

ANNUAL FRAUD REPORT 2019-20

1 Context

In line with SQA's Anti-Fraud Policy, a fraud report should be submitted to the Audit Committee on an annual basis.

2 Status

SQA has a system of controls in place to promote the effective and efficient use of financial resources and to safeguard against loss. During financial year 2019-20, there were two instances of suspected fraud identified and a further long-running instance that concluded, at least in so far as SQA is concerned.

- The first instance was of a member of staff, immediately prior to leaving SQA employment, making personal use of a hotel booking (which was no longer required for business purposes) and charging it to an SQA credit card.

The former member of staff agreed to pay back the full amount of the cost - £2,069 - to SQA. This was due to have been repaid in full by 31 March 2020. It was agreed between the former member of staff and SQA that the repayments would be made in monthly instalments.

SQA agreed to extend the deadline for the final payment (of £469) as the former member of staff was temporarily unable to pay due to a change in circumstances brought about by the Covid-19 situation.

- The second instance saw an unknown third-party email and deceive SQA's Payroll team by presenting as a member of staff requesting that their bank account details be amended. A member of staff's salary of £1,532 was later paid to the third-party's bank account.

Colleagues in Finance approached the receiving bank to try to recover the payment but, as at 31 March 2020, had been unsuccessful.

The matter was also reported to Police Scotland and the information has been passed to the Economic Crime Unit within Police Scotland.

An internal investigation was carried out and identified that a member of the Payroll team had failed to follow standard processes. This led to a review of these processes and enhanced training and guidance for the team.

- The long-running instance related to a series of contracts that, following an internal review, there was a concern that payments had been made where the contracted services were not required and/or not provided. This matter had been under consideration by Police Scotland's Economic Crime Unit for some time and on 9 March 2020 they advised they were closing the matter with no further action, due to a lack of evidence recovered by them.

Note that during this investigation SQA identified information that Police Scotland have subsequently taken forward as another line of enquiry. This related to a third-party organisation as having suffered a loss and to which SQA was (and remains) a witness. This investigation is ongoing.

It is to be noted that in both cases, as reflected in updates provided to the Audit Committee, follow up actions have been taken to review processes to prevent, as far as is possible, any recurrence of the issues that led to these cases.