

# FRAUD AND CORRUPTION RESPONSE PLAN

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**FRAUD AND CORRUPTION RESPONSE PLAN**

**Compliance with the University Anti-Corruption Policy and Anti-Bribery Policy is compulsory and applies to:**

- members of the University Board of Governors and other Committees
- staff directly or deemed employed by the University and/or subsidiary or associated companies - (includes associate lecturers);
- staff directly or indirectly employed by overseas offices and branches;
- agency staff and casual workers undertaking working for the University;
- any other third parties who work on delivering University services and are paid through a contract for services;
- all enrolled or registered students.

**The Fraud and Corruption Response Plan details the responsibilities for action in the event of a suspected fraud, corruption or bribery as defined by the Anti-Corruption Policy and the Anti-Bribery Policy.**

**Members of staff must ensure that they understand the requirements and attend the appropriate training and development sessions offered by the Finance Directorate.**

**Further guidance and support is available from your named contacts within the [Finance Directorate](#).**

## 1 Introduction

The purpose of this plan is to define the responsibilities for action in the event of a suspected fraud, corruption or bribery. Its focus is to:

- establish responsibilities for investigating the incident and taking appropriate action;
- establish and secure evidence for disciplinary and/or criminal action;
- prevent further loss;
- recover losses;
- establish lines of communication with the police.

The University has an [Anti-Corruption Policy](#), an [Anti-Bribery Policy](#) and a [“Whistleblowing”/Public Interest Disclosure Policy](#)

Where fraud, corruption or bribery is reported as a public interest disclosure, the procedure set out in this plan will substitute for those steps of procedure in 7.2 and 7.3 of the Policy on “Whistleblowing”/Public Interest Disclosure.

## 2 What is fraud and corruption?

The University, in accordance with the HEFCE Audit Code of Practice, defines fraud and corruption to include impropriety, fraud, theft, loss of charity assets or other irregularity.

The Fraud Act 2006 makes provision for, and in connection with, criminal liability for fraud and obtaining services dishonestly. The Act provides for three different ways of committing the offence, being:

- Fraud by false representation – dishonestly making a false representation, and intention, by making the representation, to make a gain for themselves or another, or to cause loss to another or to expose another to a risk of loss;
- Fraud by failing to disclose information – dishonestly fails to disclose to another person information which they are under a legal duty to disclose, and intends, by failing to disclose the information, to make a gain for themselves or another, or to cause loss to another or expose another to a risk of loss;
- Fraud by abuse of position – occupies a position which they are expected to safeguard, or not to act against, the financial interests of another person, dishonestly abuses that position, and intends, by means of the abuse of that position to make a gain for themselves or another, or to cause loss to another or to expose another to a risk of loss. A person may be regarded as having abused his position even though their conduct consisted of an omission rather than an act.

In the context of this plan it is important to bear in mind that the potential/actual fraud must relate to the assets of the University and not to those of any body associated with the University, for example, the Students' Union, or to any individual connected with the University.

The University also considers that the act by any member, as defined on page 1, to incite another person to commit fraud or corruption falls under the definition of fraud and corruption for the purposes of this response plan.

### **3 What is bribery?**

Bribery can be defined as *"giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for having already done so."*

[The Bribery Act 2010](#) outlaws both giving (active bribery) and receiving bribes (passive bribery) and could extend to cover seeking to influence a decision maker by giving some kind of extra benefit which amounts to more than can legitimately be offered as part of a tender process.

The Act creates four categories of offence that address the following:

- paying or offering a bribe;
- receiving or requesting a bribe;
- bribing a foreign public official;
- the corporate offence of failing to prevent bribery.

Any acts of suspected bribery must be reported in accordance with this plan.

### **4 Procedure**

#### **4.1 Fraud Response Group (FRG)**

The University has established a Fraud Response Group (FRG) comprising the following core membership:

- Chief Finance and Planning Officer (Chair);
- Director of Human Resources;
- Deputy Director of Human Resources;
- University Secretary and Registrar;
- any other parties or specialist deemed appropriate and fit by the Chair.

The FRG will co-opt an appropriate senior manager responsible for the area in which the suspected fraud, corruption or bribery is alleged to have occurred. Where the senior manager is not the relevant Pro Vice-Chancellor or Head of Directorate, then the Chair of FRG will ensure that the Pro Vice-Chancellor or Head of Directorate is briefed.

The FRG will consult with and be advised by the Director of Corporate Communications on public relations and communication issues.

#### **4.2 Reporting**

If fraud, corruption or bribery is suspected it should be reported to the Chief Finance and Planning Officer immediately, or in the absence of the Chair, to the Director of Human Resources or the Secretary and Registrar.

The person to whom the act of suspected fraud, corruption or bribery is reported will review the information with one other member of the FRG and, in particular, will consider if:

- a) the suspected incident posed (or poses) a significant and/or immediate threat to the University's financial position;
- b) the suspected incident resulted in loss or theft of University assets (of any value) or any other irregularity where sums of money were involved;
- c) the suspected incident had the potential to result in loss or theft of University assets (of any value) or any other irregularity where sums of money were involved because of a weakness in a policy or process or a vulnerability in a system;

- d) the particulars of the suspected impropriety, fraud, theft, loss of charity assets or other irregularity may reveal a systemic weakness of concern beyond the institution, or are novel, unusual or complex; or
- e) there is likely to be public interest because of the nature of the suspected impropriety, fraud, theft, loss of charity assets or other irregularity or the people involved.

If they determine that the suspicion is valid, they will inform the Vice-Chancellor and convene a meeting of the FRG.

The Chief Finance and Planning Officer will ensure that the internal auditor is informed, as soon as possible, of all attempted, suspected or actual fraud, corruption, bribery or irregularity. The FRG will consider any implications in relation to the internal control system, and make recommendations to management to strengthen the systems and controls.

Depending on the circumstances of the suspected fraud, corruption or bribery, the Vice-Chancellor will determine whether it is appropriate to inform the Chair of the Audit Committee, Chair of the Board of Governors, the Chief Executive of the HEFCE and/or the University's external auditors. Due regard will be paid to the HEFCE's reporting requirements (which are related to the size of the potential fraud, corruption or bribery and any unusual characteristics) in coming to this decision.

All relevant matters of fraud, corruption, bribery or other irregularity will be reported to the University's insurers by the University Insurance Officer.

#### **4.3 Discovery by the auditors**

If a matter requiring report is discovered by external or internal auditors in the normal course of their work and the Vice-Chancellor refuses to make a report, the auditors must report directly to all of the following:

- the chair of the Audit Committee;
- the chair of the Board of Governors;
- the HEFCE Chief Executive.

#### **4.4 Members of FRG implicated?**

If any of the core membership of the FRG are personally implicated in the suspected fraud, corruption or bribery, it should be reported instead directly to the Vice-Chancellor and Chair of the Audit Committee. In such circumstances, the Vice-Chancellor will determine, in consultation with the Chair of the Audit Committee, the procedure for examining the facts of the suspected fraud, corruption or bribery, any subsequent investigation and for deciding action.

### **5 FRG Meeting**

After consideration of the information in accordance with 4.2, where appropriate, the Chief Finance and Planning Officer will constitute a meeting of the FRG at the first available opportunity and ideally within 24 hours of the suspected fraud, corruption or bribery being reported. Where members of the FRG are not available, suitable alternatives can be appointed by the FRG. In some cases evidence may need to be secured before the meeting is held to prevent it either being lost or destroyed. The members of the FRG may be required to seek advice from external specialists in connection with this, especially with regard to electronic evidence ([see section 10.1](#)).

The FRG will consider the report of suspected fraud, corruption or bribery and decide whether to instigate an investigation to establish the facts of what has taken place.

Where further evidence is required before deciding whether to instigate an investigation, the FRG will commission the gathering of further evidence and reconsider the position in order to make a decision.

## **6 Suspension pending investigation**

The FRG will consider whether to make a recommendation to the Vice-Chancellor or their delegate, to suspend any suspected employees or students pending further investigation. The prime consideration in this respect is to prevent further loss, the destruction or removal of evidence and interference with witnesses.

Where an employee is to be suspended they should be approached unannounced by an appropriate senior manager accompanied by a member of the Human Resources team and asked to attend a meeting, where the suspension is confirmed and explained. They should be given the opportunity to be accompanied at the meeting by a trade union representative or work colleague. If it is not possible for them to be accompanied, the meeting may proceed nonetheless so that action can be taken to prevent further loss and/or the destruction or removal of evidence.

Members of staff will be paid their normal pay during the period of suspension.

The Secretary and Registrar will advise on action where a student is to be suspended under the Disciplinary Procedures for Students.

Suspension pending investigation of suspected fraud, corruption or bribery does not imply that it has been established that fraud, corruption or bribery has taken place and does not represent disciplinary action.

Following suspension, the individual(s) will be supervised at all times before leaving the premises. Only personal property may be removed and all keys and security passes must be surrendered. The Head of Information Systems and Technology will be informed and access to University IT systems denied immediately. The individual will be sent confirmation of the suspension, in writing.

## **7 Investigation of suspected fraud, corruption or bribery**

### **7.1 Who carries out the investigation?**

The FRG will determine who will carry out the investigation of suspected fraud, corruption or bribery, but will have authority to appoint agents to conduct the investigation where circumstances require this.

The FRG reserve the right to involve the Police in the investigation and the decision to do this will be made based on the potential scale and sophistication of the suspected fraud, corruption or bribery.

### **7.2 Scope of the investigation**

In determining the scope of the investigation of suspected fraud, corruption or bribery, the FRG will evaluate the risk of a wider problem and will consider such matters as:

- other opportunities for fraud, corruption or bribery by any suspected employees;
- the possibility of similar frauds having happened in other areas of the University;
- the possibility of collusion between employees and third parties.

### **7.3 Information**

The University, its employees and agents will make available to the investigator all such information and records as are necessary to pursue the investigation.

### **7.4 Confidentiality**

The matters investigated will be kept confidential in so far as this does not hinder or frustrate the investigation process.

### **7.5 Report**

The investigator will prepare a report setting out their findings from the investigation. The report will cover:

- an opinion on whether fraud, corruption or bribery has been committed and the reasons and summary evidence in support of the opinion;
- where the opinion is that fraud, corruption or bribery has been committed, a description of the fraud, corruption or bribery, value of loss, people involved and the means by which the fraud, corruption or bribery was perpetrated;
- measures already taken or to be taken to prevent recurrence;
- any recommendations for action to strengthen future responses to fraud, corruption or bribery.

In forming this report there is a requirement to interview witnesses. Any interviews of employees should take place under the guidance of the Deputy Director of Human Resources as subsequent or concurrent disciplinary action may be taken against any employees found guilty of dishonesty.

Any findings that fraud, corruption or bribery has been committed and conclusions about the persons responsible will be subject to the decisions of the FRG on the report, to any subsequent investigations and decisions under University disciplinary procedures and to legal proceedings.

### **7.6 FRG review of the report**

The FRG will consider the report and determine whether it demonstrates that fraud, corruption or bribery has been committed and who may be responsible. In the light of their conclusions, the FRG will decide the action to be taken, as follows:

- if it is determined on the basis of the evidence that no fraud, corruption or bribery has taken place, the FRG will agree action to ensure that all relevant parties are informed. If any individual(s) have been suspended pending investigation, the Human Resources department will be responsible for advising on action relating to the lifting of the suspension in the case of staff and the Secretary and Registrar will advise in the case of students;
- if it is determined on the basis of the evidence that fraud, corruption or bribery has taken place, the FRG will refer the matter to the University's Problem Resolution Framework/Disciplinary Procedure in the case of staff, or to the Student Disciplinary Procedure in the case of students. The FRG will also agree any action necessary under the University's requirements for reporting to external bodies. The FRG may recommend to the Vice-Chancellor that the matter is reported to the police if this has not happened at an earlier stage and/or that civil action is taken to recover losses.

The Chair of FRG will report to the Vice-Chancellor the findings of the investigation, the FRG's decisions and how those who reported the suspected fraud, corruption or bribery will be informed.

The Vice-Chancellor, or nominee, will report the findings of the investigation and the action taken to the Chair of the Audit Committee, the external auditors and where appropriate, the Chair of the Board of Governors and Chief Executive of the HEFCE.

If the report recommends improvements to the University's control systems, the Chief Finance and Planning Officer will ensure that these are implemented at the earliest opportunity. A follow up review will be undertaken to confirm that the changes have been effected.

## **8 Recovery of losses**

The FRG will assess the opportunity for recovering any losses, including taking legal action through the Courts, where appropriate. The Secretary and Registrar will be responsible for ensuring that any legal action is pursued.

The FRG will notify the University Insurance Officer who will report the matter to the University's insurers and attempt recovery of insured amounts.

## **9 Progress reports**

The FRG will make progress reports to the Vice-Chancellor, the Chair of the Audit Committee, the Chair of the Board of Governors and the external auditors until the matter is agreed to be closed. These reports will include, as appropriate:

- estimate of resources needed to conduct the investigation;
- quantification of losses;
- progress with recovery actions;
- progress with actions under the problem resolution framework/disciplinary procedures;
- progress with criminal action;
- action taken to prevent and detect similar incidents;
- actions to strengthen the future response to fraud, corruption or bribery.

The frequency of the updates will be based on a 'needs basis' to recognise that the different stakeholders may require more or less information at different times.

## **10 Protection and gathering of evidence**

### **10.1 Protection of electronic evidence**

Electronic evidence including emails, documents produced and saved on computers and times of access onto systems can be a valuable source of information and evidence when investigating allegations of fraud, corruption or bribery. This evidence must be carefully handled during its collection, review and storage. If appropriate precautions are not taken then this evidence may not be admissible in court proceedings, whether civil or criminal.

Computers or servers should not be 'tampered with' in any way by staff without a proper understanding of the resultant implications. The act of turning a computer off or on can affect the integrity of the evidence and therefore specialists should be brought in to 'image' the contents of the computer as soon as practically possible. This copy of the data can then be searched allowing the original data to be preserved.



Specialist forensic computer software should be used when reviewing or extracting data from computers and servers to ensure that the integrity of the evidence is maintained. Other electronic media, including for example BlackBerries, mobile telephones, electronic notebooks, iPods and memory sticks, should also be secured and treated in the same way. The FRG may commission specialists or experts to support the University with securing electronic data.

### **10.2 Hard copy evidence**

A systematic approach should be adopted to the collection and analysis of hard copy evidence. Consideration should be given to the way in which documents are controlled in order to maintain the integrity and protect the trail of the evidence. The following actions need to be considered:

- obtaining and securing relevant original documentation - search for documents inside and outside formal filing systems, look for documents off-site, for example those used by home workers and stored externally in archives;
- ensure information held by executive assistants is also considered;
- restricting access to the original documentation to those on the investigation team;
- logging the secured documentation in an appropriate format;
- taking working copies of relevant documentation.

### **10.3 Interview evidence**

A systematic approach should be considered when conducting interviews of individuals both in relation to the collection of evidence and also when interviewing any individuals against whom an allegation is made. Interviews should take place under the Problem Resolution Framework or Student Disciplinary Procedures, as appropriate.

## **11 Review of Fraud and Corruption Response Plan**

The FRG will review this Fraud and Corruption Response Plan after each case of fraud, corruption, bribery or other irregularity and report its conclusions and any recommendations to the Audit Committee.

The Fraud and Corruption Response Plan will be reviewed not less than annually.

**Approving Authority:** Chief Finance and Planning Officer  
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