



TEESSIDE UNIVERSITY

COUNTER FRAUD POLICY

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1. Introduction

- 1.1 Teesside University is committed to ensuring that all business undertaken by the University and its subsidiary companies (the University) is conducted with integrity, transparency and fairness, and in compliance with all relevant rules, regulations and legislation.
- 1.2 The University has a zero-tolerance attitude towards fraud and fraud found to have been committed by colleagues will be treated as a serious disciplinary offence.
- 1.3 We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate; and to implementing and enforcing effective systems to counter the risk of fraud, corruption, theft and other activities involving dishonesty, in all its forms.
- 1.4 The University is committed to the proper use of funds, both public and private. As a consequence, it is essential that everyone associated with the University - including staff, students, employees, contractors and third-parties - is aware of the risk of fraud, corruption, theft and other activities involving dishonesty, in all its forms.
- 1.5 The University aims to reduce instances of fraud to the absolute practical minimum - and to also put in place arrangements that hold any fraud to a minimum level on an ongoing basis. The University's approach to counter fraud will be comprehensive, cost-effective and professional, using specialist expertise if required.

2. Definitions

- 2.1 Fraud can be defined as:
 - i) wrongful or criminal deception intended to result in financial or personal gain; and
 - ii) a person or thing intended to deceive others, typically by unjustifiably claiming or being credited with accomplishments or qualities.

Both definitions are, clearly, directly applicable to the Higher Education sector.

- 2.2 Under the Fraud Act 2006, there are three specific offences:
 - (a) fraud by false representation
 - (b) fraud by failing to disclose information
 - (c) fraud by abuse of position
- 2.3 The main types of deception are:
 - Theft
 - False accounting: dishonestly destroying, defacing, concealing or falsifying any account, record or documents required for any

accounting purposes, with a view to personal gain or gain for another, or with the intent to cause loss to the University or furnishing information which is or may be misleading, false or deceptive

- Abuse of position: this is where a fraud is committed by a person or people by virtue of their position, or authority where they are expected to safeguard another's financial interests (e.g. the University as their employer) or not act against those interests.

2.4 Fraud can be committed by people both within and outside of the University. Individuals can be prosecuted under the Fraud Act 2006 if they are found guilty of the above offences. The criminal act is the attempt to deceive and therefore attempted fraud is treated as seriously as accomplished fraud.

3. Purpose and Scope of this Policy

3.1 The purpose of this policy is to:

- (a) Define fraud and offences under fraud legislation and provide examples of fraud risks in a Higher Education context.
- (b) Encourage the reporting fraud or fraud related risks in line with University procedures.
- (c) Promote the detection and investigation of fraud.

3.2 It is essential to distinguish between fraud and error. Fraud is a deliberate intent to mislead and deceive the University or deprive it of money, resources or assets rather than an unintentional error or mistake.

3.3 This policy applies to all colleagues of the University, this includes all individuals working within the University at all levels and grades, including governors, officers, employees (whether permanent, fixed term or temporary), workers, trainees, seconded staff, agency staff, volunteers, interns or any other person working in any context within the University.

3.4 This policy also extends to individuals performing services for or on behalf of the University which may include University subsidiaries, recipients of grants, partners, collaborative arrangements, joint ventures, agents and advisors.

3.5 Most organisations adopt a multi-faceted approach to fraud and the University is no exception. The eight key objectives of the University's Counter Fraud Policy are:

1. Establishment of a counter fraud culture
2. Maximum deterrence of fraud
3. Active and successful prevention of any fraud that cannot be deterred
4. Rapid detection of any fraud that cannot be prevented
5. Professional investigation of any detected fraud
6. Effective internal and external actions and sanctions against people found to be committing fraud, including legal action for criminal offences
7. Effective communication and learning in relation to fraud, and
8. Effective methods of seeking redress when/where fraud has been perpetrated

- 3.6 The overriding objective of the University's counter fraud activity is to ensure that (i) fraud is seen as unacceptable by each and every stakeholder and (ii) counter fraud is seen to have the unwavering focus of the University as a whole.
- 3.7 This policy sets out the University's principles for prevention and procedures for dealing with suspected cases of fraud and includes summarised instructions about what to do, and who to contact/notify, should any fraud related concerns arise.
- 3.8 At a practical level, fraud is deemed to be deliberate intent to deprive the University of money or goods through the falsification of any records or documents (e.g. submission of false invoices, inflated time records or travel claims and/or the use of purchase orders to obtain goods for personal use). This is an important distinction, intended to clarify the crucial difference between deliberate fraud and unintentional error, removing - wherever possible - any potential confusion or ambiguity.
- 3.9 This Policy does not form part of any contract of employment and the University may amend it at any time.

4. Counter Fraud policy

- 4.1 The University is absolutely committed to the highest standards of honesty, accountability, probity and openness in its governance. As a direct consequence of this, the University is committed to:
- (i) reducing fraud associated with any of its activities, operations and locations to the absolute practical minimum and
 - (ii) the robust investigation of any fraud issues that should arise. Any such investigation will be conducted without regard to factors such as position, title or length of service.
- 4.2 Where any acts of fraud are proven, the University will make every endeavour to ensure that the perpetrator(s) are dealt with to the full extent of the law and University disciplinary policy/contractual processes (where a third-party is involved), and will also take every step to recover any losses in full.
- 4.3 It is the responsibility of everyone associated with the University - including staff, students, Governors, volunteers, casual workers, agency staff, contractors and third parties - to report any fairly based suspicions of fraud.
- 4.4 The University is fully committed to ensuring that there is a safe and confidential method of reporting any suspected wrongdoing to nominated officers. The University's Public Interest Disclosure Policy ("Whistle-blowing") which is available on:

<https://unity3.tees.ac.uk/Departments/USEC/UniversityRegulations/University%20Regulations%20Documents/Forms/New%20or%20Revised%20Regulation%20since%20September%202012.aspx>

also permits employees and anyone contractually associated with the University to raise concerns of malpractice in the University, and those involving partners or competitors.

- 4.5 The University offers mentoring, advice or counselling to those who have reported a concern, where appropriate. Further information is available from the HR department.
- 4.6 Any allegations of misconduct under this policy within the jurisdiction the University will be taken very seriously. If appropriate, action may be taken under the University's disciplinary process.

5. Personnel responsible for the Policy

- 5.1 The University's Audit Committee has overall responsibility for this Policy and for reviewing the effectiveness of actions taken in response to concerns raised under this Policy. This Policy has been endorsed by the University's Executive Team.
- 5.2 The Director of Finance & Commercial Development has day-to-day operational responsibility for this Policy.

6. Identifying fraud

- 6.1 All organisations are at risk of fraud and the University is no exception.

Examples of fraud that can occur in a Higher Education setting include (but are not limited to):

- (a) Employee fraud against employers: e.g. payroll fraud, falsifying expense and/or overtime claims, theft of cash, assets and/or intellectual property, misuse of procurement card, procurement fraud and undeclared conflicts of interest
- (b) Cyber-crime: individuals using computers and technology to commit crimes e.g. phishing attacks, spamming and hacking.
- (c) Provision of fake references and/or qualifications when seeking employment with or a promotion within the University
- (d) Academic fraud (e.g. plagiarism, cheating in assessments and examinations, false qualifications, falsification of data, tampering with evidence).
- (e) Unauthorised use of University assets for personal gain

7. Counter fraud - Actions, including Do and Don't

7.1 Dos and Don'ts

Where there is suspicion that fraud has occurred, or is about to occur, then it is essential that the appropriate person within the University is contacted immediately. A summary procedural flow chart is included in Appendix 1.

- **Do** report your concerns, as above; reports will be treated as confidential.
- **Do** persist if your concerns remain.
- **Do** retain or copy any relevant document(s). This holds documents for use in any subsequent investigation and avoids any documents being accidentally - or purposely – destroyed.
- **Don't** be afraid to seek advice from an appropriate person.
- **Don't** confront an individual or individuals with your suspicions.
- **Don't** discuss your concerns with colleagues or anyone else other than an appropriate person.
- **Don't** contact the police directly - that decision is the responsibility of the appropriate person and other senior University officers.
- **Don't** under any circumstances suspend anyone if you are a line manager without direct advice from Human Resources and other appropriate person(s).

8. Fraud with academic implications

- 8.1 Fraud can often be associated with direct financial gain, such as procurement and invoicing fraud. However, in the University/Higher Education sector, academic fraud is a further possibility, including fraud related to immigration, admissions, internships, examinations and awards.
- 8.2 Such a fraudulent activity could be very high-profile, with potentially significant consequences for the University. In such cases, it is again essential that the University Secretary is contacted at the earliest opportunity, together with other senior University officer(s), as deemed appropriate. As each case of this type is different, it is largely impossible to produce fully definitive guidance to follow.
- 8.3 Such a fraud may involve a number of stakeholders, including the police and professional bodies, but decisions regarding their involvement - generally - remain the purview of the University Secretary. To ensure that the investigation is not compromised, however, it is vital that the number of people aware of the investigation is kept to an absolute minimum. Notwithstanding, it should be recognised that some frauds of this nature will involve the police initiating their own investigation.

9. Training and Communication

- 9.1 It is the responsibility of all Deans and Directors to ensure that this policy is fully communicated to those involved with University business within their area. Crucially, this will include communication not only to staff but other

external agencies e.g. agents, representatives and contractors. Staff are required to confirm, through MyCompliance, that they have understood and comply with this Policy on an annual basis. The University also subscribes to the training available from British Universities Finance Directors Group website.

- 9.2 This policy is published on the University's intranet under Financial Regulations and is communicated to staff via internal communication, such as Update and MyCompliance.

10. Monitoring & Review

- 10.1 This policy and related procedures will continue to be reviewed annually by the Director of Finance & Commercial Development, University Secretary and the Audit Committee. Any incidents of fraud reported to, and recorded by, the University Secretary will be incorporated into that review.

11. Associated policies

- 11.1 The following policies are also available on the University Intranet:
- Anti-Bribery & Corruption Policy & Procedures (incl Gifts & Hospitality)
 - Anti-Money Laundering Policy
 - Public Interest Disclosure Policy ("Whistleblowing")
 - Criminal Finances Act Policy

12. Procedures for making a disclosure

12.1 Initial Steps

An individual wishing to make a formal disclosure under this Policy should do so in writing to the University Secretary (who will be responsible for keeping the Vice-Chancellor & Chief Executive and Chair of the Audit Committee informed where necessary) unless the disclosure involves the University Secretary, in which case the disclosure should be made to the Vice-Chancellor & Chief Executive. Where the disclosure involves both the Vice-Chancellor & Chief Executive and the University Secretary, the disclosure should be made to the Chair of the University's Audit Committee.

- 12.2 The disclosure should explicitly state that the concern is being raised under this policy.

- 12.3 Although an individual making a disclosure will not be expected to prove the truth of any allegations, sufficient information should be contained in the disclosure to demonstrate that the individual has a genuine concern of suspected wrongdoing.

- 12.4 The University Secretary will decide whether the matter should be dealt with under this Policy. If the University Secretary considers that the matter should be dealt with under a different University policy or procedure, they will advise the individual as to the appropriate steps which should be

taken and/or as appropriate may make a direct referral to another policy or procedure.

13. Process and Investigation

13.1 When a disclosure is made, the University Secretary (the 'Designated Person') will normally consider the information and decide whether there is a prima facie case to answer. The University Secretary will decide whether an investigation should be conducted and what form it should take. This will depend on the nature of the matter raised and may be:

- investigated internally;
- referred to the Internal Auditors;
- the subject of independent enquiry

Some matters may need to be referred to the relevant outside body, e.g. the Police, Office for Students. If the University Secretary decides not to proceed with an investigation, the decision will be explained as fully as possible to the individual who raised the concern.

13.2 Where an investigation is deemed necessary, it will be conducted sensitively and promptly. The University Secretary may authorise an initial investigation to establish the relevant facts. The investigator will report their findings to the University Secretary, who will then decide if there is a case to answer and what steps, if any, should be taken. This may include setting up a special internal independent investigation or reference to some external authority, such as the Police, for further investigation. The decision may be that the matter would be more appropriately handled under existing policies and procedures for grievance or disciplinary.

13.3 Where a disclosure is made any person or persons potentially implicated in wrongdoing will be told at an early stage of it and of the evidence supporting it, and they will be allowed to respond.

13.4 Should an investigation or referral conclude there has been a breach of University discipline, the member or members of staff or student(s) responsible may, in addition to any civil or criminal proceedings, be subject to disciplinary action in accordance with the appropriate disciplinary procedures.

13.5 The individual making the disclosure will be informed of what action is to be taken where possible although the need for confidentiality means it may not be possible to share some of the details including, for example, specific information about any disciplinary action taken against a member of staff or student.

13.6 Individuals should treat any information about the disclosure, the investigation or its outcome as confidential.

13.7 Any member of staff wishing to make a disclosure is free to seek the assistance of their trade union and can be accompanied by their trade union

representative, or a colleague in any subsequent investigatory meetings. Any other individual wishing to make a disclosure can be accompanied to any subsequent investigatory meetings, so long as no conflict of interest arises as a result of their choice of companion. Similarly, any member of staff implicated following a disclosure is free to seek the assistance of their trade union and can be accompanied in any subsequent investigatory meetings.

14. Outcome

- 14.1 The results of any formal investigation should be reported to the Audit Committee. If disciplinary or other action is taken (following a formal investigation) the feedback to the individual making the disclosure will take account of data protection requirements and may be limited to a statement that action is being taken.
- 14.2 An official written record will be kept of the outcome of any formal investigation under this Policy. Such records will normally be kept for a period of at least five years.

15. Malicious and/ or Vexatious Disclosures

- 15.1 If an individual raises a genuine concern, which is not confirmed by a subsequent investigation, no action will be taken against that individual.
- 15.2 If, however, an individual makes malicious or vexatious disclosure(s), and particularly if they persist in making them, disciplinary action may be taken against the individual in question (in accordance with the relevant staff/student procedure).

16 External Disclosure

- 16.1 The aim of this Policy is to provide an internal mechanism for reporting, investigating and remedying any wrongdoing at the University. In most cases individuals should not find it necessary to alert anyone externally.
- 16.2 External bodies are likely to ask whether a matter raised has been brought to the University's attention and, if not, why not. The University recommends, therefore, that consideration is had as to whether internal routes have been exhausted or why they are inappropriate.

17.Third Party Complaints

- 17.1 Disclosures made under this Policy usually relate to the conduct of University staff or students, but they may sometimes relate to the actions of a third party, such as a supplier or a service provider. The law allows individuals to raise a concern with a third party directly, where the individual reasonably believes it relates mainly to the third party's conduct or something that is legally their responsibility. However, the University encourages individuals to report such concerns internally first following the procedure set out above.

18.Contact Details

- 18.1 Any formal disclosure made under this Policy should be submitted, in writing, to the University Secretary:

Helen Cutting
University Secretary
Legal & Governance Services
Teesside University
TS1 3BX

Universitysecretary@tees.ac.uk

COUNTER FRAUD PROCEDURE

Procedural Flowchart

