



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 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 Red Kite Learning 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, Red Kite Learning 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 & Corruption Strategy 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) invoking disciplinary proceeding and referrals to the Police;
 - 1.3(e) monitoring, publishing and updating the Strategy and its related procedures and performance.
- 1.4 Red Kite Learning Trust also expects that all outside individuals and organisations, including suppliers, contracting partners and claimants will act toward it with honesty and integrity without thought or actions involving fraud and corruption.

2. Definitions

Red Kite Learning Trust defines the following:

- 2.1 Theft is 'the dishonest taking of property belonging to another person with the intention of permanently depriving the owner of its possession'.
- 2.2 Fraud is '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 this from negligence and accidental error where no intent exists. This 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 state of affairs

Red Kite Learning Trust regards fraud as 'knowingly obtaining benefit to which there is no, or lesser, entitlement'.

2.3 Corruption is 'The offering, giving, soliciting or acceptance of an inducement or reward which may influence actions taken by the body, its members or officers.' Main areas of activity, which are susceptible to corruption may include:

2.3(a) Procurement and Contracts

2.3(b) Asset Disposal

2.3(c) Planning consents and licenses

2.4 The Trust has full regard to the Bribery Act 2010, implemented 1st July 2011. Bribery is "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".

3. Operating Culture

3.1 Red Kite Learning 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 fraud and corruption, 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 Red Kite Learning Trust expects members, trustees, governors and employees to lead by example in ensuring opposition to fraud and corruption, 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 and Procedures details the various procedures concerned with expenditure of schools' and trust funds.

- 3.4 Red Kite Learning Trust requires all individuals and organisations with whom it deals in any capacity to behave towards Red Kite Learning Trust with integrity and without intent or actions involving fraud and corruption.
- 3.5 Red Kite Learning Trust employees and members of the public are important elements in the stance against fraud and corruption and are positively encouraged to raise any concerns they may have on these issues which may impact on Red Kite Learning Trust activities using Red Kite Learning Trust's Whistleblowing Policy.
- 3.6 As part of their responsibilities, the Chief Financial Officer working with Headteachers is required to investigate activities suspected of involving fraud and corruption, and the Trust's procedures and documentation are required to provide adequate coverage of the risk of fraud and corruption and also to reflect the requirements of its staff to be properly and regularly trained.
- 3.7 Where appropriate, Red Kite Learning Trust operates with other Trusts and public sector bodies in the prevention, detection and investigation of fraud and corruption.
- 3.8 Although Red Kite Learning Trust encourages its employees to report concerns acting in good faith, any maliciously motivated and unfounded allegations may be dealt with through its disciplinary procedures.

4. Prevention

- 4.1 It is the corporate responsibility of Red Kite Learning Trust to put in place preventative measures to fight fraud and corruption to minimise risk.
- 4.2 Red Kite Learning Trust's Policies, Schemes of Delegation together with Financial Policy and procedures, set out a framework for dealing with the affairs of Red Kite Learning Trust and all members, trustees, governors and employees have a duty to comply with their provisions. This includes the duty of to act within statutory regulations.
- 4.3 Members, trustees and governors must operate in accordance with Red Kite Learning Trust's policies and procedures.
- 4.4 Red Kite Learning Trust has put in place systems and procedures to manage and discharge its functions in an efficient and effective way. These systems incorporate internal controls to prevent and deter fraud and corruption. Employees must ensure that working practices comply with the systems and the Audit and Risk Committee will regularly evaluate the appropriateness and effectiveness of these controls.
- 4.5 Through documentation, including manuals and operating procedures, effective control is expected of all financial and operational systems and they must be issued to relevant staff. These must be regularly reviewed to ensure in line with best practice and effective internal controls.

- 4.6 Employee recruitment is required to be in accordance with procedures laid down in the Human Resources procedures and, in particular adequate checks made appropriate to the posts and before any appointment is made.
- 4.7 Employees are required to disclose any offers of gifts, hospitality or interests that could conflict with the interests of Red Kite Learning 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 fraud, corruption and other irregularities. Managers should pay special attention to particular circumstances, which may indicate an irregularity.
- 5.2 It is the responsibility of all employees, in particular Managers to adhere to the procedures noted in the Fraud Response Plan below.
- 5.3 Reporting of suspected irregularities 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 the Police;
 - 5.3(d) ensures the proper implementation of relevant system improvements.
- 5.4 Red Kite Learning Trust will take appropriate action following an investigation including disciplinary action, civil recovery, referral to the Police.

6. Training

- 6.1 Training and guidance is vital in maintaining the effectiveness of this Strategy and its general credibility. Red Kite Learning 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 Red Kite Learning 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 Red Kite Learning Trust will continuously review these arrangements, in particular this Strategy.

7.3 The ESFA's Antifraud checklist has been reviewed and is appended to this document.

8. Fraud Response Plan

The Fraud Response Plan sets out the 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 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. He 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. 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 legal advice from the Trust's Solicitors on both employment and litigation issues before taking any further action. The Trust's Disciplinary Policy will be invoked if appropriate.

- 8.4 The Chief Financial Officer 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 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 If evidence of a fraud 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 the police.

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?

Yes. The fraud policy has been reviewed by trustees and the accounting officer at the Board of Trustees.

2. Is fraud included within the remit of the trust's audit committee?

Yes. The Audit committee is responsible for reviewing the Trust's risk profile including its exposure to fraud.

3. Has the role of the trust's external auditor and responsible officer or equivalent regarding fraud been established and is it understood?

Yes. The external auditor undertakes a Regularity Audit which includes a review of any actual or attempted fraud and a review of the controls in place to mitigate the fraud risks. The internal audit programme which is overseen by the Audit and Risk Committee informs management and trustee' views on the suitability of procedures.

4. Is fraud risk considered within the trust's risk management process?

Yes. This is considered under the Finance section of the risk register.

5. Does the trust have a fraud strategy or policy and a 'zero tolerance' culture to fraud?

Yes.

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? Yes.

6. Does the trust have policies on whistleblowing, declaration of interests and receipt of gifts and hospitality?

Yes.

Does the trust have appropriate segregation of duties around financial transactions, including, but not limited to, accounting, processing and banking arrangements? Yes.

7. Is it clear to whom suspicions of fraud in the academy trust should be reported?

Yes. As detailed in the Anti-fraud policy.

8. If there has been any fraud in the trust has a 'lessons learned' exercise been undertaken?

An attempted fraud by a criminal impersonating a Headteacher in 2012 led to changes in the information published on that school's website and the removal of the Headteacher from the list of authorised signatories to the school bank accounts.