, delay collection of recycling
- Interviewing – who to interview and when, independent representation, plan and record interviews, Police/Action Fraud and Criminal Evidence Act 1984 consideration, human rights

4. Immediate steps to manage situation

- Suspects – Follow disciplinary policy and employment contract, suspend access to sensitive areas, inform line manager and HR team
- Employees – keep them informed without jeopardising investigation, avoid gossip, ensure cooperation
- Keep communication lines clear and confidential
- Identify and appoint decision makers

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5. Damage assessment

- Analyse impact on the Trust's / Charity's reputation, staff and funders, members, trustees and stakeholders

6. Media

- Ensure the Director of External Affairs is kept informed in order to deal with any press enquiries and prepare press statement if appropriate

7. Insurers

- Contact insurance brokers, assess whether covered for fraud, and costs of investigation

8. Reporting to Trustees

- Chair of the Board for all frauds
- Treasurer where there are financial losses or implications
- Chair of the People Committee where staff members or volunteers are implicated
- Chair of the Education Committee where there are safeguarding implications

9. Reporting to External Parties

- Decide whether to inform Police/Action Fraud
- Identify any regulatory repercussions and inform the Department of Education / Charity Commission / other regulating bodies if appropriate

9. Learnings

- Identify learnings from the issue- were there any weaknesses in the organisation's systems or controls that allowed this to happen?
- Identify actions to be taken to prevent the same issue from recurring.

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