


<b>HEFCW Fraud Response Plan</b>	Cyngor Cyllido Addysg Uwch Cymru Higher Education Funding Council for Wales	
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## **1. Introduction**

- 1.1 This Fraud Response Plan provides a checklist of actions and a guide to follow in the event that fraud is suspected. It covers:
- notifying suspected fraud;
  - the investigation process;
  - liaison with police and external audit;
  - initiation of recovery action;
  - reporting process;
  - communication with the Assembly Government.
- 1.2 Its purpose is to define authority levels, responsibilities for action and reporting lines in the event of suspected fraud, theft or other irregularity.
- 1.3 As set out in the HEFCW Fraud Policy Statement:- 'HEFCW views fraud very seriously. All instances will be investigated rigorously and promptly and appropriate action will be taken.'

## **2. Notifying suspected fraud**

- 2.1 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 Whistleblowers' Act') provides appropriate protection for those who voice genuine concerns through the proper channels. (Staff should also refer to HEFCW's Whistleblowing Policy on the intranet).
- 2.2 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 Team;
  - Director of your directorate;
  - Director of the other directorate;
  - Chief Executive.
- 2.3 Additionally, all concerns must be reported to the Senior Assurance Manager.
- 2.4 Every effort will be made to protect an informant's anonymity if requested. However, HEFCW will always encourage individuals to be identified to add more validity to the accusations and allow further investigations to be more effective. In certain circumstances, anonymity cannot be maintained. This will be advised to the informant prior to release of information.
- 2.5 Annex A attached is a list of 'Dos and Don'ts' for staff to refer to when they suspect fraud.

### **3. The investigation process**

- 3.1 Suspected fraud must be investigated in an independent, open-minded and professional manner with the aim of protecting the interests of both HEFCW and the suspected individual(s). Suspicion must not be seen as guilt to be proven.
- 3.2 The investigation process will vary according to the circumstances of each case and will be determined by the Director of Finance and Corporate Services (DoFCS) in consultation with the Director of Strategic Development (DoSD) and the Head of Resources (HoR). Should the DoFCS be the subject of any investigation, the DoSD will determine the investigation process in consultation with the HoR. An Investigating Officer (IO) will be appointed to take charge of the investigation on a day-to-day basis. This will normally be the Senior Assurance Manager, or exceptionally, another independent officer.
- 3.3 Where initial investigations reveal that there are reasonable grounds for suspicion, and to facilitate the ongoing investigation, it may be appropriate to suspend an employee against whom an accusation has been made. This decision will be taken by the DoFCS and/or the DoSD, in consultation with the HoR and the IO. Suspension should not be regarded as disciplinary action nor should it imply guilt. The process will follow the guidelines set out in HEFCW's Disciplinary Policy relating to such action (see intranet).
- 3.4 It is important, from the outset, to ensure that evidence is not contaminated, lost or destroyed. The IO will therefore take immediate steps to secure physical assets, including computers and any records thereon, and all other potentially evidential documents. They will also ensure, in consultation with management, that appropriate controls are introduced to prevent further loss.
- 3.5 The IO will ensure that a detailed record of the investigation is maintained. This should include a chronological file recording details of all telephone conversations, discussions, meetings and interviews (with whom, who else was present and who said what), details of documents reviewed, test and analyses undertaken, the results and their significance. Everything should be recorded, irrespective of the apparent significance at the time.
- 3.6 All interviews will be conducted in a fair and proper manner (following guidelines set out in the Disciplinary Policy, referred to above). Where there is a possibility of subsequent criminal action, the police will be consulted and interviews may be conducted by the police under caution in compliance with the Police and Criminal Evidence Act (PACE), which governs the admissibility of evidence in criminal proceedings.
- 3.7 The findings of the investigation will be reported to the DoFCS, DoSD and HoR who will determine, in consultation with the IO, what further action (if any) should be taken.
- 3.8 Reference should also be made to Appendix 9 'Example of a Fraud Response Plan' to the Chartered Institute of Management Accountants (CIMA)'s

publication 'Fraud Risk Management: A Guide to Good Practice' in respect of investigation procedures.

#### **4. Liaison with Police and external audit**

- 4.1 The police generally welcome early notification of suspected fraud, particularly that of a serious nature. Some frauds will lend themselves to automatic reporting to the police (such as theft by a third party). For more complex frauds, the DoFCS, following consultation with the DoSD, HoR and the IO will decide if and when to contact the police. The DoFCS will report suspected frauds to the external auditors at an appropriate time.
- 4.2 All staff will cooperate fully with any police or external audit enquiries, which may have to take precedence over any internal investigation or disciplinary process. However, where possible, teams will coordinate their enquiries to maximise the effective and efficient use of resources and information.

#### **5. Initiation of recovery action**

- 5.1 HEFCW will take appropriate steps, including legal action if necessary, to recover any losses arising from fraud, theft or misconduct. This may include action against third parties involved in the fraud or whose negligent actions contributed to the fraud.

#### **6. Reporting process**

- 6.1 Throughout any investigation, the IO will keep the DoFCS, DoSD and HoR informed of progress and any developments. These reports may be oral or in writing.
- 6.2 On completion of the investigation, the IO will prepare a full written report setting out:
- background as to how the investigation arose;
  - what action was taken in response to the allegations;
  - the conduct of the investigation;
  - the facts that came to light and the evidence in support;
  - action taken against any party where the allegations were proved;
  - action taken to recover any losses;
  - recommendations and/or action taken by management to reduce further exposure and to minimise any recurrence.
- 6.3 Staff will be provided with a brief and anonymised summary of the circumstances via the intranet.
- 6.4 Reports on fraud investigations and follow up reports on systems and controls shall be considered by the Audit and Risk Committee. The reports on fraud investigations should also be submitted to the Assembly Government.

## **7. Communication with the Assembly Government**

- 7.1 Irrespective of the amount involved, the Financial Memorandum requires that all cases of attempted, suspected or proven fraud shall be reported to the Assembly Government.
- 7.2 In addition, the Assembly Government requires an annual return of all losses arising from fraud together with details of:
- all cases of fraud perpetrated within HEFCW by members of its own staff, including cases where staff acted in collusion with outside parties;
  - all computer frauds against HEFCW, whether perpetrated by staff or outside parties;
  - all cases of suspected or proven fraud by contractors arising in connection with contracts placed by HEFCW for the supply of goods and services.
- 7.3 The DoFCS is responsible for preparation and submission of fraud reports to the Assembly Government.

## **ANNEX A**

### **Fraud Response Plan Dos and Don'ts**

#### **Do**

Make a note of your concerns:

- record all relevant details, such as the nature of your concern, the names of parties you believe to be involved, details of any telephone or other conversations with names, dates and times and any witnesses;
- notes do not need to be overly formal, but should be timed, signed and dated;
- timeliness is most important. The longer you delay writing up, the greater the chances of recollections becoming distorted and the case being weakened.

Retain any evidence you may have:

- the quality of evidence is crucial and the more direct and tangible the evidence, the better the chances of an effective investigation.

Report your suspicions promptly:

- in the first instance, report your suspicions to your line manager. If this action would be inappropriate, further guidance on disclosure can be found in the Fraud Response Plan (above) and HEFCW's Whistleblowing Policy (on intranet);
- additionally, all concerns must be reported to the Head of Internal Audit.

#### **Don't**

Be afraid of raising your concerns:

- the Public Interest Disclosure Act provides protection for employees who raise reasonably held concerns through the appropriate channels (Whistleblowing);
- you will not suffer discrimination or victimisation as a result of following these procedures and the matter will be treated sensitively and confidentially.

Convey your concerns to anyone other than authorised persons:

- there may be a perfectly reasonable explanation for the events that give rise to your suspicion. Spreading unsubstantiated concerns may harm innocent persons.

Approach the person you suspect or try to investigate the matter yourself:

- there are special rules relating to the gathering of evidence for use in criminal cases. Any attempt to gather evidence by persons who are unfamiliar with these rules may destroy the case.