

# STRANMILLIS UNIVERSITY COLLEGE

## FRAUD POLICY

### 1 Introduction

This Fraud Policy is intended to underpin the College's commitment to the highest standards of integrity in its management and is designed to satisfy the requirement of the Department for Employment & Learning that the College should have a written policy on the procedure to be followed when evidence of any potential irregularity, fraud, corruption or any impropriety is discovered.

Fraud is defined as 'deliberate deception, trickery or cheating intended to gain advantage'.

In relation to any suspected impropriety, which directly involves staff or students at the College, the procedures set out in this document will operate in conjunction with the Whistleblowing Policy.

### 2 Background

#### 2.1 Objectives of a Fraud Strategy

The overall objectives of the College's strategy are to:

- (a) create an anti-fraud culture, provide maximum deterrence of fraud, prevent fraud which cannot be deterred, promptly detect fraud which cannot be prevented and professionally investigate detected fraud,
- (b) institute effective sanctions, including appropriate legal action against people committing fraud against the College,
- (c) provide effective methods for seeking redress in respect of money defrauded.

#### 2.2 Government Audit Code of Practice

The Code specifies that the Board of Governors is responsible for ensuring that the financial, planning and other management controls, including controls against fraud and theft, applied by the College are appropriate and sufficient to safeguard public funds.

## 2.2 Continued

Where the External or Internal Auditors identify a serious weakness or an accounting or other control breakdown, it must be reported to the Principal, the Chairman of Board of Governors and the Chairman of the Audit Committee without delay.

Where the Audit Committee believes that there is evidence of irregularity, fraud, corruption or any impropriety, the Chairman of the Committee must notify the Principal and Chairman of the Board of Governors.

The College must have a written policy on the process to be followed when evidence of potential irregularity, including fraud, corruption or any impropriety is discovered.

The College, the Internal Auditors and, where appropriate, the External Auditors must report to the Permanent Secretary of the Department for Employment & Learning serious weaknesses, significant frauds or major accounting and other control breakdowns.

## 2.3 College Culture

The culture and tone of the College is one of honesty and openness in all of its dealings, with total opposition to fraud and corruption in any form.

Governors and staff play an important part in creating and maintaining this culture and are encouraged to raise any matter that concerns them related to the College's method of operation.

Concerns can be raised in the certainty that they will be treated seriously, and investigated properly in a confidential manner. In raising concerns staff can also be assured that there will be no victimization, anonymity will be respected and that their current

employment situation or future prospects with the College will not be affected.

## 2.3 Continued

The College's Whistleblowing Policy provides the framework for dealing with legitimate staff concerns relating to suspected fraud or corruption.

Members of the public, organisations, College suppliers and contractors are also encouraged to raise any issues of concern through whatever channel they consider appropriate.

Unless there are good reasons to the contrary, anonymous allegations received in writing will be taken seriously and investigated in an appropriate manner.

The senior management of the College is responsible for dealing with any allegations of fraud and corruption that are brought to their notice in a thorough, prompt, professional and impartial manner.

## 2.4 Key Responsibilities

All managers at the College have responsibility for ensuring that the College's requirements for internal control and financial management, as set out in the College's Financial Regulations, are adhered to fully. Consequently managers have a direct responsibility for the prevention, detection and investigation of irregularities, including fraud and corruption.

Internal Audit assists management by examining, evaluating and reporting on the adequacy and effectiveness of action taken to fulfill this responsibility for internal control.

External Audit plan and conduct their audit so that they have a reasonable expectation of detecting material mis-statements in the accounts resulting from irregularities, including fraud or corruption and their audit cannot be relied upon to disclose them.

### **3 Fraud Policy Statement**

- 3.1 The College aims to provide quality services that are efficient and demonstrate value for money.
- 3.2 As an institution within the public sector, the College fully endorses the principles laid down by the Nolan Committee. The College recognises its obligations to all those with whom it has direct dealings, the wider community and the taxpayer. The reputation of the College, and the trust and confidence of those with whom it deals is a vital resource, and the College will take whatever steps that are necessary to ensure that its reputation is protected.
- 3.3 The College expects all of its suppliers, contractors, organisations and individuals that it deals with to act at all times with honesty and integrity. The College will endeavour to ensure that all of its dealings are on a similar basis.
- 3.4 The College will therefore ensure that any instances where it appears that irregularities, including fraud, corruption or other impropriety which have occurred, will be investigated fully.
- 3.5 It is the policy of the College to pursue all individuals or organisations that are suspected of having defrauded or committed corrupt acts. As a general policy, the College will refer suspected irregularities to the College Solicitors and/or the Police for their advice and guidance as to the appropriate action to be taken.
- 3.6 The College will take all appropriate steps to recover any monies, which have been misappropriated.
- 3.7 Governors and staff will lead by example and ensure that they comply with all College policies, rules, regulations and instructions.

### **4 Fraud Response Procedures**

- 4.1 Responsibilities for the overall management of fraud investigations.
  - (a) Whenever any matter arises which involves or is thought to involve, irregularities, fraud or impropriety, College staff are required to inform the Director of Corporate Services.
  - (b) The Director of Corporate Services must then inform the appropriate line manager.

#### 4.1 Continued

- (c) When suspected irregularities are identified by the College's Internal Auditors during the course of their regular work programme, the Audit Manager will bring this to the notice of the Director of Corporate Services.
  - (d) The Director of Corporate Services is responsible for initiating the investigation into the suspected irregularity.
- 4.2 When an allegation of irregularity, fraud or impropriety arises as a result of the College's Whistleblowing Policy being invoked, the Director of Corporate Services will consult with the Chairman of the Audit Committee to determine the action to be taken.
- 4.3 The Chairman of the Audit Committee shall inform the Chairman of the Board of Governors and the Principal of all instances of suspected irregularities and of any investigatory action being taken.

### **5 Responsibility for Undertaking Investigations**

- 5.1 This will be determined according to the particular circumstances of each case. As a general rule, either the College's Internal or External Auditors will be asked to undertake an investigation and to submit a report to the Audit Committee. In the case of lengthy investigations, regular progress reports will be made to the Audit Committee by the investigating team.
- 5.2 When, in the opinion of the Chairman of the Audit Committee and the Director of Corporate Services, there is 'prima facie' evidence that a criminal offence has been committed, the Police will be notified immediately, and their advice sought on how the College's investigation should be handled in order not to impair any enquiry the Police may make.
- 5.3 The Director of Corporate Services will be responsible for referring the suspected irregularity to the police and he will be the main point of contact between the College and the police during the period of the enquiry.

## **6 Securing of Evidence**

Once made aware that an irregularity in his/her area of responsibility is suspected, it is essential that the senior manager concerned takes immediate steps, in consultation with the Director of Corporate Services, to ensure the safe custody of all relevant data, documents and computer records prior to the investigation taking place.

## **7 Reporting the Outcome of Investigations**

Upon the completion of the investigation into a suspected irregularity, a formal report will be submitted to the Audit Committee. A special meeting of the Committee will be convened to discuss the report. The Audit Committee will then make a recommendation to the Board of Governors on the action to be taken, including steps for the recovery of any monies misappropriated.

Where a suspected irregularity has been referred to the Police for investigation, the Director of Corporate Services will provide a regular briefing on the progress of the investigation to the Audit Committee.

The Principal will formally notify the Permanent Secretary of the Department for Employment & Learning of the outcome of the investigation and the action being taken.

## **8 Other Issues**

- 8.1 The Director of Corporate Services, in conjunction with the Internal and External Auditors as appropriate will arrange for training on the prevention and detection of fraud to be provided to all relevant staff. Guidance on these issues is incorporated in the College's Financial Regulations which is available to all staff.
- 8.2 At the completion of each investigation into a suspected irregularity, the Audit Committee will formally consider the implications for the College's internal control policies and procedures and decide whether any revision is appropriate.

## **9 Relationship with Whistleblowing Policy**

In developing, approving and implementing this policy, it is intended that it will be consistent with the requirements of the Whistleblowing Policy.

## **10 Adoption**

This policy was considered by the Audit Committee on                      2003 and adopted by the Board of Governors on                      2003.