

Financial Management and Administration Procedure



Growing and Learning with the Guidance of God

With God at the heart of all we do, we aim to provide a loving and caring Catholic community, where everyone is precious.

We nurture each other with kindness to create treasured memories and values that stay with us for life.

'You, Lord, are all I have and you give me all I need; my future is in your hands.'
Psalms 16

Verse 5'

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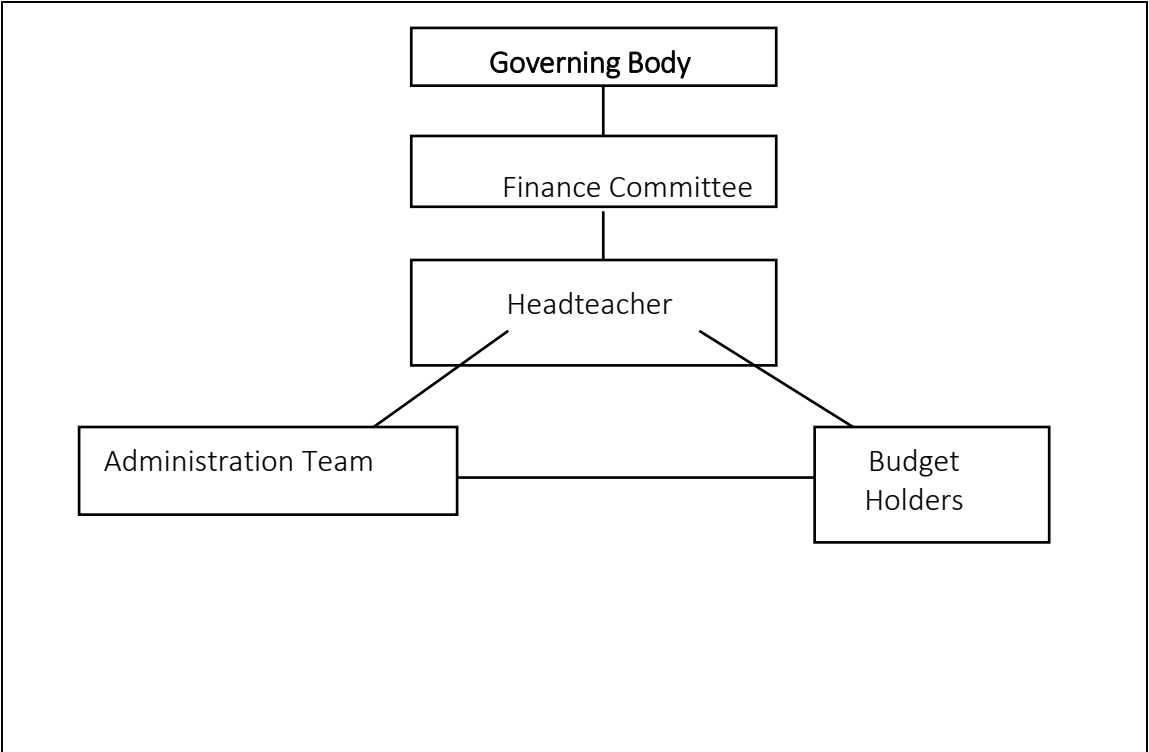
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This document has been written with reference to the Academies Financial Handbook published by the DfE, Academy Schools: guidance on regulation as Charities and Internal Controls for Charities published by the Charities Commission.

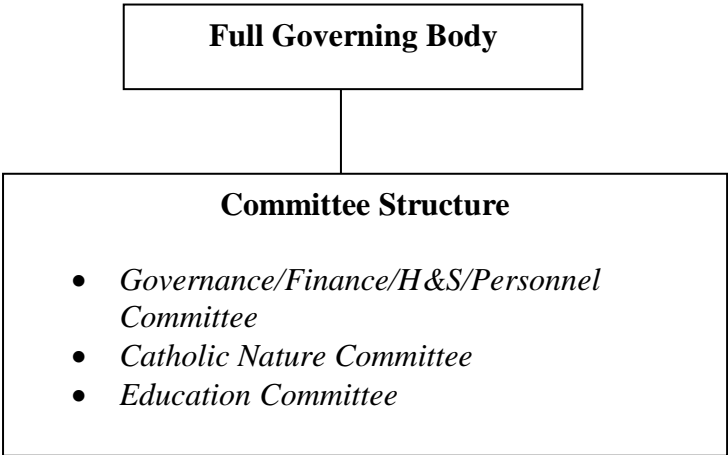
It is envisaged that this document will provide the framework of accountability for governors and staff within the school and will form the basis for more detailed financial system and process notes for school staff.

INTRODUCTION

The School's Financial Organisation Chart



The School's Governing Body Structure



- The full Governing Body and each Committee will meet on at least a termly basis;
- A timetable of meetings will be produced and agreed at the start of each academic year;

- The minutes of Committee meetings will be distributed to all governors and an opportunity to discuss them should be provided. A summary of the main points will be included in the minutes of the full Governing Body meetings;
- Decisions made at Committee meetings which have financial implications should be referred to the Full Governing Body for ratification before being actioned.

1. ORGANISATION OF FINANCIAL RESPONSIBILITY AND ACCOUNTABILITY

FULL GOVERNING BODY

The full Governing Body is made up as follows:

| | |
|------------------------|--|
| 2 Foundation Governors | Mrs Ann Ashton (Chair) Mrs Marianne Wilkinson |
| 1 Co-opted Governor | Mrs Isabelle Gillespie |
| 1 Community Governor | Ms Lisa Porter |
| 1 Staff Governors | Mrs Claire Brotherton |
| 1 Headteacher | Miss Sarah Eady |

Role:

To provide a strategic view of how the school will effectively use the financial resources under its control to raise standards of achievement and promote effective teaching and learning.

To oversee that procedures are in place which ensure accountability for and the proper stewardship of the public money delegated to the school.

Responsibilities:

- To discharge statutory responsibility for the oversight of financial management in the school.
- To monitor and evaluate the effectiveness of the school's financial management procedures and ensure that the school's financial arrangements comply with the Academies Financial Handbook published by the DfE, Academy Schools: guidance on regulation as Charities.
- To require all governors and members of staff to declare any links they have with firms from which the school might wish to buy goods or services; to ensure that a register of such interests is maintained by the Headteacher on behalf of the Governing Body and is open to inspection.
- To ensure the school has a written School Improvement Plan statement of its aims and objectives in sufficient detail to provide the basis for constructing budget plans.

- To ensure the school has a medium term educational and budget plan (covering at least 3 years) indicating the intended use of resources in achieving its educational goals.
- To approve the school's annual spending plans.
- To ensure that the school has a statement setting out the steps it will take to ensure expenditure reflects the principles of best value.

The full Governing Body has elected to delegate responsibility for the financial administration of the school budget including the overseeing of its preparation, monitoring its implementation and controlling expenditure against it to the Finance Committee.

The statutory responsibility for the oversight of financial management in the school will remain with the full Governing Body.

Reporting Arrangements:

The Finance Committee will report back to the full Governing Body who will consider the minutes of the Committee and endorse their recommendations where appropriate. The decisions made by the full Governing Body and the Finance Committee under its delegated powers are binding on all governors. All reports from Committees should include a section on the financial implications of any decisions or recommendations.

SCHOOL GOVERNANCE AND FINANCE COMMITTEE

Composition (as at 1 September 2020)

Chairperson: Mrs Ann Ashton

Committee Members: Mrs Marianne Wilkinson
Mrs Isabelle Gillespie
Ms Lisa Porter
Mrs Claire Brotherton
Miss Sarah Eady

Role:

To ensure proper financial administration arrangements are in place that enable the Governing Body to fulfil its statutory responsibilities for financial management and also demonstrate the achievement of key financial administration standards required by the DfE and OFSTED.

To oversee the management of the school's finances within the framework established by the Academies Financial Handbook published by the DfE and the Academy Schools: guidance on regulation as Charities published by the Charities Commission.

Responsibilities:

- To ensure the budget reflects the school's prioritised educational objectives, seeks to achieve value for money and is subject to regular effective monitoring.
- To establish formal procedures and a timetable for planning the budget to ensure that all relevant factors are considered.
- To ensure that planned expenditure for each year does not exceed the available resources.
- To monitor the amount of each budget allocation in the light of known activity and to take decisions on the virement of funds between budget heads, subject to the advice of the Headteacher and in the interests of the school achieving its overall aims and objectives.
- To ensure that the school has sound internal financial controls in place which safeguard the probity of its financial transactions and the reliability and accuracy of its financial records. (The Committee should ensure that there are written descriptions of financial systems and procedures which are kept up to date and that all appropriate staff are trained in their use.)
- Where necessary, the Finance Committee will ensure that the school obtains satisfactory support services.
- To formally approve in year revisions to the Spending Plan (where delegated authority has been granted).

Reporting Arrangements:

The Committee will receive:

- An annual report on the school's long term financial plans.
- Reports on the annual school budget process and proposed spending plan.
- Quarterly monitoring reports showing spending and receipts, including sums committed but not yet paid for against the school's approved budget; explanation of major variances; details of corrective action taken; and a forecast of the expected year end position, VAT reports.
- Final year-end report including a review of the school's performance and an assessment of progress against objectives in the school development / action plan.

- Quarterly Cash flow reports.

Delegated Authority:

The Finance Committee has authority to make decisions on behalf of the full Governing Body to enable it to fulfil the responsibilities shown above. Decisions or recommendations will be reported to the full Governing Body for ratification.

THE SENIOR LEADERSHIP TEAM

Headteacher: Miss Sarah Eady
Administrative Officer: Mrs Laura O'Brien

Role:

The Senior Leadership Team is responsible to the Governing Body for:

- Ensuring that sound systems of internal control and financial administration are in place that enable the proper processing of the school's transactions and activities.
- Ensuring that the school properly discharges its responsibilities as set down in the Academies Financial Handbook published by the DfE, Academy Schools: guidance on regulation as Charities published by the Charities Commission.

Responsibilities:

- To prepare estimates of expenditure and income sufficiently in advance of each financial year to allow for consideration and approval by the Governing Body.
- To forward details of the approved budget and budget returns to the DfE as required.
- To profile the budget and forecast cash flow to take account of likely spending patterns.
- To provide termly reports to the Governing Body on spending compared with the approved budget and other monitoring information as requested by the Governing Body, including the explanation of major variances and details of management action or recommendations.
- To ensure that where parts of the budget are delegated to a cost centre / departmental level the responsibility for controlling these budgets is matched by the level of accountability (i.e. Budget Holders are accountable only for items they can directly control.)
- To consult periodically with the Governing Body and staff to ensure that the financial and management information they receive is timely, reliable and understandable.
- To report to the Governing Body any proposals for policy changes which significantly affect the school's expenditure or income budgets.
- To ensure that sound systems of financial control are in place and arrangements made to maintain control in the absence of key staff.

- To maintain and update on an annual basis a register of pecuniary interests for both governors and members of staff on behalf of the Governing Body.
- The Headteacher and Administrative Officer will meet weekly to approve and sign off orders, invoices and payments. This may be done with a physical signature or electronic approval.

Reporting Arrangements:

The Headteacher will report to the Finance Committee and full Governing Body once a term.

The Headteacher will receive monthly expenditure reports so that the overall budget position and those funds delegated to members of staff can be monitored.

Delegated Authority:

The Headteacher has full discretion in the use of funds allocated for supply staffing and for all non staffing headings up to a value of £10,000 for an individual item or service. Sums in excess of this will require the sanction of the Finance Committee.

The Headteacher may nominate members of staff as budget managers for curriculum, administration, premises etc of the budget and may allow them to spend funds in these areas as sanctioned by the Headteacher.

THE ADMINISTRATIVE TEAM

Composition:

| | |
|-------------------------|-------------------|
| Headteacher: | Miss Sarah Eady |
| Administrative Officer: | Mrs Laura O'Brien |

Role:

To maintain and develop the school's systems of internal control and financial administration to enable the proper processing of the school's transactions and activities.

To assist the Headteacher in ensuring that the Academies Financial Handbook published by the DfE and the Academy Schools: guidance on regulation as Charities published by the Charities Commission requirements are complied with.

Responsibilities:

- To assist the Headteacher to prepare estimates of expenditure and income and to maintain the relevant budget working papers and records.
- To monitor the cash flow position of the school and report to the Headteacher on a regular basis.

- To provide termly reports to the Governing Body on spending compared to the approved budget and other monitoring information as requested by the Governing Body.
- To provide monthly monitoring information to the Headteacher and budget holders.
- To prepare and maintain the financial accounts, reports and records of the school in accordance with the Academies Financial Handbook published by the DfE, Academy Schools: guidance on regulation as Charities.
- To review the effectiveness of internal control procedures and where necessary put forward proposals to the Headteacher/Finance Committee for improvements.

BUDGET HOLDERS

Headteacher: Miss Sarah Eady
 Administrative Officer: Mrs Laura O'Brien

Role:

To manage efficiently and effectively, and to be accountable for, the resources delegated to them by the Headteacher.

Responsibilities:

- The day to day monitoring and control of delegated budgets.
- To ensure goods/services purchased from the delegated budget are in accordance with the Academies Financial Handbook published by the DfE, Academy Schools: guidance on regulation as Charities.
- To ensure goods/services purchased are done so in line with the schools aims and objectives.

2. FINANCIAL SYSTEMS AND PROCESSES

2.1 FINANCIAL PLANNING AND THE BUDGET

- A draft financial plan for the school will be prepared by the Headteacher during the autumn term for discussion and approval by the Finance Committee. The plan will cover the forthcoming financial year and the following two financial years. The plan should demonstrate in financial terms how the school intends to use its resources to achieve the aims and objectives stated in the school development plan.

The plan will be an integral part of the budget process and form the link between the school development plan and the school budget; the medium term financial plan will be reviewed annually.

- A draft budget will be presented to the Finance Committee in June. The Headteacher will be responsible for the preparation of the draft budget which should be costed out using zero based budgeting principles. The budget will reflect the first year of the school's financial plan, subject to the level of resources available to the school. It may be necessary to review the financial plan and the development plan objectives to reflect final budget decisions that are made in light of

the known resources. The draft budget will be considered by the Finance Committee forwarded to the Governing Body for final approval. An approved budget must be forwarded by the Headteacher to the DfE by the end of July proceeding the forthcoming year.

- Spending plans will be broken down sufficiently into appropriate cost centres to promote effective financial control.
- Each month the Headteacher and budget holders will receive financial statements from the school's accounting system so that the overall budget and school bank account position may be monitored and reported to the Headteacher monthly and to the Finance Committee on a quarterly basis.
- In the summer term governors will review progress in implementing the provisions of the current development plan and review the management of the previous year's budget. The Headteacher should indicate where any proposal or policy change will significantly affect costs in the future.
- Records will be kept showing how budgets have been built up enabling officers responsible for the allocation of expenditure or income to identify from which areas expenditure is to be funded.
- Expenditure should only be made against available budget resources.

2.2 BUDGET MONITORING AND CONTROL

- The Administrative Officer should ensure that the process of monitoring actual expenditure against the budget is continuous one. The Headteacher will nominate members of the management team and staff as budget holders for specific curriculum and non-curriculum cost centres. A note detailing the responsibilities of budget holders, the method used to allocate curriculum budgets and the rules to be applied to the carry forward of any under or overspends will be prepared by the Headteacher and circulated to each budget holder and the Finance Committee.
- The Headteacher may vire amounts up to £5,000 between budget heads without reference to the Finance Committee; virements in excess of £5,000 must have the prior approval of the finance Committee. The Headteacher and Administrative Officer is responsible for ensuring that the school's budget and finance systems are updated to reflect all virements and changes to the budget.
- Day to day responsibility for monitoring and control lies with each budget holder who must obtain the prior written approval of the Headteacher if they wish to exceed their budget allocation.
- The Administrative Officer will be responsible for co-ordinating the day to day monitoring process; the monitoring position will be reviewed monthly by the Headteacher.
- The Administrative Officer will issue monthly reports to each budget holder detailing budgeted, committed and actual expenditure for their area of responsibility. The Headteacher will be

provided with monthly reports detailing the overall monitoring position and a summary of spending by cost centre.

- The Headteacher will present to the Finance Committee on a termly basis details of the school's actual and committed spending compared with the budget, with explanations of any significant variances and a forecast of the school's expected year end position. A report showing the school's current and forecast cash flow position will also be reported to the Finance Committee on a termly basis.
- The Headteacher and school administrative team should ensure that proper commitment accounting records are maintained.

3. INTERNAL CONTROL PROCEDURES

- In order to ensure that transactions will be properly processed or that errors will be detected promptly, as far as possible the duties of staff concerned with financial transactions should be distributed so that at least two people are involved in processing receipts and payments. The work of one person should act as a check on the work of the other and any such checks should be documented as being carried out. There should be a written summary of financial procedures that is kept up to date.
- Alterations to documents should be made in ink; correcting fluid or erasure should not be used.
- Signatures on documents must be original and in ink and should be sufficient to identify the signatory concerned (ie. ticks or rubber stamps are not acceptable). Where online approval is given logins and passwords must be kept private to individuals and passwords changed on a regular basis.
- Accounting records should be properly maintained and held securely. Financial documents should be retained in accordance with the arrangements laid down in the Academies Financial Handbook published by the DfE, Academy Schools: guidance on regulation as Charities.

4. INSURANCE

- The Headteacher will ensure there are effective insurance arrangements in place.
- Where lettings of School Premises are undertaken the organising member of staff will ensure that the letting has sufficient public liability cover. Where this is not the case further advice will be sought from the Insurer.

5. COMPUTER SYSTEMS

- The school maintains accounting records and information on computerised systems, the Headteacher must ensure that the school is registered in accordance with the Data Protection Act 2018.
- The Business should ensure that there are effective back up procedures in place for the financial data held by the school. Back up discs should be stored in a fireproof location, preferably off site.

- The Administrative Officer should also ensure that only authorised staff have access to computer hardware and software used for school management. Passwords should not be disclosed and should be changed regularly. Only authorised software should be used in order to prevent viruses being imported.
- Wherever possible access levels will be restricted to re-enforce the principles of internal control.

6. PURCHASING PROCEDURES

- Before placing an order the person responsible for making it must ensure that the school is obtaining best value for money.
- If the estimated cost of an item is more than £250 but less than £5000, two verbal or written quotations should be obtained. If it is not practical to seek two quotations or if the lowest price is not accepted, the Administrative Officer should document the reasons in case such action is ever questioned. In the case of contracts with a value between £5001 and £24,999 there must be three written quotations and acceptance of any tender other than the lowest should be reported by the Headteacher to the Finance Committee and Governing Body with the reasons. In the case of contracts with a value over £25,000 the decision on which quotation to accept should be referred to the Finance Committee.
- Where the proposed works would fall within the Construction Industry Taxation Scheme (CITS) the Headteacher will obtain the appropriate CIS documentation from contractors at the quotation stage; contractors not compiling with CITS regulations will be not contacted to do work.
- If the estimated cost of a contract exceeds £25,000 then the tendering procedures laid down in the Academies Financial Handbook published by the DfE and Academy Schools: guidance on regulation as Charities published by the Charities Commission must be followed and the full Governing Body will decide which tender to accept. If using an external project management firm responsibility for ensuring this is adhered to will transfer to them, however the Headteacher is responsible for ensuring they comply with these guidelines.
- All orders for goods and services issued in writing or electronic should be on official stationery.
- The ordering of goods and services by telephone can be undertaken where necessary and where possible be followed by the issue of an official confirmation.
- Orders should be issued for all goods and services, **except for** rent, council tax, utilities (energy costs, telephone bills etc.), agency staff and petty cash purchases and purchases for which a written contract is signed.
- As well as showing details of the goods or service required, the order should also show the estimated or agreed price, net of VAT.
- The order should be authorised by the budget holder and the Headteacher.

- Orders should be used only for goods and services provided to the school. Individuals must not use official orders to obtain goods and services for their private use. Only staff approved by the Governing Body or Headteacher should authorise orders.
- Careful checks must be made by the person receiving the goods or services, to ensure that they are in accordance with the order; the check should be recorded on the delivery note and/or invoice and passed to the member of staff responsible for maintaining the school's financial records. Payments should not be authorised until all necessary checks have been made, including prices, discounts and the VAT accounting checks. Payment should only be made against an official invoice or equivalent documentation.
- Only the Authorised signatories can authorise and sign orders, certify invoices, sign cheques, BACS payments etc.
- Officers authorising/certifying invoices for payment must be satisfied that those payments comply with the appropriate tax regulations.
- Blank order sheets will be held securely, with access to them restricted. Similarly, access to cheque books/stock of blank cheques, BACS payment cards will be controlled. The holding of excessive stocks of order sheets or cheques will be avoided.

VAT Requirements

- 7.1 The guidelines on the accounting of VAT as detailed by the HMRC will be followed for all income and expenditure.
- 7.2 VAT is only reclaimed on tax invoices for supplies direct to the school for which the school retains ownership.
- 7.3 VAT is only reclaimed where a properly constituted VAT invoice is received
- 7.4 All finance and administrative staff are made aware of the requirements for VAT.
- 7.5 The Business Manager will reclaim VAT on a monthly basis.

7. PERSONNEL

- All appointments, terminations and salary levels should be formally approved by the Governing Body, recorded in the relevant data system and notified to payroll.
- Appointments and amendments to payroll will only be authorised by the Headteacher unless the amendment affects the Headteacher in which case the Chair of Governors will certify the documents.
- The Headteacher should ensure that all the financial and administrative processes concerning employment in the school are checked and that the school records agree with Capita which administers the HR and Notre Dame which administers the payroll.
- Payroll and personnel records should be retained in a secure place.

- Payroll transactions should be processed through the payroll system; any payments to individuals who have worked for the school on a “one off “ or casual basis must always be made through the payroll system. The same applies to additional payments to staff such as honorarium payments. Such payments should never be made from petty cash or the school private fund.
- Any contractor claiming to be self-employed will automatically be paid through the payroll as a temporary employee, unless proof of official tax status is provided.

8. SECURITY OF STOCK AND OTHER PROPERTY

- The Headteacher is responsible to the Governing Body for the safe custody and control of cash and property belonging to the school.
- An inventory should be maintained of all attractive and portable items, with details of make, model, serial number and purchase value. The inventory should be checked annually against actual items, an item over £5000 that are missing should be reported to the finance Committee who will include it in its reports to the full Governing Body.
- Items will be recorded in the inventory promptly (i.e. at the point of purchase). The inventory will have sufficient detail to identify individual assets (i.e. make, model, serial no., location etc). The record will be on sequentially numbered sheets and held in a fireproof location.
- A register must be maintained of items taken off the school premises. All such loans of equipment should be authorised by the Headteacher and entered in the register, the register being noted upon return of each item with details of dates and signatures. The return of loan items should be countersigned by a second person.
- Obsolete items to be written off or items to be sold should be reported to the Finance Committee for approval and then clearly recorded in the inventory records.
- Safes and secure cupboards should be kept locked, the keys removed and held securely by the person designated by the Headteacher and not left on the premises overnight. The loss of any keys should be reported immediately to the Headteacher

9. INCOME

- The Governing Body through its HR and Finance Committee and subject to the recommendations of the Headteacher will establish a charging policy for the supply of goods and services by the school.
- The Headteacher and Administrative Officer will be responsible to the Governing Body for accounting for all income due and cash collected as set out in the charging policy.
- The charging policy will be reviewed annually by the Governing Body to ensure that levels of charges fall in line with school policy and at least cover the cost of the service provision.
- Where invoices are required they should be issued promptly by the Administrative Officer. Where possible the school should obtain money in advance of supplying goods or services to improve the school’s cash flow and avoid the time and cost of administering debts.

- Receipts and bankings should be cross referenced to debtors by the Administrative Officer.
- Bad debts can be written off in accordance with the directions in the Academies Financial Handbook published by the DfE.
- Numbered receipts should be issued by the administrative staff for all income collected unless formal records. Where a receipt is not given there should be a signature of discharge whenever cash changes hands. All receipts, vouchers and other income records should be securely retained. Personal cheques should not be cashed.
- The accounting and debtor records should be properly and promptly updated and all income and VAT due to the school identified. Cash collected should be receipted and banked as soon as possible, cash held on school premises should be kept to a minimum and in a secure place.
- Cash income should be kept separate from petty cash.
- Staff and governors should not use their personal bank accounts for any payment or receipt relating to the school's budget.

10. BANKING ARRANGEMENTS

- All schools may have an external bank account into which their cash advances and other income, donations etc are paid. Where schools have such bank accounts they shall be allowed to retain all interest payable on the account.
- Cheques, BACS payments should not be signed unless all details are fully completed.
- Bank reconciliations should be completed by the Administrative Officer on a monthly basis to prove that balances are correct and to provide assurance that the underlying accounts of the school have been properly compiled and are accurate.
- The Headteacher and Chair of Governors will certify the monthly bank reconciliations having checked these to the supporting documentation.
- Bank statements will be available electronically.
- The Governing Body should review its banking arrangements annually to ensure they provide the best value for money, and should review the authorised signatories annually.
- The school's cash flow should be monitored regularly by the Headteacher and Administrative Officer to ensure that the school account does not go overdrawn; the cash flow information should also be used to identify funds surplus to immediate requirements that can be invested to optimal effect.

11. PETTY CASH

- Petty Cash reimbursements are done via cash payments and all expenditure is shown on an expenses claim form. No petty cash is held on site.
- The use of petty cash should be limited to **minor items** for which there is proper authority and provision in the budget. Petty cash should not be used for paying regular suppliers, or for the purchase of items in excess of £30. Where items exceed £30 and it is not practicable to issue an official order, then any payment in excess of £30 from petty cash will require the prior approval of the Headteacher.

12. FRAUD

The Governors are committed to fighting fraud with high ethical and moral standards, and recognise that any fraud perpetrated against the school is costly, both in financial terms and reputation. The governors are therefore committed to take action to prevent, detect and deter fraud, corruption and bribery in all its activities.

The school will ensure probity in administration and governance by taking positive action against all forms of fraud, corruption or bribery affecting school business whether it is from internal or external sources.

The Governing Body has legal responsibility for the school budget and will ensure a sound system of internal control is in place in the use of delegated and other funds given to the school.

The Head teacher and the Administrative Officer are responsible for ensuring that there are sound systems of financial control designed to minimise the risk of fraud or error.

All school staff are expected to report any cases of suspected fraud, no matter how trivial they may seem either to their Headteacher, through the whistleblowing process. All staff are expected to be fully accountable during their employment with the school, to follow the school's policies, financial procedures and any relevant professional code and to comply with all laws and regulations applicable to the school's business.

As stewards of public funds, staff must have, and be seen to have, high standards of personal integrity. Staff should not accept personal gifts, hospitality, or benefits of any kind from a third party that may be seen to compromise that integrity.

Internal Auditor will report on the existence and effectiveness of control systems and as part of the audit process may advise on best practice. The findings and recommendations of reports will be implemented promptly.

Where any matter that might constitute fraud, theft, corruption or bribery comes to the attention of any governor or member of the school staff contact should be made with the Headteacher or one of the governors. If the concern is about the Headteacher, Administrative Officer or the governors the advice in the Whistleblowing policy should be followed. The first course of action will be to identify the most suitable person to undertake a preliminary fact finding investigation. In practice this will normally be the Headteacher. Subject to the initial findings the matter will then be further investigated by the Governing Body.

The Governing Body views fraud as a serious offence against the school and employees will face disciplinary action if there is evidence to support any allegation of fraud. Disciplinary action may be taken in addition to, any criminal proceedings, depending on the circumstances of each case.

The Governing Body is committed to deterring potential cases of fraud through the implementation of robust systems and procedures and will act quickly and efficiently where fraud is alleged, leading to the most appropriate outcome. It will take all steps possible to ensure appropriate penalties are sought in cases where fraud is proven, strenuously attempt recovery of any monies lost as a result of fraud and thoroughly assess the systems and processes to ensure fraud is minimised in future.