



University of the
Highlands and Islands
Argyll College

FRAUD PREVENTION POLICY AND RESPONSE PLAN

Version	1
Date of issue	December 2014
Approved by	Board of Governors
Responsibility for review	Financial Director
Date of next review	December 2017
Date of Equality Impact Assessment	29 March 2017

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DEFINITIONS:

Argyll College Board – Members of Argyll College Board of Directors FD
– Finance Director

FRG – Fraud Response Group

Partners / Collaborators – Organisations with which Argyll College collaborates in the course of business

Argyll College Staff – Staff / Students / Board of governors / partners

INTRODUCTION TO POLICY

This document contains Argyll College’s policy on fraud. Argyll College is fully committed to protecting the funds under its control and to ensure that the resources are utilised for their intended purposes only.

As such Argyll College’s policy on fraud is:

- To treat all allegations of fraud extremely seriously
- To investigate, appropriately, all allegations of fraud
- To put in place and maintain procedures to prevent the occurrence of fraud, assess the risk of fraud, notifying fraud and investigating all instances appropriately
- To offer appropriate education and awareness to Argyll College staff.

This policy therefore applies to all Argyll College staff. Argyll College expects its staff (when conducting business with or on behalf of Argyll College) to act honestly and with integrity at all times and will not tolerate any fraudulent activity.

Following a report of suspected fraud, Argyll College will take appropriate measures to investigate and deal with the fraud in all cases as set out in the Fraud Response Plan. This policy should therefore be used in conjunction with all other relevant Argyll College policies and procedures as well as the Fraud Response Plan.

DEFINITION OF FRAUD

1.1. Definition

For Argyll College's purposes, the main principle behind the definition of fraud is: 'any action that involves taking personal gain or causing damage to another when it is not moral or legal to do so'. Thus fraud could include (but not limited to):

- Misuse of the purchase and payments system for personal gain
- Theft of money/goods from Argyll College
- False accounting
- Forgery (altering documents, signatures, etc.)
- Non-compliance with the Bribery Act 2010 or corruption (offering or accepting inducements of any kind aimed at receiving in return or at providing, or influencing another person to provide personal benefits)
- Misuse or misappropriation of funds and embezzlement
- Being under undue influence or failing to disclose an interest that conflicts with Argyll College interests and objectives
- Extortion
- Conspiracy and collusion to defraud
- Money laundering

1.2. Possible Consequences of fraud to Argyll College

Fraud in any form is costly to Argyll College in the following ways:

- Loss of resources or property
- Failure to obtain value for money or goods and services paid for
- Cost of and disruptions from investigations
- Damage to Argyll College's reputation and standing with stakeholders - Negative publicity to Argyll College

Considering that any incident of fraud can be very costly (financially and reputation wise), time consuming and disruptive to Argyll College considerable effort will be made towards fraud prevention through the internal control processes.

1.3. Possible Consequences of fraud to the individual(s) involved

Any cases of fraud at Argyll College will be dealt with appropriately according to the procedures detailed in the Fraud Response Plan. Any individual found guilty may face the following consequences:

- Disciplinary action in accordance with Argyll College disciplinary procedures detailed in the employee handbook and possibly a summary dismissal
- Criminal prosecution involving the police and the judicial system
- Where the fraud led to a loss of property to Argyll College, a recovery of the property will be carried out and the person involved (including their assets) can be subject to civil claims, injunctions and penalties.

RESPONSIBILITIES UNDER THIS POLICY

Depending on individual responsibilities within Argyll College, staff, students and partners will have different roles to play in identifying, reporting, investigating and dealing with fraud.

1.4. Argyll College Staff

- are subject to criminal and civil laws and should at all times while in service to or partnership with Argyll College uphold and comply with the seven principles of public life
- are expected to be aware of the activities around them and should report any suspicions of fraud however minor using the Argyll College Initial Fraud Report Form (see below). Failure to report any incident of fraud may be construed as an act of complicity

1.5. Heads of Departments

- are expected to ensure that their teams comply with the above duties
- are expected to be aware of how a member of their team can report any suspicion of fraud and to follow the fraud procedure in place
- are expected to report any incident of fraud appropriately, immediately after being notified
- are expected to keep each member of their team updated with any changes in this policy
- are expected to document any incident reported to them and follow up, where required, on the evidence from the fraud investigation as well as implementing any recommendations

1.6. Human Resources Manager

Parts of this policy interact with Human Resource policies, particularly with respect to staff codes of conduct and disciplinary procedures. As such, the particular responsibilities of the HR Manager are to:

- Ensure that HR policies tie in with the Fraud Policy and vice versa
- Monitor all investigation processes for compliance with Argyll College's disciplinary procedures and all other HR policies

1.7. Company Secretary

Parts of this policy interact with Governance Policies and the Company Secretary has responsibility to ensure that the Fraud Policy ties in with relevant Governance policies, in particular concerning bribery and conflict of interest.

1.8. Finance Director

The Finance Director has overall responsibility for managing the risk of fraud, developing and implementing internal controls. These include:

- Undertaking regular reviews of fraud risks and directing any internal control processes
- Identifying and implementing procedures to prevent, identify and minimise the losses from any fraud incident as well as recovering to the maximum possible any losses suffered by Argyll College
- Identifying, implementing and maintaining a sound system of internal controls
- Maintaining an effective fraud policy and ensuring that there is full compliance with the policy during any investigations
- Chairing the Fraud Response Group
- Oversight and supervision of all fraud investigations. Maintaining an overall record of all fraud incidents, investigations, actions and recommendations and following up to ensure all changes are made. This will be augmented with support from other senior managers in the case of an investigation of Fraud within the Finance Director's line management chain.
- Reporting to the Principal of Argyll College, the Audit and Finance Committees and Board as required

1.9. Fraud Response Group:

The Fraud Response Group will be responsible for:

- Determining the appropriate course of action for each fraud incident
- Making decisions on fraud investigation outcomes and recovering to the maximum possible any losses suffered by Argyll College
- Making recommendations for improvements based on the outcome of investigations

1.10. Board of Directors:

The Board of Directors have overall responsibility for directing the affairs of Argyll College and ensuring that it is well run and as such must ensure that they at all times uphold the highest principles of public office. Specific responsibilities of directors include:

- Familiarising themselves on the duties and responsibilities of a director as well as Argyll College Fraud Policy and other relevant policies
- Be aware of the duties imposed on a director by law as Company Director's and Charity Trustees as well as Argyll College policies
- Ensuring that processes are in place to prevent or deal with any instances of suspected fraud at Argyll College

FRAUD REPORTING

The procedure for reporting any case or suspicion of fraud shall be as follows:

1.11. Initial Disclosure

- Any suspicions of fraud should initially be reported to the Head of Department, who will then be responsible for reporting it onwards as appropriate.
- In the case where the disclosure relates to a Head of Department, an individual may choose to disclose the matter directly to the Human Resources Manager or to the Finance Director.
- Where the disclosure relates to any of the above mentioned officers the individual may disclose the matter directly to the Principal/Deputy Principal.
- Any disclosure relating to the Principal/Deputy Principal should be made to the Finance Director, who will liaise with the Chair of Argyll College Board to effect a smooth investigation.
- Staff may also report concerns to a member of the Audit Committee.
- The Finance Director must be notified as soon as possible of any fraud incident or suspicion of fraud. The Finance Director will then convene a meeting of the Fraud Response Group as soon as reasonably possible to determine what action is required in each instance; the Fraud Response Plan provides more details.
- The Finance Director, in consultation with the Fraud Response Group will then take appropriate measures to ensure that each case of fraud is fully dealt with and in line with Argyll College HR policies.

1.12. Anonymous Disclosures

Argyll College encourages individuals to include their name in any disclosures they make. Disclosures expressed anonymously are much less powerful and will only be considered at the discretion of the Finance Director. In exercising this discretion, however, factors that will be considered include: - The credibility of the disclosure

- The seriousness of the disclosure
- The likelihood of confirming the allegation(s) in the disclosure

1.13. Untrue Allegations

Where an individual makes a disclosure in good faith but such an allegation is not confirmed by an investigation or other procedure(s), no action will be taken against that individual.

If an individual, however, makes a malicious or vexatious allegation, disciplinary procedures may be invoked against that individual.

1.14. Confidentiality

It is important that any potential case which could involve fraud should be dealt with in the strictest confidence and in a sensitive manner. As such Argyll College commits to taking appropriate measures, wherever possible, to protect the identity of the individual making the disclosure as long as it does not impede the investigation process.

However, it should be noted that the investigation process may reveal the source of the information and the individual making the disclosure may be required to provide a statement as part of the evidence. This will be dealt with in a sensitive manner.

1.15 Reports to Board

Annually, a report will be made to the Argyll College Board on the number of reports of fraud made.

ARGYLL COLLEGE INITIAL FRAUD REPORTING FORM

FULL NAME	
DEPARTMENT	

Describe in as much detail as possible the fraud incident being reported, including names, dates and locations (use an extra sheet of paper if required):

Signature (Incident Reporter): _____

Date: _____

Signature (HOD or Similar): _____

Date: _____

Signature (Finance Director or Similar): _____

Date: _____

ARGYLL COLLEGE FRAUD RESPONSE PLAN

1.1 Introduction

The purpose of this fraud response plan is to ensure that any reported incident of fraud against Argyll College is dealt with in a timely manner and appropriate action is taken to:

- Investigate the circumstances
- Eliminate / minimise the risk of any losses or take action to recover or recognise any losses promptly
 - Remedy any weaknesses in the system of internal controls
- Initiate any disciplinary or legal procedures where required
- Demonstrate that Argyll College will not tolerate any instance of fraud in its operations

Once a fraud incident or suspected fraud incident is reported to the Finance Director, they will be responsible for proceeding with the investigation process in consultation with the Fraud Response Group.

1.2 Investigation Process

The Finance Director shall consider the information disclosed and, as soon as reasonably possible, shall convene and chair a meeting of the FRG in order to decide on the appropriate course of action to be taken, including what form an investigation, if any, should take. This may include:

- An internal inquiry / investigation
- Referring the matter to the police
- An independent inquiry / investigation

In some instances, it may be necessary to refer the matter to an external authority for further investigation. However, an investigation must not be conducted by any of the individuals who will have to reach a final decision on the matter (FRG). All investigations must be conducted as sensitively and speedily as possible. The FRG will be responsible for appointing the investigator for each fraud incident and setting the scope and a reasonable timeframe for the reporting of findings.

1.2.1 Establishing and Securing Evidence

All fraud investigations must be carried out as sensitively and speedily as possible in order to avoid any tip-off to the suspects. As such, regular monitoring of suspects must be maintained for any signs of a possible tip-off. All evidence secured must be:

- Reliable and relevant
- Treated as highly confidential
- Documented and stored securely as appropriate
- Obtained in line with HR policies and procedures, using legitimate techniques only
- Sufficient for the purposes of decision making
- Admissible for the purposes of criminal proceedings

1.3 Prevention of Further Losses and Recovery of any Losses

Where an initial investigation provides reasonable evidence to suggest the occurrence of fraud, the FRG must be convened to determine how to prevent any further losses to Argyll College. This may involve the initial suspension of the person(s) involved, in line with Argyll College Disciplinary Procedures.

Where the FRG decides to suspend the person(s) suspected, this must be done discreetly and unannounced in order to prevent any destruction of evidence, and the suspect(s) must be supervised at all times before leaving Argyll College premises, once they have been informed of the suspension.

It is the responsibility of the Finance Director and the FRG to recover, to the maximum possible, any losses already suffered by Argyll College as a result of the fraud incident. As such Finance Director should ensure that any losses to Argyll College as a result of the fraud should be quantified. Legal advice may be sought by the FRG on the options and possibility of recovering any losses and associated costs through the civil courts.

However, judgement must be exercised in each case on the balance of recovery costs and the recoverable amount.

1.4 Fraud Investigation Report

The aim of any investigation is to ensure that a final decision is made based on the facts of each individual fraud incident and lessons are learned from each fraud incident. As such, on completion of each investigation, a full report must be prepared and presented to the FRG by the investigator. The report shall contain:

- A full description of the incident (this should include the value of any losses, the person(s) involved, the duration and means through which the fraud was perpetrated
- Internal control weaknesses that may have been exploited by the fraud perpetrator(s)
- Recommendations on procedures required to prevent the occurrence of a similar incident in the future

The FRG should make a final decision based on the findings of the investigation as soon as the report is presented and reviewed. Both the final decision of the FRG and the reasons must be documented.

The Finance Director shall present the final report as well as the final FRG decision (and reasons) on the incident to the Exec Team (or in the case of Fraud by the Principal / Deputy Principal then the Chair of the Board) and shall ensure that the recommendations are fully implemented where possible on a risk/cost basis.

Any disclosure to Argyll College staff or other stake holders will be dealt with on a case by case basis by the FRG and should only be on a 'need-to-know' basis.

It should be noted that other internal procedures may be invoked as a result of an investigation, including (but not limited to):

- Disciplinary procedures
- Grievance procedures
- Harassment procedures

1.5 Review of Fraud Response Plan

The Fraud Response Plan will be reviewed at least annually or after each fraud incident for fitness of purpose by the Finance Director, with the support of the FRG and amended as required.

POLICY REVISION HISTORY

No.	DESCRIPTION OF REVISION	DATE OF REVISION	REVISED BY	AUTHORISED BY