PYRAMID
SCHOOLS TRUST

Working in partnership, so future generations achieve, belong and contribute

Anti Fraud Policy

Edition 4: 13/05/2026

Document Control		
Edition	Issued	Changes from previous
1	24/05/2023	New policy. Approved by Board of Trustees.
2	01/05/2024	Revisions to existing policy. Addition of CFO, HR Lead and IT Lead to the procedures. Removal of Deputy Chief Exec. Approved by Board of Trustees.
3	02/07/2025	Revisions to existing policy. Replace ESFA with DfE. Inclusion of cyber-crime and cyber-security Approved by Board of Trustees
4	13/05/2026	Updated to prohibit cyber-ransom payments, clarified DfE recovery powers and impersonation fraud risks per latest Academy Trust Handbook. Approved by the Board of Trustees

Review Cycle: Annually **Review Date: April 2027**

Address: Harlington Upper School, Goswell End Road, Harlington LU5 6NX
Email: contactus@pyramidschoolstrust.org | **Website:** pyramidschoolstrust.org | **Tel:** 01525 755100

Policy Statement

The Trust is committed to ensuring that it demonstrates the highest standards of business conduct and that it maintains an honest and open environment within the Trust and its Academies. It is also committed to promoting an anti-fraud culture, the prevention and detection of fraud and irregularity and the investigation of any such cases. Any apparent fraud or financial irregularity will be investigated and appropriate disciplinary action will be taken where there is evidence of such. The recovery of money/assets from individuals found to be guilty of participating in fraudulent activity will be pursued (through formal criminal and civil action where appropriate). All staff have a duty to:

- protect the assets of the Trust and its Academies
- report all reasonably held suspicions of fraud or irregularity
- cooperate with any investigation.

The following definitions are useful to assist the understanding of this policy:

Fraud

Fraud is the deliberate use of deception and dishonesty to deprive, disadvantage or cause a loss or the risk of loss (usually financial) to another person or party.

Under the Fraud Act 2006, the offence of fraud can be committed in one of three ways:

- by false representation
- by failing to disclose information; or
- abuse of position.

In each case, the perpetrator's conduct must be dishonest and their intention must be to make a gain or cause a loss or the risk of a loss to another (no gain or loss needs actually to have been made).

The Fraud Act 2006 also introduced other new offences such as:

- possession, making or supplying articles for use in frauds
- obtaining services dishonestly with intent to avoid payment.

Theft

Theft is dishonestly appropriating property belonging to another with the intention of permanently depriving the other of it.

Bribery

The Bribery Act 2010 introduces four offences:

Address: Harlington Upper School, Goswell End Road, Harlington LU5 6NX
Email: contactus@pyramidschoolstrust.org | **Website:** pyramidschoolstrust.org | **Tel:** 01525 755100

- The offence of bribing another person. This can occur where a person offers, promises or gives a financial or other advantage to another individual to perform improperly a relevant function or activity
- The offence of being bribed. This is where a person receives or accepts a financial or other advantage to perform a function or activity improperly.
- Bribery of a foreign public official. This is where a person directly or through a third party offers, promises or gives any financial or other advantage to a foreign public official in an attempt to influence them.
- A corporate offence of failure to prevent bribery. A commercial organisation could be guilty of bribery where a person associated with the organisation, such as an employee, agent or even a sub-contractor, bribes another person intending to obtain or retain business for the organisation.

Corruption

The offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions of any person. Both parties are equally guilty of an offence.

Other Irregularities

Other irregularities could apply to the Trust as well as individual academies, and includes:

- failure to observe the Trust's Financial Regulations, policies and procedures
- breach of our Funding Agreement with the ESFA
- breach of the requirements of the Academy Trust Handbook
- spending grant income in ways inconsistent with the purposes for which it was intended.

Note that Bribery and Corruption are covered by the Trust's 'Anti-Bribery and Corruption Policy'.

Deterrence

Prosecution is a particularly effective deterrent because of the risk of a custodial sentence and a criminal record. However, the threat of prosecution only deters if the threat is real.

It is therefore Trust policy that any fraud will be reported to the Police or other investigative agencies, irrespective of the status of the individual.

The Trust will also undertake disciplinary action and reserves the right to take legal action.

Prevention

Risks

Examples of common types of internal fraud are documented in Appendix A.

The largest irregularities in educational establishments typically have involved regular misappropriations over a period of years. The three areas most vulnerable to fraud in schools are cash handling, cheque handling and the operation of the purchase ledger. The misuse of information technology is also a major risk and one that is potentially growing in importance with the increase in technology. The importance of publicly reported statutory

Address: Harlington Upper School, Goswell End Road, Harlington LU5 6NX
Email: contactus@pyramidschoolstrust.org | **Website:** pyramidschoolstrust.org | **Tel:** 01525 755100

information to educational establishments is significant and therefore this area could be susceptible to fraud.

The Trust operates a Risk Management process, and the identification of fraud risk is an integral part of this process. In assessing the level of fraud risk the Trust refers to ESFA guidance such as the 'Anti-fraud checklist for Academy Trusts' and the 'Fraud Indicators' document', and external guidance such as the CIMA document described above.

Procedures/systems to deal with risks

Fraud can be minimised through carefully designed and consistently operated management procedures, in particular the financial policies and procedures within the Trust's Financial Regulations. The Trust will ensure that management procedures for the Trust and within Academies, as described below, are effective and that staff receive training in their operation:

- segregation of duties and appropriate oversight in the use of financial systems
- clear roles and responsibilities, with set levels of authority for authorising transactions
- system protection with electronic access restrictions to prevent the possible misuse of information technology.

In particular, the following sections of the PST Financial Regulations help to define the requirements in relation to the above points:

- Internal Scrutiny and Internal Control
- General Controls and Transparency

Leadership

Key determinants of the standards of behaviour in any organisation will be the standards observed by senior members of staff and the policies and approach to their enforcement promoted by senior staff.

The Trust Board and its committees and senior managers of the executive, should ensure that their behaviour is always demonstrably selfless, impartial and consistent with the public service values of probity and accountability.

Employee Screening

Potential new members of staff will be screened before appointment, particularly for posts with financial responsibility. For example:

- Identity and right to work checks are made
- References should cover a reasonable, continuous period and any gaps should be explained
- An official employer's reference should be obtained
- Offers of appointment to be made subject to receipt of satisfactory references and any doubts about the contents of the reference should be resolved before confirming the appointment. If this is done by telephone, a written record of the discussion should be kept to comply with employment law
- Essential qualifications and DBS checks are made.

Address: Harlington Upper School, Goswell End Road, Harlington LU5 6NX
Email: contactus@pyramidschoolstrust.org | **Website:** pyramidschoolstrust.org | **Tel:** 01525 755100

Recruitment procedures require that members of recruitment panels will declare any relationships or connections with candidates prior to their involvement with the process.

The Role of Independent Review

Internal Audit Team

The Internal Audit Team may provide independent assurance on the processes and controls put in place by management to prevent or detect fraud and irregularity or to manage the risk of fraud and irregularity.

Members of the Internal Audit Team, with the requisite skills and expertise, may also provide advice on, lead or conduct special investigations into suspected fraud, irregularities, misconduct or alleged impropriety.

Fraud investigations should not be undertaken without the requisite skills, knowledge and expertise as this may compromise a fraud investigation or a criminal case.

External Audit

The External Auditors provide independent oversight of the financial controls and activities within the Trust and its Academies as part of their work in auditing the year- end financial statements.

Department for Education (DfE)

The DfE carries out periodic funding audits and financial management reviews. They also conduct or commission investigations into suspected fraud and irregularity and they publish reports on the outcome of such investigations.

Detection

Internal Management Systems

Effective management systems are imperative if fraud is to be detected rapidly; the systematic review of every transaction minimises the risk of processing an irregular transaction. Detective checks and balances must be designed into systems and applied consistently. This includes segregation of duties, reconciliation procedures and review of management accounting information.

Internal or External Audit Reviews

The work of internal and external auditors or inspectors may result in the detection of suspected fraud and irregularity or may suggest improvements in controls to help prevent and detect any irregularities.

Reporting Suspected Fraud and Irregularity

If an individual has genuine reason to suspect that fraud or irregularity is taking place (or has taken place), they are expected to bring this to the attention of the Trust authorities in one of the following ways:

Address: Harlington Upper School, Goswell End Road, Harlington LU5 6NX
Email: contactus@pyramidschoolstrust.org | **Website:** pyramidschoolstrust.org | **Tel:** 01525 755100

- reporting suspicions to a senior manager, an Academy Head Teacher, School Improvement Director, Chief Finance Officer or the Chief Executive as appropriate;
- reporting suspicions using the Trust's Whistleblowing Procedure

Potentially Suspicious Behaviour

Staff members who have committed serious financial irregularities may attempt to conceal this by taking few holidays, regularly working alone, late or at weekends, being resistant to delegation or resenting questions about their work. The DfE 'Fraud Indicators' document may be helpful to refer to where concerns may exist. If in doubt, staff members should report their suspicions anyway, provided they are supported by at least one piece of reliable information or evidence and they are made in good faith.

Response

Acting on the suspicions – what to do and not to do:

Where staff have raised concerns or reported their suspicions to senior management:

Do: Be responsive to staff concerns

The Trust expects all managers to encourage staff to voice any reasonably held suspicion as part of developing an anti-fraud culture. Managers should treat all staff concerns seriously and sensitively.

Note details

Note all relevant details. Get as much information as possible from the reporting staff member. If the staff member has made notes, obtain these also. In addition, note any documentary evidence which may exist to support the allegations made, but do not interfere with this evidence in any way.

Evaluate the allegation objectively

Before taking the matter further, determine whether any suspicions appear to be justified. Be objective when evaluating the issue. Consider the facts as they appear, based on the information to hand.

Advise the appropriate person

If a suspicion is justified, deal with the matter promptly as any delay may cause the Trust to suffer further financial loss. Full details should be recorded and reported in line with section 4.3 above and in all cases involving suspected fraud or financial crime the Trust's Chief Financial Officer should be informed.

Do not:

X Ridicule suspicions raised by staff.

The Trust cannot operate effective anti-fraud and whistleblowing policies if staff are reluctant to pass on their concerns to management. All staff concerns should be given a fair

Address: Harlington Upper School, Goswell End Road, Harlington LU5 6NX
Email: contactus@pyramidschoolstrust.org | **Website:** pyramidschoolstrust.org | **Tel:** 01525 755100

hearing. In addition, staff should be reassured that they will not suffer recrimination as a result of raising any reasonably held suspicion.

X Approach or accuse any individuals directly.

X Convey your suspicions to anyone other than those with the proper authority.

X Try to investigate the matter yourself.

Investigation of Suspected Fraud and Irregularity

In order to protect the Trust and those accused of suspected fraud and irregularity, initial enquiries may be made to decide whether an investigation is appropriate and, if so, what form it should take. In cases of suspected fraud or financial crime, an initial strategy meeting should take place at the earliest opportunity to determine the initial response. This should usually involve the Chief Financial Officer and/or Chief Executive, and Trust HR Lead. However, exactly who is involved will depend on the particular case.

Each case will be different and the approach taken will be dependent upon the circumstances, nature and seriousness of the allegations and the potential remedies being sought.

The course of action to be taken is likely to be one or more of the following:

- an investigation may be conducted by management, Chief Financial Officer, or through the disciplinary process
- referral to the police or other investigative agencies
- referral to an appropriate professional body
- referral to the external auditor
- referral to the ESFA Investigations Team.

When a decision is made to investigate the matter internally, the case will be referred to an individual, an Investigating Officer, appointed by the Chief Financial Officer or the Chief Executive, who has the appropriate expertise and seniority to plan and undertake the preliminary fact finding and/or formal investigation(s). It is critical that any investigation is conducted in a professional manner, in accordance with relevant procedures, e.g. whistleblowing procedure, disciplinary procedure(s) and investigation practice guidance as appropriate.

The purpose of an investigation is to establish the facts associated with the concerns or allegations in order to determine whether or not there is a case to answer.

The Investigating Officer should adopt a holistic approach examining the case from all angles, collecting evidence from management, employee and organisational perspectives. The Investigating Officer should interview all relevant people and analyse any related documentation in order to determine the facts and relevant mitigating circumstances.

Some investigations (e.g. involving fraud or financial crime) may require the use of technical or specialist expertise in which case an internal or external specialist may be employed as the Investigating Officer or to contribute to the investigation.

Address: Harlington Upper School, Goswell End Road, Harlington LU5 6NX
Email: contactus@pyramidschoolstrust.org | **Website:** pyramidschoolstrust.org | **Tel:** 01525 755100

The Chief Financial Officer or Chief Executive will normally inform the Chair of the Trust Board and the Chair of the Audit Committee that an investigation is taking place.

The Investigating Officer should, where possible, quantify any potential or actual financial loss and ensure that steps are taken at an early stage to prevent further loss occurring.

Where the case is sufficiently serious, an individual who is accused of fraud or irregularity may be suspended, with or without pay, while an investigation is under way, in accordance with the Trust's disciplinary procedures. The Trust HR Lead should be consulted before any such action is taken. It should be noted that suspension is a neutral act intended to facilitate enquiries, protect the Trust and the individual(s) involved and does not imply any presumption of guilt.

If the individual under suspicion is to be suspended the timing of suspension should be carefully planned. The suspect should be approached unannounced. They should also be supervised at all times before leaving Trust premises. They should be required to reveal relevant computer passwords and not remove any records or data (either manual or on disk or electronically) from the premises. They should be allowed to collect personal property under supervision but should not be able to remove any property belonging to the Trust. Any security passes and keys to premises, offices and furniture should be returned.

The Trust ICT Lead should be instructed to immediately withdraw access permissions to the Trust's computer systems.

The terms of suspension should bar staff from contacting colleagues about any work-related matter without the written consent of the Headteacher, Chief Financial Officer or Chief Executive, as appropriate. Should suspended staff breach the terms of suspension, this could be grounds for disciplinary action in its own right.

The Investigating Officer shall also consider whether it is necessary to investigate systems other than those which have given rise to suspicion, through which the suspect may have had opportunities to misappropriate the Trust's assets.

Any investigation will be carried out in accordance with the principles of natural justice and with due regard to the statutory rights of all individuals involved in the case. The Trust will take all reasonable measures to ensure that an investigation is concluded as quickly as possible.

If the decision is reached that there is a prima facie case to answer, the person or persons implicated should be informed of this, shown the supporting evidence and be offered an opportunity to respond as part of the investigation.

At the conclusion of the investigation, the Investigating Officer will produce an Investigation Report with details of the facts relevant to the case and the supporting evidence. This will enable the Trust to determine what, if any, disciplinary or other sanctions may be considered appropriate under the circumstances.

Internal investigations will be conducted in a manner which ensures that those involved in the investigation will be different from those who may be required subsequently to conduct any disciplinary proceedings.

Address: Harlington Upper School, Goswell End Road, Harlington LU5 6NX
Email: contactus@pyramidschoolstrust.org | **Website:** pyramidschoolstrust.org | **Tel:** 01525 755100

If information was disclosed or reported by an individual(s) initially they will be kept informed of what action, if any, is to be taken. If no action is to be taken the individual concerned will be informed of the reason for this. However, any information relevant to an investigation of suspected fraud or financial crime must not be disclosed except for the purposes of the investigation or subsequent proceedings.

Should any officer responsible for this procedure be implicated in any way or have or be perceived to have any potential conflict of interest in an allegation of fraud or irregularity, he or she will not take part in the procedure, the role being taken by an appropriate alternative.

Senior management will establish and maintain contact with the police or other investigative agencies, where appropriate. The decision will be reported to the Chair of the Audit Committee and to the Chair of the Trust Board.

Sanctions

Depending on the circumstances of each case, the outcome of an investigation and the materiality of the sums involved, the Trust may apply any or all of the following sanctions, as appropriate:

- disciplinary action in accordance with relevant disciplinary procedures (including referral to an appropriate professional body)
- civil proceedings
- criminal proceedings

In some circumstances, it may be appropriate for the Chief Financial Officer or the Chief Executive to liaise directly or indirectly with the parties involved to seek a resolution (through negotiation). Should a satisfactory resolution not be attainable through these means, the alternative courses of action set out above may then be followed.

Redress (Recovery of Losses)

The Investigating Officer shall, where possible, quantify the amount of any loss. The Chief Financial Officer, and Chief Executive shall consider what redress is appropriate in each particular case.

Where a loss is considered to be significant, legal advice will be obtained without delay about the need to trace and/or freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice will also be obtained on the recovery of losses through the civil and criminal courts, or deducting losses from any salary payments outstanding, where the perpetrator is a member of staff and refuses repayment. The Trust would normally expect to recover costs in addition to losses.

An individual may, in the course of an investigation, offer to repay the amount that has been obtained improperly. The Investigating Officer should neither solicit nor accept such an offer (as it may be construed as having been obtained under duress). Any offer made should be recorded and the individual referred to the Chief Financial Officer or Chief Executive.

If an offer of restitution is made while disciplinary or legal proceedings are still under way, legal advice will be sought before such an offer is accepted.

Address: Harlington Upper School, Goswell End Road, Harlington LU5 6NX
Email: contactus@pyramidschoolstrust.org | **Website:** pyramidschoolstrust.org | **Tel:** 01525 755100

In certain circumstances it may be possible, at the completion of the investigation, to make a claim against the Trust's insurance policy. The Chief Financial Officer and Investigating Officer should provide the insurers with any information that is required to substantiate a claim, or to support an attempt by the insurers to secure recovery from the perpetrator.

Notifying the DfE and External Auditor

The Academy Trust Handbook includes a requirement that:

"The Trust must notify the DfE, as soon as possible, of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any academy financial year. Any unusual or systematic fraud, regardless of value, must also be reported."

The DfE reserves the right to conduct or commission its own investigation into actual or potential fraud, theft or irregularity.

At an appropriate point in time, the Chief Financial Officer or Chief Executive will notify the DfE and/or the Trust's External Auditors, where appropriate. They will also formally notify the Audit Committee and Trust Board.

Cyber-crime and cyber-security

The Trust will be vigilant to cyber-crime and clear cyber-security measures and proportionate controls will be implemented, as outlined in the Cyber-security Policy. Appropriate action will be taken where a cyber-security incident occurs, in line with the trust's Cyber Response and Recovery Plan.

The following measures will be implemented specifically relating to addressing the risk of fraud:

- Firewalls, anti-virus software and strong passwords will be used
- Data will be routinely and securely backed up
- A restricted number of devices will be used to access financial or other sensitive data

Staff will receive training to ensure they:

- Check the sender of an email is genuine before, for example, sending payment data or passwords.
- Make direct contact with the sender where an email requests a payment – this will be done in person where possible, but at a minimum staff must use another method other than the direct reply function, such as a phone call.
- Understand the risks of using public WiFi.
- Understand the risks of not following payment checks and measures.

Any suspected incidents of fraud relating to cybersecurity will be reported and investigated as outlined in this policy.

The Trust maintains robust digital standards. In accordance with the Academy Trust Handbook and DfE guidance, the Trust strictly prohibits the payment of cyber-ransomware demands. The Trust will not seek permission from the DfE to pay such demands, as payment is now categorically prohibited to discourage criminal activity.

Address: Harlington Upper School, Goswell End Road, Harlington LU5 6NX
Email: contactus@pyramidschoolstrust.org | **Website:** pyramidschoolstrust.org | **Tel:** 01525 755100

Reporting and Recovery

The Trust will notify the DfE of any instances of fraud, theft, or irregularity where the value exceeds £5,000 (individually or cumulatively). Staff and Trustees should be aware that the DfE reserves the right to recover misappropriated funds directly from the Trust. The Trust will also maintain vigilance against impersonation fraud, including fraudulent correspondence appearing to be from DfE officials.

Appendix A

Indicators for potential fraud

[This list is not exhaustive and is a guide only. Due to the nature of fraud, indicators may not be exclusive to just one area.]

Personal motives for fraud

- Personnel believe they receive inadequate compensation and/or rewards, e.g. recognition, job security, holidays or promotions
- Expensive lifestyle, e.g. cars and holidays
- Personal problems, e.g. gambling, alcohol, drugs or debt
- Unusually high degree of competition or peer pressure
- Related party transactions (business activities with personal friends, relatives or their companies)

Conflicts of interest

- Disgruntled employee, e.g. being recently demoted or reprimanded
- Recent failure associated with specific individual
- Personal animosity or professional jealousy

Organisational motives for fraud

- Organisation experiencing financial difficulty
- Commercial arm experiencing financial difficulty
- Tight or unusually tight time deadlines to achieve level of outputs
- Organisational governance lacks clarity, direction or substance
- Organisation closely identified with, or dominated by, one individual
- Organisation under pressure to show results, e.g. budgetary matters or exam result
- Organisation recently suffered disappointment or consequences of bad decisions
- Organisation wants to expand its scope or obtain additional funding
- Funding award or contract for services is up for renewal or continuation
- Organisation due for a site visit by auditors, Ofsted or others
- Organisation has a for-profit component
- Organisation recently affected by new and/or changing conditions, e.g. regulatory, economic or environmental
- Organisation faces pressure to use or lose funds to sustain future funding levels

Address: Harlington Upper School, Goswell End Road, Harlington LU5 6NX
Email: contactus@pyramidschoolstrust.org | **Website:** pyramidschoolstrust.org | **Tel:** 01525 755100

- Record of previous failure(s) by one or more organisational areas, associated business or key personnel
- Sudden change in organisation practice or pattern of behaviour

Weakness in internal controls

- There is a general lack of transparency about how the organisation works, and its procedures and controls
- Management demonstrates a lack of attention to ethical values – including a lack of communication regarding the importance of integrity and ethics, a lack of concern about the presence of temptations and inducements to commit fraud, a lack of concern regarding instances of fraud, and no clear fraud response plan or investigation policy
- Management fails to specify and/or require appropriate levels of qualifications, experience or competence for employees
- Management displays a penchant for taking risks
- Lack of an appropriate organisational and governance structure with defined lines of authority and reporting responsibilities
- Organisation lacks policies and communication relating to individual accountability and best practice, e.g. related to procurement, expenses, use of alcohol and declarations of interest
- Lack of personnel policies and recruitment practices
- Organisation lacks personnel performance appraisal measures or practices
- Management displays a lack of commitment towards the identification and management of risks relevant to the preparation of financial statements
- There is inadequate comparison of budgets with actual performance and costs, forecasts and prior performance – there is also no regular reconciliation of control records and a lack of proper reporting to the board of trustees
- Management of information systems is inadequate, e.g. no policy on ICT security, computer use, verification of data accuracy, or completeness or authorisation of transactions
- There is insufficient physical security over facilities, assets, records, computers, data files and cash
- Failure to compare existing assets with related records at reasonable intervals
- There is inadequate or inappropriate segregation of duties regarding initiation, authorisation and recording of transactions, maintaining custody of assets, and alike
- Accounting systems are inadequate, i.e. they have an ineffective method for identifying and recording transactions, no tracking of time periods during which transactions occur, insufficient description of transactions and to which account they should be allocated to, no easy way to know the status of funds on a timely basis, no adequate procedure to prevent duplicate payments, or missing payment dates

Address: Harlington Upper School, Goswell End Road, Harlington LU5 6NX
Email: contactus@pyramidschoolstrust.org | **Website:** pyramidschoolstrust.org | **Tel:** 01525 755100

- Purchasing systems and/or procedures are inadequate, e.g. poor or incomplete documentation to support procedure, purchase, payment or receipt of goods or services
- Subcontractor records and/or systems reflect inadequate internal controls
- There is a lack of internal, ongoing monitoring of controls which are in place and/or failure to take any necessary corrective actions
- Management is unaware of or displays a lack of concern regarding applicable laws, e.g. Companies Act, Charities Act
- Specific problems and/or reportable conditions identified by prior audits or other means of oversight have not been corrected
- No mechanism to exists to inform management, directors, trustees or governors of possible fraud

General lack of management oversight

Transactional indicators

- Related party transactions with inadequate, inaccurate, or incomplete documentation or internal controls, e.g. business activities with friends
- Not-for-profit entity has for-profit counterpart with linked infrastructure, e.g. shared board of trustees, governors or other shared functions and personnel
- Specific transactions that typically receive minimal oversight
- Previous audits with findings of questioned costs, evidence of non-compliance with applicable laws or regulations, weak internal controls, a qualified audit opinion, or an inadequate management response to any of these issues
- Transactions and/or accounts which are difficult to audit and/or subject to management judgement and estimates
- Multiple sources of funding with inadequate, incomplete or poor tracking, failure to segregate funds, or existence of pooled funds
- Unusual, complex or new transactions, particularly if they occur at year end or end of reporting period
- Transactions and accounts operating under time constraints
- Cost sharing, matching or leveraging arrangements where industry money or other donation has been put into a foundation without adequate controls to determine if money or equipment has been spent or used and whether it has gone to allowable costs and at appropriate and accurate valuations
- Outside entity provided limited access to documentation
- Travel accounts with inadequate, inaccurate or incomplete documentation or poor internal controls, variances between budgeted amounts and actual costs, claims in excess of actual expenses, reimbursement for personal expenses, claims for non-existent travel, or collecting duplicate payments
- Credit card accounts with inadequate, inaccurate or incomplete documentation or internal controls such as appropriate authorisation and review
- Accounts in which activities, transactions or events involve handling of cash or wire transfers

Address: Harlington Upper School, Goswell End Road, Harlington LU5 6NX
Email: contactus@pyramidschoolstrust.org | **Website:** pyramidschoolstrust.org | **Tel:** 01525 755100

- Presence of high cash deposits maintained with banks
- Assets which are of a nature easily converted to cash (e.g. small size, high value, high marketability or lack of ownership identification) or easily diverted to personal use (e.g. cars or houses)
- Accounts with large or frequent shifting of budgeted costs from one cost centre to another without adequate justification
- Payroll (including fringe benefits) system has inadequate controls to prevent an individual being paid twice or paid for non-delivery or non-existence
- Payroll (including fringe benefits) system is outsourced but there is poor oversight of starters, leavers and payments
- Consultant and subcontract agreements which are vague regarding the work, time period covered, rate of pay or product expected
- There is a lack of proof that a product or service was actually delivered by a consultant or subcontractor
- Sudden and/or rapid growth of newly contracted or existing education providers, e.g. significant increase in pupil numbers for newly contracted providers

Methods used to commit and/or conceal fraud

Employee indicators such as:

- Eagerness to work unusual hours
- Access to or use of computers at unusual hours
- Reluctance to take leave or seek support
- Insistence on doing their job alone
- Refusal of promotion or reluctance to change their job

Auditor or employee issues such as:

- Refusal or reluctance to provide information or hand over documents
- Unreasonable explanations
- Annoyance or aggressive responses to questions or requests, in an attempt to deter auditors
- Trying to control the audit process
- Employee blames a mistake on a lack of experience with financial requirements or regulations governing funding
- Promises of cooperation followed by subsequent excuses to limit or truncate cooperation
- Subtle resistance
- Answering a question that was not asked
- Offering more information than asked
- Providing a lot of information in some areas and little to none in others
- Explaining a problem by saying “we’ve always done it that way”, “someone from the government told us to do it that way” or “Mr X told us to do it that way”
- A tendency to avoid personal responsibility, e.g. overuse of “we” and “our” rather than “I”

Address: Harlington Upper School, Goswell End Road, Harlington LU5 6NX
Email: contactus@pyramidschoolstrust.org | **Website:** pyramidschoolstrust.org | **Tel:** 01525 755100

- Blaming someone else
- Too much forgetfulness
- Trying to rush the audit process
- Uncharacteristic willingness to settle questioned costs in an attempt to deter further investigation or analysis

General indicators such as:

- A general lack of transparency about how the organisation works and its procedures and controls
- Fabricated explanations to support inability or unwillingness to evidence transactions or assets, such as stated loss of electronic data or theft of business records

Record keeping, banking and other

- Documents that are missing, copied, written in pencil, altered, or that contain false signatures, the incorrect signature or no authorisation where it would be expected
- Deviation from standard procedures, e.g. all files but one handled in a particular way
- Excessive and/or poorly evidenced journal entries, unable to provide explanation for journal entries
- Transfer to or via any type of holding or suspension account
- Inter-fund company loans to other linked organisations
- Records maintained are inadequate, not updated or not reconciled
- Use of several different banks or frequent bank changes
- Use of several different bank accounts
- Failure to disclose unusual accounting practices or transactions
- Unusual accounting practices or transactions, including:
    - Uncharacteristic willingness to settle questioned costs
    - Non-serial-numbered transactions or out-of-sequence invoices or other documents
    - Creation of fictitious accounts, transactions, employees or charges
    - Writing large cheques to cash or repeatedly to a particular individual
    - Excessive or large cash transactions
    - Payroll cheques with unusual or questionable endorsements
    - Payees have similar names or addresses
    - Non-payroll cheques written to an employee
- Defining delivery needs in ways that can only be met by one source or individual
- Continued reliance on person or entity despite poor performance
- Treating non-business and/or personal goods or services as business transactions in financial records
- Misuse of directors' loan account facility, e.g. deliberate miscoding of transactions in directors loan account to gain personal advantage
- Materials, goods and or services fictitiously erroneously reported as purchased, and evidence has been fabricated to support the claim. This could potentially be evidenced by:
- Repeated purchases of the same items

Address: Harlington Upper School, Goswell End Road, Harlington LU5 6NX
Email: contactus@pyramidschoolstrust.org | **Website:** pyramidschoolstrust.org | **Tel:** 01525 755100

- Identical items purchased in different quantities within a short time period
- Invoices and statements used to evidence purchase facilitating duplicate transactions or payments
- Anomalies in the format of purchase invoices
- Goods or equipment are not used as promised, or they do not work or exist
- Legitimate business assets put to non-business or private use
- Impersonation fraud (e.g. spoofed DfE emails or letters with ministerial signatures)

Address: Harlington Upper School, Goswell End Road, Harlington LU5 6NX
Email: contactus@pyramidschoolstrust.org | **Website:** pyramidschoolstrust.org | **Tel:** 01525 755100