



## **ANTI-FRAUD AND CORRUPTION POLICY**

### **Introduction**

The purpose of this policy is to set out the University's expectations of staff regarding the prevention of fraud and the procedures to follow where a fraud is detected or suspected. This policy should be read in conjunction with the Code of Conduct applying to employees and members of Council (copy attached at Appendix B). Reference should be made to the University's Public Interest Disclosure ("Whistleblowing") Policy, which provides protection to employees when raising matters of concern.

All cases of suspected fraud, or attempted fraud, will be thoroughly and promptly investigated. Any member of staff against whom evidence of fraud is found, will be subject to the University's disciplinary procedures which may result in dismissal. The University will normally involve the police and may also institute civil proceeding to recover any losses.

### **Definition**

The Fraud Act 2006 defines fraud as the intention to obtain a gain for oneself or for another, or to cause or expose another to the risk of a loss by:

- dishonestly making an untrue or misleading representation; or
- dishonestly failing to disclose information which one is legally bound to disclose; or
- dishonestly abusing a position of trust, in which s/he is expected to safeguard, or not to act against, the financial interests of others.

Gains and losses are restricted in the Act to gains and losses of money or property.

Corruption is the giving or obtaining of an advantage through means which are inconsistent with duties or obligations to the University.

### **University Controls Framework**

The University has taken reasonable steps to ensure that there are appropriate financial and management controls in place to safeguard University funds and assets and to prevent and detect fraud.

The Director of Finance is responsible for:

- the design and efficient operation of the University's internal financial procedures and controls, including their review in the light of reported frauds;

- providing material assistance in the investigation of fraud and suspected fraud;
- liaison with the external auditors about issues relating to fraud and fraud prevention.

The internal auditors are responsible for:

- advice and assistance on control issues as necessary;
- reviewing systems for the control, prevention and detection of fraud;
- investigation of fraud within the University at the request of the Registrar & Secretary

### **Responsibilities of Individual Members of Staff**

The University expects all staff to conduct themselves at all times having regard to the very highest standards of conduct, probity and confidentiality, and to also adhere to the Code of Conduct attached as appendix B. Employees must not only be honest in fact, but must also take reasonable measures so as to not lay themselves open to suspicion of dishonesty or perception of conflict of interest and/or of impropriety.

Employees with any involvement in financial transactions are also responsible for familiarising themselves, and complying, with the relevant University's Financial Regulations and Procedures which are available on the Finance Intranet. Financial transactions include ordering, receiving and approving payment of invoices in relation to the purchase of goods and services, initiating sales invoices, payment and receipt of monies.

All staff are encouraged to bring to management's attention areas of weakness they have identified in the procedures they use, which could allow opportunities for fraud, and to suggest improvements to these procedures to reduce the possibility of fraud.

If an employee suspects that improper, fraudulent or corrupt behaviour has occurred within the University, the following action should be followed:

- an immediate note should be made of the employee's concerns; including relevant details of conversations, dates, times and names.
- full details of the matter should be reported to the Registrar & Secretary, who will then decide on the appropriate action by reference to the response plan at appendix A and other established disciplinary procedures. The identity of the individual reporting the matter will be kept confidential so long as this does not hinder any subsequent investigation.
- alternatively, approaches can be made in confidence within the framework of the University's Public Interest Disclosure ("Whistleblowing") Policy.

### **Responsibilities of Managers**

Employees with managerial responsibility are additionally responsible for:

- identifying the risks to which systems and procedures are exposed;
- ensuring that an adequate system of internal control exists within their area of responsibility to minimise the identified risks and that controls operate effectively and are complied with.

Fraud prevention is a component of risk management: managers should pay greatest attention to those areas where they perceive the greatest risk of fraud lies and ensure that controls in these areas are robust.

The simplest and best way of preventing fraud losses is by ensuring that all the prescribed University controls are understood and enforced by all relevant staff.

Managers should seek to reduce the risk of fraud by ensuring that:

- undue reliance on specific individuals is avoided - this can be mitigated by job rotation so that more than one member of staff becomes proficient in a particular role;
- the necessary supervisory procedures and checks are carried out;
- internal control instructions and reference documents are up to date;
- staff are adequately trained for the role they perform;
- the segregation of duties is not compromised during staff vacancies or absences.

The Director of Finance can provide assistance to those line managers who require guidance in this area.

## Action Plan in Response to Suspected Fraud

### Initiating action

1. Suspicion of fraud or irregularity may be captured through a number of means, including:
  - a report of fraud or irregularity to the Registrar & Secretary
  - public interest disclosure procedure (“Whistleblowing policy”)
  - planned audit work
  - operation of proper procedures.
2. All actual or suspected incidents should be reported without delay to the Registrar & Secretary. The Registrar & Secretary should hold a meeting with the Director of Finance, the Director of HR, appropriate line manager (or in each case their representative) to decide on the initial response.
3. The Registrar will decide on the action to be taken. This will normally be an investigation, led by the internal auditor. Where there is clear *prima facie* evidence the police will normally be informed.
4. Some fraud investigations may require the use of technical expertise which the internal auditor does not possess. In these circumstances, external specialists may be appointed to lead or contribute to the investigation.
5. In cases where Fraud has been reported to the Vice-Chancellor or the Chair of Council, s/he will consider whether it is appropriate for the Registrar & Secretary to lead the investigation and if necessary appoint another senior officer to undertake this role.

### Prevention of further loss

6. Where there are grounds for suspecting a member or members of staff of fraud, the group will consider how to prevent further loss. This may require a suspension which will also facilitate an effective investigation. Staff should be supervised at all times before leaving the University’s premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the University. Any security passes and keys to premises, offices and furniture should be returned.
7. If appropriate, steps should be taken to deny further access to the University, while staff remain suspended (for example by changing locks and informing security staff not to admit the individuals to any part of the premises). Similarly, the head of information services should be instructed to withdraw without delay access permissions to the University’s computer systems.
8. The internal auditor shall consider whether it is necessary to investigate systems other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the University’s assets.

## **Establishing and securing evidence**

9. The University will follow disciplinary procedures against any member of staff who has committed fraud. The University will normally pursue the prosecution of any such individual.
10. The internal auditor will:
  - establish and maintain contact with the police, following approval from the Registrar & Secretary or other senior officer leading the investigation
  - ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings
  - refer any media interest to the University.

## **Notifying HEFCE**

11. The circumstances in which the University must inform HEFCE about actual or suspected frauds are detailed in the Accountability and Audit Code of Practice, which is included in the Financial Memorandum between HEFCE and institutions. The Vice-Chancellor is responsible for informing the HEFCE of any such incidents.

## **Recovery of losses**

12. Recovering losses is an objective of any fraud investigation. The internal auditor shall ensure that in all fraud investigations, the amount of any loss is quantified. Repayment of losses should be sought in all cases.
13. Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice should also be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. The University would normally expect to recover costs in addition to losses.

## **Reporting**

14. Any material suspicion of fraud should be reported to the Chairs of both the Council and the Audit Committee by the Registrar & Secretary.
15. On completion of a fraud investigation, a written report shall be submitted to the Audit Committee containing:
  - a description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud
  - the measures taken to prevent a recurrence
  - any action needed to strengthen future responses to fraud, with a follow-up report on whether the actions have been taken.

This report will normally be prepared by the internal auditor.

## CODE OF CONDUCT FOR EMPLOYEES AND MEMBERS OF COUNCIL AND COMMITTEES

### **1. INTRODUCTION**

The University must maintain the highest standards of conduct in its financial dealings and in its procurement activity and in its dealings with those it provides services to. This can best be demonstrated by internal arrangements that guard against fraud and corruption. Strict procedural and audit arrangements are already in place but the proper conduct of individuals in the University, especially those in positions of trust, is also very important. This Code of Conduct sets out guidance which should be read and observed by all employees of the University. Parts of the Code will also be relevant to members of Council.

### **2. CONDUCT WITH REGARD TO FINANCIAL MATTERS**

#### **(i) Conflicts of Interest**

Many individuals will be in a position to place or to influence the placing of orders for work to be done for the University. In situations where they or any spouse, partner or close family member could gain direct personal, financial or other benefit from such transactions this interest should be declared to the Head of Department/Section and their approval sought before any orders are placed. If they are a member of a Committee dealing with any matter by which, directly or consequentially, they or any spouse, partner or close family member could gain direct personal, financial or other benefit, this interest should be declared to the Chair of the Committee in advance and they should withdraw for the duration of the relevant item.

#### **(ii) Gifts Or Inducements To Purchase**

Occasionally firms offer gifts or hospitality to individuals with purchasing authority to foster goodwill and effective working relationships. Such offers should be treated with care since the personal integrity of the individual might be called into question.

Gifts of a trivial or inexpensive nature are acceptable but those with an assessed value of more than £50 should not normally be accepted. Where a more valuable gift is offered it should be accepted on behalf of the University for display or disposal. Reference should be made to the Registrar & Secretary to agree the appropriate action following receipt of such gifts, since this will depend on the particular circumstances in each case. Gifts of money should always be refused.

Any offer of hospitality should be disclosed to the appropriate line manager who will advise whether or not it may be accepted. Hospitality is less likely to be appropriate if it is frequently repeated, is offered by a prospective rather than an established supplier or has a very high intrinsic value.

Individuals responsible for purchasing should take particular care to ensure that there can be no criticism that unequal treatment has been given to suppliers involved in a tendering process. Advice is available from the Purchasing Office.

Any personal inducements to place orders should be declined and the matter reported to the Director of Finance immediately.

### **3. NON-FINANCIAL AREAS**

#### **(i) Conflicts Of Interest**

The highest standards of behaviour are also expected in all other areas of University life, especially where individuals are in positions to make decisions which may have significant impact on others. In all such cases it is important that decisions are taken in a fair and balanced way that could stand up to external scrutiny. Conflicts of interest should be identified by individuals who should not then be involved in decisions where their actions could be seen as biased. Examples of areas where difficulties could arise are: recruitment of staff, or selection and assessment of students, where decisions could be seen to be influenced by a close personal relationship.

#### **(ii) Access to Confidential Information**

Although the University attempts to conduct its business in an open fashion there will be times when individuals become aware of confidential information, either about other individuals or in connection with the University's commercial/academic activities. Individuals should be aware of the need to keep such matters confidential and to respect the proper channels of communication for such information.

### **4. RAISING MATTERS OF CONCERN**

Individuals have a right and a duty to raise any matters of concern which they may have about the conduct of University business. This should normally be through their Head of School/Division but in circumstances where this is not appropriate they utilise the provisions of the Public Interest Disclosure Policy.

### **5. BREACHES OF THIS CODE**

Breaches of this Code by employees may result in disciplinary action being taken in accordance with the various Conditions of Service.