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Guidance

Reducing fraud in the education sector

Information to help schools, colleges and independent training providers manage the risk of fraud.

From:
[Department for Education](#)

Published
 30 June 2025

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Applies to England

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Introduction

This guide will help schools, colleges and independent training providers to:

- reduce the risk of fraud or financial irregularity
- deal with fraud within their organisation, should it occur
- report fraud, theft or irregularity

- be aware of and manage cybercrime risks

Types of fraud

Fraud is deception carried out to gain an unfair advantage or to disadvantage another. It may involve the:

- misuse of funds or other resources
- supply of false information

Common types of fraud in the education sector include:

- theft
- fictitious and falsification of invoices
- credit card and mandate fraud

Cybercrime and cyber security

Organisations should be vigilant and proactive in relation to cybercrime and have cyber security arrangements in place.

Read [cyber security standards for schools and colleges](#) to understand the standards your organisation should meet.

Create a fraud risk management strategy

Annex 4.9 of the HM Treasury publication [Managing Public Money](#) highlights the responsibilities and expectations of public sector organisations in relation to fraud.

An effective fraud risk management strategy involves:

- assessing your overall vulnerability to fraud
- testing your internal control system to ensure it is robust
- identifying the areas most vulnerable to fraud risk – the [list of potential fraud red flags](#) may support this review
- evaluating the scale of fraud risk
- responding to the fraud risk through improved control arrangements
- measuring the effectiveness of the risk strategy to potential fraud
- reporting fraud

The most effective way to manage the risk of fraud is prevention. You can reduce your risk by:

- having a robust fraud risk management plan in place
- developing an anti-fraud culture

Create a fraud response plan

An organisation's response to fraud risk should be proportionate to the risks it faces. Typically, it will involve:


- developing a fraud policy statement, a fraud risk strategy and a fraud response plan – every organisation should have these documents
- developing and promoting an anti-fraud culture through:
 - clearly stating a commitment to ethical behaviour
 - promoting awareness of fraud
 - recruitment screening
 - regular training
 - maintaining good staff morale
- clarifying roles and responsibilities for the overall and specific management of fraud risk
- establishing cost-effective internal systems of control to prevent and detect fraud
- confirming contacts and routes for staff to report suspicions of fraud, including developing a whistleblowing policy
- responding quickly and effectively to fraud when it arises
- establishing systems and processes for investigations into allegations of fraud
- using your internal audit function to advise on fraud risk, where appropriate, and drawing on their experience to strengthen controls
- continually evaluating the effectiveness of anti-fraud measures in reducing fraud

It's good practice to measure the effectiveness of actions taken to reduce the risk of fraud. You can obtain assurance measures from:

- internal audit
- stewardship reporting
- control risk self-assessment
- monitoring activity

Make a report

Follow the [Report fraud or financial irregularity process](#) to make a report.

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