

Grant misspend, misuse and fraud

July 2022

Buttle UK conducts its business in a legal and ethical manner and expects the highest standards of honesty and integrity among its staff, trustees, applicants and grant recipients. The Charity is committed to the prevention of fraud and the promotion of an anti-fraud culture.

We award Chances for Children grants to some of the most vulnerable children and young people in the United Kingdom via frontline agencies and services who are overstretched and juggling complex caseloads. Things can change day to day in the home and in the office.

We rely on the professional view of referrers to work closely with families and young people to support them to move on from very difficult situations. We trust referrers to manage each grant with proper care, for the purposes it was awarded and with attention to our terms and conditions. We work speedily and flexibly to get our funds to where they are needed as soon as possible as the children and young people we support are in desperate situations and need help now.

Given these complex factors, things will sometimes go wrong. This paper sets out what action Buttle UK will take in different circumstances. We will review each case individually.

Buttle UK will:

- Investigate every incident of potential fraud
- Report to the Charity Commission cases of potential/actual fraud against an individual/organisation
- Where there is sufficient evidence, report attempts to defraud us of money to Action Fraud, and the Police

- Take steps to recover the money

1. Protecting Buttle UK from fraud

We have in place safeguards and measures to protect our grants from fraud. These include the verification of agencies and referrers, regular contact with managers at referral agencies, timely information to families and limiting the numbers of grants that a referrer can hold at one time. We also have sight of how and where prepaid cards, our main way of issuing grants, are used, and can suspend and withdraw the cards.

We will always act promptly when we suspect fraud or the misuse of grant funds. We take fraud seriously as it reduces the funding we have for children and young people who need it, and it has a reputational impact. Fraud, or attempted fraud, can also impact on the trust we have for referrers and that the public and funders have for Buttle UK. This has a long-term impact on the children and young people we want to support.

For boarding, we pay grant money directly to schools against fees for invoices, with small amounts of discretionary payment being paid to families. We are alert to opportunities for fraud in the programme and will act if it is identified.

2. What it means and what we will do

The term 'fraud' is used to describe the use of deception to deprive, disadvantage or cause loss to another person or party; or secure unwarranted personal gain. This can include theft, the misuse of funds or other resources or more complicated crimes such as false accounting and the supply of false information. Fraud is a criminal offence and has a technical definition set out in the Fraud Act 2006. Under the Fraud Act 2006 the criminal offence of fraud can be committed in three ways:

- fraud by false representation
- fraud by failing to disclose information
- fraud by abuse of position

Individuals can be prosecuted under the Fraud Act 2006 if they make a false representation, fail to disclose information or abuse their position.

However, we understand that there are circumstances where funds are misspent or misused but that do not necessarily meet this definition of fraud. Below is a description of how we differentiate these, and the resulting differences in our response.

The challenge	Misspend	Misuse	Fraud
We define it as....	The grant is spent on something that was not awarded, without our agreement to do so. However, the item meets a clearly identifiable need for the recipient, is within our charitable purpose and at an appropriate cost, given the total grant value.	The grant is intentionally spent on something outside of the grant purpose and outside of our charitable purposes. Or, significantly more is spent on a single item than was awarded for it and this means there is now not enough in the grant to fund the other items. Or, the grant is passed directly to the family or young person.	There is a deliberate and dishonest attempt to apply for a grant for people who do not meet Buttle UK's criteria. The grant is not intended to benefit children and young people.

<p>It can look like...</p>	<p>This could be many things:</p> <ul style="list-style-type: none"> - They could spend a little more on something than was agreed but everything within the grant is still affordable / purchased - They bought a wardrobe, not a bed - and have got a bed from somewhere else 	<p>Under pressure from a young person, a referrer spends £800 on a phone when only £150 was awarded.</p> <p>Or they buy three TVs, so cannot afford other items.</p>	<p>The information provided in the application is not true, has been significantly exaggerated, or key information is withheld or is misleading.</p> <p>This could be an attempt to take all or some of the grant, for personal gain or to benefit someone else, who does not meet our criteria.</p>
<p>Buttle UK can...</p>	<p>Suspend the card, if warranted, while working to understand the case.</p> <p>Talk through the case with the referrer to understand why this happened and how the grant can now be delivered.</p> <p>Ask that the referrer and agency talk through changes with us in advance of funds being spent in the future.</p> <p>Give warning that if this becomes a regular issue, we may not award grants via that referrer or agency in the future.</p>	<p>Suspend the card while working to understand the case.</p> <p>Review the case in full. If there is no response or serious concerns we can suspend or put on hold all grants being managed by the referrer.</p> <p>Ask the referrer to return the item(s) and get the purchase refunded, if this is still possible.</p> <p>We might ask the agency to refund the sum that was misused or that they cannot demonstrate was used for the</p>	<p>Review the case in full and all grants being managed by the referrer will be suspended or put on hold. The referrer's database account will be suspended.</p> <p>Not accept any applications from the agency while the case is under investigation.</p> <p>Work with the agency to investigate the potential fraud and determine our actions.</p> <p>Report attempts to defraud us of</p>

		<p>grant's purposes.</p> <p>If misspend is an ongoing issue, we will not award grants via that referrer. We might not award grants via the agency in the future.</p>	<p>money to Action Fraud and the police and take steps to recover the money.</p> <p>We might ask the agency to refund the sum that was misused or that they cannot demonstrate was used for the grant's purposes.</p> <p>If the agency cannot demonstrate that they can act responsibly we might not award grants via that agency in the future.</p>
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3. Grant mismanagement

We have occasions when referrers mismanage a grant by not following terms and conditions. Often that will be linked to misuse of misspend, but not always. An example might be that a referrer passes a prepaid card to a colleague when the card is issued in the first referrer's name. This is against our terms and conditions and could be considered financial fraud by the issuing bank. Or they refuse to return receipts which is a core requirement of managing a grant. Such issues will be dealt with in a similar manner to the scenarios above.