

## Counter Fraud Policy

<b>Scope</b>	This Policy sets out the University's position regarding the prevention, detection, reporting, investigation and, where appropriate, action in respect of fraud.
<b>Approval</b>	Audit Committee 15 <sup>th</sup> June 2021
<b>Date for Review</b>	+3 years from last day of approval
<b>Sensitivity</b>	Open to public – published on website
<b>Author/Owner</b>	University Secretary
<b>Key Contacts</b>	University Secretary Director of Finance & Resources
<b>Version Control – log of reviews/edits</b>	Version 1
<b>External Regulator</b>	Office for Students – Terms and Conditions of Funding
<b>Links to other internal policies and procedures are available via the <a href="#">Register of Policies and Procedures</a></b>	Other relevant policies and procedures include <ul style="list-style-type: none"> <li>- Whistleblowing Policy and Procedures;</li> <li>- Gifts, Hospitality &amp; Bribery Prevention Policy; and</li> <li>- Staff Disciplinary Process.</li> </ul>
<b>Appendices</b>	<ul style="list-style-type: none"> <li>- Fraud Response Plan (Appendix 1)</li> <li>- Guidance for individuals suspecting an instance of fraud (Appendix 2)</li> </ul>
<b>Documents superseded by this Policy</b>	<ul style="list-style-type: none"> <li>- Policy and Procedures for the Prevention and Investigation of Fraud (2016)</li> </ul>

## 1. Introduction

- 1.1 It is the University of Worcester's (the 'University') policy and practice to conduct its business in an honest and ethical manner. The University takes a robust approach to the prevention of fraud and is committed to acting professionally, fairly and with integrity in all of its business dealings and relationships throughout the world. We expect all members of the University community to uphold high standards, leading by example, with integrity and responsibility.
- 1.2 Under the Terms and Conditions of Funding between the Office for Students (OfS) and risk management, control and corporate governance in place. This system should include the prevention and detection of fraud, bribery and corruption.
- 1.3 The aims of this Counter Fraud Policy (the 'Policy') are to:
  - a) continue to promote a culture of honesty, integrity and professionalism;
  - b) set out our responsibilities and of those working for us, or on our behalf, in observing and upholding our position on fraud, bribery and corruption; and
  - c) provide information and guidance to members of the University community on how to recognise and address fraud.

## 2. Application of this Policy

- 2.1 The Policy applies to any fraud, bribery or corruption, actual or suspected, involving employees as well as consultants, suppliers, contractors and/or any other parties with whom the University has a relationship. Any investigative activity required will be conducted without regard to any individual's relationship to the University, position or length of service.
- 2.2 The Policy applies to all individuals working at all levels and grades, including all academic staff, professional staff, heads of department, member of the senior management team, other employees (whether permanent, fixed term or temporary), student employees, governors, consultants, contractors, trainees, seconded staff, casual associated staff and agency staff, volunteers, interns, agents or any other person acting on behalf of the University, including agents or third party representatives.

## 3. Definition of Fraud

- 3.1 The term 'fraud' is commonly used to describe the use of deception to deprive, disadvantage or cause loss to another person or party, or to obtain financial or other

gain. In the University setting, such other gains may include improved academic results or admission to courses. This term can also include the misuse of funds or other resources, or more complicated crimes such as false accounting and the supply of false information.

3.2 Examples of actions that are deemed to be fraudulent include (but are not limited to):

- abuse of position (abusing authority and misusing University resources or information for personal gain or causing loss to the University);
- attempting to make payments from the University with a stolen or unauthorised credit/debit card;
- destruction or removal of records without appropriate authority;
- disclosing confidential information to outside parties without appropriate authority;
- falsifying documents such as expense claims or timesheets, which is a form of fraud;
- forgery or alteration of any document e.g. a cheque or contract;
- giving or receiving bribes;
- inappropriate relationships with third parties causing conflicts of interest and loss to the University;
- misrepresentation of academic results;
- admission to University courses without the appropriate entry requirements;
- misusing time during working hours e.g. taking unauthorised absence or falsely claiming to be sick; and/or
- the unauthorised use of University assets.

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

3.4 The University has established procedures to encourage staff to report actual, attempted or suspected fraud and/or other forms of illegal activity without fear of reprisal. The Fraud Response Plan in Appendix 1 clarifies the process to be followed and the Guidance in Appendix 2 provides information about how individuals should report their suspicions.

## 4. Counter Fraud Policy Statement

4.1 The University is committed to upholding high standards and to leading by example with integrity and responsibility. The University values its reputation for ethical behaviour, financial probity and reliability and have a zero-tolerance policy towards fraud, bribery and corruption.

- 4.2 The University has put in place procedures for preventing, reporting and investigating suspected fraud, bribery and corruption and has taken steps to limit the risk of financial loss and/or reputation impact through:
- a) setting out a clear Counter Fraud Policy;
  - b) setting out a clear Gifts, Hospitality and Bribery Prevention Policy;
  - c) setting out a clear Whistleblowing Policy;
  - d) encouraging employees to be vigilant and to report any suspicion of fraud, bribery and corruption and providing them with suitable channels of communication to ensure sensitive information is treated appropriately;
  - e) rigorously investigating all reports of fraud, bribery and corruption, where appropriate involving relevant authorities;
  - f) taking firm and vigorous action against any individual(s) found to be involved in fraud, bribery and corruption;
  - g) monitoring the effectiveness of such controls; and
  - h) having in place rigorous financial safeguards, including specific auditing and additional scrutiny of business transactions reasonably deemed to be higher risk in terms of fraud, bribery and corruption.
- 4.3 Every member of the University community has a duty to ensure that University resources are safeguarded. Anyone having reasonable suspicions of fraud, bribery or corruption should report it and therefore, it is also the policy that no detrimental action of any kind will be taken against a person who makes a concern, in good faith. Further information on reporting is set out in the Fraud Response Plan in Appendix 1 and the Guidance in Appendix 2.
- 4.4 Any allegation that a member of staff has acted in a manner that is illegal or inconsistent with this Policy will be treated seriously, regardless of the seniority of those involved.
- 4.5 It is the University's policy that all fraud, bribery and corruption will be thoroughly investigated in line with the University's Fraud Response Plan, with the aim of achieving the following objectives:

- deterring all members of the University community, as well as persons outside the University, from committing fraud, bribery or corruption;
- investigating any instances of suspected fraud in a fair and efficient manner;
- applying appropriate sanctions to any member of staff who has engaged in fraud, bribery or corruption or who knowingly withholds information in relation to such matters under the relevant Disciplinary Policy;
- where appropriate, involving the relevant legal authorities in regard to allegations of fraud, bribery, or corruption;
- the recovery of all losses incurred; and
- the completion of appropriate action to prevent a recurrence.

## 5. Responsibility for and Review of the Policy

5.1 Responsibility for the Policy rests with the University Secretary.

5.2 This Policy will be reviewed every three years, in line with University practice or after an identified instance of fraud, bribery or corruption and any need for change will be transmitted to the Audit Committee for approval.



## Fraud Response Plan

### 1. Purpose

The purpose of the Fraud Response Plan is to make clear how to report suspected fraud and define the responsibilities for action in the event such a report is made. This will enable the University to:

- a. respond quickly, fairly and professionally to any suspicion or suggestion of fraud;
- b. assign responsibility for initial and subsequent investigation;
- c. prevent further loss;
- d. establish and secure evidence;
- e. notify the Office for Students (OfS) if required under the Reportable Events requirement;
- f. notify the University's insurers if required;
- g. minimise and recover losses where possible;
- h. establish an internal and external communications strategy and process as required;
- i. establish the need (or otherwise) to notify the appropriate authorities and/ or seek external specialist involvement; and
- j. conduct the investigation in a systematic manner, including the identification of actions to be taken to prevent any recurrence of the fraud.

## 2. Initiating Action and Reporting Fraud

2.1 Suspicion of fraud may be captured through a number of means, including:

- a direct report of suspected fraud; or
- as a result of:
  - the use of the Whistleblowing Policy and Procedure;
  - the completion of planned audit work; and/ or
  - the operation of proper management and control procedures.

2.2 All actual or suspected incidents should be reported without delay to the University Secretary who should determine at which level the incident should be investigated (see table below for definition of levels).

Level	Nature of Incident	Investigation
1	Straightforward process issues e.g. single student qualifications fraud, failed third party attempted fraud	Discussion between University Secretary and relevant member of University SMT, actions agreed
2	Complex or multiple cases, but below the OfS significant fraud threshold (currently £25k <sup>1</sup> ) OR Fraud above the OfS significant fraud threshold but less complex case, lower level of potential loss, lower reputational threat and seniority of individual below Head of Department level	Investigation conducted by internal investigating officer, reporting to a small panel convened by the University Secretary. Formal report to the Vice Chancellor and University SMT
3	Fraud above the OfS significant fraud threshold but more complex case, higher level of potential loss, higher reputational threat and seniority of individuals at Head of Department level or above	Investigation, conducted independently by University's internal auditors, reporting to the Audit Committee and Vice Chancellor

2.3 If the University Secretary should be suspected of fraud, bribery or corruption the matter should be reported, without delay, to the Vice Chancellor, who would then be responsible for determining the level at which the incident should be investigated.

2.4 Where an investigation is to take place, the members of the panel will be required to declare any conflicts of interest and where a conflict is identified another person with senior management responsibility shall be appointed.

2.5 Any invoking of the Fraud Response Plan at Level 2 (where the OfS significant fraud threshold is exceeded) or Level 3 shall be reported to the Chair of Audit Committee without delay. Level 2 issues below the OfS significant fraud threshold would be

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<sup>1</sup> OfS Terms and Conditions of funding for HEIs – for period to 31<sup>st</sup> July 2019

reported to the next meeting of the Audit Committee and Level 1 issues would not normally be reported to the Audit Committee but a record would be maintained by the University Secretary.

### **3. Prevention of further loss**

- 3.1 Where the initial investigation provides reasonable grounds for suspecting staff of fraud, the panel will decide how best to prevent further loss. If the suspect is a member of staff, they may be suspended on full pay (this will be dealt with under the Staff Disciplinary Process). It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.
- 3.2 In these circumstances, the suspect(s) would be approached unannounced. They should be supervised at all times before leaving University premises and 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 to the University. Laptop computers and associated hardware/software must also be returned to the University
- 3.3 The Assistant Director – Operations should be required to advise on the best means of denying access to University buildings, whilst the suspect(s) remains suspended (for example removing access for staff cards). Similarly the Director of IT should be instructed to withdraw, without delay, access permissions to University computer systems.
- 3.4 The panel 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 University assets.

### **4. Establishing and securing evidence**

- 4.1 The major objective in any fraud investigation will be to establish the facts of the case and then decide on appropriate actions, which may include disciplinary action. The relevant Disciplinary Policy will be followed in relation to any member of staff who has committed fraud and the University will normally pursue the prosecution of any such individual and/ or any other appropriate legal action.
- 4.2 The Investigating Officer/Internal Auditor will:



- maintain familiarity with the University’s disciplinary policies to ensure that evidence requirements will be met during any fraud investigation; and
- establish and maintain contact with the police and/ or other appropriate authorities (only following approach to do so from the University Secretary, who may take this role themselves);

## 5. Recovering of losses

- 5.1 Recovering losses is another key objective of any fraud investigation. The Investigating Officer/Internal Auditor shall ensure that in all fraud investigations, the amount of any loss will be quantified where possible, and repayment of losses should be sought in all cases.
- 5.2 Where the loss is substantial, legal advice shall be obtained without delay about the need to freeze the suspect’s assets through the court, pending conclusion of the investigation. Legal advice shall also be obtained about prospects of recovering losses through the civil court, where the alleged perpetrator refuses repayment.

## 6. Reporting Lines

- 6.1 Any incident matching the criteria in the OfS guidance, as set out at Level 2 (see clause 2.2. above, shall be notified without delay to the Vice Chancellor and the chairs of both the Board of Governors and the Audit Committee. Regular update reports will be provided for on-going cases. Any variation from the approved Fraud Response Plan, together with reasons for the variation, shall be reported promptly to the chairs of both the Board of Governors and the Audit Committee.
- 6.2 A final report on a fraud incident will be produced by the panel once the investigation is completed, and it will represent the definitive document on which the University (in a disciplinary situation) and possibly the police (in a criminal situation) will base its decision. The report shall be submitted to the Audit Committee containing:
- a description of the incident;
  - the value of any loss;
  - the people involved, paying due regard to the individual(s) data protection rights;
  - a brief description of how the fraud occurred;
  - measures taken to prevent a recurrence; and
  - any action needed to strengthen future responses to fraud.

A follow-up report will be made regarding the implementation of any actions required.

## **7. Responsibility for investigation at Level 3**

- 7.1 All investigations at Level 3 shall normally be led by the Internal Auditors and not by the University's management, although the University's management should co-operate with requests for assistance from the Internal Auditors.
- 7.2 Some Level 3 investigations may require the use of technical expertise which the Internal Auditors do not possess. In these circumstances the University Secretary or Vice Chancellor may approve the appointment of external specialists to contribute to the special investigation.

## **8. Protection of those who raise concerns**

- 8.1 Confidentiality – every effort should be made to protect a person's identity when they have raised a concern and do not want their name revealed. However, in some cases, the investigation process itself may reveal the source of the information. The individual raising the concern may be required to make a statement either as part of the investigation process, or to provide evidence for any disciplinary hearing or criminal prosecution.
- 8.2 Harassment or bullying – an individual raising concerns may be worried about suffering harassment or bullying from those suspected of carrying out the fraud or corruption. The University does not tolerate harassment or bullying and the University's disciplinary procedures and policy on harassment and bullying support this. Action will be taken to protect those who raise a concern in good faith.
- 8.3 Anonymous allegations – individuals are encouraged to come forward to discuss their concerns directly (as set out in Appendix 2). Concerns raised anonymously may be more difficult to investigate but, depending on the seriousness of the issues raised and the amount of information provided, consideration will be given to investigating the concern further. However, unless the allegation can be confirmed from other sources, the University may not be able to undertake a full investigation.
- 8.4 Untrue allegations – if a concern is raised in good faith by a member of staff or student but found not to be correct by subsequent investigation, no action will be taken against the individual who raised the original concern. However, if a member of staff or student makes an allegation that they know to be untrue, the University may consider taking further action against that individual.

## **9. References for staff disciplined or prosecuted for fraud**

- 9.1 All requests for a reference for a member of staff who has been disciplined or prosecuted for fraud shall be referenced to the Director of HR. The Director of HR shall prepare any answer to a request for a reference having regard to employment law.

## Guidance for Individuals suspecting an instance of fraud

### What to do if you suspect an instance of fraud?

The University wishes to encourage anyone having reasonable suspicions of fraud (as defined in section 3 of the Policy) to report them and therefore, it is also policy that no detrimental action of any kind will be taken against a person who makes a complaint, in good faith. There are three main ways in which such a complaint can be made.

1. Ideally, an individual should notify the [University Secretary](#) about any matter which involves, or is thought to involve, suspected fraud, bribery or corruption.
2. Alternatively staff can make use of the Whistleblowing Policy.
3. Thirdly, an individual may choose to raise the matter with their line manager or appropriate senior person if the report is not about such person. This person will then notify the [University Secretary](#).

### Things to do:

- Stay calm – remember you are a witness not a complainant.
- If possible, write down your concerns immediately – make a note of all relevant details e.g. what was said in telephone or other conversations, the date, the time and the names of those involved.
- Try to ensure that your suspicions are supported by facts, as far as is possible at this stage.
- Report your suspicions without delay. Aside from reporting the matter, you should keep the matter confidential until specifically directed otherwise.

### Things not to do:

- Don't become a private detective and personally conduct an investigation or interviews.
- Don't approach the person/persons potentially involved (this may lead to conflict and evidence being destroyed).
- Don't discuss your suspicions or case facts with anyone other than your line manager or other responsible senior officer (as above) or the University Secretary unless specifically asked to do so by them.
- Don't use the process to pursue a personal grievance.

### Things to remember:

- The investigation may determine that you were mistaken or there is a good explanation for the issues that you raised.
- The investigation process may be quite lengthy and you may not hear further details once your involvement in any investigation has been completed.
- Any investigation should be treated as confidential and you should not discuss any contribution you make with colleagues. It is normal for people to be unsettled during this type of situation and if you need support you should speak to your line manager or HR Business Partner.

#### Guidance for managers on receiving a report of fraud:

- Listen to the concerns of your staff and treat every report you receive seriously and sensitively. Make sure that all staff concerned are given the opportunity to engage in the process, bearing in mind that they could be distressed, upset and/or frightened
- Reassure your staff that their concern will be taken forward and followed up appropriately.
- Get as much information as possible from the individual. Do not interfere with any evidence and make sure it is kept in a safe place.
- Ask the member of staff to keep the matter fully confidential in order that it can be investigated without alerting the suspected/alleged perpetrator.
- Raise the concern with the University Secretary without delay.