



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 funds and resources to which it has been entrusted and to conducting its business fairly, openly, honestly, ethically and in accordance with relevant legislation.

In order to meet the expectations of funders, those who use College services and the general public, College Policy is to take all practical steps to prevent fraud, including bribery, and thoroughly investigate all actual and 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 actual and suspected cases of fraud;
- Set out responsibilities for the investigation of actual or suspected fraud and the sanctions to be taken against 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 irregularity and to know how to deal with it if it arises or is suspected. Examples and indicators of fraud are shown in Appendix A whilst Appendix B outlines a range of commonly adopted anti-fraud practices.

Any breach of this Policy by staff, students or Members of the Governing Body will be treated as a disciplinary matter.

1.1 Relationship with other Policies and other Internal Control Arrangements

The Policy is supported by a series of comprehensive and inter-related policies, procedures and internal control arrangements that provide a corporate framework to counter fraudulent and corrupt activity. These have been formulated in line with appropriate legislative requirements, and include:

- Gifts and Hospitality Policy.

- Staff Code of Conduct.
- Governing Body Code of Conduct
- Staff Disciplinary Policy and Procedures.
- Whistleblowing Policy.
- Register of Interests Policy.
- Staff Training and Development Policy and Procedures.
- Data Protection Policy.
- Information Asset Management Policy and Procedures.
- General Regulations (QUB regulations for students) and associated student disciplinary procedures.
- Sound internal control systems including a) the safeguarding of College assets, b) segregation of duties especially in connection with financial transactions and c) denial of opportunities for fraud to be committed.
- Effective internal and external audit arrangements.
- Effective staff recruitment and selection 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 members of 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;
- observing all College policies and procedures;
- 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, including 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 College staff 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 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 legal proceedings.

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 term fraud is a broad term used to describe a number of activities including, false accounting, theft, forgery, misappropriation, bribery and corruption, deception and collusion.

The Fraud Act 2006 states that fraud can be committed in the following ways:

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

In all three classes of fraud, the Act requires that for an offence to have occurred, the person must have acted dishonestly, and that they have acted with the intent of making gain for themselves or anyone else, or inflicting loss (or risk of loss) on another.

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 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. 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.

This Policy covers all of the above. Further information and some examples are included in Appendix A.

4 Roles and Responsibilities

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

- promote an anti-fraud and bribery culture throughout the organisation;
- encourage prevention of fraud and bribery;
- promote detection of fraud and bribery;

- support investigation of fraud and bribery;
- 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 C.

4.1 Culture

The culture of the College is one of honesty, openness and transparency 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 about College business or activity.

Concerns raised will be treated seriously and appropriately investigated in a confidential manner. In raising concerns, staff and students can also be assured that there will be no victimisation, anonymity will be respected as far as reasonably possible and that their current employment 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 actual or 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. However, as investigators normally wish to speak with those reporting concerns as part of an investigation, investigations into anonymous reports may be less effective.

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 (Adelaide House) or 028 9052 9900 (Netherleigh) .

Employees who suspect that wrongdoing has occurred must, on no account, conduct their own investigation.

4.3 Prevention

Fraud, bribery and corruption are expensive in terms of reputational risk and financial loss as well as time consuming to investigate. Therefore, the prevention of fraud, bribery or corruption is a major objective and measures have been put in place including denial of opportunity, effective leadership, auditing, employee screening and student recruitment.

Student academic offences such as plagiarism, collusion etc. are addressed under the General Regulations (QUB regulations for students). All relevant student policies are made available on the College Student intranet and students are alerted to this repository and any updates regularly.

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

Staff will be made aware of College policies and procedures through induction programmes, notification of policy and procedure development and updates and relevant training.

Staff and students are expected to familiarise and themselves with the requirements contained within new or updated policies and procedures which they have been made aware of.

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. Panel members sitting on recruitment panels are similarly required to declare such connections – no employee or governor can sit on a selection panel if an applicant has a close personal relationship with that panel member.

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

4.4 Detection

No system of internal controls can guarantee that fraud 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 robust internal controls within their departments and making sure that all staff understand the systems in place and work within the systems.

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

Actual or suspected fraud, bribery or irregularity may be identified through a number of means, including the following:

- the requirement of all to report actual or suspected fraud, bribery or irregularity;
- the proper operation of robust internal control systems and procedures;
- supervision and checking outputs;
- random spot checks by managers;
- a complete and secure audit trail.
- planned audit work;
- Whistleblowing Policy;
- use of anti-plagiarism software.

4.5 Investigations

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

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 established a Fraud Response Plan - see section 5 below.

Initial reports of actual or suspected fraud 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 or malicious accusations and to avoid alerting the alleged fraudster.

5 Fraud Response Plan

It is best practice to have a Fraud Response Plan to be followed when actual or suspected fraud or irregular activity is reported, detected or suspected.

5.1 Purpose

The purpose of the Fraud Response Plan is to provide guidance on the action to be taken when fraud or irregularity is reported, suspected or discovered. It covers, as a minimum: 1) to whom the incident should be reported, 2) key roles and responsibilities, 3) investigation of the incident. 4) reporting lines and 5) how employees under suspicion will be dealt with.

The use of the Fraud Response Plan should allow the University College to:

- respond quickly and professionally to any suspicion or suggestion of fraud or irregularity;
- prevent further loss;
- establish and secure evidence necessary for criminal or disciplinary action;
- notify the Sponsor Department (currently DfE) and potentially the PSNI when appropriate;
- minimise and recover losses;
- take appropriate action against those who have committed the fraud;
- deal with requests for references for employees disciplined 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;
- keep all persons with a need to know suitably informed about the incident and the University College's response;
- assign responsibility for investigating the incident;
- establish circumstances in which external specialists should be involved;
- establish circumstances in which the police should be notified and

the lines of communication with the police.

It is noted that the Stranmillis University College has processes in place to reduce the risk of fraud as far as practicably possible, such as approval limits and segregation of duties.

5.2 Initiating Action

Suspicion of fraud or financial irregularity may be captured through a number of means as outlined in section 4.4 above.

As soon as is practicable, and preferably within two working days of receiving a report, 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 Head of Human Resources;
- 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.

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.

The FPG will decide:

- whether an investigation is required;
- who should undertake the role of Investigation Officer and the composition of any project group, if necessary, set up to co-ordinate the investigation;
- whether, and at what stage, an external resource including potentially internal audit need to be involved in the investigation;
- whether the individual(s) needs to be suspended in accordance with the College's disciplinary procedures; and
- whether the matter should be reported to the police.

The FPG Chair may seek appropriate advice prior to deciding the investigation approach to be adopted.

When considering the approach to undertaking an investigation into an actual or suspected fraud or irregularity, the FGP may consider matters such as

- how complex or relatively straightforward the matter is expected to be to investigate,
- the sensitivity of the matter,
- how likely the investigation might result in legal proceedings,
- the expected financial value involved.
- the potential cost to investigate using external resources compared to the cost to investigate internally,
- if there is the relevant expertise and / or capacity to investigate internally.

All fraud investigations should normally be led by an Investigation Officer who may be supported by others, under the direction of the FPG. The Investigating Officer should normally be appointed as soon as is practicable, and preferably within two working days of the initial FGP meeting.

The FPG Chair may call on staff from within the Finance Department to undertake, or contribute to, an internal fraud investigation in the first instance potentially with access to an external resource or advice from the outset.

Alternatively, after initial findings, the FGP Chair may consider it necessary for an external resource to become involved in the investigation especially for more complex, sensitive and / or higher value actual or suspected frauds. This external resource may either be provided by the University College's internal auditors, or where necessary, other external specialists e.g. specialist technical expertise such as forensic audit techniques. 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.

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 normally be drawn up for the approval of the FPG. The Terms of Reference do not need to be complicated for low value and more straightforward investigations.

Any investigation to be undertaken by Internal Audit will normally be in addition to that scheduled days within the approved annual internal audit plan. Internal Audit may only be considered suitable to undertake an investigation when no conflict of interest, actual or perceived, exists.

The Chair of the Audit & Risk Assurance Committee will be advised at the earliest possible time that an investigation is taking place and of the planned approach toward undertaking the investigation.

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 or student it should be stressed that, at this stage, dependent on the outcome of the investigation, a formal disciplinary hearing and/or the involvement of the PSNI, may be necessary.

The College is entitled to reach a decision, which could include dismissal, in advance of the completion of any related PSNI investigations. Please refer to Appendix D for further guidance relating to investigations with PSNI involvement.

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 and / or the Chair of Audit and Risk Assurance Committee may arrange for the PSNI to be informed of any serious concerns, including material fraud as defined in the HEFCE Audit Code of Practice.

Normally such actions will be undertaken in consultation with the Internal Auditor and / or the College legal advisors.

5.5 Prevention of Further Loss

Where, on initial investigation it is found that there are reasonable grounds for suspecting either staff or students of fraud or irregularity, the FPG 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 Fraud Project Group which normally includes the Head of Human Resources. 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 Fraud Project Group which normally includes the Head of Human Resources and Director of Student and Learning Services.

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 the investigatory process and possible 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 Head of Human Resources (for staff) or the Principal (for students). The individual(s) 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, a member of the Senior Management Team 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, a member of the Senior Management Team 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 Head of Estates and Procurement Services 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 campus). Similarly, the Digital and Technical Services Manager will be advised to immediately suspend access permissions to all College IT systems.

5.6 Establishing and Securing Evidence

Once a suspected fraud or bribery is reported, steps will be taken immediately to promptly gather and secure all relevant records and 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.

The evidence must be adequately secured until the Investigating Officer or the PSNI obtain the evidence to begin an investigation.

5.7 Recovery of Losses

Recovering losses is a major objective of any fraud response investigation. The FPG will ensure that, in all fraud investigations, the amount of any loss is quantified when possible. Repayment of losses will be sought in all cases from those found to be responsible for perpetrating the fraud.

Where the loss is substantial, legal advice will normally be obtained without delay, including in relation to the need to freeze an individual's assets through the courts pending conclusion of the investigation. Legal advice may also be sought about the prospects for recovering losses through the civil court; where the perpetrator refuses repayment. The College will normally expect to recover costs, including legal costs, in addition to losses.

When appropriate, the Head of Finance will liaise with the College insurers to seek advice, and potentially, to submit a claim under existing insurance cover.

6 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 must be referred to the Head of Human Resources (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 Head of Human Resources shall prepare any answer to a request for a reference for a staff member, having regard to employment law. The Director of Student and Learning Services shall prepare any answer to a request for a reference for a student.

7 Reporting

Response to an Initial Report

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 and Internal Audit.

Notifying the Sponsor Body (currently DfE)

The Principal must, to comply with the conditions of funding as set out in the Management Statement / Financial Memorandum, report immediately all allegations of fraud or irregularity, whether suspected or proven, or attempted frauds to the Sponsor 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.

Reporting during an Investigation

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).

Reporting at the Conclusion of an Investigation

At the conclusion of the investigation, an Investigation Report (Appendix E) will be produced which will provide sufficient detail to allow an assessment to be made as to whether any fraud or irregularity has occurred.

The format of the Investigation Report (see template at Appendix E) 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) / student(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) quantification of losses;
- (f) 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.
- (g) an Action Plan of agreed actions, who will undertake those tasks and the target date by when the agreed actions will be implemented.

On completion of the investigation, the Head of Finance will prepare a report for the Audit & Risk Assurance Committee which should include:

- a description of the incident, including the estimated value of any loss, details of those involved and the means of perpetrating the fraud;
- any findings, recommendations and agreed actions identified as necessary to be implemented to prevent recurrence and to strengthen future responses to fraud.

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

At this stage the FPG Chair will liaise with the Head of Human Resources and / or Director of Student and Learning Services in order to arrange the appropriate disciplinary hearing.

Monitoring arrangements will be established, under the control of an appropriate manager identified by the FRP, to ensure agreed actions are implemented within timescales so as to prevent any repetition.

The Chair of the Audit and Risk Assurance Committee will provide an update on ARAC matters at each meeting of the Governing Body, including concluded fraud investigations.

In addition, an annual Fraud Report will be compiled by the Head of Finance and presented for consideration by the Audit and Risk Assurance Committee. Please see Appendix F for a Reporting Summary Matrix.

8 Review and Monitoring of the Anti-Fraud and Bribery Policy

The Anti-Fraud and Bribery Policy will be formally reviewed every three years or sooner, if considered necessary, 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.

There will also be an informal annual review of the Anti-Fraud and Bribery Policy to consider if any amendment is required. The College will advise DfE of any significant changes.

Prof. Anne Heaslett
Principal

Date November 2020
Review Date: November 2023
For distribution to: All Staff

Appendix A Fraud Definitions, Examples and Indicators

The following definitions cover the types of irregularities to be investigated under the Anti-Fraud and Bribery 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

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. Representations can be stated by words i.e. written, spoken or by electronic means.

Examples of Fraud by false representation

- Abuse of the College's expenses system by submitting claims for reimbursement of costs which are excessive, not reflective of actual activities or were never wholly incurred.
- Completing recruitment application details stating that particular qualifications and/or membership of professional bodies are held when they are not, in order to meet the person specification requirements.
- Using the College's logo or letterhead for personal reasons and to imply the College has sanctioned the content of the document (and / or to imply that the document is sent on behalf of the College).

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.

Example of Fraud by failing to disclose information

- Failure to disclose a criminal conviction which may impact on the ability to remain employed in a particular position at the College

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.

Example of Fraud by abuse of position

- A employee of the College is awarded monies from a third party to undertake research as a result of the position or work they have undertaken at the College. The College employee fails to expend the grant monies in ways that were intended and funds are used for personal benefit/gain.

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.

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.

Other 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;
- 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 original and / or sufficiently detailed 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 B 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. The limits that apply to the receipt of cash, in line with the College Anti-Money Laundering Policy must be adhered to.

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/debit cards, cheques, direct debits, and standing orders).

Cheques

The use of cheques to make payments has significantly diminished over recent years. However, whenever used, 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 College Finance Department, not the department 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) Use of **electronic payment methods** 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, especially bank account details.

(e) Requiring **purchase orders** to be raised 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.

(g) **All new suppliers will be vetted and approved** by the College Procurement Office to establish that they are genuine and reputable companies before being added to lists of authorised suppliers.

(h) Undertake regular Purchase Ledger Control Account and Supplier Statement reconciliations.

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 C Responsibilities of the Governing Body

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

- establishing an effective Anti-Fraud and Bribery Policy and Fraud Response Plan;
- ensuring compliance with Anti-Fraud and Bribery Policy 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 and Bribery Policy and know what their responsibilities are in relation to combating and reporting fraud and irregular activity;
- making sure that all Governors, employees and students 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, bribery or irregular activity;
- ensuring that appropriate legal and/or disciplinary action is taken against perpetrators of fraud, bribery or irregular activity. Any action will be conducted in line with relevant employment legislation and recognised codes of practice. Advance consultation with the relevant Sponsor Body and /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 material fraud or bribery incident is suspected; and
- co-operating fully with whoever is conducting internal checks, reviews or fraud investigations.

Appendix D Guidance for Investigation Officers

The Investigating Officer should normally develop a Fraud Investigation Plan, taking into account the College Fraud Response Plan, for approval by the FPG.

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 the suspected fraud or irregularity is of minimal effect and there is an innocent explanation for the suspected fraud a formal record shall be kept of the investigation conclusions and of any action taken and / or required.

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

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

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

The Investigating Officer should maintain records, in chronological order, details of the facts, no matter how insignificant they may initially appear, and circumstances relating to the suspected irregularity. 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 Investigating Officer should keep the FPG Chair regularly 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.

Investigations with PSNI Involvement

During the course of an 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 procedures adopted during an investigation 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.

Appendix E – Fraud Investigation Report Template

N.B. The College Anti-Fraud and Bribery Policy must be referred to before any action is taken in relation to the receipt of a report of actual or suspected fraud or irregular activity.

The format of the Investigation Report may differ for each case but should, as a minimum contain the information required to be provided in this template.

Title of Investigation: _____

Incident Date/ Date Reported / Discovered: _____

A. How was the incident was reported / discovered, by whom and to whom was the incident was reported:

B. Subject to data protection considerations, provide details of the employee(s) / student(s) concerned, their position in the College and their responsibilities:

C. Please provide details of how the investigation was undertaken including the initial action taken in respect of a decision to investigate the incident:

D. Outline below the facts and evidence which were identified during the investigation:

E. Please provide an estimate of the losses involved, whenever possible. Also please advise whether the College insurers and / or PSNI were informed.

F. Please outline 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.

The agreed actions arising as a result of this incident, the target date for implementation and who is responsible for the implementation, must be set out in the Action Plan at Appendix A.

Report Prepared By: _____ **Date**
Finalised: _____
Report Shared with Fraud Project Group on (date shared): _____

Appendix F - Reporting Summary Matrix

This matrix assumes that the Principal is a member of the Fraud Response Group (FGP). Where the principal is not a member of the FGP they will receive reports in line with the reports received with the ARAC chair unless there is a conflict.

	FGP	ARAC Chair	ARAC	Internal Audit	Sponsor Department	Governing Body	Corporate Planning Committee
Incidents FGP deem to require investigation		Principal		Principal	Principal		
During Investigation, usually monthly for longer investigations		FGP					
On Conclusion - Investigation Report	Investigating Officer						
On Conclusion – Summary Report for ARAC			Head of Finance			Chair of ARAC	Head of Finance
Annual Fraud Report			Head of Finance				Head of Finance