

## Counter Fraud Policy

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Developed in consultation with	University Registrar & Secretary Deputy Secretary University Executive Team
Owner	Registrar & Secretary's Office
Target audience	All colleagues, Board of Governors, and others performing work for or on behalf of the University
Sensitivity	Public
Approved by	Audit Committee
Endorsed by	University Executive Team
Effective date	28-04-2023
Review Date	+02 years from last date of approval [04-2025]
Status	<b>Published</b>
Appendices	Appendix 1 – Examples of types of Fraud in HE
External references	<ul style="list-style-type: none"> <li>• <a href="#">The Fraud Act 2006</a></li> <li>• <a href="#">Public Interest and Disclosure Act 1998</a></li> <li>• <a href="#">OfS Preventing fraud on campus (October 2022)</a></li> </ul>
Links to other internal policies / procedures	<ul style="list-style-type: none"> <li>• <a href="#">Guidance for Individuals and Managers on Concerns of Fraud and/or Bribery</a></li> <li>• <a href="#">Fraud &amp; Bribery Response Plan</a></li> <li>• <b>Academic Fraud protocol – in development</b></li> <li>• <a href="#">Financial Regulations</a> - specifically the sections on Travel, Gifts and Hospitality, Purchasing, Research Grants and Contracts.</li> <li>• <a href="#">Procurement Procedures</a></li> <li>• <a href="#">Anti-Bribery &amp; Corruption Policy</a></li> <li>• <a href="#">Conflicts of Interest Policy</a></li> <li>• <a href="#">Whistleblowing Policy &amp; Procedure</a></li> <li>• <a href="#">Ethics and Integrity Framework</a></li> <li>• <a href="#">Reportable Events Procedure</a></li> <li>• <a href="#">Online training</a> relating to Fraud and Bribery Awareness and Prevention, information governance and cybersecurity</li> </ul>
Version reference	2.1
Version History - summary of changes	<ul style="list-style-type: none"> <li>• 1.0 [22-01-2021, Audit Committee] <ul style="list-style-type: none"> <li>○ 1.1 [03-09-2021 - updated hyperlinks and references to Registrar &amp; Secretary, and Registrar &amp; Secretary's Office (RSO)]</li> </ul> </li> <li>• 2.0 [28-04-2023, Audit Committee] <ul style="list-style-type: none"> <li>○ 2.1 [30-04-2024 – noted in Appendix 1 'Examples of types of Fraud in HE' to reflect that the University shall follow disciplinary procedures (under the <a href="#">Student Code of Conduct</a>) in relation to any student who has committed/attempted to commit acts of fraud or bribery; in line with the protocol set out in the <a href="#">Fraud &amp; Bribery Response Plan</a>.</li> </ul> </li> </ul>

A PDF copy of the final approved version should be forwarded to [governance@leedsbeckett.ac.uk](mailto:governance@leedsbeckett.ac.uk) for inclusion in the policy register and consideration to the Publication Scheme. The original master copy should be retained on file by the policy owner.

# Counter Fraud Policy

## INTRODUCTION

### Policy Statement

1. The University is committed to upholding high standards of honesty and integrity in its operations. The University has a zero-tolerance attitude towards fraud. Any attempts or acts of fraud will be treated as a serious disciplinary and/or criminal offence.
2. The University has rigorous, effective risk management and internal control arrangements in place to reduce the likelihood of fraud and will take reasonable, proportionate and practicable measures to reduce the risk of incidents of fraud occurring.
3. All instances of actual, attempted or suspected fraud will be investigated promptly, in line with this policy and associated procedures and guidance, and appropriate action taken. The University will seek to recover funds and assets lost through fraud and take actions to prevent further losses and reoccurrence.

### Purpose and Scope

4. 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 setting.
  - (b) Encourage the reporting of fraud, or fraud related risks, in line with University procedures.
  - (c) Promote the detection and investigation of fraud.

### Application

5. This policy applies to all colleagues of the University which includes individuals working within the University at all levels and grades, including 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.
6. This policy also extends to individuals performing services for or on behalf of the University which may include governors, University subsidiaries, recipients of grants, partners, collaborative arrangements, joint ventures, agents and advisors.

## DEFINITIONS

### What is fraud?

7. Fraud within an organisation can be defined as any action or omission deliberately taken against an organisation, from within or externally, to secure unfair or unlawful gain.

### Fraud Act 2006

8. Under the [Fraud Act 2006](#), there are three specific criminal offences:
  - (a) fraud by false representation
  - (b) fraud by wrongfully failing to disclose information
  - (c) fraud by abusing a position of trust
9. 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.

### Why does fraud prevention matter?

10. Leeds Beckett University is a not-for-profit University with the charitable purpose of advancing education for the public benefit. As such, we must ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources, whilst also safeguarding the assets of the University by preventing and detecting fraud and other irregularities. In addition, fraud can have wide-ranging implications including reputational damage and diverting resources away from the University's core operations and achievement of its strategic objectives.
11. The Office for Students (OfS) is the sector regulator. Suspected or actual fraud or financial irregularity could also impact our registration status with the regulator.
12. Acts of fraud undermine the ethical and transparent way in which the University operates and therefore being aware of the signs to look out for in identifying potential fraud is essential. A lack of awareness from staff in areas could allow others to commit fraud against the University.

## RESPONSIBILITIES

13. **Colleagues** are responsible for:

- (a) Acting honestly and with integrity in the exercise of their duties and are required to declare any conflict of interest they may have in line with the University's [Conflict of Interest Policy](#) and associated procedure.
- (b) Ensuring that they have read, understood and comply with this policy and any associated procedures and guidance and follow the University's [Financial Regulations](#) and procurement procedures.
- (c) Reporting any incidents of actual, attempted or suspected fraud.
- (d) Assisting with investigations in relation to fraud.
- (e) Reporting any gaps in control arrangements in their area that could increase the likelihood of fraud.
- (f) Completing mandatory training relating to anti-bribery, fraud and cyber security.

14. Colleagues with responsibility for the **award of contracts** and the **appointment of agents** are also responsible for declaring conflicts of interest and conducting due diligence.

15. **Managers** are responsible for:

- (a) Ensuring that the colleagues that they manage are aware of this policy.
- (b) Ensuring that the colleagues that they manage complete mandatory training relating to anti-bribery, fraud and cyber security.
- (c) Considering fraud risks or gaps in control arrangements in their area and how these can be mitigated.

Further information is set out in the [Guidance for Individuals and Managers on concerns of Fraud and/or Bribery](#).

16. The **Vice Chancellor**, as the University's Accountable Officer, is responsible for ensuring that material adverse events are reported to the OfS including any material suspected or actual fraud or financial irregularity in line with the [Reportable Events Procedure](#).

17. The **Finance Director** is responsible for overseeing the development, implementation and maintenance of robust financial risk management and internal control systems that assist in the prevention and detection of fraud.

18. The **Registrar & Secretary** is responsible for:

- (a) ensuring that the policy is implemented, maintained and reviewed at appropriate intervals;
- (b) overseeing the implementation of the [Fraud and Bribery Response Plan](#) on receipt of reports of actual or suspected incidents of fraud or irregularity and referral to any external bodies; and
- (c) maintaining a register of fraud related incidents, documenting the nature of the incident, the outcome of any investigation and any actions taken to prevent and detect similar incidents, and reporting these matters to the Audit Committee.

19. The **Head of Internal Audit** is responsible for:

- (a) rigorously testing the University's approach to fraud management arrangements on a regular basis as part of the programme of internal audits;
- (b) liaising with the Finance Director and University Registrar & Secretary as required as part of investigations into actual or suspected fraud; and
- (c) providing reports on incidents of material fraud to the Audit Committee.

20. The **Audit Committee** is responsible for approving this policy and for receiving reports on fraudulent activity that has been identified and preventative measures taken to avoid repetition of the activity.

## FRAUD MANAGEMENT

### Indicators of Fraud

21. The University will take steps to identify attempts of fraud through rigorous checks and putting actions in place to mitigate potential gaps in control arrangements. Colleagues should report any incidents of actual, attempted or suspected fraud. There are a number of warning signs that could potentially indicate fraud, including (but are not limited to):

- (a) Behavioural e.g., working longer hours with no apparent reason; reluctant to take time off; secretive in relation to work and ownership of contracts; delaying providing information/ providing limited information.
- (b) Financial e.g., cash-only transactions; poorly reconciled or inconsistent expenses; incorrect inventories; change in banking details from unknown sources; remuneration disproportionately linked to activities; undeclared conflicts of interest.
- (c) Procedural e.g., inconsistent data/system access not related to duties; insufficient oversight/audit applied; customers or suppliers insisting on dealing with one individual; lack of transparency / not following formal procedures; tender to one supplier only.

22. Some examples of the types of fraud that can occur in Higher Education are set out in appendix 1.

### Reporting Fraud

23. Concerns relating to suspected fraud or a breach, or potential breach, of this policy should be reported immediately to your line manager or where appropriate with the University [Registrar & Secretary](#). It is our policy that no detrimental action will be taken against a person who reports a concern in good faith. Any person making false or malicious allegations, or with a view to personal gain, may be subject to disciplinary action.

24. Concerns can also be raised under the University's [Whistleblowing Policy](#) in the knowledge that they will be treated in confidence and in accordance with the Public Interest and Disclosure Act 1998. Further information is set out in the University's Whistleblowing Policy and Procedure.

### Investigating Fraud

25. The University has a [Fraud and Bribery Response Plan](#) which sets out how and who will be responsible for investigating reported fraud and actions to be taken.

## **POLICY MANAGEMENT**

### **Dissemination**

26. This Policy shall be made available to all members of the Board of Governors, colleagues and individuals that carry out work for and on behalf of the University. It will be published on the University's [website](#).

### **Monitoring and Review**

27. The University will monitor and review its procedures designed to prevent fraud on an ongoing basis and make improvements where necessary. Appropriate action will be taken in response to any reported incidents of fraud, irregularity, bribery or corruption.

28. This policy will be reviewed every two years by the Registrar & Secretary's Office, or at the conclusion of an investigation, if sooner. Any proposed amendments or changes will be put to the Audit Committee for approval.

29. Our internal auditors regularly monitor the University's systems of internal and risk management controls and governance arrangements which includes the adequacy of the counter fraud measures implemented by the University.

30. Compliance with mandatory training will be monitored and reported to the Audit Committee.

### Examples Types of Fraud in HE

In the context of the definition of fraud (“fraud within an organisation can be defined as any action or omission deliberately taken against an organisation, from within or externally, to secure unfair or unlawful gain”), here are some examples of fraud that could occur in a Higher Education setting include (but are not limited to):

- A. Employee fraud: e.g., payroll fraud; falsifying expense and/or overtime claims; theft of cash, assets and/or intellectual property; falsification of data/abuse of system access, misuse of procurement card; unauthorised use of University assets for personal gain; manipulation of tender process; provision of fake references and/or qualifications when seeking employment or a promotion within the University; failure to disclose relevant personal interests; failure to declare gifts or hospitality; theft.
- B. Cyber-crime: individuals using computers and technology to commit crimes e.g., phishing attacks; spamming; hacking, malware and computer viruses; email schemes requesting money; password fraud.
- C. Academic fraud e.g., plagiarism, cheating in assessments and examinations; false qualifications, certificates or conflicting application information; falsifying / tampering with data/evidence; multiple students submitting identical statements to demonstrate English language proficiency; inflation of results by academic staff.
- D. Student conduct e.g., falsely claiming hardship fund entitlement; fraudulent claims for compensation (e.g., for courses not being delivered to expected standards; education time lost due to strike action).

*NB. As set out in the [Fraud & Bribery Response Plan](#) (paragraph 30): The University shall follow disciplinary procedures (under the [Student Code of Conduct](#)<sup>1</sup>) in relation to any student who has committed/attempted to commit acts of fraud or bribery.*

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<sup>1</sup> Setting out misconduct in terms of: Relying on forged, falsified or fraudulent documentation or other form of deception or dishonesty intended to gain an unfair advantage.