

ROYAL HOLLOWAY
University of London

Anti-Fraud Policy and Response Plan

PART 1

1 Introduction

1.1 The policy is designed to ensure that the College:

- is safeguarded against occurrence, through promoting an anti-fraud culture and the operation of sound systems of internal control
- has systems to facilitate detection
- has a plan for responding to any occurrence.

1.2 Policy Statement

1.2.1 Royal Holloway, University of London is committed to preventing acts of fraud, bribery and corruption, whether initiated within the College, or by external sources. The College is committed to promoting an anti-fraud culture and reducing the opportunities for fraud and corruption to the lowest possible level of risk. A separate Anti-Bribery policy is available at <http://www.rhul.ac.uk/forstaff/collegepolicies/home.aspx>. Implementation of this policy is the responsibility of the members of the College Executive which reports on matters of fraud and bribery to the Audit and Compliance Committee. This policy is approved by the Audit and Compliance Committee and the College Council.

1.2.2 It is required that everyone connected with the College, in whatever capacity, will act with integrity and without intent to commit fraud or corruption. It is further expected that all staff will comply with legal requirements and with all regulations, procedures and practices of the College including the obligation to report all reasonable suspicions of fraud. Fraud committed by students will be addressed using the Student Disciplinary Regulations, Academic Regulations and other policies relating to students as appropriate.

1.2.3 Fraud and corruption will not be tolerated. The College will investigate all instances of attempted and suspected fraud committed by staff, consultants, suppliers and other third parties and will seek to recover funds and assets lost through fraud. Perpetrators will be subject to appropriate disciplinary or legal action.

1.2.4 All staff are notified of their responsibilities in relation to protecting the College from Fraud and Corruption at the start of their employment. This policy is available on the College web site and is brought to the attention of all staff from time to time. The Registrar and Secretary is responsible for ensuring that all staff are aware of their responsibilities under this policy and

that appropriate training is available. Staff Development will be responsible for delivering the training.

- 1.2.5 The Registrar and Secretary will monitor compliance with this policy in conjunction with the College Executive.

2 What is Fraud?

- 2.1 Fraud encompasses irregularities and illegal acts which are characterised by an intention to deceive or mislead, and where the individual knows the information is false or at least has good reason to suppose that it is not true. Fraud is likely to result in an unauthorised benefit to an individual but could also be to the benefit of the College. Fraud in Higher Education does not always relate to financial matters and could also be to achieve other benefits such as an improved research reputation, results or funding.

Examples include:

- acceptance of bribes or bribing others
 - claims submitted for goods not received
 - intentional failure to act in circumstances where action is required by the College or law
 - intentional misrepresentation of events or data
 - theft
 - unauthorised or illegal use of confidential information
 - intentional and improper representation of the College's assets to a third party
- 2.2 Individuals can be prosecuted under the Fraud Act 2006 and the Bribery Act 2010 if they make a false representation, fail to disclose information or abuse their position.

3 Protecting the College

3.1 Checking References and Qualifications

New members of staff should be screened before appointment. In most cases it is sufficient to obtain and check a previous reference and check any qualifications where appropriate. Staff with financial responsibilities must have references to cover a reasonable continuous period. Appropriate checks should also be made on staff working with children or vulnerable adults. It is the responsibility of the Director of Human Resources to ensure that processes for the appropriate checks are in place.

3.2 Internal Control

3.2.1 This is an essential measure in avoiding occurrences of fraud. In addition to College policies on matters like the processing of expense claims, tendering for contracts and accepting hospitality, all processes which could be open to fraud or corruption should involve effective management controls such as the segregation of duties, checking of exception reports and the random checking of transactions.

3.2.2 All managers have specific responsibilities for preventing and reporting fraud. In particular:

- Monitoring compliance with internal controls and agreed policies and procedures e.g. Financial Regulations, checking staff lists and budget reports, proper control over cash transactions and holdings.
- identifying unusual behaviour in staff members such as regular late working without obvious reason or suspected alcohol or gambling problems. Advice should be sought from HR on how to address these matters
- notifying appropriate staff of any indications of fraudulent activity.
- Assisting in the investigation of suspected fraud.

3.2.3 All staff are responsible for:

- Ensuring that the College's reputation and assets are protected against fraud.
- Reporting known or suspected fraud.
- Assisting in the investigation of fraud

3.2.4 The College's Financial Regulations provide clear guidance on issues of financial responsibility. All Heads of Departments and other Senior Staff are responsible for ensuring they have familiarised themselves with the Regulations. These are available on the Finance Department's web pages. The Director of Finance is responsible for ensuring that the Financial Regulations are regularly reviewed and updated and that appropriate processes are in place to ensure compliance.

3.2.5 The College has clear guidance on purchasing and procurement. Heads of Departments are responsible for ensuring that staff involved in purchasing and procurement are familiar with the guidance which is available on the Finance Department's web pages. The Assistant Director – Procurement is responsible for overseeing all matters relating to procurement within the College.

3.2.6 All staff making claims for expenses are required to make any claims within the terms of the College's Travel and Subsistence policy which is available on the Finance Department's web pages. This policy also provides guidelines on the acceptance of hospitality and gifts.

3.3 Internal and External Audit

Planned audit work is used to review and provide assurance on performance, processes and controls across the full range of College activities. All staff are required to comply with requests for information or assistance made by the Internal or External Auditors.

4 **Reporting**

Members of Staff are essential in identifying occurrences of fraud and corruption and should raise any concerns with the Director of Finance and their Head of Department in line with the College's Financial Regulations and Public Interest Disclosure Protocol (available on the College web pages or from the College Secretary's Office). The latter document reinforces the College's Financial Regulations and provides protection for staff reporting incidents of suspected fraud or corruption from victimisation. Matters may be raised in confidence but where an investigation is undertaken it should be recognised that it may not be possible to maintain complete confidentiality. Where it is not appropriate for the matter to be reported to the Head of Department or the Director of Finance the matter can be reported directly to the College's Internal Auditor. Matters that are less obviously of a financial nature should be reported to the College Secretary.

Details of whom to contact to report concerns about possible fraud or bribery are available at <http://www.rhul.ac.uk/forstaff/collegepolicies/home.aspx> and at the end of this document.

Other Relevant Policies

Financial Regulations
Anti-Bribery Policy
Gifts and Hospitality Policy
College Tendering and Procurement Regulations and Guidance
Acceptance of Donations Policy

PART 2

Response Plan

This purpose of this plan is to allocate responsibilities for action and reporting lines in the event of a suspected fraud or irregularity.

Initiating Action

1. Actual or suspected frauds or irregularities may be identified through a number of mechanisms, including:
 - operation of internal controls
 - reported by staff in accordance with Financial Regulations or using the Public Interest Disclosure Protocol
 - reported by third parties;
 - as a result of Internal or External Audit review.
2. Regardless of how they are initially reported to the College management, all actual or suspected incidents should be reported to the Internal Auditor to allow an independent investigation to be undertaken promptly.
3. This plan covers recording and securing evidence, preventing further losses and the investigation process. Managers on identifying or being advised of a suspected fraud should report it immediately as indicated elsewhere in the policy. They should also take immediate and effective action to secure all relevant information and documentation and prevent any further losses pending the initiation of an investigation as described below.

Investigation

3. With the Directors of Finance and Human Resources, and the Registrar and Secretary (or their representatives), and the relevant line manager, the Internal Auditor should agree the following as soon as possible and develop an action plan with allocated responsibilities:
 - whether an investigation should take place – an investigation would normally be expected
 - the staff who should undertake the investigation in addition to the Internal Auditor
 - the initial scope of the investigation
 - whether any external support is required for the investigation
 - whether the police or College insurers should be contacted prior to an investigation taking place
 - the timescale for the investigation

- whether any members of staff should be suspended from work prior to the start of the investigation or at any point during the investigation
 - any other action that should be taken immediately to secure evidence or protect the College from further loss
 - whether the matter requires notification to the Chair of the College Council and the Chair of the Audit Committee prior to an investigation
4. Delay in arranging a meeting of the above officers should not delay developing a plan or commencing an investigation. Consideration should be given to whether all of the officers need to be involved in the particular case. Consideration should also be given to the inclusion of others if appropriate.
 5. The Principal should be notified of the issue by the Director of Finance or one of the other officers if appropriate.
 6. Where there appears to be sufficient evidence to warrant reporting to the police the Internal Auditor will liaise with the police and be responsible for future communications with them over the matter.
 7. If it becomes necessary to interview a member or members of staff under suspicion, the Internal Auditor, or an appropriate member of the investigation team, will carry out such interviews in accordance with the Codes of Practice related to the Police and Criminal Evidence Act. Adherence to these Codes will also ensure that any other staff assisting in such interviews are aware of the requirements of the Act.
 8. Investigations must also be carried out in accordance with the requirements of the College's Disciplinary Procedures.
 9. On conclusion of the investigation a report will be produced for consideration by the relevant line manager and the officers named in paragraph 3, recommending further actions. The Principal will also be notified of the outcome of the investigation.

Action

10. Where evidence of fraud or corruption has been found it would be expected that a disciplinary hearing would be arranged and the police would be informed if this has not already occurred.
11. Other actions should be considered. These might include further investigations of systems or processes, or legal action, which might be particularly appropriate in incidents involving contractors or other third parties.

Recovery of Losses

12. Every effort will be made to recover any losses suffered as a result of fraud perpetrated on the College.

Reporting

13. In accordance with the HEFCE Audit Code of Practice some cases of fraud or suspected fraud must be reported to HEFCE. This should be done by the Principal as soon as possible following the investigation. The Chair of the College Council and the Chair of the Audit Committee must also be notified.
14. All fraud and corruption investigations must be reported to the Audit Committee with a brief description of the incident, the value of any loss, the means of perpetrating the fraud, the measures taken to prevent a recurrence and any further actions that are required. This report would normally be prepared by the Internal Auditor and be made available to the College's External Auditors.

Approved by the College Council 13 October 2010

Revised 21 February 2012

Revisions approved by College Council 28th March 2012

Policy Owner – Registrar and Secretary

Equality Impact Assessment – no impact identified