



Policy: Anti-Fraud & Corruption Strategy and Fraud Response Plan

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ANTI-FRAUD & CORRUPTION STRATEGY and FRAUD RESPONSE PLAN

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1. Introduction

- 1.1 Red Kite Learning Trust (The Trust) is committed to discharging its responsibility to safeguard public funds and the highest standards of integrity. It is committed to fighting fraud and corruption whether attempted from inside or outside and is committed to having effective measures to prevent and detect fraud and corruption.
- 1.2 The Trust expects all members, trustees, governors and employees to carry out their duties in accordance with appropriate legal requirements, internal codes of practice, rules and regulations and to act at all times with honesty and probity in the discharge of their functions.
- 1.3 In carrying out its duties and responsibilities, The Trust is determined to do everything it reasonably can to protect itself and the public from fraud and corruption and is committed to the rigorous maintenance of this Anti-Fraud Policy which will provide a framework for:
 - 1.3(a) encouraging fraud deterrence and prevention;
 - 1.3(b) raising awareness of fraud and corruption and promoting their detection;
 - 1.3(c) performing investigations and facilitating recovery of losses;
 - 1.3(d) responding effectively to instances of fraud when it is found;
 - 1.3(e) monitoring, publishing and updating the Policy and its related procedures.
- 1.4 The Trust also expects that all its stakeholders and parties with whom it has dealings, including suppliers and contractors will act toward it with honesty and will not act in breach of this Policy.

2. Definitions

- 2.1 For the purposes of this Policy:
 - 2.1.1 **“Theft”** means the dishonest taking of property belonging to another person with the intention of permanently depriving the owner of its possession.
 - 2.1.2 **“Fraud”** means the intentional distortion of the financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain. This differs from “theft” where no attempt at concealment is made. It is also important to distinguish fraud from negligence or accidental error where no intent exists.

- 2.2 Fraud may involve:
- 2.2(a) Falsification or alteration of accounting records or other documents
 - 2.2(b) Suppression or omission of the effects of transactions from records or documents
 - 2.2(c) Recording transactions which have no substance
 - 2.2(d) Wilful misrepresentation of transactions or of Red Kite Learning Trust's affairs.
- 2.4 **“Corruption”** means the offering, giving, soliciting or acceptance of an inducement or reward which may influence actions taken by the body, its members or officers. The main areas of activity, which are susceptible to corruption may include:
- 2.3(a) Procurement and contracts
 - 2.3(b) Asset disposals
 - 2.3(c) Planning consents and licenses.
- 2.5 **“Bribery”** means a financial or other advantage offered, promised or given to induce a person to perform a relevant function or activity improperly, or to reward them for doing so.

For ease of reference these defined terms are referred to collectively throughout this Policy as “Institutional Wrongdoing”.

3. Operating Culture

- 3.1 The Trust is determined that the culture and tone of the organisation meets the expectations of the Committee on Standards of Public Life and the Standards Board for England. It is committed to the ten principles of public life: objectivity, openness, stewardship, leadership, accountability, honesty & integrity, selflessness, personal judgement, duty to uphold the law and respect for others.
- 3.2 Employees are expected and are positively encouraged to raise any concerns relating to Institutional Wrongdoing, which they become aware of. These can be raised in several ways including with the employee's line manager, Headteacher, a member of the Executive Group or a member of the governing body or Board of Trustees.

- 3.3 The Trust expects members, trustees, governors and employees to lead by example in ensuring opposition to Institutional Wrongdoing, and in ensuring adherence to rules and regulations, and to relevant Policies and procedures. The responsibility of senior leaders is to ensure that all employees are aware of what is expected of them. Specifically, the Expectations, Code of Conduct and Disciplinary Policy covers the requirements for employees to declare interests and record any gifts and hospitality received. The Reimbursement of Expenses Policy makes clear the procedures for claiming expenses. The Finance Policy details the various procedures concerned with expenditure of schools' and Trust funds.
- 3.4 The Trust employees and members of the public are important agents in the stance against Institutional Wrongdoing. They are positively encouraged to raise any concerns they may have on these issues which may impact on Trust activities. Concerns should be raised via Red Kite Learning Trust's Whistleblowing Policy.
- 3.5 As part of their responsibilities, the Chief Financial Officer working with members of the Executive Group is required to investigate allegations of Institutional Wrongdoing. The Trust's procedures and documentation are required to provide information about the risk of Institutional Wrongdoing and also reflect the requirements of its staff to be properly and regularly trained.
- 3.6 Although the Trust encourages its employees to report concerns any malicious allegations may be dealt with through its disciplinary procedures

4. Prevention

- 4.1 It is the responsibility of The Trust to put in place measures to minimise the risk of Institutional Wrongdoing arising and of mitigating the consequences if it does occur.
- 4.2 The Trust's Policies, Schemes of Delegation, Financial Policy and procedures, set out a framework for dealing with the affairs of Red Kite Learning Trust. All members, trustees, governors and employees have a duty to comply with their provisions.

These systems incorporate internal controls to prevent and deter fraud and corruption. Employees must ensure that working practices comply with these systems and procedures. The Audit & Risk Committee will regularly evaluate the appropriateness and effectiveness of these controls.

- 4.3 Employees are required to disclose any offers of gifts, hospitality or interests that could conflict with the interests of The Trust or might affect their judgement. The Trust Executive Officer will maintain a register to record and monitor disclosures.

5. Detection and Investigation

- 5.1 All managers are responsible for the prevention and detection of Institutional Wrongdoing. Managers should pay special attention to any circumstances, which may indicate an irregularity. Managers also have a responsibility to familiarise themselves with common fraud techniques in the areas for which they have control. Managers should also ensure that all staff in their areas of operation are familiar with common types of fraud.
- 5.2 It is the responsibility of all employees, in particular Managers to adhere to the procedures noted in the Fraud Response Plan below. If it is subsequently established that an employee has knowingly withheld information about a concern or allegation it may be dealt with as a disciplinary matter in itself
- 5.3 Reporting of suspected Institutional Wrongdoing to the Chief Financial Officer, Headteacher or a governor or Trustee is essential because it:
- 5.3(a) ensures the consistent treatment of information;
- 5.3(b) facilitates proper investigation, including compliance with statutory requirements;
- 5.3(c) ensures appropriate liaison at correct stages with law enforcement agencies;
- 5.3(d) ensures the proper implementation of relevant system improvements.
- 5.4 The Trust will take appropriate action following an investigation into Institutional Wrongdoing which may include disciplinary action, reporting to regulators, civil recovery and/or making a referral to the Police.
- 5.5 All concerns will be treated in the strictest confidence and information will be shared only on a need-to-know basis.

6. Training

- 6.1 Training and guidance is vital in maintaining the effectiveness of this Policy and its general credibility. The Trust supports induction and work-related training, particularly for employees involved in internal control systems, to ensure that their responsibilities and duties are regularly highlighted and reinforced and best practice is followed.

7. Review

- 7.1 The Trust has in place a clear framework of systems and procedures to deter and investigate fraud and corruption. It will ensure that these arrangements are fair, monitored and updated to keep pace with future developments in preventative, deterrent and detection techniques.
- 7.2 To this end The Trust will continuously review these arrangements, in particular the terms of this Policy.
- 7.3 The ESFA's Antifraud checklist provides useful guidance on the questions that the Trust needs to continuously consider when considering whether its response to Institutional Wrongdoing. A copy of the checklist appears in **Appendix 1**.
- 7.4 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 the trust throughout the financial year. In addition, it reports on compliance with the accounting requirements of the relevant Companies Act and confirms compliance with the Academies Trust Handbook issued by the ESFA.
- 7.5 The internal audit function consists of an external company who visit at least three times per year and have a clear remit to undertake work to prevent and detect potentially fraudulent acts. This work concentrates on areas of highest risk but also on areas which, although small, are subject to fraud.

8. Reporting & Fraud Response Plan

The Trust's Fraud Response Plan is as follows:

- 8.1 All members, trustees, governors, members of staff, and others connected with the Trust are required to notify the Chief Financial Officer immediately of any financial irregularity, or any circumstance suggesting the possibility of irregularity, affecting the financial procedures, cash, stores or other property of the schools and Trust. Records and evidence are to be secured and strict confidentiality maintained.
- 8.2 The Chief Financial Officer 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 Chief Executive Officer. Where the initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the Chief Financial Officer will need to decide how to prevent further loss. If the Chief Financial Officer is implicated or suspected of financial irregularity the initial investigation will be carried out by the Chief Executive Officer or the Chair of the Board of Trustees.

- 8.3 The Chief Financial Officer will have the initial responsibility for co-ordinating the Trust's response. In doing this the Chief Financial Officer will consult with the Human Resource Department regarding potential employment issues. The Chief Financial Officer may also seek appropriate expert advice on governance, regulatory and employment issues before taking any further action. The Trust's Disciplinary Policy will be invoked if an employee is found to be in breach of the is Policy.
- 8.4 The Chief Financial Officer is required to notify the Board of Trustees and inform the Education and Skills Funding Agency of any serious financial irregularity. This action will be taken at the first opportunity following the completion of the initial investigations and will include keeping the Chair of the Board of Trustees fully informed between committee meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.
- 8.5 Once it has been agreed that there is sufficient evidence to justify a fuller investigation, the Chief Financial Officer should meet with the police where appropriate to decide who is best placed to undertake further investigation. Should it be decided that an internal investigation is appropriate, either in tandem with a police investigation or on its own, it is important that it is undertaken by individuals with experience of fraud investigations.
- 8.6 If evidence of a Institutional Wrongdoing is forthcoming then the Board of Trustees will inform the Education and Skills Funding Agency as required by the Funding Agreement and will consider whether or not to refer the matter to appropriate law enforcement agencies.
- 8.7 The Academy Trust Handbook confirms trusts must notify ESFA of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in an academy's financial year. Any unusual or systematic fraud (e.g. regular occurrences of low value theft), regardless of value, must also be reported. As set out in paragraph 4.8.2 of the Handbook the Trust will notify the ESFA using the [online enquiry form](#) providing:
- full details of the event(s) with dates
 - the financial value of the loss
 - measures taken by the trust to prevent recurrence
 - whether the matter was referred to the police (and if not, why)
 - whether insurance cover or the risk protection arrangement has offset any loss

Appendix 1 – ESFA Anti-fraud checklist

Anti-fraud checklist for academy trusts

Fraud occurs in every sector and although the level of identified fraud in academies is very low, academy trusts need to be aware of the potential for it to occur. The ten questions below are intended to help trustees, accounting officers and chief financial officers to review their arrangements for preventing; detecting and dealing with fraud should it occur. Arrangements will vary according to the size, complexity and structure of the trust.

1. Are the trustees, accounting officer and chief financial officer aware of the risk of fraud and their responsibilities regarding fraud?
2. Is fraud included within the remit of the trust's audit committee or equivalent?
3. Has the role of the trust's external auditor and responsible officer or equivalent regarding fraud been established and is it understood?
4. Is fraud risk considered within the trust's risk management process?
5. Does the Trust have a fraud strategy or policy and a 'zero tolerance' culture to fraud?
6. Is the fraud strategy or policy and 'zero tolerance' culture promoted within the trust, for example through financial regulations, disciplinary procedures, checks on new staff, induction process, staff training, vetting of contractors?
7. Does the trust have policies on whistleblowing, declaration of interests and receipt of gifts and hospitality?
8. Does the trust have appropriate segregation of duties?
9. Is it clear to whom suspicions of fraud in the trust should be reported?
10. If there has been any fraud in the trust has a 'lessons learned' exercise been undertaken?