INTRODUCTION

1. The objective of this policy is to safeguard the proper use of the College’s finances and resources, including the finances and resources of its subsidiary companies. The College derives much of its income from public funds, benefactions and charitable organisations, and so has a particular responsibility to ensure that income and resources are used solely for the purposes intended.

2. As the aftermath of fraud is costly, time-consuming, disruptive and unpleasant, and may lead to unwelcome adverse publicity, a major thrust of this fraud policy is prevention.

3. The first line of defence for an organisation against fraudulent acts is the establishment and maintenance of carefully designed and consistently operated management procedures, which deny opportunities for fraud. In particular, management has the prime responsibility for establishing internal control arrangements to minimise the risk of fraud and other irregularity within their areas of responsibility.

DEFINITIONS

4. For the purposes of this Policy, the definition of “fraud” is as covered in the Fraud Act 2006 and is characterised by dishonest acts, whereby the individual knowingly makes a false representation, or similar, with the intention of acquiring a gain for themselves and/or others, or where the College is at the risk of a loss. It is important to note that the Fraud Act 2006 focuses on the ‘intention’ of the act, so whether there has been an actual gain or loss is immaterial to whether a fraud has been committed. Additionally, for the purposes of this Policy, fraud includes acts such as forgery, theft, extortion, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

5. For the purposes of this policy, “corruption” is defined as the “offering, giving, soliciting or acceptance of an inducement or reward, which may influence a person to act against the interest of the organisation”. Corruption relates to rewards or inducements, such as bribes. “Bribery” is defined as offering, promising or giving anything of value to influence a person to improperly perform a function.

1. Management in this context refers equally to both academic and administrative managers.

2. Many of the offences referred to as fraud were covered by the Theft Acts of 1968 and 1978 with fraud for practical purposes defined as the use of deception with the intention to obtain an advantage, avoid an obligation, or cause loss to another party. This definition implied deliberate intent and thus could exclude negligence. The Fraud Act 2006 makes it no longer necessary to prove a person has been deceived. The focus is now on the dishonest behaviour of the subject and their intent to make a gain or loss. Many cases are still likely to be prosecuted under the Theft Acts with the Fraud Act being used for matters after 15th January 2007.
or activity; or requesting or accepting anything of value as a reward for or as an inducement to act improperly. Under the Bribery and Corruption Act 2010 it is an offence to either directly or through a third party offer, promise or give a bribe; request, agree to receive, or accept a bribe; offer, promise or give a bribe to a foreign public official in order to obtain, or retain, business, or an advantage in the conduct of business. The Act also includes a new corporate offence of failing to prevent bribery.

6. Fraud can be perpetrated by persons outside as well as inside an organisation.

7. Other offences, including those covered by the Proceeds of Crime Act 2002 and Money Laundering Regulations 2007, may also be considered and investigated in accordance with the procedures set out in this Policy.\(^3\)

**COLLEGE POLICY**

8. Fraud, bribery and corruption are a serious matter and the College is committed to investigating all cases of suspected fraud, bribery or corruption. Any member of staff, regardless of their position or seniority, against whom *prima facie* evidence of fraud, bribery or corruption is found, will be subject to disciplinary procedures that may result in dismissal. The College will normally involve the police and may seek redress via civil proceedings. This policy will apply to all members of the College, including those granted honorary status.

9. Any member of the College, staff or person of honorary status within the College who has reason to believe that a fraudulent, or any other irregularity has taken, or is about to take place (including those involving cash, stores, equipment, facilities, information, staff time, physical or intellectual property, non-disclosure of any personal, financial or beneficial interest as required under the College Registers of Interests, etc.) is required to inform the College Secretary & Registrar immediately.

10. Similarly, anyone who has reason to believe that a member of the College has either directly or through a third party offered, promised or given a bribe; requested, agreed to receive, or accepted a bribe; or offered, promised or given a bribe to a foreign public official in order to obtain, or retain, business, or an advantage in the conduct of business is required to inform the College Secretary & Registrar immediately.

11. On being notified, the College Secretary & Registrar will inform the members of the Fraud Project Group immediately. Internal Audit may then be commissioned to undertake such investigations as are considered appropriate in line with the College's Fraud Response Plan. This may involve liaising with the College's Internal Security Department or (with the approval of the College Secretary & Registrar) the police where necessary.

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3. Legislation defines money laundering as: concealing, disguising, converting, transferring criminal property or removing it from the UK; entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person; and/or acquiring, using or possessing criminal property. The Money Laundering Regulations apply to **cash transactions** in excess of €15,000 (approximately £10,000). However, the Proceeds of Crime Act applies to **all transactions** and can include dealings with agents, third parties, property or equipment, cheques, cash or bank transfers.
PUBLIC INTEREST DISCLOSURE POLICY

12. Anyone suspecting fraud may use the College’s Public Interest Disclosure Policy, Ordinance D18, which provides protection against reprisal for any such disclosure.

FRAUD RESPONSE PLAN

PURPOSE

13. The purpose of this Fraud Response Plan is to define authority levels, responsibilities for action and reporting lines in the event of suspected fraud, bribery, corruption or irregularity. Those investigating a suspected fraud should:

- Aim to prevent further loss.
- Establish and secure evidence necessary for criminal and disciplinary action
- Notify the Police and the HEFCE, where necessary.
- Endeavour to recover any losses.
- Take appropriate action against those responsible.
- Deal with requests for references for employees who have been disciplined and/ 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 personnel with a need to know suitably informed about the incident and the College’s response.

INITIATING ACTION

14. Any member of the College, staff or person of honorary status within the College who has reason to believe that a fraudulent, or any other irregularity has taken, or is about to take, place should report it as soon as possible to the College Secretary & Registrar. No investigation shall commence without the authority of the College Secretary & Registrar.

15. The College Secretary & Registrar should, as soon as possible (and with the aim of acting within two working days), convene a meeting of the fraud project group to decide on the initial response. The Fraud Project Group will consist of the following individuals, using properly appointed
deputies where necessary, and may be augmented by other members, such as the Vice-Provost (Education), the Director of ICT or the Head of Security as appropriate:

College Secretary & Registrar (Chair)
Director of Financial Management
Internal Audit Manager
Director of HR

16. If the actual or suspected incident concerns or implicates the Chief Financial Officer or a member of the College Cabinet or of the Provost's Board, it should be reported without delay to the President, Chairman of Council and Chairman of the Audit Committee. Should the incident concern or implicate any other member of the project group, the College Secretary & Registrar will appoint a suitable substitute. If the incident concerns or implicates the College Secretary & Registrar, the Chief Financial Officer will be responsible for implementing this Fraud Response Plan.

17. The project group will decide on the action to be taken. This will normally be an investigation led by the Internal Auditors or another qualified investigator appointed by the Internal Audit Manager for this purpose. A decision by the project group to initiate an investigation will constitute authority to the Internal Audit Manager to use time provided in the Internal Audit Plan for investigations, or contingency time, or to switch internal audit resources from planned audits. The report of the investigation and review of the circumstances surrounding the incident shall include those items listed in paragraph 32.

INVESTIGATION

18. On the decision being made that an investigation will be undertaken, the Internal Audit Manager will either undertake, or nominate an appropriately qualified investigator to undertake, the investigation. The investigation will consist of, but not be limited to, the interviewing of all necessary witnesses by the investigator, and the collection and analysis of all relevant records available.

19. In the early stages of any fraud investigation the Internal Audit Manager, in conjunction with the investigator, will make an assessment on the appropriateness of referring the matter to the police.

20. Where necessary, the Internal Audit Manager and investigator will liaise with the Director of HR on matters that may concern or influence any disciplinary proceedings.

21. On conclusion of the fraud investigation an investigation report will be provided to the College Secretary & Registrar and where necessary the Director of HR.

PREVENTION OF FURTHER LOSS

22. Where initial investigation provides reasonable grounds for suspecting a member or members of staff or others of fraud, the project group will decide how to prevent further loss. This may require the suspension of the suspect or suspects, under the appropriate disciplinary procedure. It may be
necessary to plan the timing of suspension to prevent suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.

23. In these circumstances, the suspect or suspects will be approached unannounced and will be supervised at all times before leaving the College's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the College. Any security passes and keys to premises, offices and furniture will be returned. The Head of Security may be asked to advise on the best means of denying access to the College while suspects remain suspended, for example by changing locks, deactivating swipe cards and informing security staff not to admit the individuals to any part of the premises. Similarly, the Director of ICT may be instructed to withdraw without delay access permissions to the College's networks and computer systems.

24. The project group will consider whether it is necessary to investigate systems other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the College's assets.

ESTABLISHING AND SECURING EVIDENCE

25. Any member of staff or student alleged to have committed fraud will be subject to the College's disciplinary procedures. In addition, the College will normally refer such an individual to the police for possible prosecution through the criminal courts.

26. To ensure that disciplinary and/ or criminal proceedings may be pursued, The Internal Audit Manager will:

a. Ensure that evidence requirements are met during any fraud investigation.

c. Ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

27. The College's Head of Security will be responsible for establishing and maintaining contact with the police and will liaise with the Internal Audit Manager and/ or the nominated fraud investigator prior to making any contact with the police on fraud related matters.

RECOVERY OF LOSSES

28. Recovering losses is a major objective of any fraud investigation. The Internal Audit Manager will ensure that in all fraud investigations the amount of any loss is quantified. Repayment of losses will be sought in all cases.

29. Where the loss is substantial, legal advice may be obtained about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice may also be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses
repayment. The College will normally seek to recover its costs in addition to any losses as a result of the fraud.

**NOTIFYING HEFCE**

30. The HEFCE Audit Code of Practice includes a requirement that universities must notify the HEFCE Chief Executive of any attempted, suspected or actual fraud or irregularity where:

   a. The sums involved are, or potentially are, in excess of £20,000.
   
   b. The particulars of the fraud are novel, unusual or complex.
   
   c. There is likely to be public interest because of the nature of the fraud or the people involved.

31. The President is responsible for informing the HEFCE of any such incidents.

**REPORTING**

32. Any attempted, suspected or actual fraud or irregularity matching the criteria in the HEFCE Audit Code of Practice will be reported without delay to the Chairman of the Council, the Chairman of the Audit Committee and the External Audit Partner.

33. During the course of an investigation, the project group will provide a confidential report to the President, Chairman of the Council, Chairman of the Audit Committee and External Audit Partner on a monthly basis, unless the report recipients agree to less frequent reports. This report will include:

   a. A quantification of the likely losses.
   
   b. Progress with recovery action.
   
   c. Progress with disciplinary action.
   
   d. Progress with criminal action.
   
   e. An estimate of the resources required to conclude the investigation.
   
   f. Actions taken to prevent and detect similar incidents.

34. On completion of a special investigation, a written report, normally prepared by the Internal Audit Manager, shall be submitted to the Audit Committee containing:

   a. A description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud.
b. Measures proposed to reduce the likelihood of a recurrence with a follow-up report on whether the actions have been taken.

c. Any action needed to strengthen future responses to fraud.

35. The Director of Communications & Public Affairs in consultation with the College Secretary & Registrar will be responsible for dealing with any enquiries from the press and other media.

REFERENCES FOR EMPLOYEES OR STUDENTS DISCIPLINED OR PROSECUTED FOR FRAUD

36. Any request for a reference for a member of staff or a student who has been disciplined or prosecuted for fraud must be referred to the College Secretary & Registrar for advice.

REVIEW OF FRAUD RESPONSE PLAN

37. This Fraud Response Plan will be reviewed annually for fitness of purpose. Any recommended change will be reported to the Audit Committee for consideration and to the Council for approval.

Approved by the Council: 11 July 2008
Revisions approved by the Council: 7 February 2014