



# Anti-Fraud Procedure

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<b>Audience:</b>	All employees of the College and its Subsidiary Companies, student body, Governors
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## Revision history

Version	Type (new, replacement, revision)	Date	History (reason for changes)
V11	Revision	February 2017	Updated to bring into line with statutory Requirements.
V11.1	Revision	January 2019	Reviewed to ensure in line with statutory requirements – no changes; changes to job titles.
V11.2	Revision	April 2020	Reviewed to ensure in line with statutory requirements – links to external authorities have been updated along with job titles.
V11.3	Revision	March 21	Separate out Policy and Procedure
V11.4	Revision	June 2021	Annual Review

## Monitoring and review

This procedure will be reviewed by SLT, the Audit Committee and the Corporation every year.

## 1. Anti-Fraud Policy

- 1.1 The purpose of the policy is to ensure that fraud is reduced to an absolute minimum. The aim of the policy and procedure is to protect the property and finances of the College.
- 1.2 The College will:
- Introduce appropriate measures to minimise the risk of fraud;
  - adopt formal procedures to investigate suspected fraud;
  - provide appropriate mechanisms for employees to voice their genuine concerns and protect those who do so;
  - deter employees from making malicious or unfounded accusations;
  - have no hesitation referring cases of suspected financial irregularity to the attention of the police;
  - work closely with the police and other appropriate external agencies to combat fraud;
  - support national and local initiatives against fraud.

## 2. Anti-Fraud Procedures

- 2.1 In order to maintain the College's high standards, procedures and controls have been established to provide an environment which will minimise the opportunity for fraud. These procedures and controls help the College conduct its business in a manner beyond reproach. They establish the rules to which senior post-holders, the Executive and employees must adhere and are supported, as necessary, by detailed procedure manuals which have been prepared for the key functions of the college.
- 2.2 The responsibility lies with the Executive and Managers to operate internal systems to ensure that high standards are applied and brought to the attention of their employees. Procedures are operated throughout the College to ensure:
- an adequate separation of duties (more than one employee is involved in key tasks);
  - proper authorisation procedures (transactions must be approved);
  - independent monitoring and checking of data and documentation (checks and balances).
- 2.3 The College has a rigorous audit process which monitors compliance with regulations and undertakes a rolling programme of checks to detect, deter and prevent fraud and corruption. The Auditors work closely with Managers, monitoring their systems and procedures, to ensure that they are fully operated and remain appropriate.

### External Communications

- 2.4 Individuals 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 either the Director of Finance and Procurement, Deputy Chief Executive, or the Chief Executive Officer.

### Procedures when a Fraud is suspected

- 2.5 The College requires suspected irregularities to be referred to the Deputy Chief Executive. All reported irregularities will be thoroughly investigated. The normal sequence of events, should an irregularity be suspected, will be as follows:
- All actual or suspected incidents should be reported without delay to the Deputy Chief Executive.

The Deputy Chief Executive should, within 24 hours, hold a meeting of the following project group to decide on the initial response:

- Deputy Chief Executive (Chair)
  - Senior Representative of Internal Audit
  - one additional member who must be a member of the Executive
- The project group will decide on the action to be taken. This will normally be an investigation, led by internal audit. The decision by the project group to initiate a special investigation shall constitute authority to internal audit to use time provided in the internal audit plan for special investigations, or contingency time, or to switch internal audit resources from planned audits.

- 2.6 If employees suspect an irregularity has occurred, or is likely to occur, they should report this to their line manager who will inform the appropriate member of the Executive.
- 2.7 Should preliminary investigations suggest the suspicion is reasonable, the Deputy Chief Executive should be informed, without delay.
- 2.8 If the suspicions stem from an audit, the Director of Finance and Procurement will inform the Deputy Chief Executive Officer and Chief Executive Officer.
- 2.9 Members of the public are encouraged to report any concerns to the Deputy Chief Executive.
- 2.10 The Chair of Audit Committee shall be notified together with the Internal Auditors.
- 2.11 Where further investigations indicate an offence may have occurred, the Deputy Chief Executive will consult with the Chief Executive Officer. This will normally result in a decision to handle the matter according to College's Disciplinary Procedures and to involve the Police.
- 2.12 Where financial impropriety is suspected, the Police will normally be informed.
- 2.13 If the Director of Finance and Procurement is suspected of fraud this should be reported to the Deputy Chief Executive Officer, who will decide on the course of investigation and handling of the matter and inform the Chief Executive Officer. The Chair of Corporation and the Chair of Audit Committee shall be notified together with the Internal Auditors.
- 2.14 If the Deputy Chief Executive Officer or the Chief Executive Officer is suspected of fraud this should be reported to the Vice Chair of Corporation, who will decide on the course of investigation and handling of the matter. The Chair of Corporation and the Chair of Audit Committee shall be notified together with the Internal Auditors.

#### **Mechanisms for Employees to Voice Concerns (“Whistleblowing”)**

- 2.15 The College openly encourages all employees and all those connected with the College to come forward with any genuine concerns they may have.
- 2.16 The Public Interest Disclosure Act 1998 (PIDA) has its origins in The European Convention on Human Rights which was incorporated into UK law by the Human Rights Act 1998, The PIDA came into force on 2 July 1999 and offers a framework of protection against victimisation or dismissal for workers who blow the whistle on criminal behaviour or other wrongdoing
- 2.17 Employees are vital to the successful implementation of measures against fraud. The College, therefore, encourages employees to report any concerns they have, without fear of being penalised. Normally, employees should raise such concerns with their line managers, who have a responsibility to investigate and keep the senior leadership informed. However, other routes are available and

employees are free to discuss the matter with any of the following:

- Head of Department
- Director of People Service
- Deputy Chief Executive Officer
- Director of Finance and Procurement
- Chief Executive Officer
- Chair of Audit Committee via the Clerk

- 2.18 All concerns reported will be treated in confidence and fully investigated. If anonymity is requested, every effort will be made to ensure such confidentiality.
- 2.19 The nominated person to whom the concerns are expressed will take prompt action and the employee will be notified quickly of any action taken. Where action is not considered appropriate, the employee will also be given a prompt and thorough explanation of the reasons for this. In the event of a disagreement, the employee will be advised how to pursue the matter formally.
- 2.20 Employees should be aware that, if a suspicion is reported and results in a prosecution or disciplinary hearing, their involvement as a witness in those processes may be necessary, unless other substantial reliable evidence is available.
- 2.21 There is also a need to ensure that the investigative process is not misused. Therefore, any abuse, such as raising unfounded or malicious allegations, may be dealt with as a disciplinary matter in itself. This should not deter employees from raising genuine concerns (even if subsequently unfounded but made with good intent), as, in so doing, they will be supported in every possible way.

#### **Monitoring, Evaluation and Review**

- 2.22 Any abuse or non-compliance with the policy or procedures will be subject to a full investigation and appropriate disciplinary action.
- 2.23 These procedures and related policy will be subject to annual reviews.

### **3. Roles & Responsibilities**

- The **Executive and Managers** are responsible for: the operation of internal systems to ensure that high standards are applied and is called to account for failures in the College's system of internal control.
- The **Executive and Managers** are responsible for: to ensure that it provides a secure environment in which to work, where people are confident to raise concerns without worry.
- **Line Managers** are responsible for: the operation and maintenance of controls and requires the involvement of all of College employees.  
For ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively. The responsibility for the prevention and detection of fraud therefore primarily rests with managers but requires the co-operation of all employees.

As part of that responsibility, line managers need to:

- Inform staff of Bradford College rules relating to the conduct of staff, gifts and hospitality, declaration of interest, Anti-Fraud Policy and Anti-Bribery Policy as part of their induction

process, paying particular attention to the need for accurate completion of personal records and forms.

- Ensure that all employees for whom they are accountable are made aware of the requirements of the policy and the procedures.
- Assess the types of risk involved in the operations for which they are responsible.
- Ensure that adequate control measures are put in place to minimise the risks. This must include clear roles and responsibilities, supervisory checks, staff rotation (particularly in key posts), separation of duties wherever possible so that control of a key function is not invested in one individual, and regular reviews, reconciliations and test checks to ensure that control measures continue to operate effectively.
- Be aware of Bradford College's anti-fraud policy and procedures and the rules and guidance covering the control of specific items of expenditure and receipts.
- Identify financially sensitive posts.
- Ensure that controls are being complied with.
- Contribute to their director's assessment of the risks and controls within their business area, which feeds into Bradford College overall statements of accountability and internal control.

All instances of actual or suspected fraud, which come to the attention of a manager, must be reported immediately. Some employees will initially raise concerns with their manager, however, in such cases managers must not attempt to investigate the allegation themselves, and they have the clear responsibility to refer the concerns.

- **The Deputy Chief Executive is responsible for:** the decision whether there is sufficient cause to conduct an investigation, and whether the Police and External Audit need to be informed.

The Deputy Chief Executive will consult and take advice from the Director of People Services if a member of staff is to be interviewed or disciplined. The Deputy Chief Executive will not conduct a disciplinary investigation, but the employee may be the subject of a separate investigation by the Human Resources Department.

The Deputy Chief Executive will inform the Chair of the Corporation and the Chair of the Audit Committee of cases, as may be deemed appropriate or necessary.

The Deputy Chief Executive is also responsible for informing the Audit Committee of all categories of loss.

- **The Chief Executive Officer, the Deputy Chief Executive, and Director of Finance and Procurement** are responsible for: the monitoring and compliance with the policy.
- **Employees** are responsible for: acting in accordance with the College's Rules relating to the Conduct of Staff, and Gifts and Hospitality and Declaration of Interest policies.
  - The College's Financial Regulations, Policies and Procedures place an obligation on all staff and Non-Executive Directors to act in accordance with best practice.
  - In addition, all College staff and Non-Executive Directors must declare and register any interests that might potentially conflict with those of the College.
  - Employees have a duty to protect the assets of the college including information, goodwill and reputation, as well as property.
  - Employees should be aware that fraud will normally, dependent upon the circumstances of the case, be regarded as gross misconduct thus warranting instant dismissal without warning. However proper investigation and a disciplinary hearing should take place. Criminal prosecution may follow where appropriate.
  - The college's Financial Regulations, Policies and Procedures place an obligation on all staff and Non-Executive Directors to act in accordance with best practice. In addition, all College staff and

Non-Executive Directors must declare and register any interests that might potentially conflict with those of the College.

- In addition, all employees have a responsibility to comply with all applicable laws and regulations relating to ethical business behaviour, procurement, personal expenses, conflicts of interest, confidentiality and the acceptance of gifts and hospitality. This means, in addition to maintaining the normal standards of personal honesty and integrity, all employees should always:

- act with honesty, integrity and in an ethical manner;
  - behave in a way that would not give cause for others to doubt that Bradford College's employees deal fairly and impartially with official matter;
  - be alert to the possibility that others might be attempting to deceive.
- All employees have a duty to ensure that funds are safeguarded, whether or not they are involved with cash or payment systems, receipts or dealing with contractors or suppliers.
- When an employee suspects that there has been fraud, they must report the matter to the nominated person.

- **The Human Resources Department** is responsible for: liaising closely with Managers where an employee is suspected of being involved in fraud in accordance with agreed liaison protocols. For ensuring the appropriate use of the College's Disciplinary Procedure. The Human Resources Department shall advise those involved in the investigation in matters of employment law and in other procedural matters, such as disciplinary and complaints procedures. Will take steps at the recruitment stage to establish, the previous record of potential employees as well as the veracity of required qualifications and memberships of professional bodies, in terms of their propriety and integrity.
- **The Head of Information Security** is responsible for: contacting the Deputy Chief Executive immediately in all cases where there is suspicion that IT is being used for fraudulent purposes.
- **The Audit Committee** has responsibility to: oversee the implementation and operation of the College's policies on fraud, irregularity and whistleblowing, ensuring proper, proportionate and independent investigation of allegations and instances of fraud, bribery and irregularity. Also that appropriate follow-up action is planned/actioned; and that all significant cases of fraud or suspected fraud or irregularity are reported to the Chief Executive Officer of the appropriate funding body and/or the College's principal charity regulator. The Audit Committee will raise concerns about specific areas

## 4. Definitions

### 4.1 Fraud as defined by the Fraud Act 2006:

- **Fraud:** any person who dishonestly makes a false representation to make gain for himself or another or dishonestly fails to disclose to another person, information which he is under a legal duty to disclose, or commits fraud by abuse of position, including any offence as defined in the Fraud Act 2006.
- **Fraud by false representation:** by dishonestly making a false representation intending by making the representation to make a gain for yourself or another, or to cause loss to another or expose another to risk of loss. A representation is false if untrue or misleading, and the person making it knows that it is, or might be, untrue or misleading. An example of this would be an employee submitting a false expense claim form for payment.
- **Fraud by failing to disclose information:** by dishonestly failing to disclose to another person information which you are under a legal duty to disclose and intends, by failing to disclose the information, to make a gain for themselves or another, or to cause loss to another or expose another to the risk of loss. An example of this would be an employee failing to disclose a

criminal conviction that would affect their working practices.

- **Fraud by abuse of position:** by occupying a position in which you are expected to safeguard, or not to act against, the financial interests of another person, and dishonestly abusing that position, intending, by means of the abuse of that position, to make a gain for themselves or another, or to cause loss to another or to expose another to a risk of loss. An example of this would be a Director of Finance and Procurement diverting company monies from an employer's bank account into their own personal bank account.

## Related Policies

Anti-Bribery Policy

Gifts and Hospitality Policy

Procurement Policy

Business Expenses Travel and Subsistence policy

Financial Regulations

Whistleblowing policy and procedures

Rules relating to the Conduct of Staff

Declaration of Interests

## Useful Links

Fraud Act 2006: [www.legislation.gov.uk/ukpga/2006/35/contents](http://www.legislation.gov.uk/ukpga/2006/35/contents) Fraud

Act guidance: [www.cps.gov.uk/legal/d\\_to\\_g/fraud\\_act/](http://www.cps.gov.uk/legal/d_to_g/fraud_act/)

National Crime Agency: <https://www.nationalcrimeagency.gov.uk/>

National Cyber Security Centre, Cyber Streetwise:

<https://www.ncsc.gov.uk/section/information-for/large-organisations>

Transparency International UK: [www.transparency.org.uk](http://www.transparency.org.uk)

Public Concern at Work: [www.pcaw.org.uk](http://www.pcaw.org.uk)

Department for Work & Pensions (Blowing the Whistle to a Prescribed Person):  
[www.gov.uk/government/publications/blowing-the-whistle-to-a-prescribed-person](http://www.gov.uk/government/publications/blowing-the-whistle-to-a-prescribed-person)

## **APPENDIX 1**

### **BRADFORD COLLEGE FRAUD RESPONSE PLAN**

#### **PREVENTION OF FURTHER LOSS**

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Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the project group will decide how to prevent further loss. This may require the suspension, with or without pay, of the suspects. 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 College's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the College. Any security passes and keys to premises, offices and furniture should be returned.

Advice should be obtained on the best means of denying access to the College while suspects remain suspended (for example, by changing locks and informing security staff not to admit the individuals to any part of the premises). Similarly, access permissions to the College's computer systems should be withdrawn without delay.

Internal audit shall consider whether to investigate systems, other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the College's assets.

#### **ESTABLISHING AND SECURING EVIDENCE**

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A major objective in any fraud investigation will be the punishment of the perpetrators, to act as a deterrent to other personnel. The College will follow disciplinary procedures against any member of staff who has committed fraud. The College will normally pursue the prosecution of any such individual.

Internal audit will:

- maintain familiarity with the College's disciplinary procedures, to ensure that evidence requirements will be met during any fraud investigation;
- establish and maintain contact with the police where appropriate;
- establish whether there is a need for audit staff to be trained in the evidence rules for interviews under the Police and Criminal Evidence Act;
- ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

#### **NOTIFYING THE FUNDING BODY**

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The circumstances in which the College must inform the funding body about actual or suspected frauds are detailed in the funding body's audit code of practice. The Chief Executive Officer is responsible for informing the funding body of any such incidents.

## RECOVERY OF LOSSES

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Recovering losses is a major objective of any fraud investigation. Internal audit shall ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of losses should be sought in all cases.

Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice should also be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. The College would normally expect to recover costs in addition to losses.

## REFERENCES FOR EMPLOYEES DISCIPLINED OR PROSECUTED FOR FRAUD

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The staff handbook includes a requirement that any request for a reference for a member of staff who has been disciplined or prosecuted for fraud shall be referred to the Head of Human Resources. The Head of Human Resources shall prepare any answer to a request for a reference having regard to employment law.

## REPORTING TO GOVERNORS

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Any incident matching the criteria in the funding body's audit code of practice (as in paragraph 9 above) shall be reported without delay by the Chief Executive Officer to the Chairs of both the Corporation and the Audit Committee.

Any variation from the approved fraud response plan, together with reasons for the variation, shall be reported promptly to the Chairs of both the Corporation and the Audit Committee.

On completion of a special investigation, a written report shall be submitted to the Audit Committee containing:

- 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 or not the actions have been taken.

This report will normally be prepared by internal audit.

## REPORTING LINES

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The project group shall provide a confidential report to the Chair of the Corporation, the Chair of the Audit Committee, the Chief Executive Officer and the external audit partner at least monthly, unless the report recipients request a lesser frequency. The scope of the report shall include:

- quantification of losses;
- progress with recovery action;
- progress with disciplinary action;
- progress with criminal action;
- estimate of resources required to conclude the investigation; and

- actions taken to prevent and detect similar incidents.

## **RESPONSIBILITY FOR INVESTIGATION**

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All special investigations shall normally be led by internal audit. Special investigations shall not be undertaken by management, although management should co-operate with requests for assistance from internal audit.

Some special investigations may require the use of technical expertise which internal audit does not possess. In these circumstances, the project group may approve the appointment of external specialists to lead or contribute to the special investigation.

## **REVIEW OF FRAUD RESPONSE PLAN**

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This plan will be reviewed for fitness of purpose at least annually or after each use. Any need for change will be reported to the Audit Committee for approval.