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# Horsmonden Primary School

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## *Fraud Policy and Response Plan*



## **Policy Statement**

Horsmonden Primary School is committed to the prevention of fraud and the promotion of an anti-fraud culture.

Horsmonden Primary School operates a zero-tolerance attitude to fraud and requires all staff, governors and volunteers to act honestly and with integrity at all times, and to report all reasonable suspicions of fraud.

Horsmonden Primary School will investigate all instances of actual, attempted or suspected fraud and will seek to recover any losses and pursue appropriate sanctions against the perpetrators. This may include criminal prosecution, disciplinary action, legal proceedings and professional sanctions.

This policy applies to all staff (full time, part time, temporary and casual), consultants, volunteers and the school's Governing Body.

## **Definition of Fraud**

The term 'fraud' is often used to describe complex financial offences such as false accounting. However, in its simplest form, fraud is lying. Some people will lie, or withhold information, or generally abuse their position to try to trick someone else into believing something that isn't true. Examples might include:

- Sending fake invoices for goods and services that weren't ordered or received.
- Use of the school's purchase card to make personal purchases.
- Intercepting a school cheque and amending the name of the payee and/or the amount.
- Submitting false claims for sickness or expenses.

Individuals caught committing fraud can be prosecuted under the [Fraud Act 2006](#) if they make a false representation, fail to disclose information or abuse their position.

Further examples of the types of fraud that KCC are currently aware of are available on pages 6 & 7.

## **Key Responsibilities**

The Head Teacher is responsible for:

- Developing, implementing and maintaining adequate systems of internal control that prevent and detect fraud.
- Testing the system of internal control and seeking independent assurance when appropriate.

- Regularly reviewing the school's anti-fraud policy and compliance with it to ensure it remains effective and relevant to the needs of the school.
- Reporting compliance with the policy on at least an annual basis to the Governing Body.
- Reporting allegations of actual, attempted or suspected fraud to the Full Governing Body and Kent County Council's Section 151 Officer - Andy Wood, Corporate Director of Finance and Procurement) and/or the Director of School's Resources and Deputy s.151 Officer - Keith Abbott.
- Ensuring all allegations of fraud are investigated appropriately, in compliance with relevant policies, procedures and legislation and commencing disciplinary and/or legal action where appropriate.

The Governing Body are responsible for:

- Overseeing the financial performance of the school, including its assets, making sure the school's money is well spent and measures are in place to prevent losses or misuse, including arrangements for preventing and detecting fraud.

Staff are responsible for:

- Familiarising themselves with the types of fraud that might affect the school.
- Ensuring they adhere to the agreed policies and procedures, thereby protecting the school's reputation and assets from fraud.
- Reporting allegations of actual, attempted or suspected fraud to the Head Teacher, and/or the Governing Body and/or Kent County Council's Section 151 Officer.
- Assisting in the investigation of suspected fraud when requested to do so, for example by providing witness statements.

### **Reporting Suspicions**

The Governing Body and staff are an important element the school's stance on fraud and are required to raise any concerns that they may have. The Head Teacher and Governors will deal with any financial irregularities robustly.

Staff should immediately report any concerns about actual, attempted or suspected fraud to the Head Teacher. However, if the concerns relate to the Head Teacher, staff should report their concerns to the Chair of Governors.

Under no circumstances should staff investigate the matter themselves.

Should a member of staff, including the Head Teacher and/or Governors wish to seek advice about how to deal with an allegation of fraud, or want to report the matter anonymously, they can call the Kent County Council whistleblowing helpline which is operated by Internal Audit. Alternatively, staff can email Kent County Council's Internal Audit team.

The Public Interest Disclosure Act 1998 protects employees who raise concerns about certain matters of public interest in good faith. Staff can obtain free independent advice from the charity Public Concern at Work on **020 7404 6609** and find other helpful information at <http://www.pcaw.org.uk/>.

A copy of the school's Whistleblowing Policy can be found on the school website or can be obtained from the Deputy Headteacher.

A referral form has been provided at Appendix 2 which staff and Governors may wish to use as a guide to the type of information that should be captured when an allegation of fraud arises.

### **Contact Details**

Telephone: Kent County Council Whistleblowing Helpline **03000 414 500**

Email: [internalaudit@kent.gov.uk](mailto:internalaudit@kent.gov.uk)

### **Fraud Response Plan**

Horsmonden Primary School has established guidelines for senior staff and the Governing Body on the immediate actions to be taken in the event of a fraud being discovered or suspected. It covers how and when to seek professional advice, securing evidence and preventing further losses (see Appendix 1).

## **Fraud Response Plan**

It is important that allegations of actual, attempted and suspected fraud aren't ignored. Even seemingly insignificant concerns may later reveal a larger, previously unknown problem.

### **Securing Evidence**

Ensure that any concerns are recorded fully. Whenever possible keep written notes that cover:

- Names, addresses and dates of birth.
- Descriptions (height, build, hair colour, ethnicity, clothing, distinctive features)
- Dates and times of key events.
- Vehicle registration numbers and descriptions.
- Details of any conversations had or overheard.
- Details of any actions or incidents that were observed.
- Telephone numbers
- Company and/or business details

Secure any physical evidence such as original invoices, receipts, letters, cheques and application forms. Try to minimise how many people and how often evidence is handled. Fingerprint evidence can very quickly be destroyed.

If any of the evidence is on a computer, immediately unplug the computer from its power source. Don't attempt to shut the computer down through its operating system as this can alter or destroy key files and documents.

Whilst initially securing the evidence it is important not to be tempted to begin a more substantial investigation, or accuse individuals directly, without seeking professional advice (see 'Seeking Advice' below).

If an investigation is undertaken without following the appropriate policies, procedures and legislation, or if individuals are accused without sufficient evidence, it may lead to the perpetrators avoiding a disciplinary, criminal or civil sanction.

### **Preventing Further Losses**

It is important to minimise any additional losses. For example, if the allegations concern the theft or loss of banking passwords, PIN's or similar credentials notify the bank immediately.

Equally, if the losses relate to a weak process, for example cash is routinely kept unsecured in a drawer, ensure that the process is changed, at least temporarily, until more permanent and improved processes can be implemented.

## **Seeking Advice**

When an allegation of fraud is discovered it is important to seek professional advice as soon as possible. Advice can be sought from KCC's Internal Audit Team, School's Financial Services, School's Personnel Service, Legal Services and the Police. General advice about fraud is available from Action Fraud:  
<http://www.actionfraud.police.uk/>

You can contact KCC Internal Audit Team as follows:

### **Paul Rock, Counter Fraud Manager**

Tel: 03000 416621 Email: [paul.rock@kent.gov.uk](mailto:paul.rock@kent.gov.uk)

### **James Flannery, Senior Investigation Officer**

Tel: 03000 416092 Email: [james.flannery@kent.gov.uk](mailto:james.flannery@kent.gov.uk)

### **Shelley Etherton, Audit (Fraud)**

Tel: 03000 416068 Email: [shelley.etherton@kent.gov.uk](mailto:shelley.etherton@kent.gov.uk)

## **Support for Witnesses**

Members of staff, Governors and the public may be feeling vulnerable before, during and after they have brought an allegation of fraud to the attention of the school.

Reassure witnesses that they have acted appropriately by raising their concerns. Members of staff should be provided with a copy of the **Whistleblowing Policy** and reminded that the school does not tolerate reprisals, victimisation or harassment and will take all reasonable action to protect them.

In addition, the school will take steps to minimise any difficulties members of staff may experience as a result of raising a concern. For instance, if they are required to give evidence in criminal or disciplinary proceedings, the school will advise or arrange for them to receive advice and support about the process being followed.

### Examples of Fraud

Below are some examples of the types of fraud that have affected KCC and schools across Kent.

#### Leases

Schools are often offered leases and rental or hire agreements for equipment such as photocopiers, phones and computers. Whilst technically schools have the freedom to sign operating leases, finance leases are not allowed (see section 3 'Financing Major Purchases, KCC Loans, Salix Loans and Leases' of the Financial Controls guidance on KELSI). Some of the deals look too good to be true with low or zero upfront costs, although they often entail high life time costs and severe exit penalties. These penalties can cost the same amount as the total amount of the lease. One school fell victim to sharp sales tactics and ended up committing the school to 14 financial agreements for 12 photocopiers which resulted in expenditure of almost £900,000.

#### Recruitment

Issues can arise if a senior member of staff recruits a family member or friend. By doing this a number of conflicts of interest can arise such as the senior member of staff signing off additional hours of work that have not been completed by a family member. There is also the possibility of the candidate not being the best person for the role.

If there is a potential conflict of interest, for example a family member has applied for a post within the school, the member of staff concerned must disclose the potential conflict to the Head Teacher or the Chair of Governors immediately. The Head Teacher or Chair of Governors should ensure that appropriate controls are put in place to manage the potential conflict in an open and transparent manner and the risk of impropriety is minimised.

#### Cheque Fraud

School cheque fraud has become an increasing problem within Kent, 10% of all cases referred to Internal Audit from April 2014 to January 2015 were a result of cheques being amended and forged. There have been instances where cheques have been stolen from the cheque books and cashed or legitimate cheques have been intercepted and amended. Additionally, cheque amounts have been changed by the payee.

Some staff fail to line off after the payee's name on the cheque, which has resulted in the payee inserting an additional hundred before the actual amount. Cheque books should be regularly checked and reconciled with payments that have been taken out of the schools account.

#### Purchase Cards

There are usage agreements that are in place to prevent the misuse of purchase cards. However, there have been instances where members of staff have used the card for their own personal purchases. A recent investigation, examined the use of a

purchase card that had been used for petrol, electrical goods, food, holidays and DIY. It transpired that both the Head Teacher and Office Manager had been extensively using the purchase card for their own personal use.

### BACS

BACS payments are not immune to fraud. There are a number of scams such as 'phishing' and 'vishing' which is where fraudsters attempt to obtain log in details by pretending to call from genuine high street banks. They often sound very professional and the fraudsters will sometimes ask staff to call them back on authentic sounding telephone numbers (such as 0845 223344) which the fraudsters have purchased to help them commit the fraud. Equally, it is important to ensure that BACS log in credentials are stored securely and not shared, and when members of staff leave their log in credentials must be deleted.

### Invoices

There have been instances where fraudulent invoices have been sent to schools for goods that haven't been ordered or received. Sometimes these invoices are for small amounts and sent out in their thousands to schools up and down the country. These invoices are often sent during the holidays in the hope that staff will be too busy to check each invoice when they return for the start of term.

### Income

It is common for schools to rent out their facilities in order to generate income. Fraud can occur when the income received, especially if payment is made in cash, is stolen by staff or third parties if not properly banked and/or secured.



## Fraud Reporting Form

If you have any concerns about fraud please contact Kent County Council's Internal Audit Team on 03000 414500 or [internalaudit@kent.gov.uk](mailto:internalaudit@kent.gov.uk) or print and complete this form and send it to the address shown below.

**You do not need to give your name. All the information provided will be treated in confidence.**

Name of the person(s) or organisation you suspect:

Address: (if known)

Place of work / department / job title: (If known)

Please provide details of your suspicions. You should include as much information as possible. For example, what was said in telephone or other conversations, dates, times and places, vehicles used, as well as the names of any other parties involved: (Continue on a separate page if necessary and attach any additional evidence you may have)

Your details: **(please leave blank if you wish to remain anonymous)**

Name:

Telephone number or contact address:

Please return this form in an envelope marked Private & Confidential to **Paul Rock, Counter Fraud Manager, Internal Audit, 4<sup>th</sup> Floor B Block, Kent County Council, Sessions House, County Hall, Maidstone Kent ME14 1XQ**

