



THE NORTON  
KNATCHBULL  
SCHOOL

## Fraud Policy

Approved by the Full Governing Body	7 <sup>th</sup> February 2023
Delegated to	Finance & General Purposes Committee
Date for review:	September 2025

## **Rationale**

The School aims to be an honest and ethical institution. As such, it is opposed to fraud and seeks to eliminate fraud by the way it conducts School business. This document sets out the School's policy and procedures for dealing with the risk of significant fraud or corruption. In order to minimise the risk and impact of fraud the School's objectives are:

- to create systems which prevent and deter fraudulent activity, encourage its prevention and promote its detection and reporting
- to identify and document its response to cases of fraud and corrupt practice.

In order to achieve these objectives, the School has taken the following steps:

1. Produced a Fraud Management Strategy (Appendix A) based on Government guidance in relation to reducing the risk of financial irregularities;
2. Published a formal Code of Conduct statement of expectations on standards of personal conduct, propriety and accountability;
3. The establishment of adequate and effective systems of internal financial and management control (and a clear requirement to comply with them), an Audit & Risk Committee and an internal auditor with an ongoing responsibility to review and report on these systems
4. 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 School and a fraud response plan which sets out the School's policies and procedures to be invoked following the reporting of possible fraud or the discovery of actual fraud.

## **Personal Conduct**

The School 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 School's expectations regarding standards of personal conduct, appropriate guidance is provided by the following key statements:

1. These regulations are binding on all governors, members of staff, pupils and constituent parts of the School. Refusal to observe them will be grounds for disciplinary action
2. In disbursing and accounting for all funds, the School must demonstrate that it is adopting high standards of financial probity. Implicit within this regime is the requirement that governors and employees of the School must at all times conduct financial affairs in an ethical manner
3. All members of staff and members of School committees are responsible for disclosing any personal, financial or beneficial interest in any transaction with respect to the School or related companies.
4. Any person who is responsible for placing an order with a supplier (whether a contractor or not) with whom he has a personal interest must disclose this interest to the Finance Manager.
5. Governors or employees of the School shall never use their office or employment for personal gain and must at all times act in good faith with regard to the School's interests
6. Subject Leaders /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 School 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 checks and staff supervision. Recruitment & selection procedures 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, references obtained during the course of the recruitment process and DBS checks.

The general framework of responsibilities for financial management and the policies relating to the broad control and management of the School are documented in and Financial Handbook (including Tendering). The Finance Policies issued and updated by the Finance Manager following approval by the Finance & General Purposes Committee on behalf of the Governing Body. They are binding on all governors, members of staff, pupils and constituent parts of the School. The Finance Manager has also issued departmental financial guidelines which set out the expected controls which should operate within departments.

The School has established an Audit & Risk Committee and appointed an independent Auditor to provide advice in respect of control matters and to include a review 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).

### **Fraud Response**

The School has robust 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 School 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.

This Policy includes the School's Fraud Response Plan, which details specific steps that should be taken 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 School; and
- creation of an environment which, because it is perceived as being ill-prepared, increases the risk of fraud.

## Fraud Response Plan

The main elements of the School's plan are:-

1. All governors, members of staff, pupils and constituent parts of the School are required to notify the Headteacher immediately of any financial irregularity, or any circumstance suggesting the possibility of irregularity, affecting the financial procedures, cash, stores or other property of the School. However, if the seriousness or sensitivity of the issue, or who is suspected of the malpractice, makes notification to the Headteacher inappropriate, you should contact the Chair of Governors or the Responsible Officer for the School.
2. The Headteacher will ascertain whether or not the suspicions aroused have substance. They 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 Governors.
3. The Chair of Governors will have the initial responsibility for co-ordinating the School's response. In doing this they may consult with internal audit (Responsible Officer), external audit (Accountants) or HR Consultancy regarding potential employment issues.
4. The Chair of Governors is required to notify the 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 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 Trustees will inform the DfE as required by the Funding Agreement and will consider whether or not to refer the matter to the police.
6. The Board will notify the ESFA as soon as possible, all instances of fraud, theft and/or irregularity exceeding £5,000 individually, or cumulatively in any financial year. Unusual or systematic fraud, regardless of value, will also be reported. The following information is required:
  - *Full details of event (s) with dates*
  - *the financial value of the loss*
  - *measures taken to prevent recurrence*
  - *whether it was referred to the police (and if not why)*
  - *whether insurance or the RPA have offset any loss.*
7. Fidelity guarantee – cover. The School is insured against loss of money, stock or equipment caused by any act of fraud or dishonesty committed by trustees, governors, employees and theft of money by computer fraud. The insurance cover is provided by the Risk Protection Arrangement.

## Appendix A

Fraud Management Strategy for Reducing the Risk of Financial Irregularity	
	Comment
Overall vulnerability to fraud	Financial procedures in place. Fraud policy in place Clear segregation of duties within the Finance Office Internal scrutiny carried out independently
Testing your internal control system to ensure it is robust.	Internal scrutiny carried out independently and directed by Governors Governors and staff are aware of their responsibilities with regard to fraud Anti fraud policy is in place Fraud is included on the school's risk register Challenge and scrutiny is provided by gover
Identifying the areas most vulnerable to fraud risk, the list of potential fraud indicators may support this review	Gov.UK indicators for potential fraud checklist used to assess risk
Evaluating the scale of fraud risk	Review of risk register rating Feedback from internal scrutiny visits Spot-checks on internal procedures Regular questioning of procedures Challenge by governors Reference to Gov.UK 'Indicators of Potential Fraud: Education Providers' & Academy Trust Guide to Reducing Fraud.
Responding to the fraud risk through improved control arrangements	Policies reviewed regularly Internal scrutiny visits by external, independent auditors
Measuring the effectiveness of the risk strategy to potential fraud	Systems robust Internal scrutiny visits confirm systems are robust
Reporting fraud	In line with procedures documented in Fraud Policy

Drafted using Gov.UK Guidance 'Indicators for potential fraud: education providers'  
<https://www.gov.uk/guidance/academies-guide-to-reducing-any-risk-of-financial-irregularities>

Academy Trust Guide to Reducing Fraud.  
<https://www.gov.uk/guidance/academies-guide-to-reducing-any-risk-of-financial-irregularities>