



Schools Business Managers Forum



Business Managers Forum

Finance & Resources Directorate

Audit and Anti-Fraud Division

Internal Audit Service

Audit Investigations

Tenancy Fraud Investigation

Audit & Anti- Fraud Service

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Fraud and Corruption

Fraud

- A dishonest act that causes a gain or a loss following a false representation, a failure to disclose information or abuse of position.

Corruption

- Seeking or accepting an inducement or reward that may influence the action of a member or officer of the school/council

Fraud vs Irregularity

Fraud & Corruption

- Cheque fraud
- Theft
- Mandate fraud
- Staff misuse of parking permits
- Staff fraudulently claiming benefits or subletting social housing illegally
- Fraudulent use of school payment card
- Award of a contract for personal gain
- Payroll (ghost employees, false mileage/overtime/expenses/sickness claims)
- Recruitment (false declarations about qualifications/experience, nepotism, no right to work in UK)

Irregularity

- Appointing friends and family without following the recruitment process
- Authorising expenditure when not qualified to do so
- Approved spend on questionable items
- Bending the contract rules without personal gain

The consequences of fraud and irregularity

- Financial loss – 10%
- Reputational damage – individual/school/council
- Costs to investigate the concern
- Time and resources are taken away from important day to day activities
- Additional workplace controls (costs)
- Recruitment and training costs for replacement staff and possibly governors
- Assets and records are unavailable during the investigation

Key counter-fraud controls

- Declaration of interests
- Segregation of duties
- Recruitment process
- Contract procedure
- Authorisation process

Relevant policies

- Code of Conduct
- Anti-Fraud and Corruption Policy
- Bribery Policy
- Money Laundering Policy
- Whistleblowing Policy

The role of the Business Manager

- Be alert for signs of poor financial practise
- Know where guidance is kept and advise others as needed
- Flag up poor practice with school staff at the earliest opportunity
- Follow the requirement to report any concerns about possible fraud or corruption at the earliest opportunity – to a senior officer or AAF as appropriate
- Follow the advice in the Fraud Response Plan about what you should do if you are ever in a position where you receive information about wrong-doing directly;
- Do NOT investigate potentially criminal matters yourself;
- Keep AAF informed of significant developments – e.g. suspension, resignation.

How can Audit & Anti-Fraud assist you?

- Acting as a repository for all fraud referrals to identify emerging threats that can be notified to other schools;
- By conducting an independent investigation that is compliant with internal procedures and criminal law;
- AAF have a right of access to staff and documentation and are able to access information that would be unavailable to schools directly;
- Supporting a consistent approach to disciplinary issues across all Hackney schools;
- Providing a timely written report on matters that we investigate as a basis for further action or inaction;
- Supporting the disciplinary process as an expert (and to a degree independent) witness.