

Purpose of this Bulletin

When reading this bulletin, employees should consider the following questions: “Could it happen to me?” and “Will the internal procedures in operation under my control stop this type of fraud being successful?”

All officers should consider whether there is fraud taking place and how this can be stopped.

How do we guard against fraud and corruption?

The annual internal audit plan has been developed to help the Council assess and take action to minimise the risks it faces.

Fraud & Corruption is one section of the audit plan and testing is undertaken on specific areas of identified risks.

However, it is the responsibility of managers to operate internal systems to ensure:

- An adequate separation of duties
- Proper authorisation procedures
- Independent monitoring and checking of data and documentation

What do we mean by fraud and corruption?

Fraud - The intentional distortion of financial statements and accounting records and/ or misappropriation of assets involving deception.

Corruption - The offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions taken by the audited body, its members or officers.

Frauds come in all shapes and sizes. Many are successful as a result of the breakdown in internal control procedures in operation within the organisation. Another reason is that people do not believe it will happen to them.

Fraud Prevention Strategy's

The Anti-Fraud and Corruption policies of our clients can be found on their respective websites.

Contact Us - Our intention is to produce this bulletin twice a year at least. We would be grateful for any information that you may have that could be included in these bulletins or for any feedback you may have on its content. For more information please [contact us](#).

School Place fraud in Wiltshire

It has been reported that five children had their school places withdrawn after a new team of council investigators discovered the parents had lied about where they live to get into their favoured school catchment area.

The parents, who have not been named, were caught out after Wiltshire Council hired a new team of investigators to tackle everything from people cheating the disabled blue badge parking system to people claiming council tax benefit when not entitled to it.

Officers need to be aware that Fraud, is not only the obtaining of money to which the claimant is not entitled, but false representation, as in the case of the parents who falsified their application for a school place, stating a relationship with a location that did not exist with the express aim of getting a place into a school to which they were not entitled to.

This fraud has taken place at numerous authorities around the country, including South Gloucestershire and staff need to validate all applications, especially where schools are over- subscribed. Schools which are over-subscribed are normally those who have received a good Ofsted Inspection report.

Fabricated and altered invoices

A father-of-four used his position as assistant executive officer to steal almost £25,000 over 14 months. The 36-year-old, on £42,000 salary, fabricated invoices and pressured contractors, and even a co-worker, to help him use the money for his personal needs.

Prosecutor told Bradford Crown Court how the officer - part of the organisation since its inception in 2000 - billed the organisation for decorating work at his own properties and got the body to pay for his family's use of a scout group minibuss. The prosecutor said the vehicle had in fact been used to take the man's family to the seaside and again to take his family around at his brother's wedding.

The Officer, who had no previous convictions, was responsible for buildings maintenance, but he was suspended in December 2011 after the chief executive discovered fabricated or altered invoices. When the officer was confronted he apologised and blamed financial difficulties.

The officer offered to repay the money in instalments and even asked for a reference. The court heard he had repaid over £9,000.

"The Crown submit this was a continuing fraud that the chief executive stopped rather than fraud that stopped of its own accord," said the prosecutor. The officer pleaded guilty to the fraud charge last October and his barrister described him as "a broken man". His barrister submitted references in support of the officers good work in his community and said his client would have repaid all the money had his assets not been restrained.

The officer will serve around half the 12 month jail term and faces a Proceeds of Crime Act hearing to recover the rest of the money.

This fraud is a case of an employee seeing an opportunity and taking it, for his own gain, when he could afford the expenditure himself and did not need to steal from his employer. In addition he abused his position of authority within the organisation by pressurising a junior employee to process invoices for payment without question.

Internal controls were obviously in place, because the Chief Executive discovered altered and fabricated invoices. However, this fraud is an example of why organisations should have robust Whistleblowing procedures in place, which should be extended to all contractors/ suppliers they deal with to enable any concerns to be raised confidentially.

Contempt of court over pothole accident

A Borough Council has established contempt of court against a claimant who said he fell off his moped as a result of a pothole in the road. The claimant had sued the Borough Council for £50,000 in compensation over the incident.

During the course of investigations, the council obtained witness statements saying that the claimant fell 30 metres away from where he said he had. An exchange of witness statements in January 2014 saw the claimant withdraw his claim. The council which was advised by its external solicitors, obtained permission to bring proceedings against him for contempt of court.

On 28 April the man was convicted of contempt of court for signing court documents with a statement of truth when he knew the facts were false. He was sentenced to six months in prison.

The Operational Director for Finance at the Borough Council, said: "The council has a zero tolerance approach to fraud. As this case shows, where fraud is suspected the council will take all appropriate steps to investigate and pursue the matter in order to protect public money and deter fraudulent claims. The solicitor for the Borough Council in this case, said: "This is another victory for our local authority clients in the ongoing battle against fraudulent claims. Where fraud is suspected, we take all necessary steps to investigate and pursue the matter. This is the only way to deter fraudsters and protect the public purse."

Historically local authorities have needed to be aware of the possibility of bogus claims for damage caused by tree roots, or accidents as a result of roads not being maintained to a suitable level

In the current economic climate and the reduction in council budgets, local authorities need to be aware of the possibility of fabricated insurance/ compensation claims being received.

Where a claim is received, then the facts need to be independently verified and checks made to ensure the claimant has not submitted similar claims in the past or to other local authorities in the area.

Mandate Fraud-Council recovers £100,000 lost to scam

A city council was almost scammed out of £100,000 earlier this year after paying out into the wrong bank account. Officers recently released information showing the town hall almost lost £99,426 after bank account details for a supplier were incorrectly changed.

The council only realised the problem when the company got in touch eight days after a payment was made complaining that it hadn't received any money.

A council investigation revealed the town hall had recently received a letter claiming to be from the supplier detailing a set of new bank details, which were then changed to match the correspondence. The company immediately confirmed it had not requested any changes to its information and the new account was frozen.

The entire sum was ultimately returned to the council just over a month later.

A report from the town hall confirmed an 'internal management investigation is currently underway' at the local authority.

'Management have reviewed the processes and management arrangements in this area and a number of additional controls have now been implemented,' the report added.

This council was fortunate that the 'bogus' bank account had not been emptied immediately funds were credited to it.

A County Council have reported receiving such letters purported to be from Balfour Beatty and Morgan Sindall and a borough council from Continental Landscapes, which were found to be bogus and the change of bank account details were not processed.

All staff responsible for the payment of creditors need to be aware; if they receive a request to change a creditor's bank account the authenticity of the request needs to be confirmed with the supplier.

This should be done by contacting the creditor using publically available information and not the contact details quoted in the correspondence received requesting the change in their bank account details.

Councillor charged with eight counts of fraud

A councillor has been charged with eight counts of fraud following an investigation into the finances of a sports club in Clacton.

Essex Police's Financial Investigations Unit began enquiries in July last year following concerns about grants totalling more than £50,000 paid to Clacton Sports Club. The councillor has now been charged with eight offences of fraud by false representation, intending to cause gain to the club.

Essex Police said three of the offences relate to grant applications to the Big Lottery Fund, two relate to Essex County Council, two others were to Essex Environment Trust and one to Sports England.

Speaking to the press, The Councillor said: From my point of view there was no intention of personal gain and you can see that from the charges, which show the gain was to the sports club.

The Councillor was previously also vice chairman of a local Football Club and later chairman of a local Cricket Club and local Sports Club. The £50,000 grant to the Sports Club was for six mobile floodlights, new showers and pipework at the shared clubhouse.

For fraud to take place, the person responsible does not need to be the beneficial party. The above article would suggest that this councillor put his name to grant applications to 'add weight' to the application by using his position to encourage approval of the application by false representation. All grant monies should be used for the purpose that it was granted and procedures should be in place to ensure that is the case with any monies not used being refunded to the organisation making the grant.

Government launches service to combat fake universities

The Department for Business, Innovation and Skills (BIS) and graduate careers expert, Prospects have launched a new service to reduce higher education fraud in England.

The service has been commissioned by BIS to proactively address issues concerning bogus institutions and the misuse of the word 'university' as well as to tackle the related area of degree fraud. It aims to reduce the burgeoning number of unaccredited institutions by increasing prosecutions through investigation and awareness-raising.

Bogus providers will be targeted by Higher Education Degree Datacheck (HEDD), Prospects' degree verification service. Perpetrators found to be masquerading online as genuine with degree-awarding powers will be added to the database of bogus institutions. HEDD will investigate who owns the websites and where they are hosted, liaise with Trading Standards and other enforcement bodies, including those overseas, to prosecute and force closure. A HEDD fraud line (0845 077 1968) has been set up for advice or to report dubious organisations.

The Business Services Director who runs HEDD at Prospects said: "Degree fraud is a serious problem; in the first quarter of this year alone we added 42 bogus institutions to the database and there are thousands of fake degree certificates in circulation. While HEDD has made it easier to verify whether an institution is genuine, the extent of the service ended there. We now have the structure in place to investigate and report fake university providers to the relevant authorities".

The above article is an indication of how wide spread and serious this type of fraud is. Pre-employment checks should include the verification of all degree qualification; not just those from abroad. The existence of the university should be verified by reference to the relevant HEDD.

Once this has taken place, the authenticity of the certificate provided should take place to ensure the applicant has attained the qualification stated.

Fake sign language claims

A woman and her business partner who defrauded the Department for Work and Pensions (DWP) of more than £1m by making fake claims for sign language interpretation support for deaf jobseekers and failing to pay over £300,000 in tax has been jailed for four years

The two ran businesses supplying sign language interpreters required under the government's Access to Work scheme. Their trial at Derby Crown Court heard evidence they had created false paperwork suggesting they had supplied services when none had been delivered.

An investigation uncovered a string of discrepancies, including a claim for four weeks' support for a client who was out of the country during the period concerned, and another claim for seven different clients which added up to 27 hours work in a single day.

In court one found guilty of conspiring to defraud DWP of £409,000 between 2008 and 2013 by making false claims. She was also found guilty of failing to pay tax, which amounted to £329,163 between 2008 and 2013. The other admitted the same charge to the sum of £312,404.

A DWP spokesman said: 'If the individual was matching the level of work she claimed, she would have been working 21 hours a day to generate the £200,000 she was claiming a year. 'The pair spent much of the money travelling the world, often claiming for work while they were out of the country. She even claimed for £5,000 even though she was on holiday in Dubai.' The minister for disabled people, said: 'Access to Work is a vital scheme that supports disabled people into employment and for someone to defraud it on this scale is appalling.'

This fraud was possible because management did not verify the validity of the claims which they received for services rendered. The payment process should have required the person receiving the 'sign language interpretation service' to sign indicating the date and times of the service, which should then have been attached to the claim submitted by the interpreters for payment.

Accountants notice unusual spike in expense claims

A former MoD secretary who submitted £100,000 in false expenses to buy a sports car and luxury holidays has been jailed for her "spree of dishonesty".

The woman admitted making a string of claims while she was employed for two years as a PA to a British Army Major, the Daily Telegraph reported.

The Crown Court heard that she had faked emails authorising payment and splashed out on an Audi TT, a car for her boyfriend, five-star holidays, designer handbags, jewellery and high-tech gadgets including a mobile phone and an iPad mini.

In total, she pocketed £100,276 - more than £85,500 of which was stolen in her last four days in the job.

As in this case, management need to have monitoring procedures in place to identify any spikes in expenditure, which should then be reviewed to ensure the validity of the expenditure incurred and that the internal control and authorisation procedures have been adhered to with more than one officer involved in the procurement process.

Forged resident parking permit

A motorist has been given 16 weeks in jail for forging a resident parking permit – believed to be the first prison sentence handed out for such an offence in Britain.

According to Portsmouth City Council the individual was given a temporary parking permit when he moved into the street. When this ran out he did not qualify for a permanent permit because the car listed on the permit was not registered in his name.

Instead of buying visitor permits to allow him to continue to park, he faked a permanent permit on a computer from the expired temporary one. But the phoney permit was spotted on the car by a parking officer on patrol. Confronted at his home by a council investigator, he admitted using the counterfeit permit for up to six months.

At Portsmouth Magistrates Court, the individual pleaded guilty to one offence under the Fraud Act 2006, and one under the Road Traffic Regulation Act 1984.

This fraud is an example of the abuse that can take place, with the aid of a computer to forge documents to indicate that the user has a valid permit, for which a fee is normally payable, to use the service in question. Officers need to be aware of the possibility of false documentation and checks should be in place to ensure that all permits for an entitlement have not expired and contain up to date information, such as name, picture and car registration number if applicable.

Social Worker who defrauded resident is struck off

A Hampshire social worker has been struck off after defrauding a vulnerable resident out of more than £63,000. The social worker dishonestly abused his position to defraud the service user while employed by Queen Alexandra Hospital, say the Health and Care Professions Council (HCPC).

A HCPC conduct and competence committee heard that in 2012 the social worker contacted his victim's solicitors who had an enduring power of attorney over his affairs.

The social worker claimed he had become the manager of his affairs and provided the solicitors with details of his business 'Surrey Home Support'.

The panel further heard that the solicitors became concerned and discovered that two cheques had been paid to social workers company. Also, three pension sums and three Attendance Allowance totals along with further money had been paid into the social workers company.

As a result of his actions, a referral was made to the police for investigation and the social worker appeared at Aldershot Magistrates Court in October 2014 and pleaded guilty to the fraud charge. He was committed to Winchester Crown Court and sentenced to 20 months in prison in November 2014.

The panel chairman said: “The social worker, by virtue of his conviction, has undermined confidence in him and his profession. He has also caused harm and significant financial loss to a vulnerable service user.”

The panel decided the necessary and proportionate sanction was to strike the name of the social worker from the register.

Controls need to be in place to safeguard the assets and financial affairs of vulnerable clients. Staff should adhere to the Employee Code of Conduct and wherever possible refer any financial matters to a client’s family or friends. If the clients has no family or friends, then the council should obtain the necessary legal approval to administer their financial affairs. As part of the pre-employment checks, it should be confirmed that the applicants are registered with the HCPC.

Business directory letters

These letters continue to be received, either by e-mail, by fax or in the post. Typically, these unsolicited letters invite the recipient to update or add their details in their nationwide internet business directory and sign and stamp letter; faxing it back to them. This signed document becomes a contract with the company having obtained agreement to place the details in the premium section of the directory for an annual fee of approximately £500.

These letters are normally accompanied by a final reminder, which include additional charges in the hope that the officer will pay the amount requested without challenge or thought.

Any unsolicited correspondence should be treated with suspicion, especially if the officer is being asked to sign and return it to the company. If a service is being offered, then the maxim ‘you do not get anything for free’ should be remembered and time should be taken to consider what the benefit will be to the council and if the correspondence should be returned as requested.

Charity scam e-mails

Officers should be wary of responding to any unexpected e-mails that they receive at home or at work. Unfortunately these e-mails often are sent after a natural disaster and can contain viruses or spyware that can damage your computer and give scammers the opportunity to obtain your personal information.

Other fraudulent e-mails will appeal for charitable donations, but the links provided are for fake charities, or copycat websites that impersonate legitimate well know charities in the hope of tricking people into providing their debit/ credit card details when making a donation.

The normal rule of common sense applies, do not get taken in by the story contained in the e-mail and if you wish to make a donation, then beforehand you should check whether the charity is registered by visiting the Charity Commission website. This is an essential check as there are currently over 160,000 registered charities in England and Wales. If you think that an e-mail, appeal or collection is not genuine, then it should be reported to Action Fraud on 0300 123 2040

Hackers and General Election scam

One of the reasons that hackers operate is to take over a companies' e-mail account and send out bogus e-mails to people/ organisations in a person's outbox.

As a result a number of local authorities have received an e-mail that appeared to be from St Ives Management Services Ltd c/o Branded3, 2nd Floor, 2180 Century Way, Thorpe Park, Leeds LS 8ZB requesting payment for an invoice relating to the General Election.

As with all bogus e-mails, if they look suspicious, then the attachment should not be opened and the e-mail should be deleted immediately.

Subscription traps

Subscription traps take place when you sign up online or on the phone for free or low –cost trials of products, only to find that you have been unwittingly locked into costly repeated payments.

Subscription traps exploit a 'continuous payment authority', normally by requesting your payment card details as proof of identity and age, then retaining those details to draw monthly payments from your account. Details of this ongoing commitment are generally buried in the terms & conditions and are missed by many people, eager instead to take advantage of the 'fantastic offer' being advertised.

To avoid these traps, you should:-

- Read the small print (terms & conditions) carefully before entering into any agreement or making a purchase, however long this may take.
- Make sure the terms & conditions box has not been pre-ticked.

- If you make a purchase of this kind that gives you a limited timescale to cancel the agreement, make sure you do so before the due date.
- Never provide bank details to companies without doing some prior research beforehand.
- Check your bank/payment card statements regularly for unexpected payments

Housing benefits officer abuses position of trust

A Housing benefits officer who plundered £55,000 from Swindon Council is facing the prospect of a jail term. The officer abused his position over three years to issue thousands of pounds in illicit overpayments to people who had been receiving housing benefits.

This fraud was picked up by internal control checks, by taking a sample of adjustments to check back to the supporting information. When no supporting paperwork was found the sample was increased and it was established that 93 payments to a number of people had been generated by one officer, without any supporting evidence to support the payments.

The court heard that five other people had also admitted dishonestly receiving the money he gave them. One pleaded guilty to retaining a wrongful credit. She admitted that between February 15, 2012, and July 14, last year, she received £7,243.26p she was not entitled to and did not take adequate steps to repay it.

The prosecutor said four other people had pleaded guilty to retaining wrongful credits when they appeared in the magistrates' court. She said they had been sentenced by the justices and all received one year community orders.

A seventh defendant pleaded not guilty to a similar charge at the crown court hearing. It is alleged he failed to take adequate steps to return £4,969.81p which he is said to have received between December 2012 and August last year.

Local authorities have a duty to safeguard public funds. In law, if a person receives a payment they are not entitled to, then they should contact the person/ organisation making the payment to establish the reason for the payment and return it, if they are not entitled. Failure to do this has resulted in the prosecutions indicated above.

This fraud is an example of officer, not gaining by his actions, but abusing his position to the detriment of the council. Internal controls should be in place to verify any payments made to claimants, with more than one person being involved in the process.

Sports coach fraud

Following the discovery of this fraud which occurred over a two year period, the employees were dismissed and subsequently received a ten month prison sentence with action being taken under the Proceeds of Crime Act to recover the monies lost by the council.

Hull City Council has recovered £58,300 of the £83,335 it lost when two sports coaches set up a football training scam. These officers were employed by the council as sports development officers at the KC Stadium to provide football coaching services to grassroots amateur clubs, schools and community groups.

But the pair then set up their own company offering the same services while still council employees, allowing organisations in both Hull and the East Riding to believe it was part of the authority. Groups and schools paid them fees for running the courses, instead of the council.

In addition, the two men claimed back petrol expenses from the council and the cost of hiring schools for events they organised through their own company. They even claimed back the petrol costs and minibus hire for a stag weekend and for the hire of a hall for a child's birthday party.

Budget monitoring procedures should be in place to monitor income generated and any shortfalls investigated as in this case. The comparison of income to expenditure incurred would have highlighted the lack of course fees for the coaching provided.

Finance chief steals £2 M

The former head of financial accounting at an NHS Trust in East Sussex who defrauded the NHS of more than £2 million has been ordered to pay back the money.

The former head who is currently serving a five year four month prison sentence following an NHS Protect fraud investigation has now been served with a confiscation order for £2,161,758.45. The money must be paid in compensation to the NHS. NHS Protect pursued these assets under the Proceeds of Crime Act 2002. It is the largest amount NHS Protect has ever recovered under POCA.

The former head had pleaded guilty to offences under the Fraud Act 2006 and Proceeds of Crime Act 2002: he defrauded Hastings and Rother Primary Care Trust (PCT) and East Sussex Downs and Weald PCT of £2.2 million.

He used the money to build a portfolio of 11 properties in East Sussex and London which he will now have to sell. His crimes first came to light when the primary care trusts he had previously worked for were being disbanded and the newly-formed Sussex and Surrey Commissioning Support Unit carried out an audit.

NHS Protect investigators found that the individual had manipulated the internal payments systems of both of the PCTs he worked for. Standing orders were set up in the name of regular suppliers but the payments were actually credited to bank accounts he controlled.

Between 2008 and 2011 the individual authorised £810,000 worth of standing order payments, and £1.4m worth of CHAPS payments.

This fraud was possible due to the abuse of position by the finance chief. Regular checks should be undertaken to confirm the validity of all standing order and CHAPS payments made to suppliers. This could be done by sending an annual statement once it had been established that the service had been received seeking verification of expenditure.

Government contractors jailed

Two “deceitful” government contractors from Surrey who gained huge illegal cash bonuses through forgeries on a scheme designed to help unemployed people find work have been jailed. 10 former A4e workers sentenced for the £288,000 scam at Reading Crown Court.

The fraudsters worked on the Aspire to Inspire contract, which was funded by the Department of Work and Pensions (DWP), to provide bespoke 13-week courses to help jobseekers with long-term difficulties become more employable. The court heard between 2008 and 2011 they forged client signatures, time sheets and employers’ details to make it appear more clients had got jobs or training.

One was jailed for 26 months after pleading guilty to three counts of fraud and forgery totaling losses of £122,541 to the DWP. Her colleague was jailed for 44 months after pleading guilty to six counts of fraud and one of conspiracy totalling losses of £65,710 to the DWP.

A4e had been paid £1.3m to provide the scheme and another £10,500 cash for the courses, the court heard.

However the company was also paid £1,775.97 for the first 500 candidates it got into work then £888 for every further candidate placed into a position. While the firm made 558 claims for getting candidates into work during the period of investigation, police discovered 167 were fraudulent, totalling nearly £288,595 falsely claimed from the DWP.

One was involved in falsely filling out forms which led to £65,710 in fraudulent payments from the DWP, the court heard.

This fraud is an example of what can go wrong if there is no independent verification process in place in respect of claims for services provided by contractors. Internal controls should have included sample testing of the claims submitted to ensure they had not been fabricated and the service had been provided, prior to the payment being made.

Nineteen children's services workers suspended

Nineteen children's services workers have been suspended for offences including fraud and breach of trust.

Disciplinary action against staff was revealed in March but the council did not disclose the reasons for it. The council said it had set up an independent review to look into children's services. After a BBC Freedom of Information request, the county council provided a breakdown.

Three were suspended for fraud, 10 for inappropriate conduct and behaviour, one for breach of trust and confidence, two for data protection breaches and three for conflict of interest. Of those suspended, three were dismissed, four left the authority voluntarily, six were disciplined, five faced no further action and one case was still being investigated.

The three dismissals were for a data protection breach, inappropriate conduct and for conflict of interest.

The Freedom of Information request also showed why nine agency workers were asked to leave by the council over the last two years. Two were due to attendance issues, three due to their behaviour and four for performance problems.

The above article is an example of what can go wrong and the need for staff to be adequately trained and managed, to ensure that they are aware of their responsibilities, be it financial or otherwise and to adhere to the policies of the council.

Staff are required to undertake their duties with due diligence, honesty and integrity and to safeguard the information that they obtain in the course of their duties and to only disclose it to those who are entitled to the information.

The Employee code of conduct, to which all staff should be familiar with clearly lays out the responsibilities of staff and the course of action for breaching the guidelines, such as inappropriate conduct, failure to declare a conflict of interest or a breach of the Data Protection Act could lead to disciplinary action including possible dismissal in serious cases.

Employee jailed for 8 years for leaking data

An employee of a UK food retailer was jailed for 8 years after posting staff data on the internet as a result of a grudge.

The employee leaked details of nearly 100,000 supermarket staff after he was wrongly accused of dealing drugs at work (he in fact had been using the company's mailroom to buy and sell goods on line).

In his act of revenge, he sent information about staff salaries, bank details and National Insurance numbers to several newspapers and posted it on data sharing websites, in a data breach which cost the company more than £2m to rectify.

The seriousness of this data breach is reflected in the sentence received by the former employee who maliciously posted sensitive financial information on the internet.

Staff are reminded that failure to exercise an appropriate duty of care could lead to disciplinary action, which could include dismissal.

Care must be taken with any sensitive information received by officers and procedures should be in place to ensure that the information is not disclosed to people who are not entitled to it; which should include the checking of information prior to it being published on the public website or sent to a third party.

Amazon-your account has been cancelled?

A report has been received of a spam e-mail being received indicating the school order with them has been cancelled because they were unable to verify the payment details provided. The e-mail asks the school to verify the payment information previously provided.

Any e-mail of this nature should not be responded to and should be immediately deleted as it is an attempt to obtain financial information from the school, which will then be used to make fraudulent purchases for which the school will be charged for.

Unsolicited invoices

A local school has received an invoice for £1,224 from a company in Germany in relation to an entry/ advertisement on a website www.city-maps24.co.uk.

The invoice was accompanied by a faxed sheet purporting to be a short term contract which included a school stamp and an image rather than a written signature from a member of staff, who was not an authorised signatory.

The school had not requested the service and the person who allegedly signed the contract was the person who signed for parcels, letters etc. at the school.

Unsolicited telephone calls

As the new academic year has arrived, I would like to take the opportunity to remind you of the telephone calls received by numerous schools last year asking for the name and contact details of their caretaker. Isolated cases have been reported since then of similar calls being received. This information is a precursor to sending information on lighting in the hope that an order will be placed with the caller instead of going through the normal procurement channels.

And finally in this edition:-

Fake U-boat commander jailed for £1m VAT scam

A self-styled U-boat captain who funded a fantasy life through a £1m VAT fraud based on three fake companies, has been jailed for more than four years.

The businessman who evaded £1m in VAT by falsifying sales records at three companies and spent part of the proceeds on building a replica German Second World War submarine is facing a jail sentence, following an HMRC investigation. Manchester crown court heard that Williams spent £50,000 turning a canal narrow boat into a replica German Second World War submarine with torpedo tubes and a periscope.

The funds came from a five year fraud involving three non-existent businesses which allegedly sold disability equipment including adapted beds. Williams has now been given a jail sentence of four years and eight months, while his ex-wife Laurel Howarth was jailed for 20 months for her part in the creation of fake invoices used to claim a total of £1,017,505 in VAT repayments.

The judge in the case told Williams: 'This was serious offending. It was carefully thought out, organised and planned over a long period of time. All the indications are that the money was squandered.

'You created three false businesses and there was no substance to them whatsoever. You submitted false invoice to HMRC with a view to dishonestly reclaiming VAT.'

During the trial it emerged that Williams's fraud was detected as a result of an HMRC investigation, which saw officers raiding his 'submarine' while it was moored near the Royal Armouries in Leeds.

This fraud is an example of why managers and staff need to be aware of the possibility of fraud; ensuring that more than one person is involved in the procurement/ payment process and checks are made when new suppliers are set up on the payments system that the creditor is a bonifide business whose existence can be verified.