

Fraud Response Plan

Approved by the Board of Governors on 16th February 2022, on the recommendation of the Audit and Risk Committee meeting held on 26th January 2022.

New Audit and Risk Committee review date: January 2024

Overview

The attached Fraud Response Plan includes the following sections:

1. The Fraud Response Plan itself
2. Appendix A - Advice for Staff who suspect a fraud has been committed
3. Appendix B - Preliminary Investigations
4. Appendix C - Useful Links: University Policies and Procedures

All of the above must be read and actioned where relevant upon suspicion of a fraud. The key points to note are:

- Where there is a suspicion or allegation of fraud, the Chief Financial Officer (or such other person to whom the Registrar, Secretary and Chief Operating Officer may delegate responsibility) must be informed in the first instance.
- As part of commencing an immediate investigation, the Chief Financial Officer must consider key other parties who should be informed of the investigation. These may include the following officers where relevant:
 - Director of People and Organisational Development;
 - Director of Legal Affairs and Board Secretariat;
 - Director of Research and Business Engagement; and
 - Director of Risk and Compliance

University of Manchester

Fraud Response Plan (FRP)

1. Introduction

- 1.1. Fraud includes any of the following: theft, false accounting, bribery, corruption, money laundering, forgery, deception and collusion or other financial malpractice.
- 1.2. The University of Manchester promotes efficient, transparent and accountable working practices for all staff in all areas of its business, and to protect its financial and other assets. Under no circumstances should staff feel that they must tolerate the abuse of systems employed at the University by other staff members or outside persons in ways that may be classed as potentially fraudulent.
- 1.3. University General Regulation VIII: Public Interest Disclosure Procedures (see: <http://documents.manchester.ac.uk/DocuInfo.aspx?DocID=28>) protects staff who report serious concerns that they believe indicate malpractice or wrongdoing, and provides a procedure for the investigation of such allegations. General Regulation VIII lists several areas that such concerns may include, one of which is “financial malpractice, impropriety or fraud”. The Fraud Response Plan amplifies this and illustrates how investigations into such allegations should be conducted. It provides staff with information regarding the reporting lines, authority levels and responsibilities for action in the case of a suspected fraud.
- 1.4. The University seeks to be flexible in how it investigates fraud, and as such may, within the constraints of General Regulation VIII, the Financial Regulations and Financial Procedures, vary its approach in individual cases. Generally, the approach taken shall depend on the perceived risk to the University in a financial or reputational sense. This shall be judged individually for each case, based on the information available. The Registrar, Secretary and Chief Operating Officer will usually delegate the responsibility for investigating allegations of fraud to the Chief Financial Officer. However, ultimate accountability rests with the University’s Registrar Secretary and Chief Operating Officer, as stated in General Regulation VIII.
- 1.5. In more serious cases, the Chief Financial Officer may convene a Fraud Response Group of designated staff to help decide the appropriate course of action, which may include Internal Audit.
- 1.6. In deciding the level of action to be taken, it may be necessary to estimate the value and risk posed by the alleged fraud. It is accepted that this can often be difficult to judge, and may not relate to the complexity of the fraud. All alleged frauds must be investigated, as an apparently minor fraud may conceal a much larger scale of losses.

2. Purpose of the Fraud Response Plan

- 2.1. The purpose of the Fraud Response Plan is to provide guidance to all University of Manchester staff in the event that they suspect fraud or irregular activity to be taking place within the University and additionally to ensure that all assets are safeguarded. The Plan is

produced in response to the requirements of General Regulation VIII and the Financial Regulations and Procedures (see Appendix C). In all cases where there may be any doubt or apparent conflict, the University's General Regulations shall prevail over the Financial Regulations, which prevail over the Financial Procedures, which will prevail over any such supplemental rules or guidelines, including this Fraud Response Plan.

2.2. The Plan is enforceable only with regard to university staff. For the avoidance of doubt, this includes casual staff and staff employed by the National Health Service (or other bodies) who also hold honorary contracts with the University, in respect of all their activities within the University. This includes Schools based in part at NHS hospitals and other sites. However, investigations under the Plan may also encompass allegedly fraudulent actions by students of the University and outside persons and organisations. Information may be passed to the Police or other external bodies before, during or after such investigations. The Plan provides staff with information regarding the reporting lines, authority levels and responsibilities for action in the case of a suspected fraud.

2.3. The Fraud Response Plan allows the University to:

- Establish and secure evidence necessary for possible criminal and disciplinary action;
- Notify OfS (the Office for Students) of such instances as are covered by the mandatory requirements of their Terms and Conditions of funding for higher education institutions for the period in issue. This includes all significant frauds, defined as those **exceeding £25,000** (see Appendix D);
- Notify the OfS of any serious incidents which the University is obliged to report as an exempt charity (see Appendix D);
- Notify the Trustee of the University of Manchester Superannuation Scheme (UMSS) of any incidents which involve activity of the Scheme which are carried out by employed staff;
- Notify any other relevant bodies (such as HM Revenue and Customs, the Research Councils and other grant making organisations);
- Help to recover losses for the University;
- Highlight areas of weakness in the operating systems employed at the University, so helping to prevent future losses;
- Support disciplinary and other investigatory processes within the University;
- Ensure compliance with legislation such as the Proceeds of Crime Act (2002), the Money Laundering Regulations (2017) and other regulations on suspected money laundering, the Charities Act (2006) and the Bribery Act (2010).
- Notify the Police should this be deemed necessary.
- It should be noted that the HR disciplinary process will run in parallel with the Fraud Response Plan and any suspension required will be initiated at the outset.

2.4. This policy shall be operated in conjunction with related University policies, including the Anti-Corruption and Bribery Policy and the Money Laundering Policy.

3. Initiating Action and the Conduct of Investigations

3.1. A summary of possible responses by staff if they discover an apparent fraud can be found in Appendix A.

- 3.2. **All actual or suspected incidents of fraudulent activity must be reported immediately to the Chief Financial Officer.** The Chief Financial Officer will then inform the Registrar, Secretary and Chief Operating Officer. If the matter to be raised concerns the Chief Financial Officer, or he/she is unavailable it should be raised with the Registrar, Secretary and Chief Operating Officer. The Registrar, Secretary and Chief Operating Officer will either undertake the investigation, or appoint another person to investigate and report. If this is inappropriate for any reason, concerns should be reported to the President and Vice-Chancellor or the Chair of the Board. Allegations of suspected bribery must be reported to the Director of Compliance and Risk by the Chief Financial Officer. Staff may report suspicions through their Head of School (or comparable senior manager), who shall pass on the allegations to the Chief Financial Officer without delay. (If staff believe that their Head of School has failed properly to report a suspected fraud, they must notify the Chief Financial Officer themselves immediately).
- 3.3. The Chief Financial Officer or the Registrar, Secretary and Chief Operating Officer shall normally inform the Director of Legal Affairs and Board Secretariat, who can advise on the legal aspects of appropriate responses and procedures for any investigations. In addition the Director of People and Organisational Change should also be informed in relation to the potential investigation of University employees.
- 3.4. If the alleged fraud involves the fraudulent misappropriation of research grant funding and research training grants (e.g. PGR studentships) then the Director of Research and Business Engagement must be informed straight away as the various grant funders will have specific terms and conditions regarding the reporting of frauds. These may include early notification to a research funder even if only a suspected fraud. In addition the Director of Research and Business Engagement will consider any contractual conditions on externally funded activity. Consideration will also need to be given in relation to any impact on the University's research misconduct policy.
- 3.5. If the alleged fraud involves the fraudulent misappropriation of assets of UMSS then the Head of Pensions and Chair of Trustee must be informed straight away as the Trustee will have specific policies and legislation regarding the reporting of fraud. These may include early notification to the full Trustee and/ or the Pensions Regulator.
- 3.6. During the initial investigation of any matters raised, all reasonable steps will be taken not to breach confidentiality or to reveal the identity of the complainant until a formal investigation is initiated. Thereafter confidentiality will be maintained in so far as it is consistent with a fair investigation and with the right of the person or persons being investigated to be aware of the nature of the matter raised.
- 3.7. Should other University investigatory processes (such as the Procedure for Allegations of Misconduct in Research) uncover evidence of financial fraud (as defined in section 1.1 above), then the Registrar, Secretary and Chief Operating Officer may authorise an additional investigation under the Fraud Response Plan. If, at the start of an investigation, it is unclear under which process it should initially take place, the Registrar, Secretary and Chief Operating Officer shall decide.

3.8. A description of the detailed procedures for investigating allegations of fraud may be found in Appendix B. The internet links in Appendix C may be helpful.

4. Annual Review of Fraud Response Plan

4.1. This Fraud Response Plan is to be used as a guide, and will be reviewed on an annual basis to ensure that details such as contact names are current and correct and that job titles and reporting lines within the University have not been altered. Such minor changes may be approved by the Chief Financial Officer.

4.2. Any proposed material changes to the plan must first be reported to and approved by the Board of Governors on the recommendation of the University's Audit and Risk Committee.

Document Control Box	
Policy title:	Fraud Response Plan
Date approved:	16 th February 2022
Date last reviewed:	27 November 2020
Approving body:	Board of Governors (Recommended by the Audit and Risk Committee meeting on 26th January 2022)
Version:	2022
Supersedes:	Fraud Response Plan (2020)
Previous review dates:	2018, 2020
Next review date:	2024
Related Statutes, Ordinances and General Regulations:	Ordinance XXX.1(g) Statute XIII.9(c), Ordinance XVIII, Section 1 and General Regulation VIII
Equality relevance outcome:	Medium
Related policies:	Financial Regulations
Related procedures	Financial Procedures Anti-Corruption and Bribery Policy Money Laundering Policy
Related guidance and or codes of practice:	Expenses Guidelines Handy Guide for Expenses Claim Signatories
Related information:	OfS Terms and conditions of funding for Higher Education Institutions currently in issue
Policy owner:	Chief Financial Officer
Lead contact:	Deputy Director of Finance

Appendices

Appendix A

Advice for Staff who suspect a fraud has been committed

Fraud takes many forms, and it is hard to be definitive in how best to approach this situation. The advice below is general, and may not be appropriate in all cases.

1. Firstly, try to confirm discreetly whatever has raised your suspicions. There may be alternative explanations - for example, money may have been paid into the wrong account by mistake, or mislaid by the bank. Advice may be obtained from your Head of School Finance or Head of Faculty Finance.
2. Try to safeguard evidence. If necessary, copy documents (including electronic records) discreetly. Fraudsters often destroy evidence at the first opportunity.
3. Where possible, try to preserve confidentiality. Only discuss suspicions with your manager or other responsible persons.
4. If you suspect a colleague is committing fraud, do not confront him or her with accusations of wrongdoing. This may allow the destruction of evidence, and in extreme cases might expose you to physical danger. If your suspicions are mistaken, then workplace relationships may be poisoned irretrievably. The official investigators are best placed to interview suspects.
5. Do not allow personal likes or dislikes to influence your actions.
6. Report the situation to your manager, and ask them to inform the Chief Financial Officer immediately, as is required by the Financial Regulations and the Fraud Response Plan. Reports of suspected frauds should be copied to the Financial Controller.
7. If for any reason you do not wish to go through your manager, report the situation yourself to the Chief Financial Officer.
8. Suspected incidents of bribery or corruption must be reported to the Director of Compliance & Risk via the Chief Financial Officer.
9. Similarly suspected frauds or incidents of bribery or corruption where research grants may be involved must be reported to the Director of Research and Business Engagement via the Chief Financial Officer.
10. Once you have reported the incident, you should be contacted soon after by the investigators. If this does not happen, follow up directly with the Chief Financial Officer. Your manager is obliged to forward your concerns.
11. Remember that General Regulation VIII and the law both protect whistle-blowers. Link to General Regulation VIII: Public Interest Disclosure Procedure:
<http://documents.manchester.ac.uk/DocuInfo.aspx?DocID=28>

Appendix B

Preliminary Investigations

1. Following the receipt of an allegation of fraud or financial malpractice, (such as misappropriation of cash, stores and property or money laundering) the Chief Financial Officer (or such other person to whom the Registrar, Secretary and Chief Operating Officer may delegate responsibility) shall conduct an initial investigation to determine the facts and to establish whether or not there are prima facie grounds for the concern or complaint, and if so, the appropriate means for dealing with it. The Chief Financial Officer will appoint a lead officer to conduct the investigation.
2. If, after preliminary investigation the matter is judged not to require further Investigation, it may then be dismissed. The person who reported the suspected fraud may then, under General Regulation VIII (section 15), ask for such a decision to be reviewed by the Chair of the Board.
3. If the preliminary investigation shows grounds exist, the matter will be investigated further and a report prepared. The Chief Financial Officer will usually undertake the investigation on behalf of the Registrar, Secretary and Chief Operating Officer. The detailed investigation will be led by Internal Audit or an appointed lead officer. However, their conclusions must be reported to and endorsed by the Registrar, Secretary and Chief Operating Officer before a report is made to the President and Vice-Chancellor (see General Regulation VIII, section 11).
4. The Chief Financial Officer may also convene a Fraud Response Group (FRG) to assist in managing the investigation, comprising staff with the appropriate skills and seniority to effectively investigate the allegations.
5. The Chief Financial Officer shall inform the Registrar, Secretary and Chief Operating Officer (who may then inform the President and Vice-Chancellor), if there appears to have been a clear and serious breach of UK criminal law. In such circumstances, the matter may be passed to the Police straight away for further investigation.
6. Section 16 of General Regulation VIII requires that all matters raised formally under this procedure shall be reported to the University Audit and Risk Committee.

Conduct of Investigations

7. The team conducting the investigation will be entitled to the full co-operation of all University staff members and have access to all required buildings, systems, records (both manual and electronic) and staff to enable a complete investigation of the suspected fraud. Staff should note that failure to co-operate fully with an investigation may itself constitute grounds for disciplinary action.
8. The Registrar, Secretary and Chief Operating Officer has delegated to the Director of People and Organisational Development the power to decide whether the emails and electronic records of a member of staff should be accessed. If access is approved, this will be arranged by IT Services.

9. In some instances, the investigations may require technical expertise that the investigating team do not possess. In these circumstances, the Chief Financial Officer may decide to appoint external specialists to lead or contribute to any further investigation.
10. Should the investigation produce evidence of misconduct by one or more members of the University's staff, then management may decide to initiate action immediately under Statute XIII (Academic and Academic-Related Staff: Dismissal, Discipline, Grievance Procedures and Related Matters) or the Disciplinary and Dismissal Procedure for Support Staff. In such cases, the investigating team will support the disciplinary investigations as required. The production of a final report (see below) may, if appropriate, be delayed until after all disciplinary action has been completed. It is expected that the disciplinary process and suspension should take place at the outset and the disciplinary procedure run in parallel with the Fraud Response Plan.
11. Upon the completion of the investigation, a draft report will be produced and agreed by the Chief Financial Officer. Where necessary, this will be discussed with the Registrar, Secretary and Chief Operating Officer at the earliest possible opportunity. The report may then be finalised.
12. The report shall contain:
 - A description of the incident/issues alleged including an assessment of the value of any losses;
 - the people involved and the means by which the fraud was allowed to occur (highlighting any control and/or operating weaknesses within the systems)
 - all possible facts ascertained relating to the alleged fraud;
 - measures recommended to prevent a recurrence and a brief risk assessment as to the viability of these;
 - future recommendations to minimise the risk of such an occurrence;
 - a recommendation as to the way forward; and
 - any other relevant material.
13. In the case of major frauds, the Registrar, Secretary and Chief Operating Officer shall report the matter to the President and Vice-Chancellor (and the Chairs of the Board and the Audit and Risk Committee). The report may include recommendations as to further action, having considered factors such as any People issues (unless these have already been addressed - see above), publicity, the scale and seriousness of the fraud and any legal or other implications. There are likely to be three possible outcomes:
 - a) If it is determined on the basis of the evidence that no fraud has taken place, then the Chief Financial Officer will ensure that all relevant parties are informed. If any individual(s) have been suspended pending investigation, the Directorate of People and Organisational Development will be responsible for taking action relating to the lifting of the suspension of staff;
 - b) If it is determined on the basis of the evidence that a fraud has been or is taking place, the President and Vice-Chancellor (acting through the Registrar, Secretary and Chief Operating Officer) will ensure that action has been taken under the University's formal Disciplinary Procedures by the Directorate of People and Organisational Development. The President and Vice-Chancellor will also agree any action necessary under the University's requirements for reporting to external bodies (including OfS). The report may recommend that the matter be reported to the Police if this has not happened at an earlier stage and/or that civil action

is taken to recover losses. It is advisable to consider at an early stage whether to report the fraud to the police as an internal investigation can impair a criminal police investigation. Interviews under police caution should always take precedence.

- c) Investigations may reveal misconduct by staff that does not constitute fraud but merits disciplinary action. (Examples would be failure to safeguard University assets or to report suspected frauds). In such cases, the Chief Financial Officer shall refer the matter to the Directorate of People and Organisational Development so suitable action can be taken.

14. A report on each suspected fraud shall be presented to the Audit and Risk Committee, along with the findings of any investigations undertaken, at their next meeting following the completion of the investigation. At the discretion of the Chief Financial Officer, an interim report may be presented if an Audit and Risk Committee meeting takes place during an on-going investigation.
15. It may be necessary to report the incident to relevant external bodies, such as HM Revenue and Customs, the Research Councils and other grant making organisations. The Chief Financial Officer (usually acting through the lead officer) shall co-ordinate this; in practice the Heads of Faculty and School Finance may inform the relevant bodies and, where necessary, ensure that any stolen funds are reimbursed.

Action in Cases of Possible Conflicts of Interest

16. If the suspected incident involves a member of the Internal Audit Team, then such a conflict of interest must be reported to the Chief Financial Officer, who shall decide the appropriate action to be taken.
17. Should the Chief Financial Officer, Registrar, Secretary and Chief Operating Officer or President and Vice-Chancellor be alleged parties in a suspected fraud, this must be notified immediately to the Chair of the Board of Governors. (See General Regulation VIII, sections 12 and 13).
18. Should the investigations appear to implicate or involve in any way any person involved with the investigation, or their spouse, partner, family or close friend or associate, they must immediately inform their line manager and ask to be removed from the investigation. This action is precautionary in nature and does not imply improper conduct by any person.
19. With the exception of members of the Audit and Risk Committee, lay members of the Board of Governors should not be made aware of any information relating to a suspected fraud, to avoid the possibility of them having a conflict of interest if, at a later stage, they are involved in any appeal, by an individual, against associated disciplinary actions.

Appendix C

Useful Links: University Policies and Procedures

General Regulations

<https://documents.manchester.ac.uk/display.aspx?DocID=39973> Financial Regulations:

<http://documents.manchester.ac.uk/DocuInfo.aspx?DocID=1741>

Financial Procedures:

<http://documents.manchester.ac.uk/DocuInfo.aspx?DocID=1742>

Anti-Corruption and Bribery Policy:

<http://documents.manchester.ac.uk/DocuInfo.aspx?DocID=17994>

Bribery Act Statement:

<http://documents.manchester.ac.uk/DocuInfo.aspx?DocID=15635>

Money Laundering Policy:

<http://documents.manchester.ac.uk/DocuInfo.aspx?DocID=17993>

Public Interest Disclosure (Whistleblowing) Procedure

<http://documents.manchester.ac.uk/DocuInfo.aspx?DocID=28>

External Links:

Greater Manchester Police: <http://www.gmp.police.uk/>

Action Fraud: <http://www.actionfraud.police.uk/>

Protect (formerly Public Concern at Work): <https://protect-advice.org.uk/>

Financial Fraud Action UK: <http://www.financialfraudaction.org.uk/>

Office for Students: <https://www.officeforstudents.org.uk/>