

December 2018
Management Circular No. 44

To Heads of all establishments

Procedures regarding defalcations in Educational Establishments

Section 19.3 of Glasgow City Council's Financial Regulations states: *"Whenever any matter arises which involves, or is thought to involve, irregularities concerning funds, stores or other property of the Council, or any suspected irregularity in the exercise of the functions of the authority, the Service Director concerned shall notify in writing the Internal Audit who shall take whatever steps are necessary by way of investigation and report. The Head of Internal Audit and Inspection shall deal with such irregularities in accordance with the Council's defalcation procedures and where it is considered appropriate shall report the matter to the Police"*.

Accordingly, I shall be glad if you will ensure that all members of staff are made aware of these defalcation procedures.

1. A member of staff in any school or other educational establishment becoming aware of a suspected or actual defalcation or any other irregularity in connection with the handling of cash, materials, equipment, etc. will immediately inform the Head of Establishment or person in charge.
2. The Head of Establishment or person in charge having been so informed will immediately report this matter to the Executive Director of Education or a nominated senior officer.
3. The Internal Audit and Inspection (as the representative of the Executive Director: Financial Services) will be informed of all suspected or known irregularities by the Executive Director of Education or a nominated senior officer. This will be done in the first instance by phone with a following letter.

Where a theft of money, stocks, equipment or other assets has taken place the Internal Audit must be notified through the procedures indicated above at points one and two. When these thefts are discovered outwith normal office hours the local Police office should be informed in accordance with Management Circular No.26. Internal Audit should be made aware of the theft immediately on 0141 287 3776.

In all cases notifications should be followed up with a full report to the Head of Audit and Inspection within fourteen days.

4. After being informed of an irregularity the Head of Audit and Inspection will determine what action is to be taken. It will be the Head of Audit and Inspection's responsibility to inform the Police where this has been agreed with the Chief Executive.

5. The Internal Audit will use the results of the preliminary assessment to decide within a reasonable period of time on further action to be taken. Such action will be discussed with the Executive Director of Education or a nominated senior officer and will include where necessary the temporary relocation or suspension of an officer in accordance with Glasgow City Council's code on disciplinary procedures, with the employee being advised accordingly. During further audit interviews the employee concerned will be entitled to Trade Union representation.
6. At the conclusion of the investigation the Head of Audit and Inspection will consult with the Chief Executive and thereafter issue the report to the Executive Director of Education or nominated senior officer. The report will contain, where appropriate, recommendations for action.
7. In certain circumstances the audit report may also contain a recommendation for the consideration of disciplinary action as appropriate. The Head of Audit and Inspection will advise on whether the disciplinary action should be at the sole discretion of the Executive Director of Education or nominated senior officer or in consultation with the Chief Executive. It should be borne in mind that responsibility for the disciplinary process lies with Audit and Inspection providing information as required. Any disciplinary action, including temporary relocation or suspension referred to in Paragraph 5 above, will be governed by the Glasgow City Council's code of conduct of such action with consultation, where appropriate, with the Head of Human Resources and Corporate Services.
8. It will be the Head of Audit and Inspection's responsibility to follow up progress made in implementing recommendations and to advise the Chief Executive and Executive Director of Education or nominated senior officer accordingly.

Maureen McKenna
Executive Director of Education