

FRAUD PREVENTION AND RESPONSE- POLICY AND PROCEDURE

1 Introduction

- 1.1 The University does not tolerate fraud. It requires staff to act honestly and with integrity at all times and to safeguard the resources for which they are responsible.
- 1.2 This policy is established to facilitate the development and maintenance of a culture and controls which will aid the prevention and detection of fraud. It is essential that everyone associated with the University is aware of the risk of fraud, corruption, theft and other activities involving dishonesty.
- 1.3 Fraud is a serious matter and the University is committed to investigating all cases of suspected fraud. This document sets out the University's procedures in cases where fraud is discovered or suspected.
- 1.4 The Director of Finance has overall responsibility for the fraud management arrangements at the University.

2 Definition

For the purposes of this policy, fraud is defined as dishonest, irregular or illegal acts, characterised by a deliberate intent at concealment or false representation, often resulting in the diversion of resources, whether or not for personal gain, for the benefit of an individual or group of individuals at a consequent loss to the University. Resources may include money, physical assets, equipment, or intellectual property. Fraud can also be defined as intending to deceive, typically by unjustifiably claiming or being credited with accomplishments or qualities.

3 Scope

- 3.1 This policy applies to any fraud, or suspected fraud, including academic fraud (e.g. plagiarism or cheating), committed by staff, involving employees, members of the University Council, vendors, contractors, outside agencies doing business with the University and/or any other parties which have a business relationship with the University.
- 3.2 For cases of student fraud, the Regulations on student discipline in relation to non-academic matters should be referred to.
- 3.3 Any investigative action required will be conducted without regard to the suspected wrongdoer's length of service, position, title, or relationship to the University.
- 3.4 Information about the policies and procedures associated with academic fraud can be found in the University's Academic Regulations, particularly Annex 10 of the Credit Framework for Taught Programmes.

4 Fraud Prevention Policy Objectives

- 4.1 Most organisations adopt a multi-faceted approach to fraud and the University is no exception. Key objectives are:
 - a) The establishment of a counter-fraud culture;

- b) Maximum deterrence of fraud;
- c) Active and successful prevention of any fraud that cannot be deterred;
- d) Rapid detection of any fraud that has not been prevented;
- e) To investigate any detected fraud professionally, effectively and thoroughly;
- f) Effective internal and external actions and sanctions against people found to be committing fraud, including legal action for criminal offences;
- g) Effective communication and learning in relation to fraud, and
- h) Effective methods of seeking redress when/where fraud has been perpetrated.

5 Policy

- 5.1 The University is absolutely committed to the highest standards of honesty, accountability, probity and openness in its governance. As a direct consequence of this, the University is committed to (i) stopping any fraud associated with any of its activities, operations and locations and (ii) to the robust investigation of any fraud or suspected fraud issues that should arise.
- 5.2 Where any acts of fraud are proven, the University will ensure that University disciplinary policies or contractual processes are applied (contractual processes where a third party is involved). In most circumstances the University will report the matter to the Police. The University will also take every reasonable step to recover any losses in full. University members of staff are bound by Ordinance, particularly Ordinance 39 in this case, and University students by Regulations on student discipline in relation to non-academic matters.

6 Culture and Controls

- 6.1 Members of the University Council and senior managers are required to ensure that their behaviour is demonstrably selfless and open and that they champion the University's policies on fraud, in particular, conflicts of interest, hospitality, travel, and gifts. These principles also apply to all University staff and contractors acting on behalf of the University. The University's Audit Committee provides an independent and objective view of internal controls by overseeing both Internal and External Audit Services, reviewing audit reports, systems and procedures and ensuring compliance.
- 6.2 Fraud is minimised through management procedures which deny opportunities for fraud. Staff should be aware of and must comply with, the University's policies and procedures as given in Section 8, and remain alert and vigilant to the possibility that the University might be a victim of fraud, irregularity or unacceptable activity.
- 6.3 Members of staff suspecting a fraud should contact the appropriate person immediately (see 9.2 below); make a note of all of the relevant details, dates and times supporting the allegation and retain or copy any relevant documents. Members of staff should not confront colleagues, contact the Police directly or discuss their concerns with anyone else other than those listed in the Background and Guide to use document or the appropriate persons listed in the Policy and Procedure.
- 6.4 Heads of Schools and Professional Service Departments, and administration managers and officers, particularly those with responsibility for financial control, budgets or the management of resources, should keep themselves up to date with sector news and highlight any known external incidents or risks to those concerned.
- 6.5 Regular reviews of internal systems are carried out by the University's Internal Audit service and all findings and recommendations are reported to the Audit Committee.

- 6.6 The University's External Auditors require an annual statement from the Chair of Council in their Letter of Representation to provide assurance that all details of material frauds have been disclosed to the auditors.
- 6.7 Individuals applying for appointment at the University are subject to the checks set out in the Recruitment Procedures. This includes a requirement that satisfactory references are obtained and that essential qualifications are checked prior to the offer of appointment. This requirement also applies to staff recruited through agencies and to independent contractors.
- 6.8 In appropriate cases (e.g. working with children and young people or vulnerable adults) Disclosure and Barring Service checks will be made.
- 6.9 Suspect patterns of behaviour among staff dealing with financial or contractual transactions will be investigated as they can be indicators of fraudulent activity. Any indication of addiction to drugs, alcohol, or gambling will be addressed promptly for the welfare of the individual and to minimise risks to the University. Observations of this type should be reported to the line manager of the staff member involved, to the senior staff members listed in 9.2 below, or, if necessary, through the Whistleblowing Policy and Procedure. The Alcohol and Substance Misuse Policy and Procedure can be found on the Human Resources website.
- 6.10 The University has a no retaliation policy for people reporting reasonably held concerns and suspicions. Any retaliatory actions would be treated very seriously, with those retaliating liable to disciplinary action.

7 Common types of University and Higher Education Fraud

- 7.1 These can include, but are not limited to:
- Fraud involving cash, physical assets or confidential information;
 - False accounting, including student hardship funds and fees;
 - Procurement fraud;
 - Payroll fraud;
 - Credit card and cheque fraud;
 - Philanthropy related fraud;
 - Identity fraud;
 - Forgery;
 - Abuse of position;
 - IT fraud;
 - Use of ransomware and phishing;
 - Data and Data Protection fraud;
 - Fraud regarding licenses and royalties;
 - Fraudulent expense claims and social engineering;
 - Reference, qualification and related employment fraud;
 - Recruitment and appointment fraud;
 - False representation;
 - Conflict of interest and consultancy fraud;
 - Bribery and corruption fraud;
 - Academic fraud including immigration, admissions, internships, examinations, plagiarism, grants and awards;
 - Research-related fraud;
 - Fraud regarding overseas partnership arrangements and joint ventures/subsidiaries;
 - Intellectual property theft;
 - Property over-valuations and money laundering through property purchase;
 - Accommodation-related fraud, including preference and payment.

- 7.2 Fraud can often be associated with direct financial gain, but in the HE sector, academic fraud is also a possibility. This could include fraud related to immigration, admissions, internships, examinations and awards and could have potentially significant consequences for the University.

8 Associated Policies and Procedures

- 8.1 The University has a number of established policies, procedures and practices which provide guidance to the controls in place to prevent specific types of fraud. This policy should therefore be read in conjunction with the following:

- Charter, Statutes and Ordinances
- Managing Sickness Absence Policy and Procedure
- Anti-Bribery and Corruption Policy
- Whistleblowing Policy and Procedure
- Employee Code of Conduct
- Information Services (IS) Regulations
- Policies and procedures on data protection
- Policies on Confidentiality, Declaration of Interests and Personal Benefit
- Staff Recruitment Procedures
- Purchasing Regulations
- Employee Personal Expenditure Policy
- Academic Regulations including Codes of Practice for Quality Assurance for Taught and Research Programmes
- Alcohol and Substance Misuse Policy and Procedure
- Regulations on student discipline in relation to non-academic matters
- Financial Regulations
- Acceptance of Gifts Policy

All these policies and procedures may be accessed on the University's website.

9 Fraud Response and Investigation Procedure

- 9.1 Fraud may be reported by any member of staff, student, or other person or organisation having dealings with the University. The report may reach the University through any number of routes, including the Whistleblowing Policy and Procedure and accompanying guide. Any report made will be taken seriously and treated sensitively.
- 9.2 The exact route to be followed in the conduct of the response will depend on the source of the information, the nature and seriousness of the fraud and the position in the University of the person or persons involved. Any member of University staff having reason to suspect a fraud but with no clear evidence is advised to contact their line manager in the first instance, unless this is inappropriate in the circumstances (for example if the line manager is involved in the suspected fraud). If contacting their line manager is inappropriate, the member of staff should contact either the Secretary to Council, the Director of Finance, or the Director of Human Resources & Organisational Development. If the member of staff is able to consult their line manager, then the line manager can report the suspected fraud to one of the three main contacts. Concerns can be raised in the knowledge that they will be treated in confidence and properly investigated.
- 9.3 If, for whatever reason, either reporting line appears inappropriate, then the Whistleblowing Policy and Procedure should be used. This is available on the University's website and includes further information about raising concerns, including the option to report concerns directly to an external prescribed body or

person, on a confidential basis and without fear of detriment or retribution to the person making the report.

- 9.4 Once a concern has been raised, the Secretary to Council, Director of Finance and Director of Human Resources & Organisational Development (the Panel) will agree and document an appropriate response, and agree the appointment of an appropriate commissioning manager, with regard to the nature and potential seriousness of the suspected fraud. Decisions regarding the involvement of the Police and/or professional bodies will be taken by the Panel as deemed appropriate.

The commissioning manager will appoint an investigating officer, who will take charge of the investigation (this person to be appropriately experienced and independent of the activity affected by the alleged fraud). The investigating officer will assemble other members of staff, including the University's Internal Auditors and legal advisers, to assist with the investigation as she/he sees fit. It is however essential that the number of people aware of the investigation is kept to an absolute minimum.

The commissioning manager will agree the terms of reference for the investigation with the investigating officer, to agree how to proceed with regard to the areas listed in 9.7 below.

- 9.5 The member of staff who has raised the concern will be asked to keep the matter fully confidential so that the matter can be investigated without alerting the suspected/alleged perpetrator.

- 9.6 As far as possible, the Fraud Response and Investigation Procedure will be undertaken with reference to the University documentation on [Conducting Formal Investigations](#), although the investigating officer would not normally contact the member(s) of staff against whom allegations had been made at this stage.

- 9.7 The objectives of the Fraud Response and Investigation Procedure will be:

- To prevent further loss (commissioning manager and/or investigating officer);
- To establish the facts surrounding the fraud and ascertain total losses (investigating officer);
- To notify the University's insurance officer and internal auditors (commissioning manager);
- Once it seems likely that a fraud has occurred, to notify appropriate University officers, the Chair of the Audit Committee (a member of the University Council), and the Office for Students (OfS), if appropriate, and to keep them informed of progress on the investigation (the Panel);
- To establish and secure the evidence necessary for criminal and disciplinary action (investigating officer);
- To decide whether to inform, or to involve in the investigation, the Police (the Panel), and to record the reasoning behind that decision;*
- To decide if a disciplinary investigation is required (commissioning manager in association with the Panel);
- To endeavour to recover losses (commissioning manager in association with the Panel);
- To take action against those responsible (commissioning manager in association with the Panel);
- To conduct a post incident review and to make recommendations to prevent a recurrence (commissioning manager in association with the investigating officer).

*Where there is prima facie evidence of criminal activity and it is in the public interest to do so, the matter will usually be handed over to the Police for investigation in the first instance and the University will subsequently act under their direction.

Where evidence, or other relevant information, is to be shared with another body, careful consideration should be given to any data protection (confidentiality) requirements and whether expert advice should be sought on this.

- 9.8 Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the investigating officer will report this to the commissioning manager who, following consultation with the Panel, may decide to invoke the University's relevant disciplinary procedures from the Ordinances. This may include the suspension of the person or persons involved in accordance with that Ordinance and also removal of access to files, systems and offices. Suspension and removal of access should not be undertaken without the involvement and guidance of HR.

It should always be remembered that an allegation of fraud may be unfounded and an investigation, any action taken, such as suspension, and interviewing should be handled very carefully. Where concerns or allegations are made by staff and are subsequently proved to be malicious and unfounded then such abuses will be viewed as a serious disciplinary matter.

- 9.9 Should the allegation suggest that there are reasonable grounds for suspecting that a supplier to the University, either as an individual (or individuals) employed by a supplier, or an unidentified person/persons/external party, may be attempting to commit fraud, the Head of Procurement will agree with the Director of Finance the appropriate actions to take, depending upon the nature and seriousness of the fraud.
- 9.10 The Vice-Chancellor will be kept informed, unless she/he is a subject of the investigation. Where the suspected incident is significant or the Vice-Chancellor is the subject of the investigation, the Chair of the Audit Committee will be provided with regular updates throughout the entire course of the investigation by the commissioning manager.
- 9.11 The Secretary to Council will notify the OfS where required.
- 9.12 On completion of the investigation, a written report, prepared by the commissioning manager, in association with the investigating officer and the Internal Auditors, will be provided to the Audit Committee and the External Auditors, and will include:
- A description of the incident, the value of the loss, the people involved, and the means by which the fraud was perpetrated;
 - The actions taken against the perpetrator;
 - Measures taken to prevent a recurrence and to recover losses;
 - How the fraud was detected;
 - Action needed to strengthen future responses to fraud.
- 9.13 A register of all potential allegations of fraud made in accordance with this policy will be maintained by the Secretary to Council. An annual report on fraud will be made to the Audit Committee in association with the material relating to the Letter of Representation (see 6.6).
- 9.14 If the case might attract media attention or if there is Police involvement, the Director of Corporate Communications should be briefed.

10 Review

10.1 This document will be reviewed following a significant investigation or otherwise at intervals of no more than three years.

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