

Counter Fraud and Corruption Policy

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**Mae’r ddogfen hon hefyd ar gael yn Gymraeg / This document is also available in Welsh.**

Contents

[1. Introduction 3](#_Toc203559881)

[2. Scope 3](#_Toc203559882)

[3. Definitions 4](#_Toc203559883)

[4. Values 5](#_Toc203559884)

[5. Policy Statement 6](#_Toc203559885)

[6. Computer Misuse 6](#_Toc203559886)

[7. Confidentiality 7](#_Toc203559887)

[8. Reporting Suspected Incidents of Fraud, Bribery and Corruption 7](#_Toc203559888)

[9. Prevention Strategy 7](#_Toc203559889)

[10. Training 8](#_Toc203559890)

[11. Responsibilities 8](#_Toc203559891)

[12. Methods of appeal 10](#_Toc203559892)

[13. Review of Procedures 10](#_Toc203559893)

[14. Other Related Policies 10](#_Toc203559894)

[15. Annex 1 - Common Types of Fraud 12](#_Toc203559895)

1. Introduction
	1. Cardiff Metropolitan University operates a zero-tolerance to fraud, bribery and corruption, requiring staff, students and partners to act honestly and with integrity at all times and to report all reasonable suspicions.
	2. This document details Cardiff Metropolitan University’s policy towards detected or suspected acts of fraud, corruption or irregularity, whether relating to employees, board members, contractors, students or any external third party.
	3. Cardiff Metropolitan University has sought to put in place effective procedures and controls to minimise the potential for fraud to occur and undertakes to ensure that these controls are kept under regular review in order to protect Cardiff Metropolitan University’s staff, its resources, and its standing.
	4. Cardiff Metropolitan University receives part of its funding from public funds and one of the basic principles governing its actions is the proper use of public money.
	5. This policy should be cross referenced and read in conjunction with Cardiff Metropolitan University’s [Financial Regulations, Fraud Response Plan (where appropriate), Whistle blowing Policy, IT Security Policies, Anti-Bribery Policy, Anti-Money Laundering Policy, Criminal Finance Act (2017) guidance and Gifts and Hospitality Policy](https://www.cardiffmet.ac.uk/about/policies/) in order to give a greater understanding of the conduct and integrity expected by Cardiff Metropolitan University employees.
2. Scope
	1. This policy relates to all forms of impropriety. It is intended to provide direction and help to all Cardiff Metropolitan University staff who find themselves having to deal with suspected cases of impropriety. It is not intended to provide a comprehensive approach to preventing and detecting fraud. Its overall aims are to:
* improve the knowledge and understanding of everyone in Cardiff Metropolitan University irrespective of their position, to the potential risks of fraud within the organisation.
* set out responsibilities regarding the prevention, detection and investigation of fraud.
* assist in identifying the areas of Cardiff Metropolitan University’s business which are considered to be most at risk; and,
* assist in promoting a climate of openness and a culture and environment where staff feel able to raise concerns sensibly and responsibly.
	1. This policy applies to all employees of Cardiff Metropolitan University, regardless of position held, as well as consultants, vendors, contractors, and/or any other parties who have a business relationship with the University.
	2. Staff should be aware that the University is committed to investigating all reported cases of fraud in order that appropriate action can be taken. This action may include any or all of the following:
* Referral to external agencies
* Criminal prosecution
* Civil prosecution
* Internal disciplinary action
* Specialist external investigative expertise may be engaged as and when required

Where individuals do not comply with this policy, they risk suspension or loss of employment

1. Definitions
	1. Fraud: The Fraud Act came into place on the 15 January 2006. This act introduces provision for a general offence of fraud which is broken into three sections.

• Fraud by false representation

• Fraud by failing to disclose information

• Fraud by abuse of position

* + 1. Fraud by false representation: in such cases false representation is made dishonestly and with intention of making a gain or causing a loss or risk of loss to another. A representation is defined as false if it is untrue or misleading and the person making it knows that it is or might be untrue or misleading. Representation can be stated by words or communicated by conduct i.e., written, spoken or by electronic means.
		2. Fraud by failing to disclose information. This section details that a fraud will have been committed if a person fails to declare to another information which he/she has a legal duty to disclose. There is a requirement that the person acts dishonestly and intends to make a gain for himself/herself, cause a loss to another or expose another to a risk of loss.

* + 1. Fraud by abuse of position. This section requires a person who is in a privileged position to act dishonestly by abusing the position held; and by doing so, fails to disclose to another person, information which he/she is legally required to disclose. The dishonest act must be with the intention of making a gain for himself/herself or another. Alternatively, it may be with the intention of causing a loss or risk of loss to another. The offence may be committed by omitting to make a declaration as well as by an act.
		2. The introduction of the Fraud Act 2006 does not prevent the prosecution of offences under the various Theft Acts and Forgery and Counterfeiting Act, e.g., theft, counterfeiting and falsification of documents.
	1. Corruption is a specific type of fraud and involves: -
		1. “The offering, giving, soliciting or acceptance of any inducement or reward which may influence the action of any person”
		2. Corruption involves two or more people. Corruption does not always result in a loss; indeed, the corrupt person may not benefit directly from their deeds. See also the Anti-Bribery Policy and the Gifts and Hospitality Policy.
	2. Irregularity: An irregularity may be any significant matter or issue, other than fraud or corruption, which is so defined and prescribed by the Audit Committee as to fall within the general principles of this policy, and which may warrant consideration or investigation under the related Fraud Response Plan.
		1. An example of an irregularity may be where a member of staff makes a genuine error or mistake in the course of their duties/responsibilities, but where this error or mistake is subsequently hidden from the University, perhaps to the on-going detriment of the University. Additionally, an irregularity may also involve consideration of the possibly inappropriate use of University funds or assets, but which may not technically constitute fraud or corruption.
1. Values
	1. Three fundamental values underpin Cardiff Metropolitan University’s activities. These are:
* Accountability: Everything done by those who work in the University must be able to withstand comprehensive scrutiny.
* Probity: Absolute honesty and integrity should be exercised in dealing with employees, board members, staff, contractors, students or any external third parties; and
* Openness: Cardiff Metropolitan University’s activities should be sufficiently open and transparent to promote confidence between the University and its employees, board members, contractors, students or any external third party.
	1. All employees and board members should be aware of, and act in accordance with, these values.
1. Policy Statement
	1. Cardiff Metropolitan University is committed to ensuring that the culture of the organisation is one of honesty and opposition to fraud, corruption and irregularity. There is an expectation and requirement that all individuals (and organisations associated in whatever way with Cardiff Metropolitan University will act with integrity, and that Cardiff Metropolitan University staff at all levels will lead by example in these matters.
	2. Cardiff Metropolitan University is committed to promoting an anti-fraud culture. It has procedures in place to reduce the likelihood of fraud occurring. These include financial regulations and financial instructions, documented procedures and a system of internal control. All cases of fraud, corruption and irregularity are taken very seriously, and it is Cardiff Metropolitan University’s policy to prosecute where justified, and to take appropriate disciplinary action where members of staff are involved.
	3. Cardiff Metropolitan University is committed to creating and maintaining an honest, open and well-intentioned atmosphere within its working environment. It is, therefore, also committed to the elimination of wrongdoing within its sphere of operation and to the rigorous investigation, and taking of any action required, in such cases.
	4. Cardiff Metropolitan University wishes to encourage anyone having reasonable suspicions of suspected or actual fraud, malpractice, corruption or irregularity to report them to their Dean or Director (unless there is suspicion of involvement), and as outlined in [section 8](#_Reporting_Suspected_Incidents).
	5. It is Cardiff Metropolitan University policy which will be rigorously enforced, that no employee, student or board member should suffer as a result of reporting reasonably held suspicions. For the purposes of this policy “reasonable held suspicions” shall mean any suspicions other than those which are groundless and raised maliciously.
2. Computer Misuse
	1. Fraud or corruption can be, and increasingly is being, carried out using computers. Misuse of computers and their programs (i.e. software) are specifically covered by the Computer Misuse Act 1990.
	2. A person is guilty of such an offence if, with intent, they access any program or data held on a computer which they are not authorised to access and/or they cause unauthorised modification to the contents of the computer such that the operation or access to the computer or program is hindered. Unauthorised disclosure of any personal data held on computers may also result in an offence under the Data Protection Acts 1984, 1998 & 2018.
3. Confidentiality
	1. Employees must not disclose details of any suspected fraud or malpractice. A report should be made to the relevant Dean or Director, and in accordance with [section 8](#_Reporting_Suspected_Incidents) below. This assumes that those officers are not the subject of any allegations. If any of those named officers are the subject of allegations, then the Chair of the Audit Committee should be contacted.
	2. Anyone suspecting fraud should not, under any circumstances, attempt to carry out their own investigations.
	3. Decisions regarding the appropriate form of any investigation must only be taken by the Chief Finance Officer in consultation with the Chair of the Audit Committee. Any investigation should only be carried out by competent persons. A separate, confidential Fraud Response Plan sets out these arrangements in more detail.
4. Reporting Suspected Incidents of Fraud, Bribery and Corruption
	1. Staff should report all suspected or actual incidents of non-student fraud, bribery or other irregularity without delay to their Dean or Director who will report to the Chief Finance Officer
	2. Staff should report all suspected or actual incidents of fraud concerning a student or applicant to study to their Dean or Director who will report to the Chief Finance Officer
	3. Where staff feel unable to report in this way, they should report through the University’s [Whistleblowing Policy](https://www.cardiffmet.ac.uk/about/structureandgovernance/Pages/Whistleblowing.aspx). Reports will be reviewed by the Whistleblowing Officer (the University Secretary).
	4. Students should report all suspected or actual incidents of fraud, bribery or other irregularity (whether staff, student or associated person) via the online [complaints form](https://www.cardiffmet.ac.uk/registry/Pages/Complaints.aspx)
	5. Where the above reports relate to counter fraud they will be promptly referred on to the Chief Finance Officer who will inform the Chair of Audit Committee.
5. Prevention Strategy
	1. The University recognises that an important preventative measure against fraud and corruption is to take effective measures at the recruitment stage to establish, as far as possible, the previous record of potential staff in terms of their propriety and integrity. Staff recruitment is therefore required to be in accordance with procedures laid down by the University and held by the People Services Department and, in particular, to obtain written references regarding known honesty and integrity of potential staff before employment offers are made.
	2. All employees are expected to follow the Code of Conduct related to their personal professional qualifications (if appropriate), and this will be emphasised at the staff induction sessions.
	3. All Governors and management staff of the University are required to declare any pecuniary interests they may have with any supplier or customer of the University. In addition, any offers of gifts or hospitality, which are offered and relate to the performance of their duties, must also be declared.
	4. The University’s Financial Regulations place a duty on all Governors and staff to act in accordance with best practice when dealing with the affairs of the University. Through the implementation of the Financial Regulations, and the documentation of financial systems and processes, and every effort is made to continually review and update procedures in line with best practice and enhanced technology, to ensure efficient and effective internal controls. Both Internal and External Audit independently review the adequacy and appropriateness of the University’s financial systems. Senior management is fully responsive to audit recommendations.
	5. The University’s Audit Committee provides an independent and objective view of internal controls by overseeing Internal and External Audit services, reviewing financial systems and ensuring compliance with Financial Regulations.
6. Training
	1. The University recognises that the continuing success of its anti-fraud and corruption strategy will depend largely on the effectiveness of programmed training and responsiveness of staff throughout the University.
	2. To facilitate this, the University supports the concept of induction and training, particularly for staff involved in internal control systems to ensure their responsibilities and duties in this respect are regularly highlighted and reinforced.
	3. Investigation of fraud and corruption centres on the University’s Internal Audit Service and its Finance Department. It is therefore important in the latter case that staff should be properly and trained in all aspects. In the former case, the contracted Internal Auditors should demonstrate that the staff employed on the University’s audits have received adequate training and are sufficiently experienced in the area of fraud and corruption to discharge their responsibilities.
7. Responsibilities
	1. The Board of Governors has responsibility for: Ensuring the University “has a robust and comprehensive system of risk management, control and corporate governance, including the prevention and detection of corruption, fraud, bribery and irregularities.”
	2. The Audit Committee has Responsibility for*:* Overseeing and approving the institution’s policy on fraud, including being notified of any action taken under that policy and reviewing the assurance arrangements with respect to counter-fraud.
	3. The University Executive Group has responsibility for*:* Developing, implementing and maintaining adequate systems of financial management and internal control to prevent and detect fraud. In addition, they are responsible for ensuring the following.
* safeguarding the rights of any persons subject to investigation.
* carrying out vigorous and prompt investigations if suspicion of fraud occurs.
* taking or instigating appropriate legal and/or disciplinary action against perpetrators of fraud and taking disciplinary action against supervisors/managers where supervisory failures have contributed to the commission of fraud; and,
* reporting the outcome of any such investigations to the appropriate authorities.
	1. The Chief Finance Officer has responsibility for: The University’s approach towards Fraud, Bribery, and Corruption. This means
* identifying the risks within systems and procedures.
* developing and maintaining effective controls to prevent and detect fraud
* ensuring that all staff and members of the Board are aware of their duties and the required standards of conduct.
* ensuring that controls are being complied with.
* Inline with the Fraud Response Plan, notifying the Internal Audit Manager of a suspected fraudulent incident and where there is a case for investigation notifying theVice Chancellor, and the Chair of Audit Committee.
* Where there is a case for investigation notifying regulatory bodies such as but not limited to Medr, the Charity Commission, and Action Fraud.
	1. Students, Staff and other related third parties are responsible for: Maintaining and monitoring compliance with internal controls and agreed policies and procedures, Immediately reporting details of any suspected fraud, whether by an employee or an external organisation, and assisting in the investigation of suspected fraud. This means, in addition to maintaining the normal standards of personal honesty and integrity, all staff
* have a duty to ensure that public funds are safeguarded whether or not they are involved with cash or payment systems, receipts or dealing with contractors or suppliers.
* should avoid acting in any way which might cause others to allege or suspect them of dishonesty.
* should behave in a way which would not give cause for others to doubt that University staff deal fairly and impartially with official matters; and
* should be alert to the possibility that others might be attempting to deceive.
	1. Cardiff Metropolitan University reserves the right to prosecute those suspected of fraud
1. Methods of appeal
	1. Disciplinary codes for staff and students contain information on the right of appeal.
	2. If a fraud or bribery is reported to external agencies, the subject will have a right of appeal in the context of any action the agency might choose to take.
2. Review of Procedures
	1. The University has in place a clear network of systems and procedures to assist in countering fraud and corruption. It is determined that these arrangements will keep pace with future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation and to this end, maintains a continuous overview of such arrangements and developments through, in particular, its Audit Committee and its Internal and External Auditors.
3. Other Related Policies
	1. Nothing in this policy shall be taken to override or supersede Cardiff Metropolitan University’s policy set out in its Whistleblowing (Public Interest Disclosure) Policy. This document is one of a series that, together, constitute the policies of the University in relation to anti-fraud and corruption. The other documents are:

• Financial Regulations

• Fraud Response Plan

• Whistleblowing Policy

• Disciplinary Policy

• IT Policies

• Money Laundering Policy

• Anti-Bribery Policy; and

• Gifts and Hospitality Policy.

All policies (with the exception of the Fraud Response Plan) can be found on the [Policy Hub](https://www.cardiffmet.ac.uk/about/policyhub/Pages/default.aspx)

1. Annex 1 - Common Types of Fraud

These can include but are not limited to:

## Fraud involving cash, physical assets, intellectual property or confidential information:

* Theft of University property
* Unauthorised removal of University property
* Passing on company data or intellectual property
* Unauthorised disclosure of confidential information
* False invoices being created

## Misuse of accounts:

* Accessing bank accounts
* Fraudsters impersonate innocent victims to obtain products or services in their name, also known as identity fraud
* Attempting to change bank account details of suppliers and payees
* Identity theft where staff are persuaded to reveal login and passwords details

## Procurement fraud:

* Falsely creating or diverting payments
* Bid rigging
* Diverting goods or services for personal use
* Colluding with suppliers to accept inferior goods or services
* Payoffs and kickbacks
* Conflicts of interest with third parties and acquaintances

## Senior Staff fraud:

* Fraudsters impersonating senior staff to demand that a bank transfer is made to an improper account

## Payroll fraud:

* Unauthorised changes to HR or payroll system
* Inputting incorrect details in e.g. hours worked
* Dummy or ghost employees
* Faking self-certified / doctors’ sick notes
* Financial accounting fraud, including fees:
* Falsifying accounting or other records
* Falsifying financial returns or claims
* Use of the University name, logo or letterhead for personal reasons
* Embezzlement
* Internal theft
* Under recording income
* Unauthorised removal or destruction of records
* Forgery or alteration of documents

## Fraudulent claims:

* Mileage
* Personal use
* Falsifying or manipulating receipts
* False / duplicate expense claims
* Falsifying applications for research grant funding