

Anti-Bribery and Fraud Prevention Policy

1.0 Policy Statement / Purpose

Durham University has a zero-tolerance policy towards bribery and fraud; actual or attempted. The University is committed to encouraging prevention, detection, and a swift response to any instances of corruption. Transparency in financial dealings is paramount, particularly because the University, as a charitable institution, needs to demonstrate clearly the use of funds.

The University is a charity and much of its income is derived from benefactions, public funds and charitable sources. As such, the University has a legal duty to ensure that its resources and income are used solely for the purposes intended. The University must safeguard its operations and reputation, and the interests of its funders, donors, and members from the adverse consequences of fraudulent activities. The University requires that all staff and students, including anyone who has relationship with the University, display the same integrity in their dealings with the University.

This policy is intended to deter any actions of fraud and assist staff and students in the detection of fraud for the purpose of safeguarding the University, its reputation and assets, and the assets of its members, supporters, partners and subsidiary companies, as far as is practicably possible. This policy sets out individual responsibilities in respect of both the prevention of bribery and fraud and the procedures to be followed where bribery or fraud is detected or suspected.

2.0 Definitions

Fraud

For the purpose of this policy, fraud is defined, in accordance with the Fraud Act 2006, as deception with the intent to a) gain an advantage, either for personal material (or other) gain, or for the benefit of another individual/group of individuals; and/or to b) cause financial loss to the University or one of its subsidiary companies.

Intent is central to the University's understanding of fraud regardless of whether actual gain or loss has occurred. It should be noted that fraud may be perpetrated by individuals internal or external to the University (for example, external fraud may occur via a breach of information security such as hacking). Fraud can be committed by making false representations, failing to disclose information, or by abuse of position.

This policy deems the following, (but is not an exhaustive list), as examples of fraudulent acts: bribery, forgery, theft of cash or property, extortion, embezzlement, misappropriation, false representation, concealment of material facts, destruction of records, knowingly retaining a salary overpayment, excessive personal use of University resources, money laundering and collusion.

Bribery

Bribery is specifically defined in the Bribery Act 2010 as an inducement or reward that can be 'financial or other advantage' (such as money, contracts, gifts or offers of employment) which is offered, promised, or given in order to gain commercial, contractual, regulatory, or personal advantage. The offence of being bribed is defined as requesting, accepting, or agreeing to accept such an advantage, in exchange for improperly performing such a function or activity.

3.0 SCOPE

This policy is applicable to all staff and student members of the University, all members of Durham Student Organisations, agents, and other volunteer/lay members. Any fraudulent activities identified in relation to other individuals working with, on behalf of, or for the University should be reported through the same process.

The University takes seriously any allegations of bribery or fraud and will investigate all such concerns. Staff members found to be committing bribery or fraud (attempted or actual) will be subject to disciplinary proceedings which may result in dismissal. The matter may also be referred to the police and may lead to a prosecution.

Malpractice undertaken by a student will be addressed under the University's Student Major Offence Procedures and may be reported to the police.

4.0 RESPONSIBILITIES

All staff have a responsibility to report any suspicions of bribery or fraud. Ultimate responsibility for prevention, detection, and investigation lies with the University Secretary who should, according to the funding body's guidance, in consultation with other senior managers, institute adequate systems of internal control, including clear objectives, segregation of duties, and proper authorisation procedures. It is the responsibility of internal auditors to assess the adequacy of these arrangements and, on a practical level, investigate, or supervise the investigation of allegations of bribery or fraud.

Prevention

In addition to responding to suspicions of bribery or fraud in an effective and timely fashion, staff and students should contribute to a work and study environment in which corruption is actively prevented through a number of simple means:

- **Leading by Example:** Senior management should ensure that they behave in a transparent manner, championing the University's policies and procedures on fraud prevention.
- **Risk Management:** The Vice-Chancellor has overall accountability for managing the risk of fraud or bribery, but overall responsibility for the design of arrangements to manage fraud risks is delegated to strategic and operational risk owners (i.e. University executives, directors and senior managers). Fraud or bribery could happen anywhere in the University. Control procedures will be designed to mitigate the risk of attempted/successful fraud and bribery at both a University-wide and local level in those areas most vulnerable to fraud and bribery risk.
- **Relevant Policies and Procedures:** Day to day responsibility for the prevention and detection of fraud or bribery rests with line managers who are responsible for implementation of policies and procedures for activities within their area of responsibility. These should

be regularly reviewed via internal management and policy approval processes to ensure they remain robust, up-to-date, and fit-for-purpose. The University reserves the right to operate more than one policy at a time where appropriate; for example, in relation to fraud, the HR Disciplinary Regulations will be upheld in conjunction with the protocol defined within this policy.

- **Audit Mechanisms:** The University's Assurance Service is able to offer advice on process design and undertake internal audits of activity to highlight any areas of vulnerability which are felt to expose the University to a variety of risks, including fraud and bribery. Departments or processes more vulnerable to risks associated with fraud or bribery should consider an internal audit to a) review control mechanisms and b) propose recommendations for enhancing these.
- **Understanding and Awareness of the University's Policies:** University members should familiarise themselves with the relevant policies and procedures.
- **Use of Relevant Professional Channels:** Relevant University staff should engage with pertinent networks, e.g., North East Fraud Forum or the National Crime Agency, to facilitate prevention.
- **Use of References:** These may safeguard against appointing unsuitable individuals to posts involving significant financial responsibilities.
- **Cash Handling Procedures:** These should be clearly defined and communicated, supported by mechanisms to prevent one person from receiving, recording, and banking cash/cheques. In addition, a full audit trail of cash/cheque transactions should be maintained through the documenting of receipts.
- **Physical Security:** All cash and assets (including valuable data) should be kept and stored securely, with clear access rights defined and implemented.
- **Budgetary Control:** Budget holders should be alert to the risk of fraud or loss when monitoring actual income and expenditure against budget.
- **Receiving Gifts or Hospitality:** The policy should be clearly defined and communicated, and a register of gifts or hospitality maintained, including a process by which nil returns are recorded. An annual report monitoring exercise is managed by Procurement.

- **Training:** The University will offer basic web-based training for all staff to enhance understanding and awareness of fraud, bribery and associated risks. In addition, units deemed particularly 'at risk' will have specific training targeted at preventing loss (accidental or unintentional) in financial transactions. Training is developed and delivered in proportion to the assessed risk.
- **Reporting:** Reporting details immediately to the Director of University Assurance if they suspect or believe that there is evidence of irregular or improper behaviour or that a fraud may have been committed.

5.0 POLICY, PROCEDURES AND ENFORCEMENT

Expected Behaviours

Vital to facilitating fraud prevention is the maintenance of a culture in which all University members are knowledgeable about and alert to potential instances of bribery or fraud. In addition to being perceptive to such activity, the University expects all staff and students to behave with integrity, and to lead by example, adhering to all expected standards, policies and protocols.

To make it easier to identify possible signs of fraud, the following list of behavioural indicators which should give rise to concern has been compiled. The examples on the list, which is not exhaustive, could be an indicator of fraud or irregularity but may also highlight personal or mental health issues and as such should be addressed with sensitivity:

- Frequently altered documents, (particularly financial documents);
- Incomplete or vague claim/expense forms;
- Erratic or inconsistent application of processes and procedures; particularly those relating to cash handling;
- Erratic, or noticeable changes in, behaviour;
- Regular delays in the completion/submission of claims and financial reports;
- Staff seemingly living beyond their means;
- Staff seemingly under constant financial or other stress (possibly due to situational pressures);

- Reluctance to hand over or being secretive about work; particularly if the individual concerned is solely responsible for a risk area, including a reluctance to take annual leave to retain ownership of work;
- Avoidance of audits or peer reviews (internal or external);
- Inconsistent performance or standard of work;
- Refusal of promotion;
- Insistence on dealing with a particular individual;
- Management override of controls.

Incident Reporting

It is important that all staff are able to report their concerns without fear of reprisal or victimisation and are aware of the means to do so. The Public Interest Disclosure Act 1998 (the "Whistle-blowers Act") provides appropriate protection for those who voice genuine and legitimate concerns through the proper channels. See the Public Interest Disclosure (Whistleblowing) Policy for further details.

In the first instance, any suspicion of fraud, theft or other irregularity should be reported, as a matter of urgency, to your line manager. If such action would be inappropriate, your concerns should be reported upwards to one of the following persons:

- Head of Service
- Any Director or Executive Officer
- Chief Financial Officer
- University Secretary

Additionally, all concerns must be reported to the Director of University Assurance (0191 334 4516).

Initiating Action

All actual or suspected incidents of fraud or irregularity should be reported without delay to the Director of University Assurance who should consult with the following Fraud Response Group (FRG), within 72 hours, to decide on the initial response:

- University Secretary (Chair)
- Chief Financial Officer
- Director of Human Resources and Organisational Development
- Director of University Assurance

Each member of FRG may ask a nominated deputy to stand in on their behalf. Less serious issues may be dealt with by circulation.

It is intended that this core group remains small to facilitate timely decisions and to ensure that confidentiality (and the reputation of the University) is maintained. Other co-opted members may be called upon at later stages in the investigative process to assist in specific cases where their expertise is required.

The FRG will maintain familiarity with the University's disciplinary procedures and regulations, to ensure that evidence requirements will be met during any fraud investigation.

The FRG will decide on the action to be taken. This will normally be an investigation, and the FRG will appoint an Investigating Officer with clear terms of reference and guidance for the investigation. Investigations involving senior colleagues shall normally be led by the Director of University Assurance.

The investigation will consider:

1. the nature and extent of any loss;
2. action required to prevent further loss;
3. recovery action; and
4. the appropriateness of additional sanctions (including disciplinary action or criminal prosecution).

The members of the FRG will ensure that staff co-operate with requests for assistance by the Investigating Officer and will approve the appointment of external specialists if required to assist with the investigation.

The University will follow its own internal disciplinary procedures against any member of the University who has committed fraud and the fraud investigation should normally follow any requirements for an investigation under the University Disciplinary Regulations and accordingly, HR should be consulted about the investigation.

Police Referral

The University will normally pursue the prosecution against any member of the University who has committed fraud. The Director of University Assurance will establish and maintain contact with the police.

The police generally welcome early notification of suspected fraud, particularly that of a serious or complex nature. Some incidents will lend themselves to automatic reporting to the police (such as theft by a third party). For more complex frauds the University Secretary, as Chair of the FRG and following consultation with the Chief Financial Officer, Director of Human Resources and Organisational Development and the Investigating Officer, will decide if and when to contact the police.

The Investigating Officer should be familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings (including the Police and Criminal Evidence Act (1984), the Investigatory Powers Act (2016), the Human Rights Act (1998), and the Equality Act (2010)).

All staff will co-operate fully with any police enquiries, which may have to take precedence over any internal investigation or disciplinary process. However, wherever possible, teams will co-ordinate their enquiries to maximise the effective and efficient use of resources and information.

Where the police are not notified of a suspected or actual fraud, the Audit and Risk Committee must be advised of the reason.

Prevention of Further Loss

Where the initial investigation provides reasonable grounds for suspecting a member of the University of fraud, the FRG will decide how to prevent further loss. This may require suspension, with or without pay, of the suspect(s), in accordance with the University's Disciplinary Regulations. It may be necessary to plan the timing of suspension to prevent the suspect(s) from destroying or removing evidence that may be needed to support disciplinary or criminal action. The decision to suspend will be taken by the Director of Human Resources and Organisational Development, in consultation with the University Secretary or Chief Financial Officer and the Investigating Officer. Suspension should not be regarded as disciplinary action nor should it imply guilt.

Human Resources will provide advice on how any potential suspension should be conducted. This may include informing the suspect(s) of suspension without prior notice but the reason for suspension and the relevant arrangements (such as review periods) should be explained to them. They should be supervised at all times before leaving the University's premises. They should be allowed to collect personal property under supervision but should not be able to remove any property belonging to the University, unless specifically agreed with HR following consultation with the Investigating Officer. Any security passes, keys to premises, offices and furniture should be returned.

The Director of Estates and Facilities can advise on the best means of denying access to University premises while the suspect(s) remains suspended. The Chief Information Officer may be instructed to withdraw, without delay, access permissions to the University's IT facilities.

The Director of University Assurance shall consider whether it is necessary to investigate systems other than that which has given rise to suspicion, through which the suspect(s) may have had opportunities to misappropriate the University's assets.

Recovery of Losses

The FRG 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, the University's insurers should be notified and legal advice should be obtained without delay about the need to freeze the suspect's assets through the courts, 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, and from existing pension funds. Where recovery from the individual(s) is not feasible, the University should consider claiming against any relevant insurance policies.

The University would normally expect to recover costs in addition to losses.

Reporting

The Investigating Officer shall provide the FRG with reports on the progress of ongoing special investigations no less frequently than monthly. The FRG, in turn, will provide updates to the Vice-Chancellor. Reports should include quantification of losses; progress with recovery action; progress with disciplinary action; progress with criminal action; estimate of resources required and timescales to conclude the investigation; actions taken to prevent and detect similar incidents.

The Vice-Chancellor shall report any incident of actual or suspected fraud to the Regulator or other funding body (in accordance with their reportable incidents requirements), the Chair of Council and the Chair of the Audit and Risk Committee if any of the following circumstances apply:

- The loss, theft, or fraud of charity assets or other irregularity where money involved is, or is potentially, in excess of £25,000;
- A case reveals systemic weaknesses of concern beyond the institution;
- The particulars of the fraud are novel, unusual or complex;
- There is likely to be public interest because of the nature of fraud or the individuals involved.

The Vice-Chancellor shall ensure that any departure from the approved Fraud Response Plan is reported and explained promptly to the Chair of Council and the Chair of the Audit and Risk Committee.

On completion of a special investigation, a written report shall be submitted to the Vice-Chancellor and the Audit and Risk Committee by the Director of University Assurance containing:

- A description of the incident, including the value of any loss, the people involved and the means of perpetrating the fraud;
- Action taken against any party where the allegations were proved;
- Actions taken to recover any loss;
- Any recommendations and/or action taken to minimise any recurrence;
- Any actions needed to strengthen future responses to fraud.

The Director of University Assurance will monitor the implementation of any recommendations / actions agreed in response to an investigation.

Further Action

Any request for a reference for a member of staff or a student who has been disciplined or prosecuted for fraud shall be referred to the Director of HR (staff) or the Academic Registrar (students), who shall approve any response to a request for reference.

6.0 EQUALITY AND DIVERSITY

This policy has been designed to ensure that no-one receives less favourable treatment due to protected characteristics.

Investigations will take place without regard to position, length of service, or relationships.

7.0 RELATED INFORMATION

Financial Regulations (including guidance on receiving gifts or hospitality): <https://durhamuniversity.sharepoint.com/teams/FinProcGovernanceHub>

Disciplinary Regulations: [Part 1](#) - [Part 2](#) - [Part 3](#)

Public Interest Disclosure Policy

(Whistleblowing): <https://durhamuniversity.sharepoint.com/teams/USO/SitePages/Whistleblowing.aspx>

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