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Anti-fraud Policy and Response Procedure

Policy

1 Introduction

York St John University conducts its business in a legal and ethical manner. University employees, students, Governors and any other associated person acting on the University’s behalf are responsible for acting honestly and with integrity by ensuring that their activities, interests and behaviours do not conflict with these obligations.

York St John University is committed to the prevention of fraud and to the promotion of an anti-fraud culture. University staff, Governors, students and partners are encouraged to report all reasonable suspicions of fraud.

The purpose of this policy is to provide a definition of fraud, define authority levels, responsibilities for action and reporting lines in the event of suspected, attempted or actual fraud or irregularity perpetrated by an individual against the University.

2 Definition of fraud?

The Fraud Act 2006 gives a statutory definition of the criminal offence of fraud, defining it in three classes:

- a) “Fraud by false representation” is defined by Section 2 of the Act as a case where a person makes “any representation as to fact or law.....express or implied” which they know to be untrue or misleading;
- b) “Fraud by failing to disclose information” is defined by Section 3 of the Act as a case where a person fails to disclose any information to a third party when they are under a legal duty to disclose such information;
- c) “Fraud by abuse of position” is defined by Section 4 of the Act as a case where a person occupies a position where they are expected to safeguard the financial interests of another person, and abuses that position; this includes cases where the abuse consisted of an omission rather than an overt act.

In all three classes of fraud, it requires that for an offence to have occurred, the person must have acted dishonestly, and that they had to have acted with the intent of making a gain for themselves or anyone else, or inflicting a loss (or a risk of loss) on another.

Section 11 of the Act makes it a statutory offence to obtain services dishonestly; meaning that services which were to be paid for were obtained with the knowledge or intention that no payment would be made.

Section 12 of the Act provides that where an offence against the Act was committed by a body corporate, but was carried out with the “consent or connivance” of any director, manager, secretary or officer of the body – or any person purporting to be such – then that person, as well as the body itself, is liable.

Further information with examples on types of fraud in the University sector is given in the Appendix A to this document.

3 Prevention and detection

The University's Executive Board and Governors are committed to the highest standards of behaviour set out by the Committee of Standards in Public Life, and a strict policy on conflict and registration of interest is maintained. The consequences of fraud are costly, time-consuming and disruptive and therefore the University's approach is to place emphasis on the prevention of fraud. Preventative actions also play a key role in detection, through implementation of financial regulations, procedures and other policies as they impact on staff's conduct, including:

- Appropriate systems to minimise the opportunity of fraud including the segregation of duties, authorisation requirements etc;
- Control of access to IT systems;
- Application of formal tendering requirements, approval of suppliers, independent checks on bank detail changes etc;
- Upholding policy on relevant areas, including purchasing, gifts, conflicts of interest, adherence to the Bribery Act 2010 etc;
- The application of the Disclosure of Information: Public Interest Disclosure (Whistleblowing) Policy to encourage staff, students and Governors who suspect fraud to report it;
- Upholding policy on references and verification of relevant qualifications for new staff;
- Regular audit of key financial controls by both internal and external auditors

4 Prosecution

The University's policy is that it will normally report to the police cases of suspected fraud and irregularity. Any exceptions to this policy must be agreed by the Vice Chancellor and reported to the Audit Committee. The University's internal [Disciplinary Policy and Procedure](#) will also be invoked.

5 Role of audit

A continuous review of systems by internal audit may deter attempted fraud and should result in continuous systems and procedural improvements. The risk of fraud should be a factor in audit plans. External audit's reviews of financial checks and balances and validation testing provide further deterrence, and advice about systems.

Fraud Response Plan

1 Reporting

- All suspected or actual incidents of fraud concerning a student should be reported without delay to the University Secretary and will be dealt with under the Student Conduct and Disciplinary procedures.
- All suspected or actual incidents of fraud concerning individuals other than students should be reported to the Director of Finance. If this is not appropriate because he/she is suspected of involvement then the Vice Chancellor or another member of the Executive Board may be contacted.
- Alternatively suspected fraud may be reported under the University's Whistleblowing Procedure. <https://www.yorksj.ac.uk/ssr/policies-and-regulations-/whistleblowing-policy/>

The primary contact will initiate action by informing the Director of Finance, who will immediately inform the Vice Chancellor and Chair of Audit Committee and convene a meeting of the Fraud Response Group. Members of the Fraud Response Group should include the following members (or their nominees):

- Director of Finance, (Chair)
- University Secretary
- If a member of staff is involved, include the Director of Human Resources and the individual's line manager
- If a student is involved, it may be relevant to include the Director of Student Life, the student's Academic Tutor and / or a representative from the Students' Union
- If a Governor is involved, include the Chair of Governors

Initial actions from the group should include:

- Where a member of staff is involved then the [Disciplinary Policy and Procedure](#) would be followed. Due to the seriousness of the allegations (Gross Misconduct) then the member of staff would be suspended on full pay¹ until a full investigation has been carried out.
- Where a student is involved they may be suspended from all or part of the University.
- It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action. In these circumstances the suspect(s) should be approached unannounced. They should be supervised at all times before leaving the University's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the University. Any security passes, keys, laptops, tablets phones and associated hardware / software should also be returned.
- The Director of Human Resources will be informed and will advise of the best means of denying access to the University, while suspect(s) remain suspended, (for example changing locks, access codes and informing relevant security personnel).
- The Chief Information Officer will be instructed to immediately withdraw permissions to the University's computer systems.

¹ Excluding any additional allowances which are only due to be paid when duties are actually performed.

- Where a Governor is involved then the Chair of Governors will determine the necessary actions
- The Chair of the Fraud Response Group shall deem whether it is necessary to inform the Police and the Universities insurers.
- Taking any immediate action required to limit the damage caused, e.g. cancelling a card, removing the option to pay on line, suspension of system permissions, and taking any action required under the Payment Card Industry regulations etc;

2 Investigation

Where initial investigation implicates any of the individuals in the Fraud Response Group then the Director of Finance, or the Vice Chancellor will appoint another senior manager to the group.

The Fraud Response Group will, through investigation establish and secure evidence following the rules on the admissibility of documentary and other evidence in criminal proceedings. This may involve the appointment of specialist fraud investigators, internal auditors and/or legal advisers.

The Audit Committee will be kept informed of the progress of any investigations relating to impropriety including:

- A description of the incident, including the value of any loss, the people involved and the means of perpetrating the fraud.
- The measures taken to prevent a recurrence
- Any action needed to strengthen future responses to fraud, with a follow-up report on whether the actions have been taken.

This report will normally be presented to the regular meetings of the Audit Committee.

Following the investigation, the relevant bodies detailed under point 3 below should be informed of the outcome.

3 External Reporting Requirements

In the case of any material suspected or actual fraud or financial irregularity, the University may be required to report this to the Office for Students (OfS).

In the context of material suspected or actual fraud or financial irregularity, 'material' should be understood to mean:

- any fraud relating to the misuse of public funds
- any other financial fraud exceeding £50,000 in value or 1% of a provider's annual income if that income is less than £5,000,000
- any type of non-financial fraud or attempted fraud regarding which the provider determines to notify its own governing body.

The University should contact the OfS at regulation@officeforstudents.org.uk to seek guidance.

The Director of Finance will also consider whether the matter should be reported to the University's banks.

Appendix A

Common types of University and Higher Education Fraud

Fraud can often be associated with direct financial gain, such as procurement and invoicing fraud. However in the University 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 – either financially or reputationally or both.

Examples of fraud that could arise include, but are not limited to:

- Fraud involving cash, physical assets or confidential information
- Misuse of accounts
- Procurement fraud
- Payroll fraud
- Financial accounting fraud, including fees
- Fraudulent expense claims
- Reference, qualification and related employment fraud
- Recruitment and appointment fraud
- Bribery and corruption fraud
- Academic fraud including immigration, admissions, internships, examinations and awards
- Accommodation-related fraud, including preference and payment