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### Guidance

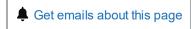
# Reducing fraud in the education sector

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

#### From:

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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 <u>cyber security standards for schools and colleges</u> to understand the standards your organisation should meet.

# Create a fraud risk management strategy

Annex 4.9 of the HM Treasury publication <u>Managing Public Money</u> 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 <u>list of potential</u> 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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