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1.0 Introduction

- 1.1 This document sets out the Lydiate Learning Trust’s policy in relation to fraud and corruption. It has the full support of the Lydiate Learning Trust’s Board of Governors, Senior Leadership Team and all Staff.
- 1.2 Lydiate Learning Trust takes its responsibility to safeguard public money very seriously. Fraud and corruption undermine standards of service and reduce the resources available for legitimate use.
- 1.3 All stakeholders are entitled to expect Lydiate Learning Trust to operate with integrity, honesty and openness. Quite rightly they demand the highest standards from all those connected with Lydiate Learning Trust in any official capacity. Lydiate Learning Trust is, therefore, committed to combating all forms of fraud and corruption, whether these are attempted from within or are external to the organisation.
- 1.4 The aim of this Policy is to clearly communicate the measures that Lydiate Learning Trust has put in place to minimise the risk of fraud and corruption occurring and the action that should be taken if it is suspected.

And The purpose of this policy is to:

- 1. Set out our responsibilities and of those working for us in observing and upholding our position on bribery and corruption; and
- 2. Provide information and guidance to those working for us on how to recognise and deal with bribery and corruption.

2.0 What is fraud and Corruption?

2.1 Fraud and corruption are defined by the Audit Commission as:

Fraud – *“the intentional distortion of financial statements or other records by persons internal or external to Lydiate Learning Trust which is carried out to conceal the misappropriation of assets or otherwise for gain”*

Corruption – *“the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”*

Bribery – A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.

2.2 Gifts and Hospitality

2.2.1 This policy does not prohibit normal and appropriate hospitality (given and received) to or from third parties.

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2.2.2 The giving or receipt of gifts is not prohibited, if the following requirements are met:

- it is not made with the intention of influencing a third party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits;
- it complies with local law;
- it is given in our name, not in your name;
- it does not include cash or a cash equivalent (such as gift certificates or vouchers);
- it is appropriate in the circumstances. For example, in the UK it is customary for small gifts to be given at Christmas time;
- taking into account the reason for the gift, it is of an appropriate type and value and given at an appropriate time;
- it is given openly, not secretly; and
- gifts should not be offered to, or accepted from, government officials or representatives, or politicians or political parties, without the prior approval of the [Executive Headteacher].

2.2.3 The test to be applied is whether in all the circumstances the gift or hospitality is reasonable and justifiable. The intention behind the gift should always be considered.

2.4 What is not Acceptable?

It is not acceptable for you (or someone on your behalf) to:

- 2.4.1 give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a commercial advantage will be received, or to reward a commercial advantage already given;
- 2.4.2 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;
- 2.4.3 accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a commercial advantage for them;
- 2.4.4 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 commercial advantage will be provided by us in return;
- 2.4.5 threaten or retaliate against another worker who has refused to commit a bribery offence or who has raised concerns under this policy; or
- 2.4.6 engage in any activity that might lead to a breach of this policy.

2.5 Donations

We do not make contributions to political parties. We only make charitable donations that are legal and ethical under local laws and practices. No donation must be offered or made without the prior approval of the [Executive Headteacher/Head Teacher].

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2.6 Your Responsibilities

- 2.6.1 You must ensure that you read, understand and comply with this policy.
- 2.6.2 The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for us or under our control. All workers are required to avoid any activity that might lead to, or suggest, a breach of this policy.
- 2.6.3 You must notify the [Executive Headteacher/Head Teacher] as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future. For example, if an agent or potential agent offers you something to gain a business advantage with us, or indicates to you that a gift or payment is required to secure their business. Further 'red flags' that may indicate bribery or corruption are set out in the Schedule.
- 2.6.4 Any employee who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct. We reserve our right to terminate our contractual relationship with other workers if they breach this policy.

2.7 Who is covered in this policy?

This policy applies to all individuals working at all levels and grades, including Members, Directors, Governors, employees (whether they are permanent, fixed or temporary) consultants, contractors, trainees, seconded staff, agency staff, volunteers or any other person associated with us (collectively referred to as workers).

3.0 Culture

- 3.1 Lydiate Learning Trust is firmly committed to creating an environment in which the risk of fraud and corruption is minimised. This is achieved by promoting a culture of openness and honesty in all Council activities.
- 3.2 The Nolan Committee set out the seven guiding principles that apply to people who serve the public – see below. Lydiate Learning Trust will base its culture around these principles and elected Directors, Governors, officers and workers are expected to apply them during the course of their official duties.

- **Selflessness**

Holders of public office take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

- **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their performance of their official duties.

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- **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

- **Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

- **Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

- **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties to take steps to resolve any conflicts arising in a way that protects the public interest.

- **Leadership**

Holders of public office should promote and support these principles by leadership and example.

3.3 Equally, Governors of the public, clients and external organisations (such as suppliers and contractors) are expected to act with integrity and honesty and without intent to commit fraud against Lydiate Learning Trust in any dealings they may have with us.

3.4 The Lydiate Learning Trust's Board of Directors, Governors and workers are positively encouraged and expected to raise any concerns if they suspect fraud and corruption. The public also has a role to play in this process and should inform Lydiate Learning Trust if they feel that fraud or corruption may have occurred.

4.0 Prevention and Detection

4.1 Lydiate Learning Trust acknowledges that it is the responsibility of the business to establish and maintain sound systems of internal control and to ensure that the Lydiate Learning Trust's resources are properly applied on the activities intended. This includes responsibility for the prevention and detection of fraud and corruption. This responsibility is supplemented by the work of the Responsible Officer who independently examines, evaluates and reports on the adequacy and effectiveness of the Lydiate Learning Trust's internal controls. The Responsible Officer works closely with the Finance and Operations Director to ensure a comprehensive system for the prevention and detection of fraud and corruption.

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4.2 The Lydiate Learning Trust's main rules and internal control procedures aimed at preventing fraud and corruption are set out in Appendix 1. Whilst the list is not exhaustive it serves to demonstrate the wide range of policies and other measures that have been established with the aim of combating fraud and corruption.

5.0 Reporting (How to Raise a Concern)

5.1 The operation of preventive systems, particularly internal control systems within Lydiate Learning Trust, help to deter any fraudulent activity. However, these systems are not infallible and such activity may nevertheless occur. It is often the alertness of members, the Board of Directors, Governors, employees and the public to the possibility of fraud that leads to detection and investigation.

5.2 Lydiate Learning Trust encourages its employees to report concerns about fraud and corruption within Lydiate Learning Trust through its Whistleblowing Policy. Normally such reports will be made via the employee's line manager but, if necessary, there are alternative routes available. These can be to:

- The Executive Headteacher
- The Headteacher
- The Director of Finance and Operations

5.3 Line managers will report any matters referred to them to their SLT line manager who will deal with such issues in accordance with the Lydiate Learning Trust's Financial Procedure Rules.

5.4 Employees must feel free to report their concerns without fear of intimidation. Allegations will be taken seriously and dealt with fairly. All employees are ensured of confidentiality through the relevant legislation (Public Interest Disclosure Act 1998). However, it should be emphasised that abusing this process by raising unfounded, malicious allegations will be treated as a serious disciplinary matter.

5.5 Governors of the public are encouraged to report any concerns or suspicions through:

- The Executive Headteacher
- The Headteacher
- The Director of Finance and Operations

5.6 Complaints against the Board of Directors of Lydiate Learning Trust or Governors of the Trust School should be made in the first instance to the Director of Finance and Operations.

5.7 If a Governor is approached or advised of any concerns regarding fraud or corruption, the Member should refer the matter to:

- The Executive Headteacher

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- The Headteacher
- The Director of Finance and Operations

6.0 What to do if you are victim of Bribery and corruption

It is important that you tell the Headteacher as soon as possible if you are offered a bribe by a third party, are asked to make one, suspect that this may happen in the future, or believe that you are a victim of another form of unlawful activity.

7.0 Protection

7.1 Workers who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

7.2 We are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform the compliance manager immediately. If the matter is not remedied, and you are an employee, you should raise it

8.0 Investigation and Prosecution

8.1 The Financial Procedure provides a framework for the investigation of suspected fraud and corruption.

8.2 The Lydiate Learning Trust's policy is to deal firmly with cases where the outcome of the investigation indicates improper behaviour. This will involve referring the matter to the police for investigation and prosecution where appropriate and, in the case of employee fraud, involve invoking the Lydiate Learning Trust's disciplinary procedures (which may also involve referral to the police, as appropriate). At all times, Lydiate Learning Trust will ensure that internal proceedings do not prejudice any ongoing criminal investigation.

8.3 Lydiate Learning Trust will, wherever possible, seek to recover any losses suffered as a result of fraud or corruption

9.0 Deterrence

9.1 Lydiate Learning Trust will employ a variety of measures to deter potential fraudsters from committing or attempting fraudulent or corrupt acts, whether they are internal or external to Lydiate Learning Trust. These may include:

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- publicising the fact that Lydiate Learning Trust is firmly set against fraud and corruption and states this at every opportunity.
- acting firmly and decisively when fraud and corruption are suspected and proven e.g. the termination of contracts, dismissal, prosecution, etc.
- not being afraid to investigate difficult or uncomfortable cases.
- having sound internal control systems, that still allow for change, but at the same time mitigate against the opportunity for fraud and corruption
- taking action to effect the maximum recoveries for Lydiate Learning Trust e.g. through agreement, court action, penalties, insurance and any other appropriate method

10.0 Training and Awareness

- 10.1 Lydiate Learning Trust recognises that the continuing success of its Anti-Fraud and Corruption Policy and its general credibility will depend largely on the effectiveness of programmed training, communication and responsiveness of officers throughout the organisation.
- 10.2 Communication of this Policy will be included in induction training, both for Governors and new employees of Lydiate Learning Trust.
- 10.3 Awareness will be raised by publishing this Policy on the Lydiate Learning Trust's website and Trust School website.

11.0 Summary

- 11.1 Lydiate Learning Trust has a corporate determination to create an anti fraud culture within the organisation and to take appropriate action when fraud, corruption and irregularities come to light. A clear network of policies, systems and procedures has been established to assist in this fight against fraud and corruption.
- 11.2 Lydiate Learning Trust is committed to ensuring that, as far as possible, there is a wide awareness and circulation of this Policy to all stakeholders in order that all relevant parties understand the very high standards which Lydiate Learning Trust is determined to observe in all its business.
- 11.3 The Anti-Fraud and Corruption Policy is a Corporate Policy. Responsibility for review rests jointly with The Board of directors, The Trust School Governors, Executive Headteacher, Headteachers and Director of Finance and Operations. It will be subject to regular review to ensure it remains relevant and up to date.
- 11.3.1 The Headteacher of each Trust School will be the compliance manager for the purposes of this policy and they have day to day responsibility for implementing the policy and for monitoring its use.

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Appendix 1**The Lydiate Learning Trust's Procedures, Rules and Codes of Conduct**

The Lydiate Learning Trust's main rules and procedures aimed at preventing fraud and corruption are as follows:

- Financial Procedure Rules
- Code of Conduct for Governors
- Employee Code of Conduct
- Responsibility for Functions
- Effective Recruitment and Selection Procedures
- Personnel Procedures
- Internet and E-mail Policy
- Whistleblowing Policy
- Complaints Procedure
- Disciplinary Procedure

In addition, the following internal control measures are also in force:

- The Director of Finance and Operations has a statutory responsibility to ensure the proper administration of the Lydiate Learning Trust's financial affairs.
- Lydiate Learning Trust is required to maintain an adequate and effective system of Internal Audit. This responsibility has been delegated to the Director of Finance and Operations. The Responsible Officer evaluates risk management processes and reviews the adequacy and effectiveness of internal control throughout the organisation.
- Any gifts, rewards and benefits that are disproportionately generous or that could be seen as an inducement to affect a business decision should be declared.
- A rigorous recruitment and selection process seeks to establish, as far as possible, the previous record of potential employees in terms of their propriety and integrity. Written references for potential employees are obtained before employment offers are made and enhanced CRB checks are carried out where appropriate.
- A Risk Register has been compiled and is regularly reviewed by the Board of Directors and local Governing Body.

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Appendix 2

Gifts & Hospitality

This is the Trust's/School's approved Code of Conduct relating to the offer and/or acceptance by staff of gifts and hospitality of whatever nature from outside individuals or organisations.

Within the terms of the Code, staff and governors are expected to exercise common sense. If they are in any doubt they must consult the Headteacher and Chair of Governors and in every case declare the acceptance of a gift or hospitality in the register kept by the Academy.

The process set out is designed to safeguard governors and staff from any misunderstanding or criticism.

The general principles which govern gifts and hospitality are:

- a) Offers of hospitality should only be accepted if there is a genuine need to represent the Academy.
- b) Gifts should only be accepted in **exceptional** circumstances.
- c) The Code of Conduct applies to all governors, and staff of the Academy.
- d) To determine whether a gift or hospitality is acceptable, the 'PROVEIT' test should be applied by staff and referred to the Headteacher/Chair of Governors if in doubt.
- e) Registers are accessible for viewing by the following appropriate officers: Executive Headteacher, Headteacher, Governors, Director of Finance and Operations, External Auditors, and Responsible Officer.
- f) Any request by a member of the public to view the Register of Declarations of Gifts and Hospitality will be referred to the Headteacher. In considering any request, they will balance the requirement for the Academy to be open and transparent against the requirements of the Data Protection Act 1998.

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Schedule - Potential Risk Scenarios: 'RED FLAGS'

The following is a list of possible red flags that may arise during the course of you working for us and which may raise concerns under various anti-bribery and anti-corruption laws. The list is not intended to be exhaustive and is for illustrative purposes only.

If you encounter any of these red flags while working for us, you must report them promptly using the procedure set out in the Whistleblowing Policy:

1. you become aware that a third party engages in, or has been accused of engaging in, improper business practices;
2. you learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a 'special relationship' with foreign government officials;
3. a third party insists on receiving a commission or fee payment before committing to sign up to a contract with us, or carrying out a government function or process for us;
4. a third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
5. a third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
6. a third party requests an unexpected additional fee or commission to 'facilitate' a service;
7. a third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
8. a third party requests that a payment is made to 'overlook' potential legal violations;
9. a third party requests that you provide employment or some other advantage to a friend or relative;
10. you receive an invoice from a third party that appears to be non-standard or customised;
11. a third party insists on the use of side letters or refuses to put terms agreed in writing;
12. you notice that we have been invoiced for a commission or fee payment that appears large given the service stated to have been provided;
13. a third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us;
14. you are offered an unusually generous gift or offered lavish hospitality by a third party.

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