



Registered Charity 1171812

# Anti Fraud and Corruption Policy

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## Introduction

Connie Rothman Learning Trust (CRLT) oversees Connie Rothman School (CRS), a charity run independent special school. It is committed to fulfilling its responsibilities to protect the funds it administers against fraud and corruption. This policy is designed to:

- promote standards of honest and fair conduct
- encourage prevention of fraud and corruption
- maintain strong systems of internal control
- promote detection
- pursue a zero-tolerance policy and bring to justice anyone who commits acts of fraud or corruption
- recover any losses incurred by CRS or other programmes facilitated by CRLT

CRLT and CRS will continually strive to ensure that all its financial, contractual and administrative processes are conducted and reported honestly, accurately, transparently and accountably and that all decisions are taken objectively and free from personal interest. CRLT and CRS will not condone any behaviour that falls short of these principles. CRLT trustees, staff, and volunteers have a responsibility for putting these principles into practice and for reporting any breaches they may discover.

## Culture

CRLT and CRS is a charity, and the charity culture is intended to foster honesty and integrity and is underpinned by principles of behaviour. These are:

- selflessness
- integrity
- objectivity
- accountability
- openness
- honesty
- leadership

Trustees, staff, and volunteers are expected to lead by example in adhering to all CRLT and CRS policies, procedures and practices. Equally members of the public and external organisations, such as suppliers and contractors, are expected to act with integrity and without intent to commit fraud against the Trust or school.

CRLT and CRS will provide clear routes by which concerns can be raised by trustees, staff, and volunteers and by those outside the charity. Our policy regarding “whistle blowing” is clear – we expect and encourage all concerns regarding poor or illegal practices to be raised without any fear of repercussions.

## Definitions

Many of the offences referred to as fraud are covered by the Theft Acts 1968 and 1978, the Prevention of Corruption Acts, Fraud Act 2006 and the Bribery Act 2010. The term is used to describe such acts as deception, bribery, forgery, corruption, extortion, theft, conspiracy, embezzlement, misappropriation of assets, false representation, concealment of material facts and collusion. The criminal act is the attempt to deceive, and attempted fraud is therefore treated as seriously as accomplished fraud.

The Bribery Act 2010 repeals existing corruption legislation and has introduced the offences of offering and / or receiving a bribe. It also places specific responsibility on organisations to have in place sufficient and adequate procedures to prevent bribery and corruption taking place.

Bribery is defined as the inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other privileges. Corruption is broadly defined as the offering or acceptance of inducements, gifts or favours, payments or benefit in kind which may influence the improper action of any person; corruption does not always result in a loss. The corrupt person may not benefit directly from their deeds; however, they may be unreasonably using their position to give some advantage to another.

Fraud and bribery now have distinct definitions in law provided under the Fraud Act 2006 and the Bribery Act 2010. The definitions are as follows:

Fraud - A person is guilty of fraud by false representation, failing to disclose information or by abuse of position.

Bribery - Giving or receiving a financial or other advantage in connection with the improper performance of a position of trust, or a function that is expected to be performed impartially or in good faith.

The Chartered Institute of Public Finance and Accountancy give the following definitions:

Fraud is the intentional distortion of 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. Fraud is a deliberate act and is therefore always intentional and dishonest.

Corruption is the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person.

Fraud: The term fraud is used to describe acts of deception, bribery, forgery, concealment of material facts and collusion. For practical purposes, fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing a loss to another's property. Fraud is most often associated with a deliberate intent to acquire money or goods dishonestly through the falsification of records or documents and/or the deliberate changing of financial statements or other records. The criminal act is the attempt to deceive and attempted fraud is therefore treated as seriously as accomplished fraud.

Computer Fraud: This occurs when information technology equipment has been used to manipulate programmes or data dishonestly or where the information system is a material factor in the perpetration of the fraud. Theft or fraudulent use of computer time and resources is included in this definition.

Theft: Dishonestly acquiring, suing or disposing of physical or intellectual property belonging to CRS or to individual members of the organisation.

Misuse of equipment: Deliberately misusing materials or equipment belonging to CRS.

Abuse of position: Exploiting a position of trust within the organisation.

## Prevention

CRLT, CRS, and all trust programmes recognise that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff in terms of their propriety and integrity. Trustee, Governor and Staff recruitment is therefore required to be in accordance with procedures laid down or approved by the Board of Trustees and to obtain written references regarding known honesty and integrity of potential staff before employment offers are made.

CRLT and CRS employees are expected to follow any Code of Conduct related to their personal professional qualifications and to abide by CRS's 'Code of Conduct'. The role that appropriate staff are expected to play in the Trust's framework of internal control is governed by the Trust's policies and procedures (as approved by the Board of Trustees).

All Trustees and staff are required to declare in a register held by the Business Manager (for Trustees and staff), any offers of gifts or hospitality which are in any way related to the performance of their duties or not. Declarations should be made on the register of any offer, regardless of the offer being accepted or declined. If offers are disproportionate to the relationship between CRLT, CRS, and the trust's other programmes and the other party, then this could be perceived as bribery or corruption.

CRLT and CRS Standing Orders and Financial Regulations place a duty on all staff to act in accordance with best practice when dealing with the affairs of the Trust.

Significant emphasis has been placed on the thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls.

The adequacy and appropriateness of the Trust's financial systems is independently monitored by external audits and their recommendations are monitored by the Trust Board.

## Responsibilities

In relation to the prevention of fraud, theft, misuse of equipment and abuse of position, specific responsibilities include:

### Trustees

The Board of Trustees is ultimately responsible for Trust's system of internal control which is designed to provide assurance regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.

Trustees are responsible for establishing a sound system of internal control that supports the achievement of the Charity's policies, aims and objectives. The system of internal control is designed

to respond to and manage the whole range of risks that the Charity faces. It will be reviewed and updated as necessary.

### The Chief Executive Officer (Chief Executive)

Overall responsibility for managing the risk of fraud has been delegated to the Chief Executive.

Responsibilities include:

- undertaking a regular review of the fraud risks
- establishing an effective anti-fraud response plan in proportion to the level of fraud risk identified
- establishing appropriate mechanisms for:
  - reporting fraud risk issues
  - reporting significant incidents of fraud or attempted fraud to the Trustees
- liaising with the Charity's accountant and appointed Auditor
- ensuring that all staff are aware of the Charity's Anti-Fraud Policy and know what their responsibilities are in relation to combating fraud
- ensuring that appropriate anti-fraud training is made available to staff and volunteers as required
- ensuring that appropriate action is taken to minimise the risk of fraud occurring

### Administrators and Management

The Administration Management Team is responsible for:

- ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively
- preventing and detecting fraud as far as possible
- assessing the types of risk involved in the operations for which they are responsible
- reviewing the control systems for which they are responsible
- ensuring that controls are being complied with and their systems continue to operate effectively
- implementing new controls to reduce the risk of fraud occurring where frauds have taken place

### Staff and Volunteers

Staff and volunteers are responsible for:

- acting with propriety in the use of the Charity's resources and the handling and use of funds
- conducting themselves in accordance with the Charity's principles, i.e., selflessness, integrity, objectivity, accountability, openness, honesty and leadership
- being alert to the possibility that unusual events or transactions could be indicators of fraud
- alerting management when they believe the opportunity for fraud exists, e.g., because of poor procedures or lack of effective oversight
- reporting details immediately if they suspect that a fraud has been committed or see any suspicious acts or events
- cooperating fully with whoever is conducting internal checks, reviews, or fraud investigations
- Registering all offers of gifts and hospitality

## Detection and Investigation

An irregularity is any incident or action which is not part of the normal operation of the system or expected course of events, which may be secondary to a fraud.

The Chair of the Board of Trustees must be immediately notified of all financial or accounting irregularities or suspected irregularities. This includes any circumstances which may suggest the possibility of irregularities, including those affecting cash, stores, property, remuneration or allowances. Reporting of suspected irregularities is essential as it facilitates a proper investigation by experienced staff and ensures the consistent treatment of information regarding fraud and corruption. When so notified, the Chair will instigate an investigation by appointing a designated officer, auditor or other adviser. The designated officer, auditor or other advisor will:

- deal promptly with the matter
- record evidence received
- ensure the security and confidentiality of evidence
- work closely with senior managers of the Charity and other agencies, such as the Police and Courts to ensure that all issues are properly investigated and reported if necessary
- ensure maximum recoveries are made on behalf of the Charity, and assist the CHIEF EXECUTIVE and managers to implement CRS's disciplinary procedures where considered appropriate (referral to the Police will not prohibit or restrict action under the Disciplinary Procedure)

No action will be taken against anyone who has reported a potential fraud should the suspicion turn out to be unfounded if they have acted in good faith. Malicious accusations may be the subject of disciplinary action. The Public Interest Disclosure Act 1998 protects whistle-blowers from victimisation, discipline or dismissal when they raise genuine concerns of misconduct or malpractice.

An individual should not deal with any allegation or suspicion of fraud themselves but should refer the issue to their manager or the Chief Executive. Should the concern be about the manager then it should be referred directly to the Chief Executive. Should the concern be about the Chief Executive, it should be referred to the Chair of the Trustees. Should the concern be about the Chair, it should be referred to the Chief Executive who will liaise with the other Trustees for an appropriate investigation.

## Training and Communication

An important contribution to the continuing success of an anti-fraud strategy, and its general credibility, lies in the effectiveness of programmed training of trustees, staff, and volunteers. This will be achieved through the development of induction and refresher training for all personnel involved in internal control systems to ensure that their responsibilities and duties are regularly highlighted and reinforced.

To ensure that the Charity's fraud prevention and associated policies and procedures are embedded and understood throughout the organisation, this policy will be made available to everyone involved with the charity, including staff, volunteers, and all external interested parties.

## Review

This policy will be reviewed on an ongoing basis in line with best practice and legislative requirements, and at least every 3 years.

All questions regarding this procedure should be addressed, in the first instance, to the Business Manager.

## APPENDIX 1: Fraud and Corruption Response Plan

### Introduction

CRS is committed to the values of probity and accountability, but the determined perpetrator will always find a way round systems and procedures. It is therefore necessary for all trustees and staff 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 CRS should respond.

### 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:

#### Chief Executive

If an employee discovers a suspected fraud, then it should be reported to the CHIEF EXECUTIVE as a matter of urgency. Whilst the Chief Executive should establish as many details as possible (by discussion with the notifying person only) he/she should formally report the incident to the Chair of the Board of Trustees. In some cases, the notifying individual may prefer to report the suspicion to an independent officer or even to remain anonymous, therefore, CRS has other means available.

#### Direct to Business Manager

Where an employee wishes to report suspicions or evidence of fraud or corruption but does not have the confidence to report this through the Chief Executive, they are encouraged to approach the Business Manager.

#### Direct to the Board 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 anyone associated with the school, they are encouraged to approach the Chair of the Board of Trustees.

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

### Investigation Suspected Fraud

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 CRS 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. CRS 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 Chief Executive will appoint an “Investigating Officer” to oversee the investigation on a day-to-day basis. This can be a Trustee or senior member of the administration team.

### 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);
- 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 Board of Trustees

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; and
  - 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.

### 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 Headteacher, the CFO 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 that of the police should be co-ordinated to make maximum use of resources and information.

## Reporting Fraud and Attempted Fraud

### CRS Trust Board

The CHIEF EXECUTIVE will report to the Board of Trustees in 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.

CRLT and CRS will maintain a register of all incidents of fraud and attempted fraud, which will be reviewed by the Trust Board at least termly.

### 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 CHIEF EXECUTIVE to the Chair of Board of Trustees.

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 CHIEF EXECUTIVE.

### Final Report

This report will supersede all other reports and be the definitive document on which 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 CRS, 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 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”.

Once complete the final report must be passed to the Board of Trustees.

#### Recovery Action

CRLT and CRS 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.

## APPENDIX 2: Fraud-Staff Summary

DO	DON'T
MAKE A NOTE OF YOUR CONCERNS	BE AFRAID OF RAISING YOUR CONCERNS
<ul style="list-style-type: none"> <li>Record all relevant details, such as the nature of your concern, the names of parties you believe to be involved, details of any telephone or other conversations with names, dates and times and any witnesses.</li> <li>Notes do not need to be overly formal, but should be timed, signed and dated.</li> <li>Timeliness is most important. The longer you delay writing up, the greater the chances of recollections becoming distorted and the case being weakened.</li> </ul>	<ul style="list-style-type: none"> <li>The “Whistleblowing” Policy provides protection for employees who raise reasonably held concerns through the appropriate channels.</li> <li>You will not suffer discrimination or victimisation as a result of following these procedures and the matter will be treated sensitively and confidentially</li> </ul>
RETAIN ANY EVIDENCE YOU MAY HAVE	CONVEY YOUR CONCERNS TO ANYONE OTHER THAN AUTHORISED PERSONS
<ul style="list-style-type: none"> <li>The quality of evidence is crucial and the more direct and tangible the evidence, the better the chances of an effective investigation.</li> </ul>	<ul style="list-style-type: none"> <li>There may be a perfectly reasonable explanation for the events that give rise to your suspicion. Spreading unsubstantiated concerns may harm innocent persons. (Section 2 of the Fraud Response Plan sets out who you should notify)</li> </ul>
REPORT YOUR SUSPICIONS PROMPTLY	APPROACH THE PERSON YOU SUSPECT OR TRY TO INVESTIGATE THE MATTER YOURSELF
<ul style="list-style-type: none"> <li>In the first instance, report your suspicions to the Headteacher. If this action would be inappropriate, further guidance on disclosure can be found in the Anti Fraud Policy and Procedure and Whistleblowing Policy.</li> </ul>	<ul style="list-style-type: none"> <li>There are special rules relating to the gathering of evidence for use in criminal cases. Any attempt to gather evidence by persons who are unfamiliar with these rules may weaken the case.</li> </ul>