

# ANTI-FRAUD, CORRUPTION AND BRIBERY POLICY

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Reviewed by the SLT MAT Board

'The Trustees of Southport Learning Trust are committed to safeguarding and promoting the welfare of children and young people at every opportunity and expect all staff and volunteers to share this commitment'

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### 1. Purpose

The fulfilment of this Anti-fraud, Corruption and Bribery Policy will assist in the delivery of more effective risk management within Southport Learning Trust.

### 2. Introduction

Southport Learning Trust is determined to demonstrate that it will not tolerate fraud, corruption or abuse of position for personal gain, wherever it may be found, in any area of Trust activity.

The Trust considers that all instances of fraud, corruption and other dishonesty endanger the achievement of the Trusts limited resources from the provision of education. There is a clear recognition that the abuse of the Trusts resources, assets, and reputation, threatens its sound financial standing.

The purpose of this Policy Statement is to set out for Trustees, Governors and employees within the Trust, that the Trust's main objectives for countering fraud and corruption. This policy statement -

- Defines fraud, corruption and bribery.
- Identifies the scope of the applicability of the policy.
- Sets out the Trusts intended culture and stance on bribery.
- Identifies how to raise concerns and to report malpractice.
- Sets out responsibilities for countering fraud.

### 3. Definitions

#### Fraud

Fraud is a range of abuse and malpractice that is covered by the Fraud Act 2006.

Fraud can be defined as an abuse of knowledge or financial position that is done deliberately to create a financial gain for the perpetrator or for a related person or entity and / or cause a loss to another. It can take place in many ways; withholding information, deliberately misleading, misrepresenting a situation to others or by abuse of position. Irrespective of the definition applied, fraud is always deceitful, immoral, and intentional and creates a financial gain for one party and / or a loss for another.

Gains and losses do not have to be direct. A gain to a related party or company through intentional abuse of position, albeit not directly to the officer involved, is still fraudulent. In the same way, using the Trust's name and services is also fraudulent; where there is deliberate abuse of position to make a gain in the form of goods and services at a discount price or to get the Trust to pay for them.

The Trust should also be vigilant to the increasing risk of cybercrime involving malicious attacks on computer software and email hacking. People can illegally gain access to an email account in various ways, many of which rely on user behaviour, including:

- opening and responding to spam emails
- opening emails that contain viruses
- opening phishing email messages that appear to be from a legitimate business

The disclosure of the Trusts information via email could result in financial loss and identity theft.

### Corruption

Corruption will normally involve some bribe, threat or reward being involved.

### Bribery

The Bribery Act 2010:

There are four key offences under the Act:

- bribery of another person (section 1)
- accepting a bribe (section 2)
- bribing a foreign official (section 6)
- failing to prevent bribery (section 7) The Bribery Act 2010

Bribery is not tolerated. It is unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to 'facilitate' or expedite a routine procedure;
- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy;

### Facilitation Payments

Facilitation payments are not tolerated and are illegal. Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions.

## Gifts and Hospitality

This policy is not meant to change the requirements and the Trusts approach to gifts and hospitality as set out within the Scheme of Delegation. These make it clear that all offers of gifts and hospitality should be registered whether they are accepted or not.

### **4. Scope of Policy**

This policy applies to all employees and anyone acting for, or on behalf of, the Trust ('associated persons'), including employees from the Local Authority or other external agencies acting for the Trust, Trustees, Governors, other volunteers, temporary workers, consultants and contractors.

The Trust expects that individuals and organisations (e.g. partners, suppliers, contractors, and service providers) with which it deals will act with integrity and without thought or actions involving fraud and corruption. Where relevant, the Trust will include appropriate clauses in its contracts about the consequences of fraud, bribery and corruption. Evidence of such acts is most likely to lead to a termination of the particular contract and will normally lead to prosecution.

The Trust recognises the importance of the seven principles of public life defined by the Nolan Committee 1995, and expects all Trustees, Governors, Employees and those acting as its agents to conduct themselves according to them. The seven principles are detailed within the Trusts Financial Handbook.

Through observance of these principles, the Trust requires the Governors, Employees and its agents to be alert to the possibility of fraud, corruption and dishonesty in all their dealings.

The Trust also requires that those employees responsible for its systems and procedures should design and operate systems and procedures which endeavour to minimise losses due to fraud, corruption, and other dishonest action and abuse.

### **5. Culture & stance against fraud & corruption**

The Southport Learning Trust determined that the culture and tone of the organisation will be one of honesty and opposition to fraud and corruption of any kind.

The Trust expects that the Trustee Board and Local Governing Bodies within the Trust schools and its employees at all levels will lead by example in ensuring adherence to legal requirements, financial rules, codes of conduct and prescribed procedures and practices.

The Trust implements and maintains systems of accountability and control to ensure that its resources are properly applied in the way it intended. These systems include, as far as is practical, adequate internal controls to detect not only significant errors but also importantly, fraud and corruption.

### **6. Raising Concerns**

Trustees, Governors, Trust Employees and anyone acting for, or on behalf of, the Trust ('associated persons'), including employees from the Local Authority or other external agencies acting for the Trust, Trustees, Governors, other volunteers, temporary workers, consultants and contractors are an important element in the Trust's defence against corruption; they are expected to raise any concerns that they may have on these issues where they are associated with the Trust's activities.

The Trustees, Chief Executive Officer, Executive Director, will be robust in dealing with financial malpractice of any kind. Trustees, Governors, employees of the Academy and 'associated persons' should follow the guidance issued in the **Trust's Whistleblowing Policy**.

All concerns reported, by whatever method, will be treated in confidence. Concerns should be raised with the Chief Executive Officer in the first instance, except when it relates to the Chief Executive Officer in which

case the concern should be raised with the Chair of Trustees. This may mean that, depending on the level, type and details of the concerns you raise, that your concerns are investigated by the Chief Executive Officer, the Chair of Trustees, and the Board of Trustees or, in the case of very serious concerns, the Police.

Concerns in relation to potential breaches of security as a result of cybercrime should be reported immediately to the Chief Executive Officer who will contact the IT department for advice.

## **7. Action to be taken**

The Trust will fully investigate any instances of alleged or suspected bribery or fraud. Employees suspected of bribery or fraud may be suspended from their duties while the investigation is being carried out. The Trust has a comprehensive response plan to suspected bribery, fraud and corruption and this can be found in Appendix 1.

The Trust will invoke its disciplinary procedures where any employee is suspected of bribery or fraud, and proven allegations may result in a finding of gross misconduct and immediate dismissal. The Trust may terminate the contracts of any associated persons, including consultants or other workers who act for, or on behalf of, the Trust who are found to have breached this policy.

The Trust may also report any matter to the relevant authorities, including the Director of Public Prosecutions, Serious Fraud Office, Revenue and Customs Prosecutions Office and the police. The Trust will provide all necessary assistance to the relevant authorities in any subsequent prosecution.

## **8. Monitoring and review**

This Policy has been approved by the Board of Trustees and is to be reviewed on a biennial basis.

The internal monitoring of the implementation of this policy will be the responsibility of the Executive Director who will produce reports for the Board of Trustees as required.

The responsibility for ensuring that this policy and its associated processes and procedures, remain appropriate and comply with changes in legislation will be held by the Chief Executive Officer.

# APPENDIX 1: Fraud, Corruption and Bribery Response Plan

## 1. Introduction

The Trust is committed to the values of probity and accountability, but the determined perpetrator will always find a way around systems and procedures. It is, therefore, necessary for all managers to be aware of what is required in the event of being notified of a suspected fraud. This document sets out the process for staff who wish to notify any suspicions and also how the Trust should respond.

## 2. Notifying Suspected Fraud

Suspected fraud can be discovered in a number of ways but in all cases it is important that staff feel able to report their concerns and should be made aware of the means by which they are able to do so:

### CEO and Headteachers

If an employee discovers a suspected fraud then it should be reported to the CEO or relevant headteacher as a matter of urgency. The headteacher should establish as many details as possible (by discussion with the notifying person only). The CEO will report the incident to the chair of trustees.

In some cases the notifying individual may prefer to report the suspicion to an independent officer or even to remain anonymous, therefore, the Trust has other means available.

### Chair of Trustees

Where an employee wishes to report suspicions or evidence of fraud or corruption, but does not have the confidence to report this through the CEO or headteachers, they are encouraged to approach the chair of trustees.

Further detailed guidance on how to raise concerns confidentially is contained within the Whistleblowing Policy and Procedure.

### ESFA

Guidance explaining how to make an allegation of fraud or financial irregularity can be found at <https://www.gov.uk/government/publications/how-esfa-handles-allegations-of-suspected-fraud-or-financialirregularity/how-esfa-handles-allegations-of-suspected-fraud-or-financial-irregularity>

## 3. Investigating Suspected Fraud Initial Steps

Once fraud is suspected it is critical that any investigation is conducted in a professional and timely manner aimed at ensuring that the current and future interests of both the Trust and the suspected individual(s) are protected. The latter is equally important as a suspicion should not be seen as guilt to be proved.

It is also crucial that the notifying employee does not feel threatened. The Trust undertakes to protect the identity of such employees and not to release the source of notification at any time during the investigation.

For each notified suspicion the CEO will appoint an Investigating Officer to be in charge of the investigation on a day to-day basis. This can be a member of the senior leadership team, trustee, governor, internal auditor or external auditor.

### Subsequent Steps

The Investigating Officer must:

- Initially assess whether there is a need for any employee to be suspended. The decision should be kept under review at all stages of the ensuing investigation;
- Identify a course of action (what, who, when, how, where);
- ensure that the person/s being investigated are shown the supporting evidence and offered an opportunity to respond as part of the investigation;

- Identify the reporting process (who by, to whom, when and how) and ensure that strict confidentiality is continuously maintained; and
- Bring the matter to the attention of the Finance, Audit and Risk committee and the Trust Board

It is important, from the outset, to ensure that evidence is not contaminated, lost or destroyed. The Investigating Officer will therefore take immediate steps to secure physical assets, including computers and any records thereon, and all other potentially evidential documents, and ensure that appropriate controls are introduced to prevent further loss.

The Investigating Officer will:

- Ensure that a detailed record of the investigation is maintained. This should include a chronological file recording details of, for example: telephone conversations, discussions, meetings and interviews, records/documents reviewed, tests and analyses undertaken, and results and their significance

The file should be indexed, and all details recorded no matter how insignificant they initially may appear.

- Ensure that evidence is obtained, appropriately categorised and retained:
  - prime documents
  - certified copies
  - physical items
  - Secondary evidence (e.g. interview transcripts etc.)
  - circumstantial evidence
  - hearsay
- Ensure interviews are conducted in a fair and proper manner, and that contemporaneous notes are taken detailing who was present and who said what.

#### **4. Liaison with the Police**

The experts at investigating fraud are the police. They will also advise on the likely outcome of any intended prosecution. Initial contact with the police should only be undertaken following discussion between the CEO and the Investigating Officer. It is the policy of the police to welcome early notification of suspected fraud.

If the police decide that a formal investigation is necessary, all staff should co-operate fully with any subsequent requests or recommendations. All contact with the police following their initial involvement will usually be via the Investigating Officer.

Where the police decide to formally investigate this will not prejudice any internal disciplinary procedures; these should continue as normal. However, the internal investigation and the police's investigation should be co-ordinated to make maximum use of resources and information.

#### **5. Reporting Fraud and Attempted Fraud Department of Education**

The Trust will report to the ESFA as per the Academies Financial Handbook:

- as soon as is operationally practical based on its particular circumstances, of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any academy financial year;
- any fraud or corrupt act by a member, trustee, governor, CEO or headteacher, irrespective of the value involved; and
- any unusual or systematic fraud, regardless of value, must also be reported

Reporting will be undertaken by the CEO or chief operating officer at the earliest opportunity.

### Trust Board

The CEO will report to the Trust Board all cases of fraud and attempted fraud, detailing the nature and extent of the fraud and any implications for the association's internal control system.

The Trust will maintain a register of all incidents of fraud and attempted fraud, which will be reviewed by the chair of the Finance, Audit and Risk committee, if and when any incident occurs.

### Interim Report

As soon as the initial 'detection' stage of the investigation has been completed an interim confidential report, which may be verbal, but is more likely to be in a written format, should be made by the Investigating Officer to the CEO and chair of trustees and any other officer decided upon at the preliminary stage.

The Interim Report should include;

- the findings to date;
- the interim conclusions drawn from those findings; and
- a recommendation to continue the investigation, if this is justified by the initial findings.

If it is decided to continue the investigation the future reporting arrangements and any changes to the planned action should be confirmed by the CEO.

### Final Report

This report will supersede all other reports and be the definitive document on which the leadership (in a disciplinary situation) and possibly the police (in a criminal situation) will base their initial decisions.

The format of the final report will not always be the same as each case is unique, but will frequently set out:

- When the fraud was initially discovered
- The method of discovery
- The period the fraud covers
- Who the suspects are, their position in the Trust and their responsibilities
- Details of how the investigation was undertaken
- The facts and evidence which were identified
- Amount of loss and chances of recovery
- Action taken against perpetrator
- Action taken in respect of involving the police
- Action taken to prevent recurrence
- Summary of findings and recommendations, both regarding the fraud itself and any additional work required on the system weaknesses identified during the investigation.

All reports must be substantiated by the strongest evidence and avoid contents that could be considered to be defamatory in the event of the report being made public.

Defamation in law is defined as:

“the publication (i.e. communication) of a statement which tends to lower a person in the estimation of right-thinking members of society generally or which tends to make them shun or avoid that person”.

## **6. Recovery Action**

The Trust will take appropriate steps, including legal action if necessary, to recover any losses arising from fraud, theft or misconduct. This may include action against third parties involved in the fraud or whose negligent actions contributed to the fraud.