



School Fraud Awareness Bulletin

The purpose of this bulletin is to provide schools in Sandwell with knowledge and advice from the lessons that have been learnt from a recent fraud investigation conducted by the Council. It should be shared with the school's Senior Leadership Team and members of Governing Body. It is aimed to offer support and good practice around governance arrangements within schools and provide a toolkit to assist schools and their Governors, in order to understand what is required by school Governors when fulfilling their role by offering professional scrutiny and helping them identify areas of concern or potential fraud.

During the past several years Sandwell Council's Counter Fraud Unit were responsible for investigating a large-scale fraud carried out at a Sandwell school. The fraud included the involvement of individuals employed by the school at the time, who abused their position and duty to protect school finances. They were assisted by family members and tradespersons who acted as suppliers to the school.

Issues such as this are isolated incidents, but it demonstrates what can happen when internal employees exploit their responsibility. While it is not suggested that the Governors at the school concerned were responsible for not detecting the fraud, the hope is that with knowledge Governors in the future may detect any issues if something similar occurred again and know how to report their concerns.

Following a trial at Wolverhampton Crown Court, seven individuals were prosecuted for range of fraud offences (<https://bit.ly/3c4Txzu>). This included the school's former Headteacher and Secretary who received custodial sentences. In 2021 an order was made by the courts to recover an amount in excess of £500,000 from those responsible. The case attracted both local and national media attention. Aside from the financial loss, it had an impact on the school, its teachers and Governors who had to deal with the aftermath of the fraud and the subsequent investigation.

The abuse on the school's finances took a number of different forms, which included:

- The use of school cheques to buy personal luxury goods and antiques.
- Arrangements with suppliers, who would be overpaid for work provided at the school.

- Payment to suppliers for work never carried out at the school.
- The employment of relatives and associates at the school.
- Unaccounted loss and downturn of cash payments made into the school bank account.
- The disappearance of financial paperwork and hard drives from the school office.

How a governing body can help prevent fraud

The role of a governing body is to provide an independent oversight of the management and operation of a school. Part of a governor's responsibilities is to challenge and support the school's senior leadership team. This includes asking pertinent questions and challenging key decisions about the school's financial management.

In order to conduct their role effectively it is important that there is transparency between those responsible for the school's finances and the governing body. Sufficient information and data should be provided to Governors, allowing them the opportunity to consider, challenge and question the information.

In any organisation there is a risk of fraud and schools are no different. The risk applies at all levels, however staff with responsibility, control and autonomy are those that if inclined can do the most damage. It should be acknowledged that the vast majority of employees are completely trustworthy, however on some occasions as is the case within all walks of life, anyone can be subject to pressure or temptation.

A lack of accountability and sufficient controls could provide the opportunity for someone tempted to commit fraud or theft. The role of a school's Senior Leadership and Governing Body is to ensure that these risks are minimised wherever possible.

The checklist below applies to both a school's Senior Leadership and Governing Body and it is hoped that in the majority of cases, the list below forms part of common practice during governing body meetings and other contact between school staff and Governors outside of those meetings.

School and governing body checklist

When considering the lessons learnt from the investigation conducted by the council, schools and its governing body should be ensuring and/or asking themselves:

- Is there segregation of duties when ordering, making and authorising payments to suppliers?
- Is the Governing Body satisfied the school is meeting procurement rules, achieving best value and gaining competitive quotes in the correct format? It is appreciated the cheapest quote may not always be selected, but in such cases there should be justification for the selection of the supplier.
- Does the governing body take an active role in understanding what school finances are spent on? Especially in the case of significant spend or the

continued use of a supplier. i.e. Governors should try and take the opportunity to see building projects and large spend items. They should also request to have sight of regular lists of suppliers with high spend or frequent use.

- Is there a variety of suppliers who show an interest or who are approached for quotes for work to be done? Additional scrutiny should be exercised if patterns emerge of the same supplier continually bidding or being approached for work.
- Are staff and Governors able to raise concerns if there is a lack of work or goods provided following a procurement, or if the value for money does not meet the expected standard?
- Is there good communication and recorded information between the full governing body and any associated sub-committees in relation to significant spend, or the continued use of a specific supplier?
- Does the Governing Body review the school's financial management procedures annually? And in the circumstances that the procedures refer to named staff and/or staff positions, are the procedures updated to reflect staff changes when they occur to ensure the document is always up-to-date?
- Is due diligence toward suppliers conducted? This should apply to both new and returning suppliers, as they may have changed ownership but continue to trade under the same name.
- Are conflicts of interest recorded and declared appropriately? The school should have a robust 'Declaration of Interest' procedure in place for both staff and Governors. These should be reviewed, renewed and scrutinised on a regular basis.
- Has the school got a documented and readily accessible procedure in place for staff and Governors to report any concerns they may have?
- Is the amount of urgent or 'Chair's' action to make decisions and commit spend limited? When financial decisions are made under these circumstances, outside of governing body meetings, are they documented at the meeting that follows?
- Are Governors encouraged to participate in both internal and external training?
- Are minutes accurate and are they provided to Governors following meetings?
- Does the governing body participate in the completion of the annual Schools Financial Value Standard (SFVS)? A tool which should be used to evaluate if the Governing Body is meeting basic standards and identify potential gaps in skills and training. For further info see the [SFVS Guidance](#).

What to do if you have a concern and who to report it to?

If you have serious concerns or think something is not right what should you do?

Do

- Document the concerns you have. Capture details such as times, dates and others present who witnessed what you did.
- Act quickly. If your concerns are correct, reporting them quickly could prevent further loss and allow valuable evidence to be retained.
- Report your concerns. Ensuring to include as much details as possible, explain your reasons for your concerns and any evidence to support your concerns.

Don't

- Be afraid to report your concerns or do nothing.
- Be tempted to investigate the matter yourself. This may prejudice any formal investigation, as well as compromise yourself.
- Accuse anyone directly. This could prejudice any subsequent investigation or risk the loss of valuable evidence.

Who should you report concerns to?

If you suspect there is fraud or financial wrongdoing you can report your concerns to the school, the council or to the Department of Education.

Reporting to the school

Use of your school's whistleblowing procedure, which each school should have in place.

Reporting to Sandwell Council Counter Fraud Unit

- Email: fraud_investigation@sandwell.gov.uk
- Use the online [Whistleblowing Tool](#)
- Or for further information see sandwell.gov.uk/whistleblowing

Reporting to the school

Email: fraud.reports@education.gov.uk