

Counter-Fraud Policy

Cardiff University has a zero-tolerance stance on fraud.

All reported incidents will be treated as confidential where possible, in line with the Whistleblowing Code of Practice.

If you witness or suspect a fraud:

1. Contact a member of the Fraud Assessment Panel:

Chief Operating Officer Claire Sanders	+44 29208 74687 SandersC3@cardiff.ac.uk
Chief Financial Officer Darren Xiberras	+44(0) 29 2087 4442 xiberrasd@cardiff.ac.uk
Director of Human Resources Sue Midha	+44(0) 29 2087 9243 Midha@Cardiff.ac.uk
University Secretary and General Counsel Rashi Jain	+44(0) 29 225 11878 JainR27@cardiff.ac.uk
Head of Internal Audit Faye Lloyd	+44 29208 75053 LloydF1@cardiff.ac.uk

Or

2 Employees may prefer to report an occurrence to their line manager or to a more senior officer if their line manager is implicated. The line manager/senior officer should then immediately refer the occurrence to a member of the Fraud Assessment Panel.

Or

3 Follow the process set out in our Whistleblowing Code of Practice found [here](#)

Please do not confront an individual or individuals with your suspicions or discuss them with anyone else. Make a note of your concerns and report them. A full list of “Do’s and Don’ts” when reporting a suspected fraud can be found in [Appendix 2](#) of the [Counter-Fraud Policy](#).

What Cardiff University will do in response to a suspected fraud

We will investigate any concerns and suspicions reported to us, impartially, in confidence and thoroughly.

We will take appropriate action to discipline offenders and/or take legal action.

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POLICY SCHEDULE	
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Document History			
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1	2017	Stephen Marchant	
2	2017	Laura Hallez	

Counter-Fraud Policy

1. Introduction

- 1.1 The University is committed to the proper use of funds, both public and private. As a consequence, it is essential that staff, students, members of the Council or Committees established by the Council, contractors and third-parties are aware of the risk of fraud, corruption, theft and other activities involving dishonesty, in all its forms.
- 1.2 The University has a zero-tolerance stance on fraud and requires staff, students and its partners to act honestly and with integrity at all times by ensuring that their activities, interests and behaviours do not conflict with these obligations, regardless of their position and to report all suspicions of fraud.

2. Definitions

- 2.1 The Fraud Act 2006 came into force on the 15 January 2007 and has introduced the general offence of fraud.
- 2.2 This is broken down into three key sections:
 - Fraud by false representation;
 - Fraud by failing to disclose information; and
 - Fraud by abuse of position.
- 2.3 The Fraud Act also creates new offences;
 - Possession and making or supplying articles for use in fraud;
 - Fraudulent trading (sole traders): and
 - Obtaining services dishonestly.
- 2.4 Full details of the Act are available at www.legislation.gov.uk/ukpga/2006/35/contents
- 2.5 Attempted fraud is treated as seriously as accomplished fraud. At a practical level, fraud is deemed to be the deliberate intent to deprive the University (and its associate activities) of money or goods. Further examples of what constitutes fraud can be found in [Appendix 1](#).
- 2.6 The Bribery Act 2010 came into force on 1 July 2011 and sets out the following specific bribery offences:
 - A general offence covering the offering, promising or giving of a bribe (in the UK or overseas);
 - A general offence covering the requesting, agreeing to receive, or acceptance of a bribe;
 - A corporate offence (for organisations only) of failing to prevent bribery (whether actual or attempted) by their associates (in the UK or overseas) such as employees, agents, joint venture partners, subsidiaries which results in a benefit; and
 - A discrete offence of bribery of a foreign public official.
- 2.7 The bribe can be given directly or indirectly. It does not have to be cash, nor does it have to be received: offering or requesting a bribe is sufficient to contravene the Bribery Act 2010.
- 2.8 Further information on the University's policy for dealing with Bribery can be found [here](#).

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3. Counter-fraud policy

3.1 The University will not tolerate fraud or corruption, and expects the following standards of conduct and behaviour:

- All staff, students, members of the Council or Committees established by the Council, must behave in a fair and honest way in any dealings related to the University. This applies equally to both internal conduct, and externally in relation to our suppliers, partners and other business associates.
- All staff must rigorously apply those internal controls, rules and regulations which are designed to prevent, deter and detect fraud.
- As well as operating within the law and any specific agreements or contracts, all external organisations dealing with the University must conduct themselves in accordance with normal ethical business standards consistent with the University's charitable status and public-sector funding.
- Staff, students, members of the Council or Committees established by the Council, contractors and third parties should be aware of the University's Whistleblowing Policy and the right this gives them to raise concerns about possible fraud, as well as other irregularities.
- Any member of staff, students, members of the Council or Committees established by the Council, contractor or third party has a duty to report promptly to the designated contact within the University, all legitimate concerns about suspected fraud or irregularity.

3.2 The overriding objective of the University's counter-fraud activity is to ensure that fraud is seen as unacceptable by each and every stakeholder.

3.3 The University is committed to reducing the opportunity for fraud associated with any of its activities, operations and locations to the absolute practical minimum and to 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.

3.4 Where any fraud is committed against the University, consideration will always be given to prosecuting the person/organisation responsible through all criminal and/or civil means available. The University will follow disciplinary procedures against any member of staff or student who has committed fraud.

3.5 It is the responsibility of everyone associated with the University, including staff, students, members of the Council or Committees established by the Council, contractors and third parties, to comply with this policy and report any suspicions of fraud or corruption. The University has a "no retaliation" policy for people reporting suspicions, and concerns can be raised if necessary under the University's Whistleblowing policy, details of which can be found under Section 7, covering associated policies, below.

4. Fraud Response Plan

4.1 The Fraud Response Plan sets out the University's procedures for ensuring that all allegations and reports of fraud or irregularities are properly followed up, are considered in a consistent and fair manner and that prompt and effective action is taken to:

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- assign responsibility for investigating the fraud;
- minimise the risk of any subsequent losses;
- reduce any adverse operational effects;
- specify the degree of confidentiality required;
- implement damage limitation (to assets and reputation);
- establish and secure evidence necessary for criminal and disciplinary action;
- improve the likelihood and scale of recoveries;
- inform the Action Fraud and liaise with insurers; and
- review the reasons for the incident and improve defences against future fraud.

Reporting of any suspicions of fraud or irregularity:

- 4.2 A list of “Do’s and Don’ts” about investigating and reporting fraud can be found in [Appendix 2](#) of this Policy.
- 4.3 Individuals who suspect the occurrence of fraud in the context of the University’s activities have a duty to report their concerns, along with a description of the alleged irregularity, as soon as practical, to a member of the Fraud Assessment Panel which is chaired by the Chief Operating Officer.
- 4.4 Employees may prefer to report an occurrence to their line manager or to a more senior person if their concern relates to their line manager, who should refer it immediately to a member of the Fraud Assessment Panel. Other individuals may use the University’s Whistleblowing Policy, which can be found [here](#).
- 4.5 If the suspected fraud is thought to involve the Chief Financial Officer, Chief Operating Officer and/or the Vice-Chancellor, the member of staff shall contact the Chair of the Audit Committee via the Head of Internal Audit of their concerns regarding irregularities.
- 4.6 Once a member of the Fraud Assessment Panel has been notified of a potential irregularity they should consult with the Chief Operating Officer (COO) as soon as is practicably possible and usually within one working day.
- 4.7 Fraud, including victimisation and deterring/preventing reporting a suspected fraud, will be treated as a Serious Offence under the University’s disciplinary processes. Equally, however, abuse of process by reporting malicious allegations will also be regarded as a disciplinary issue.

The Fraud Assessment Panel

- 4.8 Once notified of a fraud the COO will notify the Vice-Chancellor and the Audit Committee (through its chair). Where the irregularity involves the COO, the Director of Human Resources would lead the Assessment Panel. Should the incident concern or implicate any other member of the Panel then the Chief Operating Officer will appoint a substitute.
- 4.9 The Fraud Assessment Panel will determine what further investigative action (if any) is necessary. In particular, the following issues will be considered:
- 1) Who to involve in the investigation;
 - 2) Whether to instruct Internal Audit to undertake an investigation;
 - 3) Whether more specialist expertise may be required to assist with the investigation;

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- 4) Whether there should be any restrictions on who needs to know about the suspected fraud and level of confidentiality;
- 5) What actions are necessary to minimise short-term damage including:
 - a. Isolating the employee from the immediate work environment;
 - b. Preventing access to the University computers and the workplace;
 - c. Restricting the movement of assets;
 - d. Ensuring compliance with HR policies;
 - e. Ensuring any interview is timely and has clear objectives.
- 6) Reporting to Action Fraud (this is the formal way of reporting fraud and cybercrime to the Police – please see www.actionfraud.police.uk for further information);
- 7) What action is required under the terms of the University's insurance policy to ensure prompt reporting;
- 8) Whether there are any media relations issues;
- 9) What action should be taken against those responsible;
- 10) Which policies, regulations or procedure were breached and how this was possible; and
- 11) What action is required to report to HEFCW and the Charity Commission

4.10 Cardiff University reserves the right to proceed with its own disciplinary procedures and/or civil proceedings, notwithstanding police investigations/criminal proceedings.

Prevention of further loss

4.11 Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the Fraud Assessment Panel will decide how to prevent further loss. This may require the suspension, with or without pay, of those under suspicion. Any decision to suspend a member of staff must be taken by the Assessment Panel together with Human Resources

4.12 It may be necessary to plan the timing of suspension to prevent the destruction or removal of evidence that may be needed to support disciplinary or criminal action.

4.13 In these circumstances, the suspect(s) should be approached unannounced by at least two people (one of whom should be part of the Fraud Assessment Panel) and personal safety of staff should be considered. The suspect(s) should be supervised at all times before leaving the University's premises.

4.14 They should be allowed to collect personal property under supervision, but will not be able to remove any property belonging to the University (including mobile devices). Any security passes and keys to premises, offices, and furniture must be returned. The suspect's access permissions to all the University's computer systems must be removed immediately.

4.15 The Head of Internal Audit shall, after approval by the Fraud Assessment Panel, 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 University's assets.

Establishing and securing evidence

4.16 Investigating staff will:

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- carry out initial fact finding to confirm or dismiss the complaint;
- ensure any evidence, including IT facilities, is secure;
- maintain familiarity with the University's disciplinary procedures and statutory rights, to ensure the evidence requirements will be met during any fraud investigation;
- establish and maintain contact with the police where appropriate;
- ensure staff involved are compliant with the Police and Criminal Evidence Act when interviewing and are familiar with the rule on the admissibility of documentary and other evidence in criminal proceedings.

Recovery of losses

4.17 Recovering losses is a major objective of any fraud investigation. The investigating officers shall ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of losses should be sought in all cases.

4.18 Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice should also be obtained about prospects for recovering losses through the civil court where the perpetrator refuses payment.

4.19 The University would normally expect to recover costs in addition to losses. The University insurers should be made aware of the pursuit of any such claims

Reporting

4.20 A final report will be prepared for the Vice-Chancellor and Audit Committee including:

- 1) A description of the suspected irregularity
- 2) A conclusion as to whether the allegations made had any substance
- 3) The extent of any loss or adverse impact on the University
- 4) A description of any steps taken in relation to the individual or individuals concerned together with recommendations as to any disciplinary action
- 5) The steps taken to mitigate any losses to the University
- 6) The measures taken to minimise the risk of a recurrence
- 7) Action needed to strengthen future responses to fraud, with a follow-up report on whether actions have been taken
- 8) Advice on preventative measures to strengthen future responses to fraud
- 9) Any regulations policies or procedures that were breached and any recommended revisions

4.21 Any significant cases of fraud or irregularity shall be reported to HEFCW as set out in the HEFCW Financial Management Code. The Financial Management Code which can be found on HEFCW's website www.hefcw.ac.uk, contains clear guidelines as to which frauds should be reported.

4.22 Consideration will be given to the communication of the lessons learnt from the fraud across the University with a view to improving practice.

4.23 Consideration will also be given to the requirement to notify relevant government authorities e.g. police or UK Visas and Immigration.

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5. The Fraud Register

A Fraud Register is maintained by the Policy Officer including all irregularities reported as per paragraph 4.3. It should contain:

- Date of occurrence
- A description of the incident
- Whether a fraud was proved
- The cost or adverse impact upon the University
- Details of Police involvement
- Details of any communication to external authorities
- Date reported to Vice Chancellor and Audit Committee
- Outcome of any investigation
- Actions taken to improve the control environment

6. Monitoring and Review

The Audit Committee will monitor the effectiveness of this Policy and will review its suitability and adequacy annually as part of their governance review. This will include a review of the Fraud Register, so that any lessons learned from reported incidents may be incorporated into the Policy to increase the University's effectiveness in fraud prevention and detection.

7. Associated policies

This Policy should be read in conjunction with the following University Policies, Procedures and Regulations:

- Anti-Bribery Policy
- Financial Regulations
- Whistleblowing Code of Practice
- Gifts and Hospitality Policy
- Academic Research Misconduct

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Appendix 1 -Examples of Fraud

- **Fraud involving cash, physical assets, intellectual property or confidential information:**
 - Theft of University property
 - Unauthorised removal of University property
 - Passing on company data or intellectual property
 - Unauthorised disclosure of confidential information
 - False invoices being created
- **Misuse of accounts:**
 - Accessing bank accounts
 - Fraudsters impersonate innocent victims to obtain products or services in their name, also known as identity fraud.
 - Attempting to change bank account details of suppliers and payees
 - Identity theft where staff are persuaded to reveal login and passwords details
- **Procurement fraud:**
 - Falsely creating or diverting payments
 - Bid rigging
 - Diverting goods or services for personal use
 - Colluding with suppliers to accept inferior goods or services
 - Payoffs and kickbacks
 - Conflicts of interest with third parties and acquaintances
- **Senior Staff fraud:**
 - Fraudsters impersonating senior staff to demand that a bank transfer is made to an improper account
- **Payroll fraud:**
 - Unauthorised changes to HR or payroll system
 - Inputting incorrect details in e.g. hours worked
 - Dummy or ghost employees
 - Faking self-certified / doctors' sick notes
- **Financial accounting fraud, including fees:**
 - Falsifying accounting or other records
 - Falsifying financial returns or claims
 - Use of the University name, logo or letterhead for personal reasons
 - Embezzlement
 - Internal theft
 - Under recording income
 - Unauthorised removal or destruction of records
 - Forgery or alteration of documents
- **Fraudulent claims:**
 - Mileage
 - Personal use
 - Falsifying or manipulating receipts
 - False / duplicate expense claims
 - Paying oneself into accounts such as paypal / square
- **Reference, qualification and employment fraud:**
 - Fraudulent Curriculum Vitae (CV)
 - Fraudulent references
 - Misrepresenting qualifications / certificates
 - Employing family and friends over better candidates
 - Falsifying documents such as passports and visas or other identification

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- **Bribery and corruption fraud:**
This is dealt with in the Anti-Bribery and Corruption Policy
- **Academic fraud:**
Plagiarism
Aiding illegal Immigration
Internships
Falsifying examination results and awards
- **Accommodation-related fraud, including preference and payment:**
Paying deposits where the accommodation does not exist

Fraud with academic implications

- 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.
- Such a fraudulent activity could be very high-profile, with potentially significant consequences for the University. In such cases, it is again essential that an appropriate person 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.
- 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 senior University officers. 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.

Appendix 2 – Fraud “Do’s and Don’ts”

- **Don’t** confront any individual or individuals with your suspicions.
- **Don’t** contact the police directly - that decision is the responsibility of the appropriate person and other senior University officers.
- **Do** report your concerns, as above; reports will be treated as confidential.
- **Do** persist in raising your concerns, even if you are deterred from doing so.
- **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 your line manager, a senior officer or a member of the Fraud Assessment Panel.
- **Don’t** discuss your concerns with colleagues or anyone else other than the people mentioned above.
- **Don’t** under any circumstances suspend anyone if you are a line manager without direct advice from Human Resources.