Fraud Prevention and Response Policy & Procedure

FRAUD PREVENTION AND RESPONSE

POLICY AND PROCEDURE

1 Introduction

1.1 The University does not tolerate fraud or corruption. 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 or corruption.

1.3 Fraud is a serious matter and the University is committed to investigating all cases of suspected fraud. This policy sets out the University’s procedures in cases where fraud and corrupt practices are discovered or suspected.

2 Definition

2.1 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, 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.

2.2 Corruption or corrupt practice is defined as deliberate dishonesty relating to, or distortion of, University processes or procedures, including the acceptance of gifts or bribes, in order to obtain advantage for an individual or group of individuals. The University’s anti-Bribery and Corruption Policy provides further information on this definition and the University’s requirements.

2.3 For convenience, the term “fraud” is used throughout this document to refer to the definitions in both 2.1 and 2.2 above.

3 Scope

3.1 This policy applies to any fraud, or suspected fraud, including academic fraud (e.g. plagiarism or cheating) committed by staff or students, 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 Any investigative action required will be conducted without regard to the suspected wrongdoer’s length of service, position, title, or relationship to the University.

3.3 Information about the policies and procedures associated with academic fraud can be found in the University’s academic Regulations.

4 Associated Policies and Procedures

4.1 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:

- Managing Sickness Absence policy and procedure
- Anti-Bribery and Corruption Policy
4.2 The following may be used by staff to report suspected fraud or corrupt practice (see 6.2 below):

• Grievance Resolution
• Whistleblowing Procedure

4.3 Should there be prima facie evidence of fraud or corrupt practice by staff, the relevant disciplinary procedures will be used and the police may be involved (see 6.5 below).

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

5 Culture and Controls

5.1 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.

5.2 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.

5.3 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 practices with regard to segregation of duties, data security and conflict of interest, and the University’s Financial Regulations.

5.4 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.

5.5 Individuals applying for appointment 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.

5.6 In appropriate cases (e.g. working with children and young people or vulnerable adults) Disclosure and Barring Service checks will be made.

5.7 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 or to the senior staff members listed in 6.2 below, or, if necessary, through the Whistleblowing Procedure.
6 Fraud Response and Investigation

6.1 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 Procedure.

6.2 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 is advised to contact in the first instance the Secretary to Council, the Director of Finance, or the Director of Human Resources.

6.3 If, for whatever reason, this appears inappropriate, then the Whistleblowing Procedure should be used. This procedure is available on the University’s website. It enables concerns to be reported directly to an independent assessor external to the University on a confidential basis and without fear of detriment or retribution to the person making the report.

6.4 The Secretary to Council, Director of Finance and Director of Human Resources & Organisational Development will agree and document an appropriate response and agree which of them, or their nominee, will take charge of the investigation. This individual will assemble other members of staff, including the University's internal auditors and legal advisers, to assist with the investigation as s/he sees fit.

6.5 The objectives of the investigation will be:

- To prevent further loss
- To notify the University’s insurers and internal auditors
- To notify appropriate University officers, the Chair of the Audit Committee (a member of the University Council), and HEFCE, if appropriate, and to keep them informed of progress on the investigation
- To establish and secure evidence necessary for criminal and disciplinary action
- To inform, or to involve in the investigation, the police
- To decide if a disciplinary investigation is required
- To endeavour to recover losses
- To take action against those responsible
- To conduct a post incident review and to make recommendations to prevent a recurrence.

Where there is prima facie evidence of criminal activity, the matter will be handed over to the police for investigation in the first instance and the University will act under their directions.

6.6 Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the investigatory team will invoke the University’s relevant disciplinary procedures. This may include the suspension of the person or persons involved in accordance with that procedure.

6.7 The leader of the investigatory team will provide a report to the Chair of the Audit Committee once the investigation is concluded. The Vice-Chancellor will also be kept informed, unless s/he is a subject of the investigation. Where the suspected incident is highly material 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.

6.8 The Secretary to Council will notify HEFCE where required by the HEFCE Audit Code of Practice.
6.9 On completion of the investigation, a written report, prepared by the leader of the investigatory team, in conjunction with the internal auditors, will be provided to the Audit Committee, 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
- Measures taken to prevent a recurrence
- Action needed to strengthen future responses to fraud.

6.10 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 5.2).

7 Review

7.1 This document will be reviewed following a significant investigation or otherwise at intervals of three years.