

# Counter Fraud and Corruption Policy and Response Plan

2021-2024



Edge Hill  
University

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# Counter Fraud and Corruption Policy and Response Plan

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## 1. Introduction

- 1.1 Edge Hill University is committed to reducing fraud, bribery and corruption within the organisation, to ensure that funds are used as they are intended. Edge Hill University will seek the appropriate disciplinary, regulatory, civil and criminal sanctions against fraudsters and where possible, will attempt to recover losses.
- 1.2 This policy is supported and endorsed by the Board of Governors and Risk Management Group and is based on the latest best practice guidance.

## 2. Purpose

2.1 The purpose of this policy is to:

- Improve knowledge and understanding of all Edge Hill University staff, irrespective of their position, about the risk of fraud, bribery and corruption within the organization;
- Promote an anti-crime culture and an environment where staff feel able to raise concerns and understand that fraud, bribery and corruption is unacceptable.
- Set out the Edge Hill University responsibilities in terms of the deterrence, prevention, detection and investigation of fraud, bribery and corruption.
- Ensure appropriate sanctions are considered following an investigation, which may include internal disciplinary action, civil recovery and/or criminal prosecution.

## 3. Scope

- 3.1 This policy applies to all individuals working at all levels including Board, Executive and Non-Executive Members (Including co-opted members), employees (whether permanent, fixed-term, or temporary), contractors, suppliers, trainees, seconded, home-workers, casual staff and agency staff, interns and students, agents, sponsors, volunteers or any other person associated with Edge Hill University wherever located as well as contractors, vendors, other internal and external stakeholders and any other parties who have a business relationship with the University.
- 3.2 This policy is not intended to provide a comprehensive approach to preventing and detecting fraud, bribery and corruption.
- 3.3 Any abuse or non-compliance with this policy or procedures will be subjected to a full investigation and appropriate disciplinary action

## 4. Definitions

### 4.1 Fraud

Fraud involves dishonestly making a false representation, failing to disclose information or abusing a position held, with the intention of making a gain or causing a loss. The gain or loss does not have to succeed, as long as the intent is there.

The Fraud Act 2006 came into force on 15th January 2007 and applies in England, Wales and Northern Ireland.

Fraud by false representation (Section 2) – a representation can be in words, written or communicated by conduct. There must be knowledge that the representation was untrue or misleading.

Fraud by failing to disclose (Section 3) – not declaring something (verbally or in writing) when there is a legal duty to disclose that information.

Fraud by abuse of position (Section 4) – occupying a position in which you are expected to safeguard, or not to act against, the financial interests of another person or organisation, and abusing that position.

Further sections for consideration are Section 6 – Possession of articles for use in fraud and Section 7 – Making or supplying articles for use in fraud.

Actions that could be seen to constitute fraud include, but are not limited to:

- Any dishonest or deceptive act;
- Making fraudulent statements e.g. falsifying timesheets, travel and subsistence, sick or special leave
- Theft, destruction of property or data, or misappropriation of funds;
- Impropriety in the handling and reporting of money or financial transactions;
- Subletting;
- Profiteering because of inside knowledge of the company's activities;
- Disclosing confidential information;
- Obtaining goods, money or services by deception
- Intimidation or exploitation
- False accounting/invoicing and / or the destruction, removal or inappropriate use of records;
- Serious misuse of IT or communications systems.

## 4.2 Bribery and Corruption

Bribery and corruption involves offering, promising or giving a payment or benefit-in-kind in order to influence others to use their position in an improper way to gain an advantage.

Offences of bribing another person:

The Bribery Act 2010 makes person (P), guilty of an offence if either of the following two cases apply:

- P offers, promises or gives a financial or other advantage to another person, and P intends the advantage to induce a person to perform improperly a relevant function or activity, or to reward a person for improper performance of such a function or activity.
- P offers, promises or gives a financial or other advantage to another person, and P knows or believes that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity.

Offences in relation to being bribed:

The Bribery Act 2010 makes person (R) guilty of an offence if any of the following applies:

- R requests, agrees to receive or accepts a financial or other advantage intending that, in consequence, a relevant function or activity should be performed improperly (whether by R or another person);
- R requests, agrees to receive or accepts a financial or other advantage, and the request, agreement or acceptance itself constitutes the improper performance of a relevant function or activity;
- R requests, agrees to receive or accepts a financial or other advantage as a reward for the improper performance (whether by R or another person) of a relevant function or activity.
- In anticipation of or in consequence of R requesting, agreeing to receive or accepting a financial or other advantage, a relevant function or activity is performed improperly by R or by another person at R's request or with R's assent or acquiescence.

Failure of a commercial organisation to prevent bribery (Section 7 of the Bribery Act 2010):

A relevant commercial organisation is guilty of an offence under this section if a person associated with the organisation bribes another person intending to obtain or retain business for the organisation, or to obtain or retain advantage in the conduct of business for the organisation.

However, it is a defence for the organisation to prove that it had in place adequate procedures designed to prevent persons associated with the organisation from undertaking such conduct.

## 5. Responsibilities within the Organisation

5.1 Through our day to day work, we are in the best position to recognise any specific risks within our own areas of responsibility. We also have a duty to ensure that those risks are identified and eliminated. This section outlines the roles and responsibilities of individuals within the University who can contribute to protecting it by reporting fraud and other irregularities.

### 5.2 Audit Committee

The Audit committee are responsible for seeking assurance that the company has adequate arrangements in place for countering fraud and this will include but is not limited to the review of the controls in place to counter fraud and their application.

### 5.3 Vice-Chancellor

The Vice-Chancellor has the overall responsibility for funds entrusted to the organisation as the accountable officer. The Vice-Chancellor must ensure adequate policies and procedures are in place to protect the organisation.

### 5.4 Deputy Vice-Chancellor

The Deputy Vice-Chancellor will, depending on the outcome of initial investigations, inform appropriate senior staff and Governors of suspected cases of fraud, bribery and corruption. If an investigation is deemed appropriate, the Deputy Vice-Chancellor will delegate the investigation to Human Resources (HR), whilst retaining overall responsibility.

### 5.5 Director of Finance

The Director of Finance is responsible for the general control environment across the University including the approval of financial transactions. The

Director of Finance prepares documents and maintains detailed financial procedures and systems which apply the principles of separation of duties and internal checks to supplement those procedures and systems. The Director of Finance will report annually to the Board on the adequacy of internal financial controls to enable the Board to execute its overall responsibility to prepare a Statement of Internal Control for inclusion within the Financial Statements.

#### **5.6 Director of Strategic Planning and Policy Unit**

The Director of Strategic Planning and Policy Unit is responsible for the application of appropriate risk management practices across the University. The Director of Strategic Planning and Policy Unit prepares documents and maintains procedures and systems which apply the principles of effective risk management. The Director of Strategic Planning and Policy Unit will report annually to the Board on the adequacy of risk management processes to enable the Board to execute its overall responsibility to prepare a Statement of Internal Control for inclusion within the Financial Statements.

#### **5.7 Internal and External Audit**

The role of internal and external audit includes reviewing controls and systems and ensuring compliance with Financial Regulations and conditions of funding. The internal auditors provide an independent opinion on the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement. The external auditors have a responsibility to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error. Auditors have a duty to pass on any suspicions of fraud, bribery or corruption.

#### **5.8 Human Resources**

HR will liaise closely with the managers from the outset if an employee is suspected of being involved in fraud, bribery or corruption. HR will also ensure appropriate use of the University's Disciplinary Policy and Procedure. HR will advise those involved in the investigation on matters of employment law and other procedural matters such as disciplinary and complaints procedures as requested. HR will conduct robust pre-employment checks at the recruitment stage for all employees, (temporary, fixed term and permanent) and refer any discrepancies to the Deputy Vice-Chancellor. Checks to include identification and eligibility to reside and work in the UK however will rest with Staff Resources and Payment Services.

## 5.9 Managers

Managers are responsible for ensuring that policies, procedures and processes within their local area are adhered to and kept under constant review including conducting risk assessments and mitigating identified risks.

Managers have a responsibility to ensure that staff are aware of fraud, bribery and corruption and understand the importance of protecting the organisation from it. Managers are also responsible for the enforcement of disciplinary action for staff who fail to comply with policies and procedures.

Any instances of actual or suspected fraud, bribery or corruption brought to the attention of a manager should be reported to the Deputy Vice-Chancellor immediately.

## 5.10 All Employees

All staff are required to comply with the Financial Regulations, policies and procedures of the University and apply best practice to prevent fraud, bribery and corruption (for example in the areas of procurement, personal expenses and ethical business behaviour). Staff should be made aware of their own responsibilities in protecting the University from these crimes.

Employees who are involved in or manage internal control systems should receive adequate training and support in order to carry out their responsibilities.

Employees are expected to act in accordance with the standards laid down by their professional institutes, where applicable, and have a personal responsibility to ensure that they are familiar with them.

Employees also have a duty to protect the assets of the organisation, including information and property. This means, in addition to maintaining the normal standards of personal honesty and integrity, all employees should always:

- avoid acting in any way that might cause others to allege or suspect them of dishonesty;
- behave in a way that would not give cause for others to doubt that University employees deal fairly and impartially with official matters; and
- be alert to the possibility that others might be attempting to deceive.



All employees have a duty to ensure that public funds are safeguarded, whether they are involved with cash or payment systems, receipts or dealing with contractors or suppliers.

All employees should be aware that fraud and bribery will normally, dependent upon the circumstances of the case, be regarded as gross misconduct thus warranting summary dismissal without previous warnings. However, no such action will be taken before an investigation and a disciplinary hearing have taken place. Such actions may be in addition to the possibility of criminal prosecution.

Employees will not request or receive a bribe from anybody, nor imply that such an act might be considered. This means that you will not agree to receive or accept a financial or other advantage from a former, current or future client, business partner, contractor or supplier or any other person as an incentive or reward to perform improperly your function or activities.

The Financial Regulations place an obligation on all staff to act in accordance with best practice. In addition, all staff on the senior management pay spine and Governors must make an annual declaration of interests that might potentially conflict with those of the University. If an employee suspects that fraud, bribery or corruption has taken place, it should be reported to Deputy Vice-Chancellor immediately.

### **5.11 Information Management and Technology**

The Director of IT Services will contact the Deputy Vice-Chancellor immediately in all cases where there is suspicion that IT is being used for fraudulent purposes. This includes inappropriate internet/intranet, e-mail, telephone, PDA use and any offence under the Computer Misuse Act 1990. Human Resources will be informed if there is a suspicion that an employee is involved.

### **5.12 External parties**

Those organisations undertaking work on behalf of the University are expected to maintain strong anti-fraud principles and have adequate controls in place to prevent fraud when handling public funds and dealing with customers on behalf of the University. Contractors and sub-contractors acting on the University's behalf are responsible through contractual arrangements put in place during the tender process and through contracts, for compliance with the Bribery Act 2010.

## 5.13 External communications

Individuals (be they employees, agency staff, contractors or suppliers) must not communicate with any member of the press, media or another third party about a suspected fraud as this may seriously damage the investigation and any subsequent actions to be taken. Anyone who wishes to raise such issues should discuss the matter with the Deputy Vice-Chancellor.

## 6. Response Plan

### 6.1 Bribery and Corruption

Edge Hill University will undertake risk assessments in line with Ministry of Justice guidance<sup>1</sup> to assess how bribery may affect the organisation. This will be undertaken every three years, however this is not definitive, and circumstances may call for a risk assessment to be undertaken outside of this pattern, for example due to changes in legislation or a reported incident of bribery within the University. The risk assessment will be undertaken by officer(s) nominated by the Deputy Vice-Chancellor.

Proportionate procedures in place to mitigate the identified risk include the following:

- all staff must disclose their business interests, prior to commencement of employment with the University;
- all staff must disclose any new business interests immediately to either the Deputy Vice-Chancellor or the Director of Finance;
- all staff must declare hospitality (other than modest hospitality) received by or offered to them as University employees;
- all hospitality (other than extremely minor hospitality) provided by Edge Hill University staff to third parties must be declared; and
- staff must not solicit personal gifts and must declare all gifts received (more than £25 in value).

Guidance regarding the above requirements can be found in the Gifts and Hospitality Policy. Staff must also comply with the General Code of Conduct.

### 6.2 Reporting a Suspicion of Fraud, Bribery or Corruption

If any person has any concerns about fraud, bribery or corruption, they must inform the Deputy Vice-Chancellor immediately [unless the Deputy Vice-Chancellor is implicated, in which case they should contact the Chair of the

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<sup>1</sup> <https://www.justice.gov.uk/downloads/legislation/bribery-act-2010-guidance.pdf>

Board of Governors or the Vice-Chancellor. The individual should not contact the Police unless it is an emergency.

If you feel unable to talk to the Deputy Vice-Chancellor, you can contact the Head of Human Resources.

Appendix A provides a summary of do's and don'ts when it comes to suspecting and reporting fraud. Managers are encouraged to copy this to staff and place it on the notice boards in their department.

All reports of fraud, bribery and corruption will be taken seriously and are thoroughly investigated. The Deputy Vice-Chancellor will make sufficient enquiries to establish whether or not there is any foundation to the suspicion that has been raised. If the allegations are found to be malicious, they will also be considered for further investigation to establish their source.

The University wants all employees to feel confident that they can report any fraud, bribery and corruption suspicions without any risk to themselves. In accordance with the Public Interest Disclosure Act 1998, the University has produced a Whistleblowing Policy which should be read in conjunction with this policy.

The Public Interest Disclosure Act 1998 gives protection to individuals, casual workers, agency workers and contractors who make a qualifying disclosure when they reasonably believe it is in the public interest for them to do so.

It is the University's policy to insure against fraud.

## 7. Sanctions and Redress

7.1 This section outlines the sanctions that can be applied and the redress that can be sought against individuals who commit fraud, bribery or corruption against the University and should be read in conjunction with the University's Disciplinary Policy and Procedure.

7.2 The types of sanction which the organisation may apply are:

- Civil – sanctions can be taken to recover money and/or assets which have been fraudulently obtained, including interest and costs.
- Criminal – the University will work in partnership with the Police and the Crown Prosecution Service to bring a case to court against an offender.

Outcomes, if found guilty, can include fines, a community order or imprisonment and of course, a criminal record.

- Disciplinary – procedures will be initiated when an employee is suspected of being involved in fraudulent or illegal activity.

7.3 The University will seek financial redress whenever possible to recover losses to fraud, bribery and corruption. Redress can take the form of confiscation under the Proceeds of Crime Act 2002, compensation orders, a civil order for repayment, or a local agreement between the University and the offender. Funds recovered will be returned to the University for use as originally intended.

## 8. Responsibility for Document Development

The nominated owner and lead Director of this policy is the Director of Finance.

The committee charged with monitoring the development of this document is the Audit Committee.

## 9. Consultation, Approval and Ratification Process

### 9.1 Consultation Process

The following are identified:

- Director of Finance
- Deputy Vice-Chancellor
- Head of HR
- Director of Strategic Planning and Policy Unit
- Audit Committee
- Clerk to Governors

### 9.2 Policy Approval and Ratification Process

The policy will be approved by the Audit Committee and ratified by the Board.

## 10. Dissemination and Implementation

10.1 The Policy will be communicated to all Staff and Managers via the University Intranet.

## Fraud and corruption: what to do and not to do; A desktop guide for XXXXXX

**FRAUD** is the dishonest intent to obtain a financial gain from, or cause a financial loss to, a person or party through false representation, failing to disclose information or abuse of position.

**BRIBERY** is the deliberate use of bribery or payment of benefit-in-kind to influence an individual to use their position in an unreasonable way to help gain advantage for another.

### DO

- **note your concerns**

Record details such as your concerns, names, dates, times, details of conversations and possible witnesses. Time, date and sign your notes.

- **retain evidence**

Retain any evidence that may be destroyed, or make a note and advise DVC.

- **report your suspicion**

Confidentiality will be respected – delays may lead to further financial loss.

### DO NOT

- **confront the suspect or convey concerns to anyone other than those as detailed within this policy**

Never attempt to question a suspect yourself; this could alert a fraudster or accuse an innocent person.

- **try to investigate, or contact the police directly**

Never attempt to gather evidence yourself unless it is about to be destroyed; gathering evidence must take into account legal procedures in order for it to be useful. The University can conduct an investigation in accordance with legislation.

- **be afraid of raising your concerns**

The Public Interest Disclosure Act 1998 protects employees who have reasonable concerns. You will not suffer discrimination or victimisation by following the correct procedures.

- **Do nothing!**

## Endmatter

Title	<b>Counter Fraud and Corruption Policy and Response Plan</b>
Policy Owner	Director of Finance
Approved by	Audit Committee
Date of Approval	June 2021
Date for Review	June 2024

### Document Control

### Reviewers and Approvals

This document requires the following reviews and approvals:

Name	Version Approved	Date Approved
Audit Committee	1.0	Oct 21

### Revision History

Version	Revision Date	Details of Changes	Author
1.0	Oct 21	This document replaces the existing Bribery and Anti-Corruption Policy to reflect latest areas of best practice and bring in line with current legislation. It also replaces the existing Fraud Response Plan which will help streamline and combine both the Policy and the plan for the ease of the reader	Carl Gibson Director of Finance

### Acknowledgement of External Sources

Title / Author	Institution	Link
Fraud Act 2006	HM Government	<a href="http://www.legislation.gov.uk/ukpga/2006/35/contents">http://www.legislation.gov.uk/ukpga/2006/35/contents</a>
Bribery Act 2010	HM Government	<a href="http://www.legislation.gov.uk/ukpga/2010/23/contents">http://www.legislation.gov.uk/ukpga/2010/23/contents</a>
etc		

### Freedom of Information

If requested, this document may be made available to the public and persons outside the organisation as part of our commitment to transparency and compliance with the Freedom of Information Act.