

## Introduction

Tees Valley Collaborative Trust are committed to the highest possible standards of openness, probity and accountability. In line with that commitment we expect employees, sub-contractors and others that we deal with to inform senior managers if they are concerned about serious malpractice, fraud or corruption in the Trust.

This policy document makes it clear that you can do so without fear of victimisation, subsequent discrimination or disadvantage. It is intended to encourage and enable employees and others to raise issues of serious concern within the Trust.

The policy applies to all employees and those contractors working for the Trust, for example, agency staff and builders. It also covers suppliers and those providing services under a contract with the Trust in their own premises.

The Senior Leadership Team is responsible for the prevention, detection and investigation of irregularities. To discharge this responsibility, they must ensure that an adequate system of internal control is in place. The work of Internal Audit in reviewing the adequacy and effectiveness of the internal control system will help management to prevent and detect fraud or bribery.

## Aims and Scope of this Policy

There are existing procedures in place to enable employees to lodge a grievance relating to their employment or students of the Trust to complain about the quality of service provided. This policy on fraud, anti-bribery and whistle blowing is intended to cover major concerns that fall outside the scope of other procedures. These include:

- Conduct, which is an offence or a breach of law.
- Disclosures related to miscarriages of justice.
- Serious health and safety risks, including risks to the public as well as other employees.
- Damage to the environment.
- The unauthorised use of public funds.
- Abuse of students.
- Other unethical conduct.

In relation to fraud, the purpose of this policy is to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity. The use of the policy should enable the Trust to:

- Prevent further loss.
- Inform the Police at the appropriate time and establish lines of communication with them.
- Establish and secure evidence necessary for criminal and disciplinary action.
- Notify the funding body, if the circumstances are covered by the mandatory requirements of the audit code of practice.
- Recover losses.
- Deal with requests for references for employees disciplined or prosecuted for fraud.
- Review the reasons for the incident, the measures taken to prevent a recurrence and any action needed to strengthen future responses of fraud.
- Keep all personnel with a need to know suitably informed about the incident and the Trust's response.
- Assign responsibility for investigating the incident.
- Establish circumstances in which external specialists should be involved.

Any serious concerns about any aspect of service provision; or the conduct of employees of the Trust; or members/other acting on behalf of the Trust can be reported under this policy.

## **Safeguards**

Tees Valley Collaborative Trust are committed to good practice and high standards and wants to be supportive of its employees. Any employee who raises a concern with senior managers will have the right to have the matter treated confidentially.

The Trust does not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect individuals who raise a concern in good faith.

Any investigation into allegations of potential malpractice will not influence or be influenced by any disciplinary or redundancy procedures that might already affect individuals who raise a concern.

## **Anonymous Allegations**

This policy encourages individuals to put their name to an allegation whenever possible. Concerns expressed anonymously are much less powerful but will be considered at the discretion of the Trust.

In exercising this discretion, the factors to be taken into account will include:

- The seriousness of the issues raised.
- The credibility of the concern.
- The likelihood of confirming the allegation from attributable sources.

## **Malicious Allegations**

If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the individual reporting the issue. If, however, an allegation is proved to have been made frivolously, maliciously or for personal gain, disciplinary action will be taken against the individual raising the concern. Wilful misuse of this procedure could constitute an act of gross misconduct and may lead to your dismissal.

## **The Responsible Person**

The CEO has overall responsibility for the operation of this policy as detailed in the Education Funding Agencies (EFA) Audit Code of Practice. The CEO will maintain a record of concerns raised and the outcomes and will report as necessary to the Trust Board. The CEO must also report to the EFA's Chief Executive, without delay, any serious weakness, significant fraud or major accounting and other control breakdowns. A serious weakness, as advised by the EFA, would be one which may result in a significant fraud or irregularity and may include cases of irregularities in expenditure which would lead to suspicions of fraud. Significant fraud is usually where one or more of the following factors are involved:

- The sum of money is in excess of £10,000.
- In the view of the Trust Auditors the particulars of the fraud are novel, unusual or complex.
- There is likely to be great public interest because of the nature of the fraud or the people involved.

## **Whistle Blowing**

### **How to Raise a Concern**

As a first step, concerns will normally be raised with the immediate line manager. This depends, however, on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. If the line manager is not the appropriate person for any reason, concerns should be raised with a Deputy Principal who will be the designated officer. Where allegations of malpractice are made against a Deputy Principal, the CEO will deal with the concerns. If an individual has a concern about malpractice within the Senior Leadership Team as a whole they may speak directly to the Chair of Trustees via the Clerk to the Trust Board.

Initial concerns may be raised verbally but this will need to be supported by written documentation. This will normally have the following format:

- The background and history of the concern (giving relevant dates).
- The reason why individuals are particularly concerned about the situation.
- Where the concern of malpractice is related to Safeguarding, this must be raised and dealt with under the Safeguarding Policy.

Individuals are not expected to prove beyond doubt the truth of an allegation. He/she will need to demonstrate to the person contacted that there are reasonable grounds for concern.

A trade union representative or a friend may be invited to be present during any meetings or interviews, off site if so desired, in connection with the concerns that have been raised.

On receiving an allegation of serious malpractice from an employee, the designated officer will send a written acknowledgement of the concern to the individual at his/her home address within 5 working days.

The designated officer will inform the CEO and Chair of Trust Board if an allegation has been received.

Having made initial enquiries, the designated officer will decide whether an investigation is appropriate and what form it should take. The overriding principle that the Trust will have in mind is the public interest. Investigations may be:

- Conducted by Trust management through the disciplinary process.
- Referred to the Audit Committee who will decide whether to commission Internal Audit Services or others to undertake a special investigation.
- Referred to the Police.
- Form the subject of an independent inquiry.

The designated officer will report back to the concerned individual in writing as to whether an investigation is appropriate, the progress of any investigation and when it is likely to be concluded.

The Trust will take steps to minimise any difficulties to an individual raising a concern. The anonymity of the complainant may not always be preserved particularly where the disclosure might lead to disciplinary action. If the complainant is required to give evidence in criminal or disciplinary proceedings, the Trust will arrange for advice to be provided on the procedures involved.

## **How the Matter can be Taken Further**

- If the concerned individual is not satisfied that the designated officer is properly dealing with the concern, they may raise the concern in confidence with the Chair of Trust Board or Chair of Finance & Audit Committee via the Clerk to the Trust Board.
- If the Trust Board finds the allegation to be unsubstantiated the concerned individual may have right of access to an appropriate external body to take the matter further. This recourse should only be used when internal procedures have been exhausted. An appropriate outside body might be internal or external auditors, the EFA, a trade union or relevant professional body.

## **Dealing with Fraudulent Matters**

### **Initiating Action**

All actual or suspected incidents should be reported without delay to the Chief Finance Officer (CFO). The CFO should, within 5 working days, hold a meeting with some or all of the other members of the following group to decide on initial response:

- CEO.
- Chair of Finance & Audit Committee.
- A Senior Representative of Internal Audit.

The above will from the Project Group and will decide on the action to be taken. This will normally be an investigation, led by internal audit. The decision by the group to initiate a special investigation shall constitute authority to internal audit to use time provided in the internal audit plan for special investigations, or contingency time, or to switch internal audit resources from planned resources.

### **Prevention of Further Loss**

Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the project group will decide how to prevent further loss. This may require the suspension, with or without pay, of the suspects. It may be necessary to plan the timing of the suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.

In these circumstances, the suspect(s) should be approached unannounced. They should be supervised at all times before leaving the Trust premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the Trust. Any security passes and keys to; premises, offices and furniture should be returned.

Advice should be obtained on the best means of denying access to the Trust while suspects remain suspended and access permissions to the Trust's computer systems should be withdrawn without delay.

Internal audit shall consider whether it is necessary to investigate systems, other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the Trust assets.

### **Establishing and Securing Evidence**

The Trust will follow disciplinary procedures against any member of staff who has committed fraud. The Trust may also initiate prosecution procedures against any such individual.

Internal Audit will:

- Maintain familiarity with the Trust's disciplinary procedures, to ensure that evidence requirements will be met during any fraud investigation.
- Establish and maintain contact with the Police where appropriate.
- Establish whether there is a need for audit staff to be trained in the evidence rules for interviews under the Police and Criminal Evidence Act.
- Ensure that staff involved in fraud investigations are familiar with and are following rules on the admissibility of documentary and other evidence in criminal proceedings.

### **Recovery of Losses**

Recovering losses is a major objective of any fraud investigation. Internal audit shall ensure that in all fraud investigations, the amount of any loss will be quantified. The Trust will seek repayment of losses in all cases.

### **References for Employees Disciplined or Prosecuted for Fraud**

Any request for a reference for a member of staff who has been disciplined or prosecuted for fraud shall be referred to the Trust's independent employment advisor. The independent employment advisor shall prepare any answer to a request for a reference having regard to employment law.

### **Reporting to Board of Trustees**

Any incident matching the criteria in the EFA's Audit Code of Practice shall be reported without delay by the CEO to the Chairs of both the Trust Board and Finance & Audit Committee.

Any variation from the approved fraud, anti-bribery and whistleblowing policy, together with reasons for the variation, shall be reported promptly to the Chairs of both the Trust Board and Finance & Audit Committee.

On completion of a special investigation, a written report, normally prepared by internal audit, shall be submitted to the audit committee containing:

- A description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud.
- The measures taken to prevent a recurrence.
- Any action needed to strengthen future responses to fraud, with a follow-up report on whether or not the actions have been taken.

### **Reporting Lines**

The project group shall provide a confidential report to the Chair of the Trust Board and the Chair of the Finance & Audit Committee, the CEO and the external audit partner at least monthly, unless a request is made for less frequency. The scope of the report shall include:

- Quantification of losses.
- Progress with recovery action.
- Progress with criminal action.
- Estimate of resources to conclude the investigation.
- Actions taken to prevent and detect similar incidents.

## Responsibility for Investigation

All special investigations shall normally be led by internal audit. Special investigations shall not be undertaken by senior management, although they should co-operate with requests for assistance from internal audit.

Some special investigation may require the use of technical expertise which Internal Audit does not possess. In these circumstances, the Project Group may approve the appointment of external specialists to lead or contribute to the special investigation.

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