

The logo for Exeter College, featuring a stylized blue arrow pointing upwards and to the right, positioned to the right of the text 'exeter college'.

exeter college

Anti-Fraud Policy

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Consulted with: Clerk to Corporation / Senior Leadership Team
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1 Purpose and Scope

The legal definition of fraud as defined in the Fraud Act 2006 is: 'The making of a false representation or failing to disclose relevant information, or the abuse of position, in order to make a financial gain or misappropriate assets'.

The College has a duty to its stakeholders to take all reasonable steps to prevent fraud and theft occurring, whether perpetrated by staff, students, contractors and suppliers, other organisations or members of the public.

All staff are responsible for reporting practices which they think may be fraudulent. However, prime responsibility for preventing fraud and theft lies with the Senior Leadership Team (SLT) through:

- a. Identifying risks
- b. designing, implementing, and operating internal controls
- c. fostering an environment that promotes compliance with internal controls
- d. promoting fraud awareness amongst staff
- e. fostering an anti-fraud culture.

The SLT will be supported by the Director of Finance who shall be responsible for implementation and management of this policy.

The Audit & Risk Assurance Committee shall be responsible for overseeing this policy and ensuring that, subject to compliance with any directions from the Education and Skills Funding Agency, all allegations of fraud are properly investigated, and that appropriate action is taken.

All staff have a responsibility to be aware of fraud and to take steps to minimise risk of theft to the College. To this end staff should be aware of the Public Interest Disclosure process (Whistleblowing Policy) which is available on the College intranet.

The College is obliged to notify, through the Director of Finance, the Education and Skills Funding Agency if fraud is deemed 'significant' e.g., the sum in question is potentially in excess of £10,000; the details of the offence are novel, unusual or complex; or they are likely to excite public interest.

2 Policy

The College will maintain robust control mechanisms to both prevent and detect fraud and theft. All members of staff have a responsibility to protect the assets and reputation of the College and are expected to be alert to the potential for fraud and theft. Mechanisms are in place for staff to report suspected frauds to management and in confidence.

This policy sets out procedures for fraud prevention, detection and investigation. The objective of the procedures is to encourage staff to be aware of fraud, bring suspected fraud to notice, provide a response plan for investigating and reporting fraud and ensure that alleged and proven fraud are dealt with in a consistent and timely manner.

Fraud is one or more of the following:

- a. False representation. "False" in this respect means the representation must be untrue or misleading, and the person making it must know it is, or might be, untrue or misleading.
- b. Failing to disclose information that one is under a legal duty to disclose;
- c. Abuse of a position in which one is expected to safeguard, or not act against, the financial interests of another person. To commit this offence the person's conduct must be dishonest with the intention of making a gain or causing a loss to another.

Theft means dishonestly appropriating property, including money or other assets.

Examples of fraud

- Hourly Paid Lecturers claiming payment for hours they have not worked;
- False expenses claims – for example false claims for travel;
- Fraudulent job applications – for example false qualification claims;
- Working for another organisation whilst claiming sick pay from the College;
- Falsely ordering goods or services for personal benefit;
- Data fraud – for example knowingly submitting falsified records to funders.

For the purpose of this policy an act will be considered fraudulent if it involves the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party (including the College).

The best protection against fraud and theft is through staff adhering to College procedures and not being inhibited to challenge matters which do not appear to be correct. A lack of guidance or ignorance of procedures is often the first excuse used by offenders.

The first defence in preventing fraud and theft is through the recruitment of staff, using best practice policies, and managers being seen to comply with controls. The emphasis throughout is on a culture that values ethical behaviour and financial probity and has a zero-tolerance policy towards fraud and theft.

3 Implementation

The prevention and detection of fraud and theft is made possible by having strong internal controls constantly applied. Routine checks and monitoring by management to ensure that procedures are being followed are, therefore, essential especially in those areas where risk of fraud and theft is greatest.

The primary responsibility for the prevention and detection of fraud and theft lies with management through the implementation, documentation and operation of effective systems of internal control. Monitoring of compliance with controls by management will be reinforced by reviews conducted by internal audit. However, it should be emphasised that internal audit's prime function is evaluating the overall control framework operating in the College.

Proper and consistently applied procedures play an important part in preventing fraud and theft. The College expects that suspicions about fraud and theft will be reported and investigated. The College's response plan, annexed to this policy, must be implemented when fraud is suspected.

Wherever possible the College will attempt to recover any sums lost through fraud or theft using the civil and/or criminal law and relevant insurance policies.

4 Monitoring, Reviews and Evaluation

- 4.1 The Senior Leadership team is responsible for the approving of the Anti-Fraud Policy.
- 4.2 The Board (Audit and Risk Assurance Committee) is responsible for adopting the Anti-Fraud Policy.
- 4.3 The Director of Finance is responsible for the maintenance, review and monitoring of the Anti-Fraud Policy and will ensure a bi-annual review.
- 4.4 The definitive version of the policy is stored in the College Leadership SharePoint Site.

Purpose

This response plan provides a documented framework for managers and staff to follow if fraud or theft is suspected or reported

It seeks to ensure that in the event of fraud or theft timely and effective action is taken to prevent further losses, identify fraudsters, safeguard evidence, minimise adverse effects on the organisation and learn lessons.

Reporting fraud & theft

All actual or suspected incidents of fraud and theft should be reported without delay to the Director of Finance, who will normally be the Investigating Officer. Where the Director of Finance is suspected of fraud or theft the report should be made to the Clerk to the Governing Body and Company Secretary, who will be the Investigating Officer in those circumstances.

When reports of fraud or theft are made, the suspicions will be treated seriously, and all details provided will be recorded accurately and in a timely manner. The decision by someone to report a suspected fraud may be traumatic for them, and those reporting frauds are assured that all information will be treated in the strictest confidence. Anonymity will be preserved if requested and where it is reasonably practicable to do so.

The Investigating Officer will be responsible for liaising in a timely manner with the Principal, the Chair of the Audit & Risk Assurance Committee, and Internal Audit.

At this stage, management should take steps to prevent further losses, for example by suspending payments without compromising evidence or alerting the alleged fraudsters.

Management should consider whether the potential seriousness of the fraud or theft is such that the College's insurers and / or funding bodies should be advised on the likelihood of a fraud report.

Initial enquiry

On receiving details of a suspected theft or fraud, the Investigating Officer will undertake an initial review of the further action that will be required, liaising in a timely manner with the Principal and Internal Audit. The further action may include referral to:

- the Head of People: fraudulent activity is a breach of contract and where there are reasonable grounds for suspicion, then suspension of the suspects may be required pending the outcome of enquiries. It may be necessary to plan the timing of suspension to prevent the suspects from accessing, destroying or removing evidence. The rights of staff on suspension (such as the right to union representation) must be acknowledged and staff must be informed of the reason for their suspension.
- the Internal Auditors
- Devon and Cornwall Police: delays in contacting the Police may prejudice the gathering of evidence and future enquiries.

Investigating

Once the Investigating Officer has determined that there is sufficient evidence to justify a fuller investigation, they should decide whether the matter should be dealt with through an internal investigation, led by College or Internal Audit staff, or referred to the police.

For internal investigations, the Investigating Officer should also decide the detailed remit and scope of the investigation: for example, is it to confirm there is sufficient evidence to support the allegations, to gather evidence for handing to the police, or to quantify the potential loss involved?

The Investigating Officer should also decide who should undertake the investigation and determine the reporting deadlines and procedures and regular review points. On completion of an internal investigation, no decision should be taken without first liaising with the police and where relevant the Crown Prosecution Service. It is imperative that the College does not prejudice a criminal investigation.

The Investigating Officer must ensure that all details are recorded fully and accurately, bearing in mind that documentation will be required for any future action or possible prosecution.

Recovery of losses

Any losses suffered by the College should be fully and accurately recorded, and costs / loss of income correctly apportioned. In addition to the direct cost of losses attributable to fraud, costs associated with the enquiry should be recorded. These will be needed under loss reporting procedures for insurers and potentially by the courts if a decision is taken to prosecute.

It will be important to consider, in the event of a loss of income involving grant funded activity, to have regard to funders' 'lagged funding' methodology. This may involve claiming lost income not just in the year in which the incident happened (Year 0), but also in subsequent years up to Year +4.

Where the loss is substantial, there should be consultation with insurers about legal advice for recovering losses through the courts, including, if relevant, freezing the suspect's assets pending conclusion of the investigation.

Staffing issues

The College will follow its disciplinary procedures against any member of staff who has or is reasonably suspected of having committed or been complicit in fraud.

Any interviews with suspects should be undertaken strictly in accordance with established procedures. No interviews should take place before advice has been obtained from the Head of People and, if necessary, the police on the relevant procedures to be followed, having regard to the need to avoid prejudicing any criminal proceedings.

If fraud is proven which involves staff, appropriate disciplinary action will be taken. Such action may be considered not only against those found to have perpetrated or been complicit in the fraud, but also against managers whose negligence may have facilitated it.

Reporting during the investigation

During the investigation, the Investigating Officer should provide regular confidential reports to the Chair of the Governing Body, the Chair of the Audit & Risk Assurance Committee, the Principal, the Clerk and the internal auditors. Where necessary, reports should be provided to the relevant Funding Body.

The scope of the report should include: quantification of losses; progress on recovery action and criminal prosecution; progress with disciplinary action; actions taken to prevent and detect similar incidents; next steps.

Concluding an investigation

At the end of the investigation, irrespective of the outcome, it is important to review the position and see what lessons can be learned. Such reviews will help identify any weakness in internal control that initially led to the fraud and should highlight any deficiencies that should be addressed.

On completion, the Investigating Officer should submit a written report to the Audit & Risk Assurance Committee for consideration. The report should cover the description of the incident, the loss incurred, the people involved and means of perpetrating the fraud. It should set out the measures taken to prevent a recurrence and any timetabled actions for monitoring. It should also cover the proposed route to recover losses and prosecute offenders and the steps to be taken to manage risks to organisational reputation.