





# EPA Fraud Policy

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| THIS POLICY WAS AGREED BY TRUSTEES ON (Date): | 21 <sup>st</sup> November 2024  |
| REVIEW DATE (every 3 years):                  | November 2027   |
| CHAIR OF TRUSTEES:                            |  |
| CEO:  |  |

## **Introduction**

EPA is committed to act with integrity and for staff to work with high standards of personal conduct. As such, it is opposed to fraud and seeks to eliminate fraud by the way it conducts business. This document sets out EPA's policy and procedures for dealing with the risk of significant fraud or corruption. In order to minimise the risk and impact of fraud, EPA'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.

This policy should be read in conjunction with the Gifts, Hospitality and Anti-Bribery policy and the Whistleblowing Policy.

Fraud is a general term that covers theft, deliberate misuse or misappropriation of assets or anything that leads to a financial advantage for the perpetrator or their associates. Fraud is deliberate deceit and cannot include negligence.

In order to achieve these objectives, EPA 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 Per Review function with an ongoing responsibility to review and report on these systems; and
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 Academy and a fraud response plan which sets out the Academy'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**

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

- these regulations are binding on all trustees, governors, members of staff, students and constituent parts of EPA. Refusal to observe them will be grounds for disciplinary action
- in disbursing and accounting for all funds, EPA must demonstrate that it is adopting high standards of financial probity. Implicit within this regime is the requirement that

trustees, governors and employees of EPA must at all times conduct financial affairs in an ethical manner

- all members of staff, members, trustees and governors of EPA are responsible for disclosing any personal, financial or beneficial interest in any transaction with respect to the Academy 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 he has a personal interest must disclose this to the Head or the CFO
- trustees, governors or employees of EPA shall never use their office or employment for personal gain and must at all times act in good faith with regard to EPA's interests; and
- heads of Department/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.

### **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 EPA are documented in the Financial Procedures Policy. The Financial Procedures are issued and updated periodically by the CFO. They are binding on all trustees, governors, members of staff, students and constituent parts of EPA and are distributed to the Head, the Senior Leadership Team, Heads of Department and staff in the academies finance offices.

EPA has also established an Audit and Risk Committee and an independent scrutiny programme which provides advice to management in respect of control matters and reviews 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 Trust ensures 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 Academy retains control of its affairs in a crisis; and
- makes a clear statement to employees and others that it is not a soft target for attempted fraud.

In the event of fraud, the following steps will be taken 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 EPA; and
- creation of an environment which, because it is perceived as being ill-prepared, increases the risk of fraud

The following procedure will be followed in line with the Whistleblowing Policy:

1. All trustees, governors, members of staff, students and constituent parts of EPA are required to notify immediately the Head and/or the CFO of any financial irregularity, or any circumstance suggesting the possibility of irregularity, affecting the financial procedures, cash, stores or other property of EPA. The Head and/or CFO should bring this to the attention of the CEO immediately
2. The Head/CFO 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 LGB Finance Committee, the Chair of Governors and the Chair of the EPA Finance and Resources Committee.
3. The Head will have the initial responsibility for coordinating the individual School's response. In doing this they will consult with the CEO and/or Corporate HR regarding potential employment issues. The CEO/Head will also seek expert legal advice from the EPA's Legal Advisor on both employment and litigation issues before taking any further action

4. The Head is required to notify the CFO and Local Governing Body 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, the CEO, the Chair of LGB Finance Committee, the Chair of Governors and the Chair of the EPA Finance and Resources Committee fully informed between committee meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns
5. The ESFA reserves the right to conduct or commission its own investigation into actual or potential fraud, theft or irregularity in any academy either as the result of a formal notification from EPA itself or as the result of other information received.
6. If evidence of a fraud is forthcoming then the CEO will inform the DfE as required by the Funding Agreement and will consider whether or not to refer the matter to the Police.
7. All instances of fraud or theft committed against EPA, whether by employees, governors, trustees or third parties, exceeding £5,000 individually, or £5,000 cumulatively in any academy financial year must be reported by EPA to the ESFA. Any unusual or systematic fraud, regardless of value, must also be reported.