Beechdale Nursery School

Counter fraud and Corruption Policy (Whistleblowing)

September 2022

1. SUMMARY

1.1. The School's Governing Body has a responsibility to protect itself and the public purse and acknowledges that the public is entitled to expect that its affairs are conducted with integrity, honesty and openness and demand the highest standards of conduct from those working for it.

1.2. The Governing Body is committed to maintaining an ethical culture which does not tolerate fraud and corruption. Any such issues will be thoroughly investigated and, if confirmed, dealt with rapidly in the strongest possible way. It will seek the strongest possible sanctions against those who seek to defraud the School. This includes taking appropriate action against staff, governors, parents and guardians, volunteers, contractors, suppliers and other external individuals and organisations.

2. CONTEXT

2.1. To deliver the educational objectives as set out in the School's Improvement / Development Plan it is necessary to maximise the financial resources available to the School. In order to do this the risk of fraud must be reduced to an absolute minimum.

2.2. This Strategy is a key element of the School's overall governance arrangements which aim to ensure that the School is well managed and does the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable way.

3. PURPOSE AND RATIONALE

3.1. The purpose of this Strategy is to outline the approach, as well as defining the roles and responsibilities to be adopted by the School, for dealing with the threat of fraud and corruption, both internally and externally.

3.2. This Strategy sets out a framework for creating a counter fraud culture and maintaining high ethical standards in the administration of the delegated budget and of any voluntary funds held in the School's name.

3.3. The Strategy is based on a series of comprehensive and inter-related procedures, designed to prevent, detect and deter fraud and to take effective action against any attempted or actual fraudulent act affecting the School.

4. SCOPE

4.1. Counter fraud is everyone's responsibility. By ensuring effective measures are taken to prevent, detect, report and investigate fraud, financial resources made available to the School to be spent on the education of its pupils can be maximised. This Strategy applies to all staff and governors.

5. DETAIL OF THE STRATEGY

5.1. The School is determined to protect itself from the risk of fraud and corruption. In order to do this, the Governing Body is committed to establishing and maintaining a strategy for the prevention and detection of fraud and corruption and, where necessary, for pursuing allegations of fraud and corruption.

5.2. Underlying the development of this Strategy there are seven fundamental elements to help achieve this:

- Counter Fraud Culture;
- Prevention;
- Deterrence;

- Detection;
- Investigation;
- Sanctions;
- Redress.

5.3. Using these fundamental elements, this Strategy aims to provide a framework for:

- Raising awareness of fraud and corruption and promoting a zero tolerance counter fraud culture throughout the School;
- Encouraging the prevention of fraud and corruption by monitoring the effectiveness of and updating the Counter Fraud and Corruption Strategy and ensuring that it aligns with related policies and procedures;
- Performing investigations and pursuing recovery of any loss to the School through the disciplinary process, criminal or civil courts;
- Invoking disciplinary proceedings against those suspected of fraud and, where considered necessary, referral to the police or other outside agencies;

5.4. In addition the School through its Strategy aids the detection of fraud and corruption within the Local Authority (the Authority) through national initiatives, including the Audit Commission's National Fraud Initiative (NFI) and also by participating in any local proactive exercises where fraudulent practices could occur.

WHAT IS FRAUD AND CORRUPTION?

5.5. CIPFA provides the following definitions:

- **Fraud:** *The intentional distortion of financial statements or other records by persons internal or external to the organisation, carried out to conceal the misappropriation of assets or otherwise for gain;*

- ***Corruption:*** *The offering, giving or soliciting or acceptance of an inducement or reward, which may influence a person to act against the interests of the organisation.*

5.6. The Fraud Act 2006 introduced a general offence of fraud and outlines three ways it can be committed:

- false representation;
- failing to disclose information;
- abuse of position.

5.7. The term fraud is used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of materials, facts and collusion, dishonesty and intent to make a gain or cause a loss to the School.

5.8. For practical purposes fraud may be defined as the use of deception with the intention of obtaining or causing loss to another party. The criminal act is the attempt to deceive and attempted fraud is therefore treated as seriously as accomplished fraud.

5.9. Computer fraud is where information and communication technology equipment has been used to manipulate programs or data dishonestly, (for example, by altering, substituting or destroying records or creating spurious records), or where the use of an IT system was a material factor in the perpetration of fraud. Theft or fraudulent use of computer time and resources, including unauthorised personal browsing on the internet, is included within this definition.

5.10. Taken together these definitions show that fraudulent behaviour could involve either internal disciplinary action, proceedings in the civil courts or prosecution by the police.

WHAT IS THE SCHOOL DOING TO MANAGE THE RISK?

PREVENTION, DETECTION AND DETERRENCE

Culture

5.11. The best defence in combating fraud is to have a strong counter fraud culture that is properly communicated and fully embedded.

5.12. There are two main elements to this culture, this Strategy and the Authority's Confidential Reporting Code (Whistle Blowing Policy). These set out roles and responsibilities in relation to this area and are key aspects of the system of internal control.

5.13. Staff are often the first to realise that there may be something wrong within School. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or the School. The Confidential Reporting Code encourages and enables staff to come forward and voice concerns without fear of victimisation, subsequent discrimination or disadvantage.

5.14. Governors should comply with the Governors Code of Conduct. Staff are required to comply with the Employee Code of Conduct.

5.15. The Governing Body requires all individuals and organisations associated in whatever way with the School to act with integrity and that Governors and staff at all levels, lead by example. Failure to uphold these Codes of Conduct will be considered as detrimental to the aims of the School and will lead to the appropriate action being taken against those concerned.

Interrelated Policies and Procedures

5.16. The School is subject to a range of interrelated policies and procedures that provide a wider framework to counter fraudulent activity. These have been formulated in line with appropriate legislative requirements, and may include:

- Scheme for the Financing of Schools (incorporating Financial Regulations, Purchasing, Tendering and Contracting, and Confidential Reporting Code)
- Recruitment and Selection Policy
- Induction Procedures
- Code of Conduct for Employees
- Code of Conduct for Governors
- Complaints Procedures
- Disciplinary Procedures
- Information Security Policies and Procedures (including staff internet and laptop policies)

5.17. School control and operating systems are subject to independent review by Internal Audit. The Governing Body is committed to continuously reviewing and improving the systems for which it is responsible, both through self-assessments and by positive response to audit recommendations.

WHO IS RESPONSIBLE FOR DEVELOPING AND MAINTAINING A STRONG COUNTER FRAUD CULTURE TO PREVENT AND DETECT FRAUD?

School Governing Body

5.18. The Governing Body has an obligation to :

- Monitor the effectiveness of controls in place to prevent fraud
- Authorise rigorous and prompt investigations if fraud is suspected

- Instigate appropriate legal or disciplinary action against perpetrators of fraud, and
- Take appropriate action against the Head Teacher or staff where their failures to adhere to approved policies and procedures have contributed to the commissioning of fraud.

5.19. Governors must, at all times maintain the highest standards of conduct and ethics (as stipulated, and where adopted within the Governor Code of Conduct) e.g declaration of interests.

5.20. Governors have a responsibility to support and promote the development of a strong counter fraud culture by working to;

- Champion and promote the Counter Fraud strategy and zero tolerance culture towards fraud and corruption.
- Raise matters of concern that may come to their attention with the Head Teacher, or with Internal Audit if the concerns raised relate to the Head Teacher.

5.21. Governors may also be expected to participate in any reviews, disciplinary meetings or appeals as required.

Head Teacher

5.22. The Governing Body will expect the Head Teacher to assure them that adequate arrangements are in place, rather than seeking to put operational arrangements in place themselves.

5.23. The Head Teacher is responsible for establishing, implementing and maintaining adequate systems of internal control, and to ensure that School resources are properly applied. They should be familiar with and assess the types and risks of fraud or corruption that might occur within School.

5.24. Prevention is better than cure, therefore the Head Teacher should ensure that all staff are aware of school policies and procedures related to fraud or corruption and the consequences of breaching them. This information should be included in induction for new governors and staff.

5.25. The Head Teacher will strive to create an environment in which staff feel able to approach them with any concerns they may have about suspected irregularities and will also ensure that staff are aware of the mechanisms for reporting suspected fraud or corruption.

5.26. The Head Teacher will be ready to take appropriate action in a timely way should there be suspicion of theft, fraud or corruption including notification in the first instance to the Chair of Governors and Manager of Internal Audit and Risk.

Staff

5.27. Staff are expected to give the highest possible standard of service to promote and contribute to the counter fraud culture within School. All staff must ensure that they comply with the Code of Conduct for Employees, which details how they are expected to conduct themselves e.g declaration of interests, gifts and hospitality.

5.28. All staff are required to make themselves familiar with the Counter Fraud and Corruption Strategy and related supporting policies so that they know what to do if they suspect something is wrong. Relevant documentation will be available both within School and on the Durham Learning Gateway.

Contractors and Suppliers

5.29. The Governing Body expects contractors and suppliers to have adequate controls in place to prevent, minimise and detect fraud. The School will expect full cooperation should it suffer loss resulting from fraudulent activity attributable to contractors staff.

Internal Audit and Risk Management Division

5.30. Internal Audit is responsible for ensuring that all fraud and irregularity is properly investigated in accordance with the Authority's Fraud Response Plan, the purpose of which is to define responsibilities for action and reporting lines in the event of suspected fraud, theft or irregularity. Internal Audit acts to promote the deterrence, prevention, detection, investigation, sanctions and redress of fraudulent activity.

5.31. Under the Scheme for the Financing of Schools it is required, irrespective of the amount involved, that all cases of attempted or suspected fraud or irregularity must be reported to the Manager of Internal Audit and Risk by the Head Teacher. If there is any question as to whether an action constitutes fraud, the Manager of Internal Audit and Risk must again be consulted.

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5.32. Internal Audit independently monitors the existence, appropriateness and effectiveness of internal controls and, in developing and maintaining a strong counter fraud culture, assists Head Teachers to fulfil their responsibilities to prevent and detect fraud and corruption through the strengthening of internal controls.

5.33. Internal Audit has a dedicated Counter Fraud Officer to co-ordinate this work and will, as part of its corporate review of the effectiveness of arrangements in place across the Authority, lead on awareness raising.

5.34. Internal Audit will also assist / advise schools on the investigation of suspected fraud in accordance with the Fraud Response Plan and will ensure that all investigations take into account relevant legislation, including the Human Rights Act 1998 and Regulation of Investigatory Powers Act (RIPA) 2000.

5.35. Internal Audit will ensure that the Director of Children and Young People's Services and other relevant Authority contacts are notified of any incident of proven or attempted fraud carried out by staff members.

5.36. Internal Audit will maintain a central record of all reported fraud and corruption cases. Findings from all investigations will be reported to the Manager of Internal Audit and Risk who, in consultation with other appropriate officers from the Authority, will advise the Head Teacher and / or Governing Body of what further action (if any) should be taken.

5.37. Internal Audit will make the Governing Body aware of amendments that need to be made to the Strategy to ensure that it is kept up to date and fit for purpose.

5.38. The success of the aims and objectives of the Strategy, including the use of resources to counter fraud and corruption and of any investigatory work undertaken in respect of Schools, will be monitored and reported in an annual report of its effectiveness and impact to the Authority's Audit Committee by the Manager of Internal Audit and Risk.

5.39. The strategic audit plan, based on risk, provides for system reviews of all major financial and management systems. Internal Audit is alert to the risk of fraud and corruption in all its work and includes specific counter fraud reviews in its annual plans to prevent, deter and detect fraud.

WHAT ELSE IS BEING DONE TO RAISE AWARENESS AND REDUCE THE RISK?

5.40. The success of the Counter Fraud and Corruption Strategy is very much dependent on the Governing Body's commitment of maintaining the high risk profile of fraud and corruption. The Governing Body will therefore ensure that the appropriate awareness raising measures are undertaken.

5.41. All new staff and Governors must be advised of this strategy, how to access it and their responsibilities within it as part of their induction process.

5.42. Internal Audit will support Head Teachers with the investigation of fraud and corruption by providing guidance detailing procedures to be followed when fraud or corruption is suspected or reported and conducting investigations where appropriate.

5.43. The Governing Body will ensure that procedures relating to recruitment and selection are robust and followed. New entrants will be vetted and references taken prior to commencement within post. Where qualifications are required for a particular post, candidates will be required to submit original certificates for verification. Where necessary Criminal Records Bureau (CRB) checking will be undertaken incorporating Independent Safeguarding Authority (ISA) checks for those working with children. Posts that are considered to be high risk, financial / fraud sensitive positions may be subject to higher levels of pre-employment checks.

SANCTIONS AND REDRESS

5.44. The Governing Body will seek the appropriate action against staff who commit, or who attempt to commit, fraud against the School. This will include disciplinary action, prosecution and civil proceedings where applicable. Staff found guilty of gross misconduct for offences of fraud, theft or serious financial malpractice, using their position for personal gain or for the gain of others, will be subject to disciplinary action up to and including dismissal. Notification to the Police will occur in any cases where criminal activity may be involved.

5.45. The School will take disciplinary action against any staff member who is complicit in another party committing or attempting to commit fraud against the School or other publicly funded body e.g. the Authority.

5.46. The School will be notified by Internal Audit of any incident of proven or attempted fraud carried out by staff, whether committed against the School in relation to their direct area of work or unrelated to their current employment e.g. Housing benefit fraud or fraud committed against another external organisation. If the action is not related to their employment with the School, the Head Teacher and Governing Body will consider the circumstances of the case to determine whether or not the act concerned compromises the position of the staff member in their current duties and / or if any disciplinary action is required

5.47. Action will be taken to recover funds lost as a result of fraud.

5.48. The Governing Body will seek the strongest available sanctions against any contractors or suppliers' staff who commit fraud or attempt to commit fraud against the School.

SUMMARY AND CONTACT DETAILS

5.49. The Governing Body views fraud and corruption very seriously. All instances will be investigated rigorously and promptly and appropriate action will be taken. The policy on the application of sanctions and recovery of losses where fraud and corruption has been proven will be applied in a fair and consistent way.

5.50. Anyone concerned about possible fraud or corruption in relation to the School are encouraged to report concerns.

5.51. All concerns will be treated seriously, confidentially and an explanation of what will happen next will be provided. Whilst understanding that individuals may prefer to remain

anonymous, this may significantly limit the School's ability to investigate concerns. For staff, concerns should be raised in accordance with the Confidential Reporting Code.

DOS AND DON'TS

5.52. To help ensure that the risk of fraud and corruption is minimised Appendix A at the end of this document summarises what action should be taken and what action should not be taken when fraud is suspected.

LOCAL AUTHORITY CONTACTS

5.53. Any staff member who becomes aware of any fraud or financial irregularity or suspected irregularity or of any circumstances which may suggest the possibility of irregularity shall immediately inform the Head Teacher of those concerns. Following this, the Head Teacher will notify the Manager of Internal Audit and Risk who will update the relevant CYPS Officer contacts.

5.54. Where an employee feels unable to raise their concerns with the school or it is not appropriate for whatever reason (e.g. the alleged irregularity involves the Head Teacher), employees should report to the Manager of Internal Audit and Risk, contact details for whom are attached as Appendix B.

5.55. If the suspicion relates to an information security issue, e.g. a theft, breach or exposure of confidential data, as well as complying with any specific School based Policies, the matter must also be reported to the Information Security (IS) Manager, contact details for whom are attached as Appendix B.

EXTERNAL CONTACTS

5.56. It is intended that the internal arrangements described above will give reassurance to those that consider it necessary to raise concerns. However, if for any reason, an individual feels unable to report to one of the officers named above they can contact either the Audit Commission or the Police. Alternatively concerns can be raised through Public Concern at Work, a registered charity whose services are independent, free and strictly confidential. Contact details for all these bodies are also provided in Appendix B.

6. MONITORING AND REVIEW PROCESS

6.1. The Governing Body will be made aware by Internal Audit of any amendments that need to be made to the Strategy to ensure that it is kept up to date and fit for purpose.

6.2. The Manager of Internal Audit and Risk will maintain detailed records of any fraud and irregularity cases and will monitor and report on the success of the aims and objectives of the Strategy in an annual report of its effectiveness and impact to the Audit Committee.

APPENDIX A

DOs and DON'Ts

DO	DON'T
Make a note of your concerns • Write down the nature of your concerns • Make a note of all the relevant details, such as what is said over the telephone or any other conversations • Note the names and, if known, the position of those involved • Notes do not need to be overly formal, but should be timed, signed and dated • Notes should be held in a secure place • Timeliness is most important. The longer you delay writing up, the greater the chances of recollections becoming distorted and the case being weakened • Note the date and time when the suspicion was reported onwards	**Be afraid of raising your concerns** • The Public Interest Disclosure Act provides protection to employees who raise reasonably held concerns through the appropriate channels. • The Authority's Confidential Reporting Codes provides guidance on how to do this. • You will not suffer discrimination or victimisation as a result of following these procedures and the matter will be treated sensitively and confidentially
Report your concerns promptly • In the first instance, report your suspicions to the Head Teacher. If this action is inappropriate further guidance on disclosure can be found in the Confidential Reporting Code. • If you are unsure who to report to, contact Internal Audit for advice • All suspected information security irregularities must be reported to the Information Security (IS) Manager • **All concerns must be reported to the Manager of Internal Audit and Risk.**	. **Convey your concerns to anyone other than authorised persons** • There may be a perfectly reasonable explanation for the events that give rise to your suspicions. Spreading unnecessary concerns may harm innocent persons and the reputation of the School. • Don't discuss your suspicions with anyone other than the officer you formally raised the issue with. • Don't report the matter to the police unless you have been authorised to do so by the Head Teacher or Internal Audit.
Retain any evidence you may have • The quality of evidence is crucial and the more direct and tangible the evidence, the better the chances of an effective action. • Retain and keep all relevant records/evidence that may have been handed over or discovered as a result of the initial suspicion in a secure and confidential location.	**Approach the person you suspect or try and investigate the matter yourself** • There are special rules relating to the gathering of evidence for use in criminal cases and to protect human rights. Any attempt to gather evidence by persons who are unfamiliar with these rules may prevent appropriate action being taken. • Don't interfere with or alter any documentary or computer based evidence as a result of any suspicion • Don't attempt to interview or question anyone unless authorised to do so by the Head Teacher or Internal Audit.

If you suspect fraud or irregularity, the most important thing to remember is - DON'T DO NOTHING

APPENDIX B

COUNTER FRAUD AND CORRUPTION STRATEGY

AUTHORITY CONTACT DETAILS

Contact	Details
Manager of Internal Audit and Risk Corporate Resources, County Hall, Durham. DH1 5UE	**Telephone:** 0191 3833537 **E-mail:** Avril.Wallage@durham.gov.uk **E-mail:** fraud-internalaudit@durham.gov.uk
Information Security Manager Corporate Resources, County Hall, Durham. DH1 5UE	**Telephone:** 0191 3708603 **E-mail:** keith.hollins@durham.gov.uk

EXTERNAL CONTACT DETAILS

Contact	Details
External To School Governing Body	
Audit Commission	**Address:** Audit Commission (Northern Office) Nickalls House, Metro Centre, Gateshead, NE11 9NH
Audit Commission	**Telephone:** Public Interest Disclosure Line – 0845 052 2646 Head Office – 020 7828 1212 **Website:** www.audit-commission.gov.uk
Durham Constabulary	**Telephone:** 0345 60 60 365
Public Concern At Work	**Address:** Public Concern At Work Suite 306, 16 Baldwin Gardens, London. EC1N 7RJ **Telephone:** 020 7404 6609 **Website:** www.pcaw.co.uk **E-mail:** helpline@pcaw.co.uk (Helpline) whistle@pcaw.co.uk (Enquiries)