

# Anti-Fraud Policy



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## 1. Introduction

- 1.1 The University has a duty to protect public assets; to ensure that management and other practices accord with the standards of probity expected of public sector bodies; and to ensure that the resources available to it are used only in furtherance of the University's objectives as an educational body.
- 1.2 Fraud, corruption, or any other kind of financial misconduct or irregularity cannot be tolerated. It should include the aims and objectives of the Policy and the statutory or regulatory requirements which may be addressed by the Policy.

## 2. Scope

- 2.1 This policy applies to any irregularity, or suspected irregularity, involving employees, students as well as shareholders, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with the University of Bradford.
- 2.2 External actors without a relationship to the University that seek to commit fraud against the University (e.g. external scammers) will not be dealt with under this policy and rather will be reported to Action Fraud, with any additional follow up activity as may be required depending on the severity of the fraud involved. A list of Action Fraud reports in a year will be made to the Audit Committee.

## 3. Glossary

- 3.1 For the purposes of this Policy, fraud may be defined broadly as an offence committed by a person who has acted dishonestly with the intent of making a gain for themselves or causing a loss to another. It does not matter whether a gain was made or loss caused, but rather that there was an intent to so make such gain or cause such loss.
- 3.2 Specific types of fraud covered by this policy will include:
  - 3.2.1. Fraud by false representation. The 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.

- 3.2.2. Fraud by failing to disclose where there is a legal duty to disclose. A fraud will have been committed, if a person fails to declare information which they have a legal duty to disclose. That is, if a person is known to act dishonestly and intends to make a gain for themselves, cause a loss to another or expose another to a risk of loss, and this is not appropriately reported.
- 3.2.3. 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 they are legally required to disclose. The dishonest act must be with the intention of making a gain for themselves 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.

### 3.3 Specific examples of fraud may include:

- 3.3.1. Obtaining the property of another.
- 3.3.2. Obtaining services from another.
- 3.3.3. Evading liability for payment.
- 3.3.4. False accounting, including the destruction, concealment or falsification of any account or record or giving misleading, false or deceptive information.
- 3.3.5. Obtaining property by false pretences.
- 3.3.6. Cheating the public revenue.
- 3.3.7. 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 University or for showing favour to another.

### 3.4 A key element of fraud is “deception” or “concealment”, which may be achieved by:-

- 3.4.1. Unauthorised input, alteration, destruction or misappropriation of data or other records.
- 3.4.2. Inappropriate transactions with suppliers (resulting from undisclosed favours received/expected).

3.4.3. Deliberate misrepresentation of facts or manipulation of management information or records, including personal expenses.

3.5 Indicators of fraud may also be evident in an individual's behaviour. Staff who have committed serious financial irregularities may as an indication attempt to conceal this by; taking few holidays, regularly working alone late or at weekends, being resistant to delegation or resenting questions about work.

## 4. Responsibilities

### Council

4.1 The Council has overall responsibility for the conduct and good governance of the University and through its delegation to Committees and to the Vice-Chancellor for ensuring a system of internal controls is in place, including to manage the risk of fraud against the University.

4.2 The Council will receive and scrutinise reports from the Audit Committee on these matters and make such directions or recommendations as may be appropriate.

### Audit Committee

4.3 The Audit Committee has delegated authority from the Council to undertake detailed review and scrutiny of the system of internal control in place at the University, including as it relates to managing the risk of fraud against the University.

4.4 The Audit Committee is also responsible for approving the annual internal audit programme and ensuring that there is ongoing assurance review of the risk management framework at the University.

### Vice Chancellor

4.5 The Vice-Chancellor has overall delegated authority for the general day to day management and administration of the University and is accountable to the Council and Audit Committee with respect to the exercise of this delegated authority as it relates to the matters outlined in this policy.

### University Secretary

4.6 The University Secretary is the executive lead for risk management at the University and is responsible for designing, developing, implementing, monitoring and reviewing the systems in place for

managing the risk of fraud against the University in accordance with this policy.

4.7 The University Secretary is responsible for reporting instances of fraud, and the University response, to the Audit Committee and the Council.

4.8 The University Secretary is accountable directly to the Vice-Chancellor and indirectly to the Audit Committee and Council with respect to the matters in this policy.

### Deans and Directors

4.9 Deans and Directors with executive responsibility for areas of University operations and activities, along with their senior management teams, are responsible for ensuring that the requirements of this policy and any associated procedures are followed and effectively implemented within their local areas.

### Staff

4.10 All staff are responsible for following the requirements of this policy and any related procedures.

### Students

4.11 All students are responsible for following the requirements of this policy and any related procedures.

### Internal and External Auditors

4.12 Management will seek to involve internal audit to advise on incorporating ways of preventing or detecting fraud when new systems are being designed or existing systems are to be modified. Audit will have regard to fraud preventative measures as part of its ongoing work.

4.13 External audit's reviews of financial statements, internal controls and validation testing provide further deterrence, and advice about systems. Auditors may also assess systems in place to deter corruption.

4.14 Both internal and external auditors have a full right of access at all reasonable times to all university property, assets, documents and financial and other records. The auditors are also entitled to seek explanations from any member of the University's staff.

## 5. General principles

## Risks

5.1 Given the size and complexity of operations of higher education institutions, there is a wide range of potential vulnerabilities to fraud. This includes, by way of example, the following fraud risks associated with:

- Academic Consultancy
- Mandate Fraud
- Examinations Fraud
- Bribery and Corruption
- Purchase card usage
- Philanthropic Income

## Leadership

5.2 Key determinants of the standards of behaviour in any organisation will be the standards observed at the top, and the top-level commitment to University policies, including their implementation and, where appropriate, enforcement.

5.3 The University's governing body and senior managers should therefore ensure that their behaviour is always of the highest standards of integrity and in line with the principles of conduct in public life.

5.4 The University will maintain clear policies on governance including ethics, registration and declaration of interests and acceptance of hospitality and gifts, anti-bribery and corruption and whistleblowing and will ensure that these policies and underlying principles are embedded in Financial Regulations and purchasing policies.

## Internal Financial Controls

5.5 Fraud can be minimised through carefully designed and consistently operated management procedures, in particular, financial regulations and procedures and internal controls.

5.6 The University will therefore ensure that internal controls against fraud are effective, and that staff receive training in the operation of them. These controls will include:

- 5.6.1. Segregation of duties in use of financial systems is practiced, so, for example, no individual has undue management of payments, income or assets.

- 5.6.2. Clear roles and responsibilities, with set levels of delegated authority for authorising contracts and transactions
  - 5.6.3. Systems protected with electronic access restrictions to prevent the possible misuse of information technology.
  - 5.6.4. Policies and procedures to establish good practice and effective control mechanisms.
  - 5.6.5. Reconciliation procedures checking of management accounting information, including exception reports
- 5.7 Systems should identify transactions that have not followed normal procedures. However, deception may be used to make improper transactions appear legitimate. The detective elements in each system will therefore be complemented by a general detective approach, to capture suspicions identified through chance and tip-offs.

### Employee screening checks

- 5.8 Where considered necessary and appropriate, having regard to the range of responsibilities and duties held by a particular role, the University may require additional vetting checks of new employees, including:
- 5.8.1. references should cover a reasonable, continuous period; and any gaps should be explained;
  - 5.8.2. an official employer's reference should be obtained and both address and telephone details should be checked
  - 5.8.3. offers of appointment to be made subject to receipt of satisfactory references and any doubts about the contents of the reference should be resolved before confirming the appointment.
  - 5.8.4. essential qualifications and DBS checks (as appropriate) made on appointment

### Fraud Reporting

- 5.9 It is all staff and students responsibility to be aware and report suspected fraud. Staff and students are encouraged to come forward and give information where they honestly believe someone may have committed or is about to commit and act of fraud or corruption.
- 5.10 The person reporting the fraud should not:

- 5.10.1. Contact the suspect to determine facts or demand restitution
  - 5.10.2. Discuss case facts outside the University
  - 5.10.3. Discuss the case with anyone within the University other than those staff mentioned in the University policy
  - 5.10.4. Attempt to carry out investigations or interviews unless specifically asked to do so by the University Secretary.
- 5.11 All staff and students that suspect fraud may have been committed should report this fraud to their Dean or Director (in the case of staff) or their Programme Leader (in the case of students), who shall in turn report this to the University Secretary.
- 5.12 Where it would not be appropriate to raise the matter with the Dean or Director or Programme Leader, a report should be made directly to the University Secretary.
- 5.13 Where an individual suspects that the University Secretary has engaged in suspected fraud, they should report this to the Vice-Chancellor or the Chair of the Audit Committee, the contact details for which can be obtained through the Vice-Chancellors office.
- 5.14 Staff and students may also choose to invoke the Public Interest Disclosure (Whistleblowing) Code of Practice in making a report, where they feel that this would be appropriate. This Code of Practice provides an additional level of protection and support for staff and students who wish to make a disclosure about possible fraud but are concerned about any possible repercussions for doing so. Details of the Code of Practice may be found on the University website.

### **Training and awareness**

- 5.15 The policy will be uploaded onto the University intranet.
- 5.16 The approval of the policy will be communicated through the University's staff briefing processes.
- 5.17 Line Managers are responsible for raising awareness of all new/updated policies through their normal Faculty/Directorate communication channels.
- 5.18 An overview of the policy will be included as part of the staff induction.
- 5.19 Individuals who are in positions that may, by the nature of that position, give rise to a higher risk of potential fraud, bribery or

corruption will receive more in depth training on their obligations under this policy.

## **6. Consequences of Non-compliance**

- 6.1 It is the University policy that the University reserves the right to report to the police, irrespective of the status of the individual, any instances of fraud or suspected fraud. Any such report shall only be made on the direction of the University Secretary or, where a report relates to the University Secretary, the Vice-Chancellor and the Chair of the Audit Committee.
- 6.2 The University may take disciplinary or other legal action against any staff member, student or other person to whom this policy applies, in addition to reporting offenders to the Police.

## **7. Monitoring and review**

- 7.1 This policy will be reviewed by the University Secretary at least every three years.
- 7.2 The University Secretary will report any instances of fraud raised under this policy to the Audit Committee.

## **8. Related policies and standards / documentation**

- 8.1 Public Interest Disclosure (Whistleblowing) Code of Practice
- 8.2 Anti-Bribery and Corruption Policy
- 8.3 Anti-Money Laundering Policy
- 8.4 Financial Regulations
- 8.5 Staff Conduct and Capability Policy
- 8.6 Student Disciplinary Procedures