

Type of Risk:	Example Risks	Case Study
Recruitment	<p>Senior member of staff recruits family member or friend, or friends or family members are recruited through an agency rather than as a direct appointment.</p> <p>This may result in the best individual not being recruited for the post, reputational damage to the school, and a lack of objectivity in future decision making by senior staff.</p>	<p>There have been many instances where head teachers have appointed friends and family members to roles within schools and questions have been raised regarding the recruitment process, the salaries and/or the qualifications of the individual.</p>
Application	<p>An applicant applies for a post and either fails to declare something they are legally required to declare - for example, a relationship or criminal record or declares something that is untrue, e.g. they are allowed to work in the UK when they are not, or have a qualification which they do not have.</p> <p>This may result in the best individual for the job not being recruited, children's safety being put at risk, and/or the school potentially being liable for a fine.</p> <p>Whilst checks on teacher qualifications are more common and therefore easier to do, it is the checks on non-teaching staff and teaching assistant qualifications that can cause problems.</p>	<p>The finance manager / bursar who falsely stated he was a qualified accountant; and the school that failed to undertake CRB checks in a timely manner.</p>

Type of Risk:	Example Risks	Case Study
<p>Inappropriate Pay Awards including:</p> <ul style="list-style-type: none"> • Increments • Honorariums • Bonuses • Allowances 	<p>A member of staff falsifies information in order to obtain an excessive pay award which may include those elements listed opposite.</p> <p>This type of fraud may also include conspiracy or collusion between the head teacher, governing body and financial managers and may result in financial and reputational damage to the school.</p> <p>This also happens as a result of poor judgement by the schools management team or governors, and it is not necessarily fraud.</p>	<p>There have been many examples of school staff being paid outside of the School Teachers Pay and Conditions Document, the most common relating to head teachers' pay exceeding the 'group' for their school. Perhaps the best known example was the alleged £2.7 million in bonus payments made by a school in Brent.</p>
<p>Off Payroll Payments</p>	<p>Payments to staff are made through petty cash or by other means in order to avoid the individual's and the school's duty to pay tax or national insurance.</p> <p>This may result in reputational damage and/or a fine from HM Revenue and Customs. In addition, if unpaid tax / national insurance cannot be recovered from the individual, the employer will be liable, in addition to any fines imposed by HMRC.</p>	
<p>Long Term Sickness</p>	<p>A member of staff represents themselves as sick and finds employment elsewhere whilst continuing to receive payment from the school.</p> <p>This may result in financial loss as the school may need to appoint extra resources to cover the absence.</p>	

Type of Fraud Risk: Procurement	Example Risks	Case Study
Collusion / corruption in supplier selection can be described as 'an illicit agreement between two or more parties, typically to limit open competition in the procurement process'	<p>A member of staff with responsibility for the award of a contract colludes with the contractor in order to benefit the contractor, sometimes in return for a bribe or favours. Alternatively, the organisation or contractor breaches procurement regulations in order to win or roll-over a contract.</p> <p>This may result in a breach of procurement regulations which may not represent value for money, reputational damage and potential legal action by other contractors.</p>	There have been many instances where a school has appointed a company, belonging to a friend or relative, to deliver goods and services; or where inspection of the appointment process shows that the procurement process had not been followed and relevant declarations of interests had not been made.
Leasing (particularly ICT hardware such as whiteboards and photocopiers)	<p>A company approaches the school with what appears to be a reasonable scheme for the leasing of IT equipment. However the agreement is overpriced and the school is duped into purchasing more equipment than they need at a price higher than they can afford and, in some cases, using hire purchase arrangements which schools are forbidden from entering into. The companies that create the lease agreement then sell the debt on to other agencies for collection.</p> <p>As a result, the school may be left with debts it is unable to service and ICT equipment that is not fit for purpose.</p>	There are examples of schools across the UK having been charged up to ten times more than would otherwise have been paid for laptops and other IT equipment through mis-sold lease agreements.
Inappropriate Personal Use of Goods or Services	<p>A head teacher uses school funds to procure goods or services for their own use, rather than for the benefit of the school.</p> <p>As a result, the school may suffer financial loss and reputational damage.</p>	<p>The head teacher enters into a vehicle lease agreement on behalf of the school. The vehicle leased is used solely by their partner.</p> <p>The head teacher pays for the refurbishment of a flat that he and his family plan to use for holidays, using money from school funds.</p>

Type of Fraud Risk: Procurement	Example Risks	Case Study
Other Fraud risks:	<ul style="list-style-type: none"> • Not following Procurement Guidelines • Splitting Tenders • Nepotism • Bribes • Collusion / Corruption • Rolling Contracts Forwards • Misuse of Single Tender Actions • Procurement Card Abuse 	

Type of Fraud Risk: Bribery	Example Risks
<p>The Bribery Act 2010 defines bribery broadly as giving or receiving a financial or other advantage in connection with the 'improper performance' of a position of trust, or a function that is expected to be performed impartially or in good faith. Areas that may be of particular risk within school are:</p> <ul style="list-style-type: none"> • Results • Procurement 	<p>The risk that building contractor offers the head teacher a significant discount on building an extension at their own home (or other inducements) in return for appointing the contractor to deliver work for the school.</p> <p>This may result in reputational damage to the school and may result in a contract that does not represent value for money for the school.</p>

Type of Fraud Risk: Theft	Example Risks	Case Study
<p>Cash and Assets:</p> <ul style="list-style-type: none"> • Assets e.g.: ICT equipment and inventory, lead flashing, stationery items e.g. from catalogues - printer cartridges, projector bulbs • Cash e.g.: Voluntary funds, petty cash, income (e.g. trips, uniform) • Stolen / Forged / Missing Cheques • Mandate Fraud (payment diversion resulting from inappropriate changes of account details) 	<p>There are many areas of school business where there is a risk of theft -</p> <p>The areas listed to the left are typically high risk areas. Some are at risk of internal theft, while other assets are at a greater risk of external theft or collusion.</p> <p>As a result of IT theft, the school may also lose confidential information and may suffer financial loss through penalties and reputational damage.</p>	<p>A school pays for staff barbeque, alcohol and flowers out of voluntary school funds.</p>
<p>Premises Rental</p>	<p>A member of school staff rents out part of the school building for an event,</p> <p>As a result of the inappropriate use of school premises, the school may lose revenue and the users of the premises may possibly be uninsured.</p>	<p>The school caretaker opens the school car park / playground to allow spectators for a nearby sporting event to park. The caretaker charges £5.00 to park, but does not pass the money on to the school.</p>

Type of Fraud Risk: False Accounting	Example Risks	Case Study
False Records	Records are falsified or fabricated to disguise theft of school assets and cash. Payroll (ghost employees)	A head teacher who raided more than £7,000 worth of funds set aside for children by submitting false invoices.
Moving Monies between years Delaying Payments	Goods or services that should be bought and paid for in one financial year are attributed to another financial year, resulting in a misrepresentation of accounts. This is often used to disguise fraud or theft in other areas.	
Staff Loans	The school gives a loan to a member of staff which is outside of regulations and does not arrange a repayment plan. As a result, the school may suffer financial loss and reputational damage.	A school bursar agrees a loan for herself with the head teacher. The bursar then supplied false payment receipts to show that the loan had been repaid when it had not. The bursar was sacked and has now repaid the money.
Inappropriate increase in finance through falsely stating SEN numbers, student numbers, or free school meals	The school exaggerates the number of pupils receiving free school meals, or incorrectly accounts for pupils that leave during the year, and as a result receives funding to which the school is not entitled. This may cause reputational and financial damage to the school.	
Misuse of Public Money	The school pays for gratuities - for example, flowers or entertainment e.g. staff parties using school funds. This may result in financial loss and reputational damage to the school and is never a proper use of school funds.	A school takes teachers to an expensive hotel for a training day, this after making eight members of staff redundant to save money.
Other Fraud Risks	False claims for: <ul style="list-style-type: none"> • Overtime • Expenses • Unauthorised Use of Procurement Cards 	

