

## FRAUD RISK MANAGEMENT POLICY

### 1. Introduction

The University is committed to conducting its activities fairly, honestly and openly, in accordance with relevant legislation, and to the highest standards of integrity. Further, the University believes that action against fraud is in the broader interests of society. As a charity deriving a significant proportion of its income from public funds, benefactions and charitable organisations, the University is concerned to protect its operations and reputation and its funders, donors, staff and students from the detriment associated with fraud and other corrupt activity.

The overriding objective of the University's counter-fraud activity is to ensure that (i) fraud is seen as unacceptable by each and every stakeholder and (ii) counter-fraud is seen to have the unwavering focus of the University as a whole.

### 2. Policy

The University has a zero tolerance attitude to fraud committed by staff, students or associated persons, either while working on University business or acting in a personal capacity.

- The University will take appropriate action to prevent fraud in respect of its activities.
- Fraud by University employees or student members will be treated as a serious disciplinary offence.
- All staff shall ensure that they follow this policy and all relevant policies as listed below.
- Any suspicion of fraud or irregularity should be reported immediately through the channels outlined in this policy, and the University will appropriately consider these instances.
- Where any acts of fraud or corruption are proven, the University will make every endeavour to ensure that the perpetrator(s) are dealt with to the full extent of the law and University disciplinary policy/contractual processes (where a third-party is involved) and will also take every step to recover any and all losses in full.

Staff and students should be aware that they are representatives of the University at all times, even while acting in a personal capacity or working for a third party, and the University will take appropriate action in relation to alleged or established frauds committed by staff or students against itself or third parties.

### 3. Application and responsibilities

This Policy applies to all staff, students and associated persons of the University. It shall be made generally available and published publicly on the University website. This policy also applies to all University of Glasgow subsidiaries and the University of Glasgow Trust.

**Every member of staff and associated person** who acts on behalf of, or provides services to, the University is responsible for ensuring that they comply at all times with this Policy.

**The Executive Director of Finance** is responsible for ensuring that this Policy is implemented and updated regularly.

**Heads of School, College and Department** are responsible for ensuring that staff within their School/College/Department are made aware of this Policy and follow it.

**Boards of Directors** of University subsidiaries and spin out companies are responsible for ensuring that this policy is followed by the relevant company.



## 4. Definitions

Fraud involves deception to dishonestly make a personal gain and/or create a loss for another party. In Scotland, fraud is a common law offence committed when someone achieves a result under a false pretence. The Fraud Act 2006, which applies in the rest of the UK, defines three specific fraud offences:

- 1) Fraud by false representation
- 2) Fraud by failing to disclose information
- 3) Fraud by abuse of position

Examples of fraud in a University could include the following (non-exhaustive):

- Fraud, usually theft, of cash or physical assets belonging to the University
- Fraudulent expense claims – e.g. claims for trips taken for personal purposes or which were not taken
- Fraud involving confidential information
- Recruitment, appointment and employment fraud – e.g. submitting false qualifications or references to obtain employment
- Corporate identify fraud – e.g. using the University's logo or letterhead for personal reasons
- Falsely claiming to be off sick or claiming/exaggerating work-related injury
- Fraud in research projects – this could involve charging costs to a research funder which are not incurred in delivering that project

### **Bribery and corruption**

Related to the offence of fraud are the offences of bribery and corruption. The University has a separate policy in relation to Anti-Bribery and Corruption, however it is often the case that acts of bribery and corruption will also be considered as frauds.

**Bribery** – defined as the offering, giving, receiving or soliciting of any item of value (money, goods, favours or other forms of recompense) to influence the actions of an official or other person in charge of a public or legal duty.

**Corruption** – dishonest or fraudulent conduct, typically involving bribery.

## 5. Objectives

The key objectives of the University's Fraud Risk Management policy are:

- 1) Establishment of a **counter-fraud culture**, from the top down;
- 2) Maximum **deterrence** of fraud;
- 3) Active and successful **prevention** of any fraud which has not been deterred;
- 4) Rapid **detection** of any fraud that cannot be prevented;
- 5) Professional **investigation** of any detected fraud;
- 6) Effective internal and external **actions and sanctions** against people found to be committing fraud, including legal action for criminal offences;
- 7) Effective **communication and learning** in relation to fraud; and
- 8) Effective methods of **seeking redress** when/where fraud has been perpetrated.

## 6. Risk assessment

The risk of fraud should be assessed as part of the wider risk assessment process conducted by Schools, Colleges and Departments.

## 7. Employee screening and training

The University's People & Organisational Development ("P&OD") department is obliged to conduct employee screening prior to hiring staff in certain roles. References must be obtained for all staff.

Employees in the following roles must also complete mandatory Fraud Awareness Training:

- All finance staff
- All budget holders
- All Purchasing Officers or Requisitioners

Fraud Awareness Training will be made available online via the University's Moodle Portal.

## 8. Interaction with other policies, procedures and regulations

This policy interacts and overlaps with a number of other relevant University policies and procedures:

- [University Regulations](#)
- [Financial Regulations](#)
- [Gifts and Hospitality](#)
- [Conflicts of Interest](#)
- [Anti-Bribery and Corruption Policy](#)
- [Code of Conduct](#) and other guidance available on the [Procurement Office Website](#)
- [Code on Public Interest Disclosure \(Whistleblowing\)](#)
- [Code of Student Conduct](#)
- [Research codes of practice and guidance](#)

This Policy takes into account the University's common law and legislative obligations in relation to fraud, including but not limited to:

- Scots Common Law in relation to fraud
- The Fraud Act 2006 (applicable in the rest of the UK)
- The Bribery Act 2010
- The Terrorism Act 2006
- The Proceeds of Crime Act 2002
- The Computer Misuse Act 1990
- The Criminal Finances Act 2017

## 9. Procedures for dealing with suspected instances of fraud

Individuals who reasonably suspect the occurrence of fraud in the context of the University's activities should report their concerns as soon as possible to the Executive Director of Finance, the Chief Operating Officer (COO) or [finance-compliance@glasgow.ac.uk](mailto:finance-compliance@glasgow.ac.uk) providing a brief description of the alleged irregularity, the loss or potential loss involved and any evidence that supports the allegations or irregularity and identifies the individual or individuals responsible. If you report suspicious activities, you must ensure not to inform those involved in the suspicious activities.

Any report will be treated as a disclosure under the University's Code on Public Interest Disclosure (Whistleblowing) and the individuals filing the report will be protected accordingly.

Subjecting people who have reported reasonably held concerns or suspicions to any detriment will be regarded as a disciplinary issue, as will abuse of process by making malicious allegations.

The Executive Director of Finance will decide whether, on the face of it, there is a case to answer. If the allegations involve the Executive Director of Finance or the involvement of any staff members from the Central Finance Function, this decision will be made by the Chief Operating Officer.

## Investigation

Where the Executive Director of Finance/Chief Operating Officer have determined that, on the face of it there is a case to answer, further investigation is required. In all cases, knowledge of the investigation must be kept on a need to know basis. All persons involved in the investigation must treat the information as confidential.

- 1) If urgent action is required, the Executive Director of Finance or COO may take the steps he or she deems necessary.
- 2) A Fraud Review Group (“FRG”) will be formed. This will include the following people, unless they are implicated in the allegation:
  - The Executive Director of Finance (Chair);
  - The Chief Operating Officer;
  - Head of Legal
  - Financial controls, compliance and insurance manager
  - In the case of physical thefts, the Head of Security
  - Other individuals as considered appropriate by the Executive Director of Finance/COO – for example, P&OD, the Senate Office or the College Head of Finance.

Delegates may be appointed by the above parties if they consider appropriate.

- 3) The FRG must take steps to:
  - Appoint an individual internally to lead the investigation;
  - Appoint external professionals to assist with the investigation, if specialist expertise is required, e.g. forensic technology;
  - Establish and secure evidence;
  - Notify the police and other relevant authorities as appropriate
  - Prevent or minimise further loss;
  - Comply with any requirements of the University’s insurance cover;
  - Recover losses;
  - Communicate with internal personnel with a need to know, for example P&OD;
  - Communicate with external organizations who need to know, including external and internal auditors, any funding bodies, HMRC and OSCAR
- 4) The investigator will complete a report, documenting the findings of the investigation, and this will be provided to the FRG and any other parties as required, e.g. the external auditor.

## Student involvement

Where an investigation involves a student, the Clerk of Senate will be notified at the outset. If a student is the subject of an allegation of fraud, disciplinary action will be taken in accordance with the [Student Code of Conduct – 33.18 Misconduct](#).

## Staff involvement and suspension

Where an allegation of fraud concerns a member of staff, P&OD must be notified and consulted. Following consultation with the relevant Head of P&OD, the staff member may be suspended on full pay and benefits pending a full investigation. The suspension is not a disciplinary action nor does it infer any guilt. Individuals suspended for suspected fraud or who are suspended to allow a proper investigation to be carried out, will normally be required to leave University premises immediately and will be denied access to the University’s IT facilities. During the period of suspension, they will not be permitted to return to the premises, to make contact with staff or witnesses, or to act on behalf of the University, unless given express permission to do so by P&OD. The period of suspension will be as brief as possible in the circumstances and should be kept under review.

### **Police involvement**

In some instances the University may consider it appropriate to involve the police. Notwithstanding any police criminal investigation, the University reserves the right to also conduct its own disciplinary and/or civil proceedings.

### **Recovery of losses**

The investigator will be responsible for quantifying the amount of any loss. The FRG may consider taking civil action in order to recover losses, depending on value and chances of success. The FRG may also consider applying for an order to freeze the suspect's assets pending completion of the investigation.

### **Reporting**

The investigator is required to submit a final report to the FRG. This report will be treated as strictly confidential.

The report must contain:

- A description of the allegations and the approach taken to investigating them;
- A description of the evidence available to support (or not) the allegations;
- A conclusion as to whether the allegations made had substance, including the role played by any individual(s);
- The extent of any loss and any other adverse impact on the University;
- The steps taken to mitigate losses to the University and to minimize the risk of a recurrence;
- Recommendations as to further actions required to improve the control environment and prevent similar frauds in the future.

Pursuant to P&OD's [Disciplinary Policy](#) and the relevant [Student Codes of Conduct](#), the results of the investigation and report may be utilized as part of the disciplinary process. However, the report must not seek to propose a conclusion or outcome in relation to the staff member or student ahead of further independent investigation or review under the relevant disciplinary process.

This report will also be shared with the Chair of the Audit and Risk Committee ("ARC") who may consider it appropriate to share with the whole Committee. Where a fraud is considered by the FRG to be significant, the report must be shared also with the Principal.

### **Communication with parties involved**

The individual or individuals involved will be informed of the outcome as soon as possible after the final report has been considered by the FRG, and the appropriate disciplinary procedures followed at this point.

The complainant will be informed in broad terms of the outcome of the investigation, having due regard to the confidentiality of information relating to those involved.

### **Appeals process**

The Chair of the FRG will identify an appropriate independent member of the Senior Management Group to review an appeal submitted by the individual or individuals involved. The SMG member must not be from the same School, College or Department as the individual(s) involved.

An appeal may be submitted if the individual(s) consider that the investigation missed relevant evidence or did not adequately consider the evidence available to it.



## **Communication with the Scottish Funding Council (“SFC”)**

Pursuant to the Financial Memorandum with Higher Education Institutions, 1<sup>st</sup> December 2014, the Principal is required to report any significant frauds to the SFC’s Accountable Officer.

### **References for employees or students disciplined or prosecuted for fraud**

All requests for references for members of staff known to have been disciplined or dismissed for fraud must be referred to P&OD for advice as to how to respond.

References for students who have been the subject of disciplinary sanction must be referred to the Clerk of Senate.

### **Document control**

	By:	Date:
Prepared	Tax, Treasury and Reporting Team	April 2023
Approved	Executive Director of Finance	May 2023