



UNIVERSITY OF LIVERPOOL

FRAUD RESPONSE PLAN

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1. Introduction

The University is committed to taking all practical steps to prevent fraud, whether perpetrated by staff, students, contractors or suppliers. The University's approach is to place emphasis on the prevention of fraud by implementing effective policies and procedures and providing effective anti-corruption/fraud awareness training for relevant staff. In addition, the Fraud Working Group comprising senior staff from Finance, HR and Legal, Risk & Compliance has been established to provide oversight and raise awareness of anti-corruption matters across the University.

Fraud can be defined as including any dishonest, irregular or illegal acts characterised by a deliberate intent at concealment or false representation, resulting in a consequent loss to the University. For the purposes of this policy fraud is defined to include the following: theft, false accounting, bribery, corruption, money laundering, forgery, deception and collusion or other financial malpractice. Other instances of fraud including, but not limited to, academic misconduct are dealt with in accordance with other University procedures.

1.1 The University of Liverpool ("University") is committed to promoting efficient, transparent and accountable working practices in all areas of its business, and to protect its financial and other assets. Under no circumstances should individuals feel that they must tolerate the abuse of systems employed at the University in ways that may be classed as potentially fraudulent.

1.2 The University Public Interest Disclosure (Whistleblowing) Policy (Appendix A) protects individuals who report serious concerns that they believe indicate malpractice or wrongdoing may be taking place, and provides a procedure for such allegations to be raised. The Fraud Response Plan amplifies this and illustrates how investigations into such allegations should be conducted.

1.3 The University seeks to establish a flexible Fraud Response Plan and as such may 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 Chief Operating Officer will usually delegate the responsibility for investigating allegations of fraud to the Director of Finance. However, ultimate accountability rests with the University's Chief Operating Officer.

1.4 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 individuals in the event that they suspect fraud or irregular activity to be taking place within the University, to ensure that all assets are safeguarded, and to provide a process for the investigation of such matters.

2.2 A copy of the Fraud Response Plan will be kept on the University intranet to allow access to the most up to date policy.

2.3 The Plan is enforceable with regard to University staff and students. For the avoidance of doubt, this includes 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 or departments 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.

2.4 The Fraud Response Plan allows the University to:

- Establish and secure evidence necessary for possible criminal and disciplinary action;
- Notify HEFCE (the Higher Education Funding Council for England) of such instances as are covered by the mandatory requirements of the Audit Code of Practice;
- Notify HEFCE of any serious incidents which the University is obliged to report as an exempt charity
- 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 (2007) and other regulations on suspected money laundering, the Charities Act (2006) and the Bribery Act (2010).

3. Initiating Action

3.1 The University's Public Interest Disclosure (Whistleblowing) Policy is attached as Appendix A and this has been devised to enable individuals to raise concerns at an appropriate level. In addition, a summary of possible responses by individuals if they discover an apparent fraud is provided in Appendix D.

3.2 All actual or suspected incidents of fraudulent activity must be reported immediately to the Director of Finance, as outlined in the University's Public Interest Disclosure (Whistleblowing) Policy. Individuals may report suspicions through their Head of School (or comparable senior manager), who shall pass on the allegations to the Director of Finance without delay (if staff believe that their Head of School has failed properly to report a suspected fraud, they must notify the Director of Finance themselves immediately). If the matter to be raised concerns the Director of Finance or another member of the University's senior management, it should be raised with the Chief Operating Officer, who will either undertake the investigation, or appoint another person to investigate and report. If the matter involves or implicates either the Chief Operating Officer or the Vice-Chancellor then it should be notified immediately to the Director of Legal, Risk & Compliance, who will notify the President of Council and the Chair of the Audit Committee.

3.3 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.

3.4 Should other University investigatory processes uncover evidence of financial fraud (as defined in section 1 above), then the 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 should be followed, the Chief Operating Officer shall decide.

4. Conduct of Investigations

The detailed procedures for investigating allegations of fraud are as follows;

4.1 Preliminary Investigation

4.1.1 Following the receipt of an allegation of fraud or financial malpractice (such as misappropriation of cash, stores and property or money laundering), the Director of Finance (or such other person to whom the Chief Operating Officer and Director of Finance may delegate responsibility) shall perform their “gatekeeper” function by conducting, in consultation with the Director of Legal, Risk & Compliance, whatever preliminary investigation is deemed necessary to establish whether or not there are *prima facie* grounds for the concern that would warrant a full, formal investigation being conducted into the matter. If such preliminary investigation establishes that the allegation is groundless, the matter may then be dismissed by the Director of Finance, but consideration should be given as to whether the area Human Resources Manager (as a representative of the Director of Human Resources) should be notified of the matter nonetheless.

4.2 Formal Investigations

4.2.1 If the preliminary investigation shows prima facie grounds for concern exist, the matter will be investigated fully and a report prepared. The Director of Finance (or nominee) will usually undertake the investigation on behalf of the Chief Operating Officer. Depending on the facts of the case, it may be considered appropriate for an Investigation Group to be established, which might comprise representation from Legal, Risk & Compliance, the Finance Office, Human Resources and any other person deemed appropriate, potentially including the accused person’s Line Manager or Head of Department. Ordinarily, the area Human Resources Manager (as a representative of the Director of Human Resources) would be involved in the investigation, but where this is not the case, they should be informed of the investigation, kept apprised of progress throughout and notified of the outcome. The conclusion of the detailed investigation must be reported to and endorsed by the Director of Finance and Chief Operating Officer before a report is made to the Chair of Audit Committee and Vice-Chancellor.

4.2.2 The purpose of the investigation is to gather relevant information and establish the facts of the case. The investigation should be concluded without unreasonable delay.

4.2.3 Where an allegation potentially amounts to serious misconduct and the circumstances are sufficient to warrant it, it may be appropriate to suspend an individual(s). Such action should only be taken in consultation with the Human Resources Department (or Academic Secretary’s Office in the case of a student), should be kept under review and should be for no longer than necessary. Such action should not be considered in any way to be an assumption of guilt, and would only take place in exceptional circumstances (for example, to preserve evidence). It is not intended that a fraud investigation will give rise to suspension as a matter of routine; this will only take place where there is good reason for such action.

4.2.4 At all formal investigation meetings, the individual will have the right to be accompanied by an appropriate person (for example; a colleague from within the University who may be a Trade Union representative, or in the case of a student, a Guild Officer).

4.2.5 The Director of Finance shall inform the Chief Operating Officer (who may then inform the Chair of Audit Committee 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.

4.3 General Provisions and Sanctions

4.3.1 The investigation will usually be undertaken by the Director of Finance on behalf of the Chief Operating Officer, or an appropriate person (or group) appointed by the Director of Finance to investigate on his/her behalf and under his/her overall direction.

4.3.2 The team will be entitled to the full co-operation of all University staff and students 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 and students should note that failure to co-operate fully with an investigation may itself constitute grounds for disciplinary action.

4.3.3 In some instances, the investigations may require technical expertise that the internal audit team and/or University staff do not possess. In these circumstances, the Director of Finance may decide to appoint external specialists to lead or contribute to any further investigation.

4.3.4 Should the investigation produce evidence of misconduct by one or more person, appropriate action will be taken under the University's disciplinary procedures. The production of a final report (see below) may, if appropriate, be delayed until after all disciplinary action has been completed.

4.3.5 Upon the completion of the investigation, a report will be produced and agreed by the Director of Finance. Where necessary, this will be discussed with the Chief Operating Officer at the earliest possible opportunity.

4.3.6 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.

4.3.7 In the case of material frauds, the Chief Operating Officer shall report the matter to the Chair of Audit Committee and Vice-Chancellor. The report may include recommendations as to further action, having considered factors such as publicity, the scale and seriousness of the fraud and any legal or other implications. There are likely to be three possible outcomes:

- If it is determined on the basis of the evidence that no fraud has taken place, then the Director of Finance will ensure that all relevant parties are informed. If any individual(s) have been suspended pending investigation, action will be taken to lift the suspension(s);
- If it is determined on the basis of the evidence that a fraud has been or is taking place, the Chair of Audit Committee and Vice-Chancellor (acting through the Chief Operating Officer and the Director of Finance) will ensure that appropriate action is taken under the University's formal Disciplinary Procedures. Procedural appeal rights will apply. The Vice-Chancellor will also agree any action necessary under the University's requirements for reporting to external bodies (including HEFCE: see Appendices B and C). 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.
- Investigations may reveal misconduct that does not constitute fraud but could warrant disciplinary action (examples would be failure to safeguard University assets or to report suspected frauds). In such cases, action may be taken under the University's formal Disciplinary Procedures, and procedural appeal rights will apply.

4.3.8 A report on each suspected fraud shall be presented to the Audit Committee, along with the findings of any investigations undertaken, at their next meeting following the completion of the investigation. At the discretion of the Director of Finance, an interim report may be presented if an Audit Committee meeting takes place during an on-going investigation.

4.4 Action in Cases of Possible Conflicts of Interest

4.4.1 If the suspected incident involves a member of University staff investigating the incident, then such a conflict of interest must be reported to the Director of Finance, who shall decide the appropriate action to be taken.

4.4.2 Should the Chief Operating Officer or Vice-Chancellor be alleged parties in a suspected fraud, this must be notified immediately to the President of Council and Chair of the Audit Committee.

4.4.3 Should an investigation 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 the Director of Finance and ask to be removed from the investigation. This action is precautionary in nature and does not imply improper conduct by any person.

5. Annual Review of Fraud Response Plan

5.1 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 Director of Finance.

5.2 Any proposed material changes to the plan must first be reported to and approved by the University's Council on the recommendation of the University's Strategic Management Team.

Appendix A



PUBLIC INTEREST DISCLOSURE (WHISTLEBLOWING) POLICY

1. INTRODUCTION

- 1.1 The University of Liverpool is committed to conducting its affairs in accordance with the highest standards of integrity, and therefore will ensure that it has the appropriate policies and procedures in place, to enable concerns to be raised regarding malpractice, corruption, wrongdoing and any form of impropriety.
- 1.2 The Public Interest Disclosure (Whistleblowing) Policy has been devised to enable individuals to raise concerns at an appropriate level and is in line with the legal requirements contained within the Public Interest Disclosure Act.ⁱ
- 1.3 If there is apparent evidence of malpractice, corruption, wrongdoing or any form of impropriety, then the University positively encourages the use of the procedures outlined below, to make a disclosure.
- 1.4 Furthermore, the University wishes to state that should such a disclosure be made in good faith and without malice, and not for trivial or vexatious reasons; the individual or individuals concerned will not be penalised or suffer any form of detriment.
- 1.5 Through the Public Interest Disclosure (Whistleblowing) Policy, the University wishes to give a clear message that allegations of malpractice, corruption, wrongdoing, or any form of impropriety will be dealt with most seriously; for the policy to act as a deterrent to potential perpetrators of misconduct; and to provide a rigorous process for concerns to be raised, investigated and, where appropriate, acted upon.

2. CIRCUMSTANCES IN WHICH THE PUBLIC INTEREST DISCLOSURE (WHISTLEBLOWING) POLICY SHOULD BE ACTIVATED

- 2.1 Examples of serious malpractice, corruption, wrongdoing or impropriety which may prompt a disclosure are:

- Criminal activity
- Failure to comply with a legal obligation
- A miscarriage of justice
- The endangerment of health and safety
- Damage to the environment
- Financial or non-financial maladministration, malpractice or fraud
- The obstruction or frustration of academic freedom²
- Serious failure to comply with the statutes, ordinances and regulations of the University
- Evidence of academic or professional malpractice
- Failure to disclose a serious conflict of interest
- Abuse or misuse of University property
- Improper conduct or unethical behaviour
- Attempts to suppress or conceal information relating to any of the above

- 2.2 Please note it is hoped that individuals who have day-to-day concerns on any matter would feel able to raise them in the first instance with their Head of Department and that specific concerns relating to

grievance, disciplinary, complaints, or harassment matters, should be properly channelled through the current available procedures for dealing with such issues.

2.3 It is intended that this policy should not reconsider any matter that has already been addressed through other University procedures.

2.4 It should further be noted that this policy does not remove the right of individuals to invoke the relevant statutory procedures.

3. PROCEDURE FOR MAKING A DISCLOSURE

3.1 To avoid possible prejudice to any internal investigation, a disclosure should not be made to external bodies before it is raised through this procedure. See footnote section, the Public Interest Disclosure Act¹ for information concerning the circumstances under which an external disclosure may be made.

3.2 The designated persons to whom a disclosure may be made are the Chief Operating Officer and the Director of Human Resources, or, if the matter relates to actual or suspected incidents of fraudulent activity, the Director of Finance. If the disclosure involves or implicates any of these designated persons, then it should be made to the Vice Chancellor or the President of the University Council as appropriate.

3.3 Where a disclosure to a designated person has been made any investigation will be concluded as speedily as possible. Furthermore the individual or individuals making the disclosure will be kept informed as to the handling of the matter and of any decisions taken and should they be interviewed will have the opportunity to be accompanied by a colleague or trade union representative from within the University.

3.4 In the first instance the designated person to whom the disclosure has been made will consider the matter disclosed and if there are grounds for proceeding further will:-

- Decide whether an investigation should be conducted
- Determine what form the investigation should take, and appoint a relevant person to carry out the investigation

3.5 If the designated person decides there are no grounds for proceeding further, the individual making the disclosure will be informed.

3.6 Disclosures relating to financial matters will normally be investigated through the Director of Finance.

3.7 At the conclusion of the investigation the designated person will determine whether the matter will be taken any further and how it should be handled. This may involve the activation of appropriate University procedures or reference of the matter to an appropriate external body.

3.8 The outcome will be reported to the Vice Chancellor and the President of the Council.

4. RECORD KEEPING

4.1 An official written record will be made at each stage of the procedure. All documentation will be retained by the designated person mentioned above for a period of five years.

5. CONFIDENTIALITY

5.1 All disclosures made under the Public Interest Disclosure (Whistleblowing) Policy will be treated in a confidential manner. The identity of the person making the disclosure will be kept confidential for as long as possible, if required, provided it is compatible with an effective investigation. However, it is recognised

that it may be necessary to reveal the source of the information, and the person making the disclosure may need to make a statement as part of the evidence required to take the matter forward.

6. ANONYMOUS DISCLOSURES

6.1 Individuals are encouraged to put their name to any disclosure, as anonymous disclosures are far less capable of being effectively dealt with. However, anonymous disclosures may still be considered, taking into account the seriousness of the issue, the credibility of the disclosure; the likelihood of being able to investigate and confirm the allegation (perhaps using alternative sources), and the issue of fairness in consideration to any individual named in the disclosure. The procedure for making an anonymous disclosure will be as outlined in Section 3 above. Please note, as it will not be possible in the case of an anonymous disclosure to clarify any details of the allegation with the person who has raised the concern, the disclosure must provide as much specific detail as possible in order to allow the matter to be investigated, including;

- What type of malpractice is being alleged
- Any relevant times and dates
- The location(s) where the incident(s) occurred
- How the malpractice was perpetrated
- Why you think the individual perpetrated the alleged malpractice
- Why you believe the activity you are reporting constitutes malpractice
- What physical evidence or documentation exists and where
- What has been done already about the incident(s)
- Any witnesses to the incident(s)

7. INDIVIDUALS NAMED IN A DISCLOSURE

7.1 Where an allegation is made against a named individual they will be informed of the allegation and supporting evidence, at a point in the case where it is appropriate. They will be given the opportunity to respond in writing or orally and if interviewed will have the opportunity to be accompanied by a colleague or trade union representative from within the University.

8. VICTIMISATION OF AN INDIVIDUAL OR INDIVIDUALS MAKING A DISCLOSURE

8.1 The University wishes to state that in no circumstances should any individuals who make a disclosure under the Public Interest Disclosure (Whistleblowing) Policy be subjected to victimisation, and that should such victimisation occur then the matter will be subject to appropriate action which, depending on the circumstances of the case may include the activation of the disciplinary or grievances procedures.

9. UNFOUNDED DISCLOSURES

9.1 A disclosure made in good faith which is not confirmed by subsequent investigation will not lead to any action, penalty or detriment against the individual making the disclosure. However, where a disclosure is found to be malicious or vexatious by subsequent investigation; an individual making such a disclosure may be subject to disciplinary or other appropriate action.

10. REVIEW OF PUBLIC INTEREST DISCLOSURE (WHISTLEBLOWING) POLICY

10.1 It is intended that this policy will be subject to annual review.

¹The Public Interest Disclosure Act protects workers against detriment or dismissal for raising concerns about certain matters of public interest i.e. criminal activity, failure to comply with a legal obligation, miscarriage of justice, the endangerment of health and safety, damage to the environment or attempt to conceal or suppress information relating to any of the above.

An individual in certain limited circumstances may be protected from detriment or dismissal (provided the matter is covered by the Public Interest Disclosure Act) where the disclosure is to an external body provided they reasonably believe they will be subjected to detriment by the employer or that it is likely the evidence will be concealed or destroyed if disclosed to the employer, or they have previously made substantially the same disclosure to their employer, or it is of an exceptionally serious nature; and in all the circumstances it is reasonable for them to make the disclosure and that they are making the disclosure in good faith, reasonably believing it to be true; and they do not make it for personal gain (Précis of Act).

²The University Statute 37, Part 1, (1) states 'to ensure that academic staff have freedom within the law to question and test received wisdom and to put forward new ideas and controversial or unpopular opinions, without placing themselves in jeopardy of losing their jobs or privileges.

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Appendix B

Extracts from the HEFCE Financial Memorandum Annex B: Audit Code of Practice (2010/19)

(This section outlines the University's obligations in relation to the reporting of significant frauds to various bodies, including HEFCE. Reporting requirements will apply at the formal investigation stage where it has been established that there is substance to an allegation).

Note: HEI = Higher Education Institution, HEFCEAS = HEFCE Audit Service.

14. In the event of any material adverse change in an institution's circumstances – such as a significant and immediate threat to the HEI's financial position, significant fraud or major accounting breakdown – the accountable officer (the Director of Finance) must inform, without delay, all of the following:
 - the chair of the HEI's audit committee
 - the chair of the HEI's governing body
 - the HEI's head of internal audit
 - the external auditor
 - the HEFCE chief executive.

15. On receiving any such notification, the chief executive will discuss what response to make with the HEI's governing body or accountable officer, including any action to be taken. If a matter requiring report is discovered by external or internal auditors in the normal course of their work and the accountable officer refuses to make a report, the auditors must report directly to all of the following:
 - the chair of the HEI's audit committee
 - the chair of the HEI's governing body
 - the HEFCE chief executive.

This is to ensure that the HEI has taken appropriate action.

16. Below, we provide an indicative list of what should be reported to HEFCE. The accountable officer, in agreement with the governing body, or in urgent cases the chair, may judge that there are other circumstances that warrant notification:
 - any financial loss or reduction in income or working capital which is significant enough in the accountable officer's judgement to materially impact on the financial outturn or the cash position
 - any new decision to invest or expend funds which in the accountable officer's judgement will have a material impact on the forecast position as reported to HEFCE in the most recent annual accountability exercise
 - any new or changed risks which – in the accountable officer's judgement – are significant enough to affect the institution's future sustainability
 - any theft, fraud, loss of charity assets or other irregularity where the sums of money involved are, or potentially are:

- in excess of £25,000 (this figure aligns with reporting requirements for charities and we will keep it under review and notify changes through our annual accounts direction); or
 - where the particulars of the fraud, theft, loss of charity assets or other irregularity may reveal a systemic weakness of concern beyond the institution, or are novel, unusual or complex; or
 - where there is likely to be public interest because of the nature of the fraud, theft, loss of charity assets or other irregularity, or the people involved.
17. There may be cases of fraud, theft, loss of charity assets or other impropriety or irregularity, that fall outside this definition. In these cases or any others, HEIs can seek advice or clarification from the HEFCEAS. In view of the public interest, HEIs should normally notify the police where it has been established that there is substance to an allegation of fraud. Where the police are not notified, management should advise the institution's audit committee of the reason.

Fraud and corruption

55. Internal auditors should assess the adequacy of the arrangements to prevent and detect irregularities, fraud and corruption. However, the primary responsibility for preventing and detecting corruption, fraud and irregularities rests with management, who should institute adequate systems of internal control, including clear objectives, segregation of duties and proper authorisation procedures.
56. The work of the internal audit service, in reviewing the adequacy and effectiveness of the internal control system, should help management to prevent and detect fraud. The internal audit service should ensure that it has the right to review, appraise and report on the extent to which assets and interests are safeguarded from fraud. When internal auditors suspect fraud, or are carrying out a fraud investigation, it is important to safeguard evidence. They should assess the extent of complicity to minimise the risk of information being provided to those involved, and the risk of misleading information being obtained from them.
57. The HEI should ensure that the internal auditor is informed, as soon as possible, of all attempted, suspected or actual fraud or irregularity. The internal auditor should consider any implications in relation to the internal control system, and make recommendations to management, as appropriate, to strengthen the systems and controls.

Appendix C

Extract from the HEFCE Financial Memorandum Annex H: Information requirements for HEIs that are exempt charities

(This section outlines the University's obligations as an exempt charity in relation to the reporting to HEFCE of serious incidents. Reporting requirements will apply at the formal investigation stage where it has been established that there is substance to an allegation).

Reporting serious incidents

8. A serious incident is one which has resulted in, or could result in, a significant loss of funds or a significant risk to a charity's property, work, beneficiaries or reputation. More guidance as to what might constitute a serious incident for a HEI is available on the charity regulation section of the HEFCE web-site (www.hefce.ac.uk/charityreg). HEIs must report serious incidents to HEFCE at the time when they are identified. Incidents to be reported under the new requirements are any that HEIs become aware of on or after 1 June 2010. We have also included in HEFCE's annual assurance return (see Annex E) a specific declaration that serious incidents have been appropriately reported to us. This declaration will be made on behalf of all trustees. It would be appropriate therefore for the governors to be informed about incidents reported to HEFCE; however, we do not stipulate how this should be done.
9. Paragraphs 14-17 of Annex B set out our reporting requirements in respect of the loss of an HEI's assets through fraud, theft or other cause. We will consider an incident reported under the terms of paragraphs 14-17 both as funder and as principal regulator.
10. In addition, and as principal regulator in the first instance, we expect HEIs to report the following serious incidents:
 - donations of more than £25,000 from unknown donors or where the source cannot be verified
 - abuse or mistreatment of a charitable beneficiary involved in activities of the HEI
 - disqualification of a trustee
 - known or alleged links (other than for bona fide academic reason) with prescribed organisations or terrorism; this applies to trustees, staff, students or anyone else associated with the HEI.

Further guidance on how to interpret this reporting requirement is available on the HEFCE web-site at www.hefce.ac.uk/charityreg.

11. A report of a serious incident should be sent to HEFCE's head of assurance. Our primary concern is to satisfy ourselves that the HEI has responded to the incident in an appropriate way, designed to protect the HEI as a charity. In order for us to do this, HEIs should provide as much information as possible to help us to decide if their response has been appropriate and what, if any, further action is appropriate. In particular we would expect the report to indicate:
 - whether the incident has happened or is suspected
 - when it occurred and who was involved
 - the impact of the incident on the HEI, any beneficiary involved, or both

- what inquiries have been made and/or actions taken, including any reports to other regulators or the police
- what policies and procedures were in place that apply to the incident, whether they were followed and, if not, why
- whether the trustees have determined that policies and procedures need to be introduced or revised – and if so, how and by when.

We would welcome a provisional report if it is likely that internal investigations may be time-consuming.

12. In extreme cases, a serious incident report may lead us to invite the Commission to consider opening a formal Inquiry under S8 of the Charities Act 1993.
13. We appreciate that information provided under the terms of paragraphs 10 and 11 may be of a sensitive nature, and we undertake to treat it with care. We ask for the information to fulfil our statutory obligations as principal regulator, and such obligations may require us to consult the Commission to ensure that we deal with an issue in a manner consistent with the regulation of charities generally. As public authorities, both HEFCE and the Commission are subject to the Freedom of Information Act. We will only disclose information to someone outside HEFCE or the Commission in circumstances where we are legally obliged to do so. Further guidance about the way HEFCE applies the Freedom of Information Act and the Data Protection Act 1998 is available on our web-site.
For further guidance, see: <http://www.hefce.ac.uk/finance/charities/goodprac/incident.htm>

Appendix D

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 such situations. The advice below is of necessity generalised, and may not be appropriate in all cases.

NB, the University's Public Interests Disclosure (Whistleblowing) Policy (Appendix A) sets out the procedure to enable individuals to raise concerns, and none of the advice contained below is to be interpreted in a way which conflicts with this policy.

1. Firstly, if it is practicable and safe to do so, 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.
 2. Try to safeguard evidence. If necessary, copy documents (including electronic records) discreetly. Perpetrators of fraud might destroy evidence at the first opportunity.
 3. Where possible, try to preserve confidentiality. Only discuss suspicions with your manager or other responsible persons. Allegations must not become the subject of gossip.
 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 damaged irretrievably. The official investigators are best placed to interview suspects.
 5. Do not allow personal likes or dislikes to influence your actions. Perpetrators of fraud often rely on their ability to project an apparently normal appearance and manner, as their success depends on concealment and avoiding suspicion. Remember that perpetrators of fraud may seek to deflect suspicion onto innocent people.
 6. Report the situation to your manager, and ask them to inform the Director of Finance immediately, as is required by the Financial Regulations and the Fraud Response Plan.
 7. If for any reason you do not wish to go through your manager, report the situation yourself to the Director of Finance.
 8. 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 person with whom you raised the concerns.
 9. Remember that the law protects whistleblowers.
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