

## **Fraud Response Plan**

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### **APPENDICES:**

**A: Statement of the University's attitudes and expectations  
in relation to fraud**

## INTRODUCTION

1. The University is committed to reducing its risk of fraud and financial irregularity to the lowest possible level. References within this Fraud Response Plan to fraud refer to fraud and financial irregularity. The University defines fraud as follows:

**“Any action deliberately designed to cause loss to the University, or to obtain any unauthorised benefit, whether or not this is received personally or by others.”**

2. This definition of fraudulent conduct is considered to apply equally to staff (including agency staff and contractors) , Council members, suppliers, partners, subsidiaries, associates and any other individuals or organizations who have dealings with the University.
3. The University’s attitude and expectations in relation to fraud are summarised in Appendix A. As well as seeking to reduce both the opportunity and scope for fraud, the University is also committed to taking prompt action to fully investigate and address any suspected cases, whether carried out by staff, students, suppliers or other partners. This document defines the authority levels, responsibilities for action, and reporting lines in the event of a suspected fraud or financial irregularity.

## PURPOSE

4. The use of the Fraud Response Plan will enable the University to:

### **Establish an effective response to the suspected fraud or irregularity**

- assign responsibility for investigating the incident;
- establish the circumstances in which external specialists should be involved; and
- notify the Police where appropriate and establish lines of communication with them.

### **Safeguard its assets**

- prevent or minimise further loss;
- recover losses that have already occurred; and
- review the reasons for the incident, the measures taken to prevent a recurrence; and any action needed to strengthen future responses to fraud.

### **Ensure consistent and appropriate consequences for the perpetrators**

- establish and secure evidence necessary for criminal and disciplinary action; and
- deal with requests for references for employees disciplined or prosecuted for fraud.

### **Ensure consistent and appropriate reporting to stakeholders**

- keep all personnel with a need to know suitably informed about the incident and the institution’s response; and
- comply with the requirements of the HEFCE Memorandum of assurance and accountability.

## STATUTORY AND GOOD PRACTICE CONTEXT

5. This policy has been drawn up in the context of the following statutory and good practice guidance:
  - The Crown Prosecution Service provides detailed guidance on the law relating to fraud, including guidance on what prosecutors will look for in assessing whether to prosecute for fraud, on its website at [http://www.cps.gov.uk/legal/d\\_to\\_g/fraud\\_act/](http://www.cps.gov.uk/legal/d_to_g/fraud_act/)
  - HEFCE has developed and maintains an online portal containing information about the processes and policies it follows when dealing with allegations, incidents and fraud in the higher education sector at <http://www.hefce.ac.uk/reg/Notifications/Fraud,updates/>
  - The British Universities Finance Directors Group (BUFDG) has developed a Counter-fraud toolkit containing a collection of higher education sector specific resources produced by its Counter-Fraud Working Group and a range of other collaborators from across the sector at <http://www.bufdg.ac.uk/fraud/toolkit>

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**FRAUD RESPONSE PLAN - STAGE 1**

**Activation of Stage 1**

6. Stage 1 of this plan is activated through the identification and reporting of suspected fraud to the Director of Finance, Registrar or Vice Chancellor (in accordance with paragraphs 8, 9, 10)
7. Identification and reporting may arise from several different means including:
  - The University Financial Regulations requirement (section 2.3) that members of staff, students or members of Council suspecting fraud or financial irregularity in the University should report it as soon as possible to the Director of Finance or the University Registrar and Secretary;
  - The University's procedure on raising concerns ('whistleblowing' policy);
  - The operation of effective systems of internal control, including clear objectives, segregation of duties and proper authorisation procedures; and
  - The work of the internal auditors, in reviewing the adequacy and effectiveness of the internal control systems.
8. Where suspicion of fraud or financial irregularity is captured through any route, including those set out above, it should be reported as soon as possible to the Director of Finance.
9. If any suspected fraud or financial irregularity relates personally to the Director of Finance, or the Director of Finance is unavailable, members of staff, students or members of Council should refer the matter to the University Registrar and Secretary.
10. If the suspected fraud or financial irregularity relates personally to the Director of Finance and the University Registrar and Secretary, members of staff, students or members of Council should refer the matter to the Vice Chancellor or the Deputy Vice Chancellor.
11. **References within the remainder of this Fraud Response Plan to the Director of Finance refer to either the Director of Finance or the University Registrar and Secretary or the Deputy Vice-Chancellor depending on who contact has been made with under paragraphs 8, 9 and 10 above.**

**Action Plan**

12. The Director of Finance will undertake a preliminary investigation in order to gather factual information and reach an initial view as to whether further action is required.
13. The findings, conclusions and any recommendations arising from the preliminary investigation will be considered by the Director of Finance who will determine the response based on a risk assessment of the known facts.
14. If it is assessed that a fraud has not taken place and that there have been no real losses then it is likely that no further action is required. If the action taken establishes that it is likely that a fraud has taken place then Stage 2 of the Fraud Response Plan, as set out in the remainder of this document, will be activated.

**FRAUD RESPONSE PLAN – STAGE 2**

**Activation of Stage 2**

15. Stage 2 of the Fraud Response Plan is activated where a preliminary investigation carried out under Stage 1 indicates it is likely that a fraud has taken place.

**Action Plan**

16. The Director of Finance will notify the Internal Audit Partner and agree appropriate action. This may include:
  - A full investigation which will be led by an Investigating Officer nominated by the Director

## Fraud Response Plan

- of Finance and who may be the Internal Audit Partner. The investigating team might include representatives from other specialist areas. The Director of Human Resources should be included where an investigation could lead to disciplinary action against a member of staff.
- Suspension of a member of staff and /or disciplinary action, under the guidance of the Director of Human Resources.
  - Notification to the Police.
  - Action against those determined to have carried out a fraud.
17. The Internal Audit Partner will also 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 University assets.
18. The Director of Finance will advise the Vice Chancellor and the Chair of Audit Committee whenever Stage 2 of the Fraud Response Plan is invoked and
- it appears that the potential value of the fraud may be considered significant under the HEFCE definition (fraud of £25,000 or higher); or
  - the Director of Finance and the Head of Internal Audit consider this to be appropriate. For example where there is notification to the Police or suspicion of widespread or systematic irregularities; or
  - in specific circumstances specified in the University's Financial Regulations.
19. The HEFCE Memorandum of assurance and accountability (ref 2014/12, paragraph 57) sets out that the Vice Chancellor is required to report significant fraud to all of the following without delay:
- Chair of Audit Committee
  - Chair of Council
  - Internal Auditor
  - External Auditor
  - HEFCE chief executive
20. The University does need to know the identity of the person who is reporting a suspected fraud or financial irregularity. However, if an individual wants to raise a concern confidentially, the University will make every effort to keep his/her identity confidential during and after the investigation.

### **SAFEGUARDING OF UNIVERSITY ASSETS**

21. Where the Stage 2 investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the Director of Finance (as advised by the Investigating Officer) will decide how to prevent further loss. This may require the suspension, with or without pay, of the member(s) of staff suspected.
22. The Director of Finance will ensure that, where possible, the amount of any loss will be quantified for all fraud investigations. Repayment of losses will be sought in all cases.
23. Where the loss is substantial, legal advice will be obtained without delay about the options available. The University would normally expect to recover costs in addition to any losses.

### **CONSEQUENCES OF FRAUDULENT ACTIVITY**

24. Where any fraud is committed against the University, consideration will always be given to seeking the appropriate sanctions against those responsible. This will include reporting criminal conduct to the police disciplinary action against staff or other appropriate measures through legal and/or civil means.
25. Any requests for a reference for a member of staff who has been disciplined or prosecuted for fraud shall be referred to the Director of Human Resources. The Human Resources division shall prepare any answer to such a request.

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## REPORTING

### Reporting by the Investigating Officer

26. The Investigating Officer will provide periodic confidential reports during the investigation to the Director of Finance summarising:
- Circumstances surrounding the case, contributing factors etc;
  - Quantification of losses;
  - Progress with recovery action;
  - Progress with disciplinary action;
  - Progress with criminal action;
  - Estimate of resources required to conclude the investigation; and
  - Actions taken to prevent and detect similar incidents.

### Reporting by the Director of Finance

27. Where the matter has been notified to the Chair of Audit Committee and Vice Chancellor (VC) under paragraph 18 the Director of Finance will provide confidential updates summarising the information above. In all cases the Director of Finance will continue to consider on an ongoing basis the need to inform the Chair of Audit Committee and Vice Chancellor (VC) and others including the External Auditors, Director of Communications or Director of Human Resources.

### Reporting by the Vice Chancellor

28. The HEFCE Memorandum of assurance and accountability (ref 2014/12, paragraph 57) sets out that the Vice Chancellor is required to report significant fraud (defined as fraud of £25,000 or higher) to all of the following without delay:
- Chair of Audit Committee
  - Chair of Council
  - Internal Auditor
  - External Auditor
  - HEFCE chief executive

### Reporting to Audit Committee

29. Regular reporting to each meeting of Audit Committee within the appropriate standing agenda item will include the outcome of each investigation completed under Stage 2 of this plan. The report will include:
- a description of the incident, including the value of any loss, the persons involved, and the means of perpetrating the fraud;
  - the measures taken to prevent a recurrence; and
  - any action needed to strengthen future responses to fraud, with a follow-up report on whether the actions have been taken.
30. The content of this report will normally be prepared by the Investigating Officer and presented by the Director of Finance.
31. Any significant variation from the approved Fraud Response Plan, together with reasons for the variation, shall be promptly reported to the Chairs of both Council and the Audit Committee.

## REVIEW OF THE FRAUD RESPONSE PLAN

32. This plan will be reviewed by the Director of Finance for fitness of purpose annually and after each use. Changes will be reported to the Audit Committee for approval.

**APPENDIX A: Statement of the University's attitudes and expectations in relation to fraud**

The University will not tolerate fraud, and expects the following standards of conduct and behavior:

All its members (staff, managers, Council members and students) to behave in a fair and honest way in any dealings related to the institution. This applies equally to both internal conduct, and also externally in relation to our suppliers, partners and other business associates.

All staff and managers to apply themselves diligently to their work and the execution of their duties. Specifically to have due regard to the need to rigorously apply those internal controls, rules and regulations which are designed to prevent, deter and detect fraud.

As well as operating within the law and any specific agreements or contracts, all external organisations dealing with the University, must conduct themselves in accordance with normal ethical business standards consistent with our Charitable status and public-sector funding.

Any member, supplier, partner or associate to promptly report to the University Secretary and Registrar or Director of Finance all legitimate concerns about suspected fraud or financial irregularity.

Where any fraud is committed against the University, consideration will always be given to prosecuting the person/organization responsible through all legal and/or civil means available.