



STRANMILLIS UNIVERSITY COLLEGE

A College of Queen's University Belfast

Anti-Fraud & Bribery Policy

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1 Introduction

Stranmillis University College (hereafter called the College) is committed to the application of the Seven Principles of Public Life identified by the Committee on Standards in Public Life, namely: Selflessness; Integrity; Objectivity; Accountability; Openness; Honesty; Leadership. The College is also committed to protecting the public and private funds to which it has been entrusted. The College is also committed to conducting its business fairly, openly, honestly, ethically and in accordance with relevant legislation.

In order to meet the expectations of funders and the public, College policy is to take practical steps to prevent fraud, including bribery, and thoroughly investigate all suspected fraud and irregularities in a timely manner. Allegations, (anonymous or otherwise) will be investigated and, where appropriate, referred to the Police Service of Northern Ireland (PSNI) at the earliest juncture.

The purpose of this policy document is to:

- Set out the College's ethical standards;
- Provide a definition of fraud (also reflecting the requirements of the Bribery Act 2010) – see Appendix A;
- Set out the responsibilities for fraud prevention and detection;
- Set out procedures for reporting suspected and proven cases of fraud through the Fraud Response Plan;
- Set out responsibilities for the investigation of suspected fraud and the prosecution of offenders through the Fraud Response Plan.

The objective of this Policy is to create a working environment that encourages all staff to be alert to the possibility of fraud and to know how to deal with it if it is suspected. Examples and indicators of fraud are shown in Appendix B whilst Appendix C outlines a range of commonly adopted anti-fraud practices.

Any breach of this policy will be treated as a disciplinary matter.

1.1 Relationship with other Policies

The policy is based on a series of comprehensive and inter-related policies and procedures that provide a corporate framework to counter fraudulent and corrupt activity. These have been formulated in line with appropriate legislative requirements, and include:

- Financial Regulations including acceptance of Gifts and Hospitality
- Sound internal control systems including the safeguarding of assets
- Effective internal and external audit arrangements
- Denial of opportunity through robust systems of internal control
- Effective staff recruitment and selection procedures

- Segregation of duties especially in connection with financial transactions
- Staff Code of Conduct
- Staff Disciplinary Policy and Procedures
- Whistleblowing Policy
- Register of Interests Policy
- Staff Training and Development
- Data Protection Policy
- Information Asset Management Policy
- General Regulations (for students) and associated student disciplinary procedures.

2 Ethical Standards

The effectiveness of the College's system of internal control is the responsibility of everyone in the College, including staff, students and the Governing Body. The College is committed to applying the highest standards of corporate governance and this means maintaining high legal, ethical and moral standards as everyone goes about their business every day. Everyone must act with integrity to safeguard the public and other resources for which they are responsible. This means:

- declaring any potential conflict of interest;
- observing the law and reporting wrongdoing;
- not taking part knowingly in any illegal activity, or in any acts that would discredit the College;
- not participating in any activity or relationship that may affect or appear to affect unbiased judgment;
- not disclosing confidential information about the College to anyone outside the College, except where disclosure is required by the operation of Law;
- not using College information for any personal gain or in any manner that would be contrary to the Law or reflect badly on the College.

The College also expects that individuals and organisations that it interacts with (e.g. suppliers, contractors and service providers) will act towards the College with integrity and without thought or actions involving fraud, bribery and corruption.

The College will not tolerate, condone or endorse any act of bribery, including facilitation payments, by any person associated with it. Under no circumstances should staff therefore for any reason offer, promise, give, seek, request, solicit, accept, receive, or agree to receive any

bribe, whether in the form of cash or any financial or other inducement or advantage, to or from any person or organisation, wherever they may be located and whether they are a public official or body or a private person or company.

Any proven instance of bribery or fraud by College employees will be treated as a disciplinary offence resulting, potentially, in dismissal and may also result in legal action or criminal proceedings

Excessive or lavish gifts or hospitality in relation to business transactions might constitute bribery. No College employee shall accept gifts or hospitality other than in accordance with the provisions set out in the College Gifts and Hospitality Policy.

Where relevant the College will include appropriate clauses in its contracts about the consequences of fraud, bribery and corruption; evidence of such acts is likely to lead to a termination of the particular contract and may lead to prosecution.

If there is any doubt about the acceptability of a potential act under this policy, or any other matter to which it relates, staff should seek advice from the Secretary to the Governing Body.

3 Definition of Fraud, Bribery and Corruption

3.1 Fraud

The Fraud Act 2006 provides a statutory definition of fraud. It states that fraud can be committed in the following ways:

- False representation;
- Failing to disclose information; or
- By abuse of position.

Fraud is also seen as the use of deception with the intention of gaining an advantage, avoiding an obligation or causing loss to another party. The term is used to describe such acts as deception, forgery, theft, collusion, misappropriation and falsifying of any account or record.

3.2 Bribery

Government guidance defines 'bribery', as giving a financial or other advantage to any person (this may, for example, include donation to charity) to encourage that person to perform functions or activities improperly or to reward that person for having already done so.

The Bribery Act 2010 which came into force on 1 July 2011 details four main bribery offences:

1. Bribing another person - offer, promise or give a financial or other advantage by intending to bring about improper performance.

2. Being bribed - requesting, agreeing to receive or accepting a bribe.
3. Bribing a foreign public official - with intention of influencing the official in the performance of his/her official functions.
4. Failure of a commercial organisation to prevent bribery by associated persons.

3.3 Corruption

Corruption is the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by any member of the College. Types of corruption include abuse in the following areas:

- tendering and awarding of contracts;
- profiteering as a result of knowledge of confidential College information or disclosing such information to other persons;
- pecuniary interests of members and employees;
- hospitality;
- disposal of assets

Further information is included in Appendix A

4 Roles and Responsibilities

Management in the College must ensure that the opportunities for fraud are minimized. The College is committed to an effective Anti-Fraud and Bribery Policy designed to:

- promote an anti-fraud and anti-bribery culture throughout the organisation;
- encourage fraud and bribery prevention;
- promote fraud and bribery detection;
- support fraud and bribery investigation;
- institute effective sanctions, including appropriate legal action against people committing fraud or bribery against the College;
- provide effective methods for seeking redress in respect of resources defrauded.

The responsibilities of the Governing Body are set out in Appendix D.

4.1 Culture

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

Governors and staff play an important part in creating and maintaining this culture and are encouraged to raise any concern that they may have on these issues where they are associated with College business or activity.

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 as far as reasonably possible and that their current employment situation or future prospects with the College will not be affected.

4.2 Procedures

The College's Whistleblowing Policy provides the framework for dealing with legitimate staff concerns, without fear of reprisal, including those involving suspected fraud, bribery 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.

4.3 Prevention

Fraud, bribery and corruption are expensive in terms of reputational risk and financial loss as well as time consuming to identify and investigate.

Therefore the prevention of fraud and bribery is a major objective and measures should be put in place including denial of opportunity, effective leadership, auditing, employee screening and student recruitment.

All College staff thus have responsibility for ensuring that the College's carefully designed systems of internal control and financial management, as set out in the College's Financial Regulations and in other related policies and procedures, are adhered to fully and consistently.

Staff will be made aware of policies through induction programmes, notification of policy updates and relevant training. The credibility and success of this Anti-Fraud and Bribery Policy is dependent largely on how effectively it is communicated throughout the organisation.

Staff recruitment procedures require applicants to declare any connections with current governors and staff. Members of staff sitting on recruitment panels are similarly required to declare such connections – no employee can sit on a selection panel if an applicant has a close personal relationship with that employee.

Continuous management review of systems and reports by Internal Audit as part of the annual audit programme should assist management in detecting and preventing fraud and should also result in continuous improvements.

4.4 Detection

No system of preventative measures can guarantee that frauds will not occur. However policies and procedures are in place to reduce the opportunity for fraudulent activity and to detect and highlight irregular transactions. It is the responsibility of managers to prevent and detect fraud or irregularity by maintaining good controls within their departments and making sure that all staff understand the systems and work within them.

The College has established systems and procedures which incorporate effective and efficient internal controls. The Financial Regulations and related policies and procedures require staff to:

- follow standard practices when conducting College business;
- act in accordance with best practice;
- adhere to agreed internal control systems.

Student fraud including fraudulent admissions, plagiarism etc. is covered by the General Regulations (for students).

Suspicion of fraud, bribery or irregularity may be captured through a number of means, including the following:

- the requirement of all staff under the Financial Regulations to report suspected fraud, bribery or irregularity;
- operation of proper management and control procedures;
- planned audit work;
- Whistleblowing Policy;

- supervision and checking outputs;
- random spot checks by managers;
- operation of proper management and control procedures; and
- a complete and secure audit trail.

4.5 Investigations

Any allegation of fraud, bribery or irregularity will be taken seriously and investigated thoroughly.

The College recognises the unpredictability of fraud or irregularity and the disruption which it may cause once identified. However the College also needs to safeguard its assets, recover losses and secure evidence for legal or disciplinary purposes.

In order to meet these objectives, and to clarify its approach when fraud is suspected, the College has a Fraud Response Plan which seeks to:

- prevent further loss;
- establish and secure evidence necessary for criminal and disciplinary action;
- notify the relevant authority, funding body and/or PSNI;
- minimise and recover losses, take appropriate action against those who have committed fraud;
- deal with requests for references for employees or students disciplined, expelled, dismissed or prosecuted for fraud;
- review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud or irregularity;
- keep all personnel with a 'need to know' suitably informed about the incident and the College's response;
- assign responsibility for investigating the incident;
- establish circumstances in which external specialists will be involved;
- establish lines of communication including with the PSNI if appropriate.

Initial reports should be treated with caution and discretion since suspicious circumstances can turn out to have a reasonable explanation or the report could originate from a malicious source.

Investigations will be carried out in such a way as to ensure that individuals are not harmed by false accusations and to avoid alerting the alleged fraudster.

5 Fraud Response Plan

The purpose of the Fraud Response Plan is to provide guidance on the action to be taken when fraud or irregularity is suspected or discovered. It covers among other things: 1) to whom the incident should be reported, 2) responsibilities for actions, 3) who will investigate the incident. 4) reporting lines and 5) how employees under suspicion will be dealt with. See appendix E.

5.1 Initiating Action

All actual or suspected incidents of fraud or bribery should be reported without delay to the Principal. Where suspicion of irregular activity relates to the Principal or a member of the Governing Body, such concerns should be reported to the Chair of the Audit and Risk Assurance Committee (ARAC) via the Secretary to the Governing Body on 02890 384438.

Where a disclosure relates to the Chair of the Audit and Risk Assurance Committee, the report should be made directly to the Chair of the Governing Body via the Secretary to the Governing Body.

Where a suspicion relates to the Chair of the Governing Body the disclosure should be made to the Permanent Secretary for the Department for the Economy (DfE) by contacting DfE on 028 9025 7777.

As soon as is practicable, and preferably within two working days, a meeting of the Fraud Project Group (FPG) will be convened to decide on the initial response. The FPG will normally comprise the following staff or their nominees:

- The Principal or a member of the Senior Management Team – who will act as the FPG Chair;
- The Human Resources Manager;
- The Head of Finance;
- Others as may be required from specialist areas such as Academic Registry, IT or Estates as determined by the FPG Chair.

Employees should, on no account, conduct their own investigations or interviews where they suspect wrongdoing has occurred.

When an investigation is to take place which implicates any of the FPG, another person with senior management responsibility shall be

appointed to the FPG by the Chair of the Audit and Risk Assurance Committee.

5.2 Responsibility for Investigation

All such investigations should normally be led by an 'Investigation Officer' from the Internal Auditors under the direction of the FPG set up to deal with the specific case.

Investigations should not normally be undertaken by management, although management shall co-operate with requests for assistance from the Internal Auditors.

Some investigations may require the use of technical expertise such as forensic audit techniques and knowledge of the Police and Criminal Evidence (PACE) (Northern Ireland) Order 1989 which the Internal Auditors may not possess. In these circumstances, the FPG may, in consultation with the Chair of the Audit and Risk Assurance Committee, approve the appointment of external specialists to lead or contribute to the investigation. However, if a senior member of the College Management Team is potentially involved, the Sponsor Department, currently the Department for the Economy (DfE), should be consulted so that it may consider if the Department should lead the investigation.

5.3 Initial Investigation

Unless the Department decides that it should lead the investigation, the FPG will decide on the action to be taken. This will normally be an investigation, led by the Investigating Officer.

Where the FPG has agreed that there is a need for an investigation and a decision has been taken as to who should act as Investigating Officer, Terms of Reference for the investigation should be drawn up for the approval of the FPG. The Investigating Officer should be appointed as soon as is practicable, and preferably within two working days of the initial FGP meeting.

Any investigation authorised to be made by Internal Audit will normally be in addition to that scheduled within the approved annual internal audit plan.

The Chair of the Audit and Risk Assurance Committee should be advised at the earliest stage when an investigation under this procedure has been initiated.

The Investigating Officer should develop a Fraud Investigation Plan, taking into account the College Fraud Response Plan, for approval by the FPG which they should keep updated throughout the investigation. Due to the nature of such investigations, the Fraud Investigation Plan should be updated and may need to evolve as the investigation progresses.

Investigating Officers should seek access to any previous investigation reports undertaken which may be pertinent to the investigation in hand.

If it is clear to the Investigating Officer that any possible irregularity is of minimal effect and has arisen by accident, a formal record shall be kept of the conclusions and of any action taken.

Otherwise the Investigating Officer will investigate the suspected irregularity and in the first instance will advise the FPG Chair, normally within five working days, whether there is a prima facie case for full investigation.

The Investigating Officer's initial "fact-finding" exercise will include:

- (a) Identifying a course of action;
- (b) Identifying the reporting process;
- (c) Ensuring strict confidentiality at all times.
- (d) Discussion with the party raising their concerns about a suspected fraud or irregularity. Further discussions may be necessary as the investigation progresses.

The Investigating Officer must open a file to record, in chronological order, details of the facts and circumstances relating to the suspected irregularity. This will contain full details of:

- (a) Telephone conversations;
- (b) Face-to-face discussions;
- (c) Records/documents reviewed/computer files;
- (d) Tests undertaken with results and conclusions drawn.

It is important at this stage to secure all relevant evidence so as to ensure it is not subsequently altered or destroyed. This will include:

- (a) Prime documents;
- (b) Certified copies of documents;
- (c) Physical items;
- (d) Computer data.

All relevant sources of information should be systematically obtained and appropriately sorted and recorded. Records should be kept of the source of evidence, date of when it was obtained and of transactions examined and by whom it was examined.

The file should be indexed and all details recorded no matter how insignificant they may initially appear.

The Investigation Officer should keep the FPG Chair updated of progress throughout the investigation. The FPG Chair will keep the Chair of the Audit and Risk Assurance Committee updated on the progress of the investigation.

At the conclusion of the initial investigation an Interim Report will be produced which will provide sufficient detail to allow an assessment to be made as to whether an irregularity has occurred.

The Interim Report should:

- (a) Set out the findings to date;
- (b) Set out the interim conclusions drawn from those findings;
- (c) Seek approval to continue the investigation if this is considered appropriate.

If the case is not prima facie then the Investigating Officer will keep a formal record of the findings, recommendations, lessons learned and conclusions and will discuss the case with the FPG.

If there is a prima facie case then the FPG Chair will consult immediately with the FPG and the Chair of the Audit and Risk Assurance Committee.

If it is decided to continue to a Full Internal Investigation, then future reporting arrangements and any changes to the original Fraud Investigation Plan should be confirmed in writing by the FPG Chair.

Having regard, inter alia, to the requirements of the College's insurance and relevant legislation and the need not to prejudice any possible future criminal investigations, the FPG Chair or the Chair of Audit and Risk Assurance Committee may arrange for the PSNI to be informed of any serious concerns, including significant fraud as defined in the HEFCE Audit Code of Practice. Normally such actions will be undertaken in consultation with the Internal Auditor.

Where appropriate the College insurer will be advised.

5.4 Full Internal Investigation

During the course of the Full Internal Investigation, which may well be running simultaneously with a police investigation, it is important for the Investigating Officer to liaise closely with the PSNI to avoid taking any action which could jeopardise any criminal investigation and to make the most effective use of resources and information. It may be the advice of the police to suspend any internal investigation whilst the police investigation is on-going.

The Full Internal Investigation of the suspected irregularity shall normally be the responsibility of Internal Audit, who will conduct the investigation in consultation with the FGP. The Investigating Officer may request that

others assist in this process. The FPG will agree arrangements for the investigation with Internal Audit.

The procedures adopted will depend upon the nature of the case but will take into account:

- (a) The need to protect evidence from tampering or removal;
- (b) The need to complete an investigation with all due speed, relative to the requirement for thoroughness;
- (c) The availability of the College's disciplinary procedures, including the power to suspend;
- (d) The possibility that external services, e.g., of a legal nature, may be required to assist the enquiry;
- (e) The possibility of legal proceedings;
- (f) The requirement of natural justice for any person who may be involved.

As part of this process any member of staff against whom an allegation has been made will usually be interviewed and have the right to be accompanied by an accredited representative of a recognised trade union, by a colleague or other representative recognised by the College. The right of a student to be accompanied when being interviewed will be in accordance with the student disciplinary procedures. In any discussions with the suspected member of staff it should be stressed that, at this stage, Internal Audit is carrying out an internal investigation on behalf of the College and that, dependent on the outcome of the investigation, a formal disciplinary hearing and/or the involvement of the PSNI, may be necessary.

Should a situation arise where one or more of the members of the FPG is the subject of a possible or actual enquiry regarding an irregularity, they will not have any involvement in the procedure outlined. Where such a situation does arise, the FPG Chair or a deputy to the person involved would be associated with the relevant stages in the enquiry procedure instead.

On completion of the Full Internal Investigation, the Investigating Officer will prepare a written Final Report which will be presented to the FPG.

This Final Report will also be presented to the Audit and Risk Assurance Committee and will be the definitive document on which management will substantially draw upon in relation to any disciplinary procedure arising from the incident and possibly on which the PSNI will rely for criminal situations.

The format of the Final Report may differ for each case. However, this report will usually contain details of:

- (a) how the investigation arose;
- (b) subject to data protection considerations, the employee(s) concerned, their position in the College and their responsibilities;
- (c) how the investigation was undertaken;
- (d) the facts and evidence which were identified;

- (e) the findings and recommendations, including lessons learned, both regarding the irregularity itself and any changes to systems arising from weaknesses identified during the course of the investigation.

If the circumstances set out in the Final Report indicate that the employee has a case to answer, then it will be appropriate to invoke the College's internal disciplinary procedures.

At this stage the FPG Chair will liaise with the Human Resources Manager in order to arrange the appropriate disciplinary hearing.

The College is entitled to reach a decision, which could include dismissal, in advance of the completion of any related PSNI investigations.

5.5 Prevention of Further Loss

Where initial investigation finds reasonable grounds for suspecting either staff or students of fraud or irregularity, the College will decide how to prevent further loss.

This may require the precautionary suspension, with pay, of a member of staff against whom the allegation of fraud or irregularity has been made. Suspension is a safeguard to prevent the removal, destruction or alteration of evidence and is not a disciplinary sanction nor is it a presumption of guilt. Any decision to suspend a member of staff will be taken by the Principal, or a Member of the Senior Management Team if the Principal is unavailable, taking into account the advice of the Investigating Officer and the Human Resources Manager. If the suspected fraud or irregularity involves a student they may be suspended from all parts of the College. Any decision to suspend a student will be taken by the Principal or a Member of the Senior Management Team if the Principal is unavailable, taking into account the advice of the Investigating Officer and the Human Resources Manager.

It may be necessary to plan the timing of suspension to prevent the suspect(s) from destroying or removing evidence that may be needed to support disciplinary or criminal action.

In these circumstances, the employee or student will be approached without prior notice and informed of the College's decision to suspend. This decision will be confirmed in writing by the Human Resources Manager (for staff) or the Principal (for students). They will be supervised at all times before leaving College premises. They will be allowed to collect personal property under supervision, but will not be able to remove any property belonging to the College. Any security passes and keys to premises, offices and furniture will be returned. Laptop computers and any associated hardware/software must also be returned.

A member of staff who is suspended from duty may appeal to the College against the suspension as set out in the Staff Disciplinary Procedures. This appeal will be heard by the Principal or a subgroup of the Governing Body provided they have not been involved in the initial decision to suspend. A member of staff who has been suspended must be available at reasonable notice to participate in the investigation or any associated disciplinary process.

A student who is suspended may appeal to the College against the suspension. This appeal will be heard by the Principal or a subgroup of the Governing Body provided they have not been involved in the initial decision to suspend. A student who has been suspended must be available at reasonable notice to participate in the investigation or any associated disciplinary process.

The Security Supervisor will consider the best means of preventing access to the College while the individual(s) remain suspended (for example by changing locks and informing security staff not to admit the individual(s) to any part of the premises). Similarly the Digital and Technical Services Manager or other member of the Digital and Technical Services team, as appropriate, should be advised to immediately suspend access permissions to all College computer systems.

5.6 Establishing and Securing Evidence

A major objective in any fraud or irregularity investigation will be the application of appropriate sanctions to those who have been involved in fraudulent or irregular activities, as the level of sanction should act as a deterrent to others. The College will apply its disciplinary procedures in relation to any member of staff or student against whom an allegation of fraud or irregularity has been made.

Once a suspected fraud or bribery is reported, steps will be taken immediately to promptly gather and retain all relevant records. The records must be adequately secured until the Investigating Officer or the PSNI obtain the records to begin an investigation.

The funding body or the PSNI may consider whether it is necessary to investigate systems other than that which has given rise to suspicion, to determine the extent of any fraudulent activity.

At an early stage it may be useful to seek guidance from either the funding body or the PSNI, on how to proceed and to ensure that evidence requirements will be met during any fraud investigation.

5.7 Recovery of Losses

Recovering losses is a major objective of any fraud investigation. The FPG will ensure that, in all fraud investigations, the amount of any loss is quantified.

Where the loss is substantial, efforts to recover that loss may involve a civil action including the freezing of the suspect's assets through the court pending the conclusion of the investigation. Appropriate involvement of solicitors acting on behalf of the College will be actioned with efforts made to recover any associated legal costs from the perpetrator.

If appropriate the Head of Finance will liaise with the College insurers to formulate a claim under existing insurance cover.

6 Notifying Funding Body (DfE)

The Principal, to comply with the conditions of funding as set out in the Financial Memorandum to the College must, without delay, report all allegations of fraud or irregularity, whether suspected or proven, or attempted frauds to the funding body – currently the Department for the Economy (DfE).

The Principal, as Accounting Officer, is responsible for presenting the annual assurance return to DfE, which details instances of serious weakness, such as fraud. A copy of this return will also be presented to the Audit and Risk Assurance Committee.

7 References for Staff and Students

Any request for a reference for a member of staff or a student who has been disciplined or prosecuted for fraud or irregularity should be referred to the Human Resources Manager (for staff) or Director of Student and Learning Services (for students) who will then consult with the Principal, and / or seek legal advice as appropriate. The Human Resources Manager shall prepare any answer to a request for a reference for a staff member. The Director of Student and Learning Services shall prepare any answer to a request for a reference for a student.

8 Reporting to Governors:

Any incident deemed by the FPG to require investigation shall be reported without delay by the Principal to the Chair of the Audit and Risk Assurance Committee.

Any variation from the approved Fraud Response Plan, together with the reasons for the variation, shall be promptly reported to the Chair of the Audit and Risk Assurance Committee.

The Principal and Chair of the Audit and Risk Assurance Committee will consider when and how best the Governing Body will be advised and updated of the suspected fraud and the associated investigation.

9 Reporting Lines

On a regular basis, normally monthly, during the course of and at the conclusion of the investigation, the FPG shall provide a confidential report to the Chair of the Audit and Risk Assurance Committee and the Principal (if not on the FPG).

The report should include:

- quantification of losses;
- progress with recovery action;
- progress on any disciplinary action;
- progress on any criminal action;
- estimate of resources required to conclude the investigation.
- actions to be taken to prevent and detect similar incidents

On conclusion of the investigation, the Final Report will be produced – see section 8 above.

Whenever the reports identify weakness or irregularities in the College systems processes or procedures, these shall be reviewed critically by the Internal Auditor. The Internal Auditor should recommended improvements to the processes and ensure implementation so as to prevent any repetition.

10 Review and Monitoring of the Fraud Response Plan

The Fraud Response Plan will be reviewed bi-annually or following an incident of fraud or irregularity, to ensure that it reflects changes, which may be necessary to strengthen future responses to fraud and irregularity.

Dr Anne Heaslett
Principal

Date June 2017
Review Date: June 2019
For distribution to: All Staff

Appendix A Fraud Definitions

The following definitions cover the types of irregularities to be investigated under the anti-fraud policy.

2.1 Fraud

Many of the offences referred to as fraud are covered by the various Theft Acts. The term fraud is used to describe such acts as deception including identity fraud, bribery, forgery, extortion, theft, corruption, embezzlement, false representation, conspiracy, misappropriation, concealment of material facts and collusion. However, the Fraud Act 2006 introduced provision for a general offence of fraud which is broken into three sections:

- Fraud by false representation
- Fraud by failing to disclose information
- Fraud by abuse of position

Fraud by false representation

Representation must be made dishonestly, and is made with the intention of making a gain or causing a loss or risk of loss to another.

A representation is defined as false if it is untrue or misleading and the person making it knows that it is, or might be, untrue or misleading. Representation can be stated by words or communicated by conduct i.e. written, spoken or by electronic means.

Fraud by failing to disclose information

Fraud by failing to disclose information details that a fraud will have been committed, if a person fails to declare information which he/she has a legal duty to disclose. There is a requirement that the person acts dishonestly and intends to make a gain for himself/herself, cause a loss to another or expose another to a risk of loss.

Fraud by abuse of position

Fraud by abuse of position requires a person who is in a privileged position to act dishonestly by abusing the position held; and by doing so, fails to disclose to another person, information which he/she is legally required to disclose. The dishonest act must be with the intention of making a gain for himself / herself or another. Alternatively it may be with the intention of causing a loss or risk of loss to another. The offence may be committed by omitting to make a declaration as well as by an act.

The HEFCE Audit Code of Practice also provides the following guidelines for what constitutes material fraud or irregularity:

- the sums of money involved are, or potentially are, in excess of £20,000;

- the particulars of the fraud or irregularity are novel, unusual or complex and;
- there is likely to be public interest because of the nature of the fraud or irregularity, or the people involved.

For practical purposes fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing a loss to another party.

The College will investigate any complaint or allegation in respect of fraud or irregularity regardless of value.

2.2 Theft

Dishonestly appropriating the property of another with the intention of permanently depriving them of it (Theft Act 1968).

2.3 False Accounting

Dishonestly destroying, defacing, concealing or falsifying any account, record or document for any accounting purpose, with a view to personal gain or gain for another, or with intent to cause loss to another, or furnishing information which may be misleading, false or deceptive (Theft Act 1968).

2.4 Bribery and Corruption

Offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.

2.5 Other Irregularity

Any breach of the standards of financial integrity required by the University College, including a breach of the Financial Regulations.

2.6 Examples of how fraud may arise

Examples of how fraud may arise could include the following:

- i) Obtaining the property of another.
- ii) Obtaining services from another.
- iii) Evading liability for payment.
- iv) False accounting, including the destruction, concealment or falsification of any account or record or giving misleading, false or deceptive information.
- v) Obtaining property by false pretences.
- vi) Cheating the public revenue.
- vii) Corruptly accepting or obtaining any gift or other consideration as an inducement for doing or refraining from doing anything in relation to the business of the College, or for showing favour to another.

A key element of fraud is 'deception' or 'concealment', which may be achieved by:

- i) Unauthorised input, alteration, destruction or misappropriation of data or other records.
- ii) Inappropriate transactions with suppliers (resulting from undisclosed favours received/expected).
- iii) Deliberate misrepresentation of facts or manipulation of management information or records, including personal expenses.

Appendix B Examples and Indicators of Fraud

Please note that the following are potential indicators of fraud - this is not an exhaustive list

- Theft or misuse of College resources including cash, stock or assets including information or intellectual property;
- Travel and expenses overstated or falsely claimed;
- Running a private business using College assets / in College time;
- Transactions (expenditure/receipts/deposits) recorded for incorrect sums;
- Accepting payment for time not worked e.g. false claim for hours worked, failing to work full contracted hours, false overtime claims or working elsewhere while on sickness absence;
- Purchasing or purchase ledger fraud e.g. approving/paying for goods not received, approving/paying bogus suppliers, approving/paying inflated prices for goods and services, accepting any bribe;
- Damaging, destroying or producing false documents.

Whilst by no means proof on their own, the circumstances below (warning signs) may indicate fraud and should therefore put managers, staff and students on alert:

Altered documents.

Claim form details not readily checkable or properly approved.

Changes in normal patterns e.g. of cash takings or expense claim details.

Delay in completion or submission of expense claims.

Lack of receipts in support of expense claims.

Staff seemingly living beyond their means.

Staff under constant financial or other stress.

Staff choosing not to take annual leave (and so preventing others from becoming involved in their work) especially if solely responsible for a 'risk' area.

Complaints from the public or staff members.

Appendix C Anti-Fraud Practices

Cash

There are significant opportunities for fraud in the handling of cash e.g. cash boxes, cash registers and takings at bars, residences, catering outlets, vending machines, and from social funds.

Robust management of cash shall include the following:

(a) **Segregation of duties.** Systems should prevent one person from receiving, recording and banking cash. Where there are many outlets, the system shall incorporate additional supervisory management, and unannounced checks. Segregation of duties shall continue during periods of leave or sickness absence.

(b) **Reconciliation procedures.** An independent record of cash received and banked may deter and detect fraud. Documents used in reconciliation processes, (such as paying-in slips) shall not be available to the officer responsible for banking.

(c) The **issue of receipts** in return for cash received, to provide an audit trail.

(d) **Physical security**, such as keypad controlled cashiers' offices and safes. Keys and access codes shall also be kept secure.

(e) **Frequent banking.**

(f) **Use of alternatives to cash** (vending cards, credit cards, cheques, direct debits, and standing orders).

Cheques

Cheques are often completed in ways which facilitate opportunist fraud; and cheques are sometimes intercepted by organised criminals who falsify payee and value details using sophisticated techniques.

Debtors may also be told to make cheques payable to a private account, possibly using an account name that is similar to the College's.

Preventative measures include:

(a) **Physical security.** Unused, completed and cancelled cheques should never be left unsecured. If cheques are destroyed, more than one officer should be present, and a record of the serial numbers should be maintained.

(b) **Frequent bank reconciliations.** Some frauds have gone undetected for long periods because accounts have not been reconciled promptly, or because discrepancies have not been fully investigated.

(c) **Segregation of duties.**

(d) Use of **bank account names** that it is difficult to represent as personal names, to prevent the simple theft of cheques in the post and their conversion into cash.

(e) **Clear instructions** to debtors about correct payee details and the address to which cheques should be sent. The address should normally be the Finance Department, not the department, school, faculty or other unit that has provided the goods or services.

(f) **Central opening of all post** by more than one person and recording of all cash and cheques received.

(g) **Rotation of staff responsibilities**, including the regular rotation of counter-signatories in accounts departments, to reduce the risk of collusion.

(h) **Training** in secure completion of cheques.

(i) Use of **electronic payment** as an alternative to cheque payment.

Purchase Ledger

Preventative measures include:

(a) Minimising little used or unusual account codes.

(b) Ensuring that line management effectively monitors all account codes.

(c) **Segregation of duties.**

(d) **Secure management of the creditors' standing** data file, including segregating the origination and approval of new or amended data.

(e) Requiring **purchase orders** for the procurement of all services, as well as goods.

(f) The College will exercise particular care and caution in making appointments to the purchasing area. **All suppliers should be vetted** to establish that they are genuine and reputable companies before being added to lists of authorised suppliers.

Other Indicators of Concern

All staff should be vigilant of the signs of possible fraud. These include, but are not limited to, staff:

- never or rarely taking holidays;
- intentionally working alone in some roles;
- working out of hours;
- lack of segregation of duties;
- reluctance to delegate or share working practice.

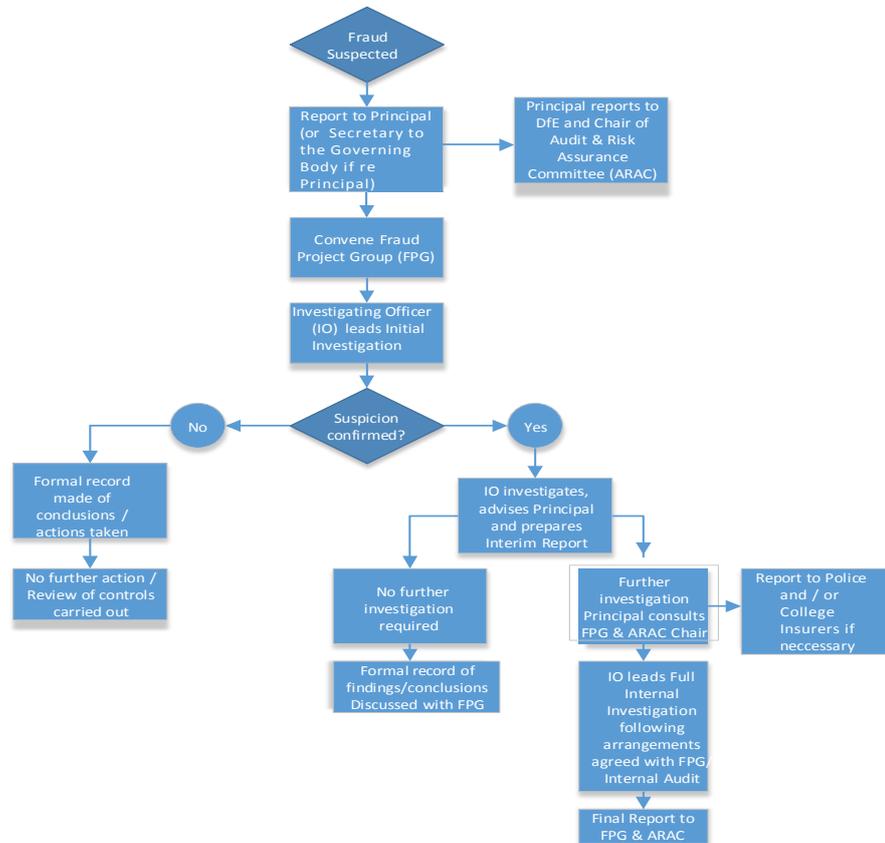
Appendix D Responsibilities of the Governing Body

Governors have overall responsibility for managing the risk of fraud and irregular activity. Their responsibilities include:

- establishing an anti-fraud and bribery policy and Fraud Response Plan;
- ensuring compliance with anti-fraud and bribery policies and Fraud Response Plan;
- ensuring that timely and effective action is taken in line with the instructions set out in the Fraud Response Plan;
- ensuring that the College has in place robust systems of internal control to enable the prevention and detection of fraud;
- developing and implementing a risk management process to identify potential fraud risks in each area of College activities and undertake a regular review of the fraud risks associated with each key area;
- making sure that all Governors, employees and students are aware of the College's anti-fraud policy and know what their responsibilities are in relation to combating and reporting fraud and irregular activity;
- making sure that all Governors and employees are aware of the channels open to them to report suspicions of fraud;
- ensuring that the College has an effective fraud awareness programme i.e. to increase awareness of when and how fraud and bribery can occur, what to be alert for and what to do if you suspect fraud or bribery and irregular activity;
- ensuring that appropriate legal and/or disciplinary action is taken against perpetrators of fraud or bribery. Any action should be conducted in line with relevant employment legislation and recognized codes of practice. Advance consultation with the relevant funding body or the PSNI should be undertaken where there is the potential for criminal prosecution;
- ensuring that the appropriate authority or PSNI are notified immediately a fraud or bribery is suspected; and
- co-operating fully with whoever is conducting internal checks or reviews or fraud and bribery investigations.

Appendix E Fraud Response Plan

The Fraud Response Plan is to act as a guide and to provide a checklist of actions to be taken following the event of a fraud being suspected.



Reports to be made to the Secretary to the Governing Body if the suspicion of fraud is against the Principal.

The above process may also involve the instigation of staff or student disciplinary procedures.