



# Counter-Fraud Policy

## Introduction

The policy of Cranfield University (Cranfield) is not to countenance fraud by any of its members. As a consequence, it is essential that everyone associated with the University and its subsidiary companies (including members of staff, students, contractors and other third parties) are aware of the risk of fraud, corruption, theft and other activities involving dishonesty, in all its forms.

The Office for Students (OFS) requires the University to have a robust and comprehensive system of risk management, control and corporate governance and that this should include the prevention and detection of corruption, fraud, bribery, money laundering and other irregularities.

This Policy sets out the roles and responsibilities of staff, committees and other parties towards achieving this. Specifically, the sections which follow outline responsibilities for preventing and detecting fraud and set out how staff should respond if they suspect that a fraud is or has been taking place.

Cranfield aims to reduce instances of fraud to the practical minimum and to also put in place arrangements that hold any fraud to a minimum level on an ongoing basis. Cranfield's approach to counter-fraud will be comprehensive, cost-effective and professional, using specialist expertise if required.

This policy applies to any fraud, or suspected fraud involving everyone and anyone associated with Cranfield, - including staff, students, and contractors and other third parties.

## Definitions

- **Fraud** can be defined as (i) wrongful or criminal deception intended to result in financial or personal gain and (ii) a person or thing intended to deceive others, typically by unjustifiably claiming or being credited with accomplishments or qualities. Both definitions are, clearly, directly applicable to the Higher Education sector.
- **Corruption** can be defined as dishonest or fraudulent conduct, typically involving bribery.
- **Bribery** can be 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.

## Counter-fraud policy objectives

Cranfield's counter-fraud policy has eight key objectives:

- Establishment of a *counter-fraud culture*
- Maximum *deterrence* of fraud

- Active and successful *prevention* of any fraud that cannot be deterred
- Rapid *detection* of any fraud that cannot be *prevented*
- Professional *investigation* of any *detected* fraud
- Effective internal and external *actions and sanctions* against people found to be committing fraud, including legal action for criminal offences
- Effective *communication and learning* in relation to fraud, and
- Effective methods of *seeking redress* when/where fraud has been perpetrated

The overriding objective of Cranfield'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 Cranfield as a whole.

Although there is general confidence in the integrity of staff and students there is always the risk of fraud by an individual. This document sets out Cranfield's policy and procedures for dealing with suspected cases of fraud, including corruption, and includes summarised instructions about what to do, and who to contact/notify, should any fraud-related concerns arise. It does not include theft and other criminal/illegal acts involving dishonesty.

At a practical level, fraud is deemed to be deliberate intent to deprive Cranfield (and its associate activities) of money or goods through the falsification of any records or documents (e.g. submission of false invoices, inflated time records or travel claims and/or the use of purchase orders to obtain goods for personal use). This is an important distinction, intended to clarify the crucial difference between deliberate fraud and unintentional error, removing - wherever possible - any potential confusion or ambiguity.

## Common types of University and Higher Education Fraud

These can include, but are not limited to:

- Fraud involving cash, physical assets or confidential information
- Misuse of accounts
- Procurement fraud
- Payroll fraud
- Financial accounting fraud, including fees
- Fraudulent expense claims
- Reference, qualification and related employment fraud
- Recruitment and appointment fraud
- Bribery and corruption fraud
- Academic fraud including immigration, admissions, internships, examinations and awards
- Accommodation-related fraud, including preference and payment

## Indicators which may point to the existence of fraud include

- Ineffective internal controls;
- Work done for individuals connected to Cranfield, by Cranfield contractors/suppliers;
- Lack of appropriate authorisation for cash disbursements
- Missing documentation to support cash disbursements;
- Alteration of documentation to support prices/fees payable and receivable;
- Charges being made for goods or services not supplied or ordered;
- Credits or refunds without appropriate authorisation and documentation;
- Failure to disclose, where appropriate, any close association with individuals or organisations outside Cranfield;
- Individuals not taking annual leave (thus ensuring no one else ever deals with their work);

- Individuals using assets of Cranfield, including the name, for personal gain without proper authorisation or reimbursement for their use;
- Acceptance of excessive gifts or hospitality from individuals or organisations outside Cranfield (see Anti-Bribery policy)
- Individual behaviour not in line with salary (living beyond means).

## Roles and Responsibilities for Preventing and Detecting Fraud

All Cranfield senior managers and employees have a clear responsibility for the prevention and detection of fraud. The key responsibilities of individuals and groups are set out below.

### A. University Council and Audit Committee

Council is ultimately responsible for ensuring that systems are in place for the prevention, detection and investigation of fraud, whilst day-to-day operation of relevant policies, procedures and controls is delegated to the University Executive. Council has delegated to Audit Committee responsibility for overseeing the University's policy on fraud and irregularity, including being informed of any action taken under that policy.

### B. University Executive

The University Executive is responsible for:

- ♣ Adopting and approving a formal fraud policy
- ♣ Setting the framework with regard to Cranfield's values, ethos, ethics and corporate image.
- ♣ Ensuring that an adequate and effective control environment is in place.
- ♣ Ensuring that adequate audit arrangements are in place to investigate suspected fraud.

### C. Line Managers

Line managers are responsible for implementing this Policy in respect of fraud prevention and detection and in responding to incidents of fraud. This involves ensuring that the legal, ethical and moral standards are adhered to in their School or Professional Service unit. The practical requirements of line managers are to:

- ♣ Have an understanding of the fraud risks in their areas and to consider whether processes under their control might be at risk.
- ♣ Have adequate processes and controls in place to prevent, deter and detect fraud.
- ♣ Be diligent in their responsibilities as managers, particularly in exercising their authority in authorising transactions such as timesheets, expense claims, purchase orders, returns and contracts.
- ♣ Deal effectively with issues raised by staff including taking appropriate action to deal with reported or suspected fraudulent activity.
- ♣ Report suspected frauds according to the process outlined below.
- ♣ Provide support / resource as required to fraud investigations.

### D. All Employees

Cranfield expects all employees to be responsible for:

- ♣ Upholding the high legal, ethical and moral standards that are expected of all individuals connected to Cranfield.
- ♣ Adhering to Cranfield's policies and procedures
- ♣ Safeguarding Cranfield's assets
- ♣ Alerting management and / or other contacts should they suspect that the possibility of a fraud exists.
- ♣ Being aware of Cranfield's policies and procedures to the extent they are applicable to their role

## E. Internal Audit

Cranfield's Internal Auditors are not responsible for detecting fraud. Internal Audit's role in respect of fraud is to:

- ♣ Regularly review fraud policies, procedures, prevention controls and detection processes making recommendations to improve these processes as required.
- ♣ Discuss with management any areas which it suspects may be exposed to fraud risk.
- ♣ Help determine the appropriate response to a suspected fraud and to support any investigation that takes place.
- ♣ Facilitate corporate learning on fraud, fraud prevention and the indicators of fraud.

F. External Audit is not responsible for detecting fraud. However, should the impact of fraud, as with all material misstatements, be of such magnitude as to materially distort the truth and fairness of the financial statements, the external auditors should detect the fraud and report it to the Audit Committee.

## Reporting suspected fraud

It is the responsibility of everyone associated with Cranfield (including members of staff, students, contractors and other third parties) to report any fairly based suspicions of fraud or corruption. In line with the Public Interest Disclosure Act 1998, Cranfield has a "no retaliation" policy for people reporting reasonably-held suspicions, and concerns can be raised if necessary under Cranfield's Whistle-blowing policy, details of which can be found under Section 8, covering associated policies, below.

Suspected fraud must be notified immediately to the Director of Finance and University Secretary who will meet to determine the appropriate response and notify Internal Audit.

In the case of allegations against:

- the Director of Finance the Chief Executive Officer should be notified.
- the University Secretary the Chief Executive and Vice Chancellor should be notified.
- the Chief Executive and Vice Chancellor the Chair of the Audit Committee should be notified.

Under no circumstances should any individual conduct investigations or interviews to determine whether a suspected fraud is indeed so, unless specifically authorised by the Chief Executive & Vice Chancellor.

Where any acts of fraud or corruption are proven, Cranfield will make every endeavour to ensure that the perpetrator(s) are dealt with to the full extent of the law and Cranfield's disciplinary policy/contractual processes (where a third-party is involved) and will also take every step to recover any and all losses in full.

If any person obtains information in which possible money laundering is suspected, it is a criminal offence not to report their suspicion. The Director of Finance will notify the police.

## Investigation of fraud

Unless the Director of Finance and University Secretary determines otherwise, the investigation of suspected fraud should be made by Internal Audit and/or the Police depending on the nature and level of the fraud.

All investigations should be carried out in a confidential manner.

To protect the reputations of innocent people and protect Cranfield from potential civil liability, the investigation and results should not be disclosed to other than appropriate personnel, law agencies and /or regulatory agencies.

## Disciplinary action

At the conclusion of the initial investigation, appropriate action should be taken with legal advice.

Actions may include suspension, termination of employment, permanent separation, prosecution and reimbursement depending on whether the fraud is suspected/proven and individual circumstances. To ensure evidence is protected, individuals concerned may be removed immediately from the premises. In all cases, this must be subject to due process according to the Charter and Statutes of the University.

If the actions above are not taken, the reasons should be obtained in writing from legal advisors.

## Fraud with academic implications

Fraud can often be associated with direct financial gain, such as procurement and invoicing fraud. However, in the University/Higher Education sector, academic fraud is a further possibility, including fraud related to immigration, admissions, internships, examinations and awards. Academic misconduct by students is covered in Regulation 25: Academic Misconduct and Penalties and by staff under Ordinance 22.

## Conclusion

Formal reports detailing facts, monies involved, investigation procedures, disciplinary actions and conclusions should be prepared by Internal Audit.

Internal Audit will submit reports to the Audit Committee.

## Associated published Policies.

### University Laws – Charter and Statutes

Academic Fraud Regulation 25:

Academic Misconduct and Penalties; Ordinance 22 – Disciplinary (Conduct and capability)

### Policies, regulations and information compliance

Anti-Bribery Policy

Criminal Facilitation of tax evasion policy -Criminal Finances Act 2017

Whistleblowing policy and procedure

Cranfield University

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## Appendix 1 - University list of appropriate persons and their contact details

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<b>Title/Role</b>	<b>Name</b>	<b>Phone</b>	<b>E-mail</b>
University Secretary	Gregor Douglas	01234	<a href="mailto:Gregor.douglas@cranfield.ac.uk">Gregor.douglas@cranfield.ac.uk</a>
Chief Operating Officer	Philip Aspinall	01234 754001	<a href="mailto:Jo.Hampshire@cranfield.ac.uk">Jo.Hampshire@cranfield.ac.uk</a>
Director of Finance	Ian Sibbald	01234 754013	<a href="mailto:I.Sibbald@cranfield.ac.uk">I.Sibbald@cranfield.ac.uk</a>
Internal Audit	Sitha Khanam		<a href="mailto:Sitha.Khanam@cranfield.ac.uk">Sitha.Khanam@cranfield.ac.uk</a>
Chair of Audit Committee			<a href="mailto:Council@cranfield.ac.uk">Council@cranfield.ac.uk</a>

## Appendix 2 Guidance for Staff and Line Managers if they suspect fraud has occurred

### Staff:

- **Do make a note of your concerns as soon as you become aware of the suspected fraud**  
Make a note of all relevant details such as what was said, date, time and names of the parties involved.
- **Do report the matter promptly.**  
Any delay could cost the University money and/or reputational damage.
- **Do speak to someone about your suspicions with the appropriate authority and experience,**  
Depending on the nature of your suspicions this may be your line manager, or you may wish to directly report your concerns to the Director of Finance and University Secretary.
- **Do not be afraid to raise your concerns.**  
Your concerns will be dealt with in a sensitively and confidential manner. You will receive appropriate support and will not suffer any recriminations because of voicing a reasonably held suspicion.

### Line Managers

- **Do be responsive to staff concerns.**  
Cranfield encourages staff to voice any reasonably held suspicions as part of developing an anti-fraud culture. As a manager you should treat all staff concerns seriously and sensitively without ridiculing those concerns.
- **Do note down the details.**  
Note all relevant details and in addition note any documentary evidence that may exist to support the allegations made but Do Not interfere with the evidence in anyway.
- **Do deal with the matter promptly.**
- **Do advise the appropriate person of the suspicions.**
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### Staff and Line Managers

- **Do not confront an individual or individuals with your suspicions and do not accuse any individual directly.**
- **Do not try to investigate the matter yourself.**  
Any criminal case may be compromised if the rules around gathering evidence are not complied with.
- **Do not tell anyone about your suspicions other than those with the appropriate authority.**

Free confidential whistleblowing advice is available from Protect.

<https://protect-advice.org.uk/https://protect-advice.org.uk/>