



**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, as well as others external to the University. 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.

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 including tax evasion. 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 Provost and Deputy Vice-Chancellor will usually delegate the responsibility for investigating allegations of fraud to the Chief Financial Officer. However, ultimate accountability rests with the University's Provost and Deputy Vice-Chancellor.
- 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 assess, 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 OFS (Office for Students) of such instances as are covered by the mandatory requirements of the Audit Code of Practice;
- Notify OFS 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, but not limited to, 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 B.

3.2 All actual or suspected incidents of fraudulent activity must be reported immediately to the Chief Financial Officer, 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 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). If the matter to be raised concerns the Chief Financial Officer or another member of the University's senior management, it should be raised with the Provost and Deputy Vice-Chancellor, who will either undertake the investigation, or appoint another person to investigate and report. If the matter involves or implicates either the Provost and Deputy Vice-Chancellor or the Vice-Chancellor then it should be notified immediately to the University Secretary and General Counsel, 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 Provost and Deputy Vice-Chancellor 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 Provost and Deputy Vice-Chancellor 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 Chief Financial Officer (or such other person to whom the Provost and Deputy Vice-Chancellor and Chief Financial Officer may delegate responsibility) shall perform their “gatekeeper” function by conducting, in consultation with the University Secretary and General Counsel, 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 Chief Financial Officer, 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 Chief Financial Officer (or nominee) will usually undertake the investigation on behalf of the Provost and Deputy Vice-Chancellor. 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 Chief Financial Officer and Provost and Deputy Vice-Chancellor 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 Chief Financial Officer shall inform the Provost and Deputy Vice-Chancellor (who may then inform the Chair of Audit Committee and Vice-Chancellor), if there appears to have been a clear 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 Chief Financial Officer on behalf of the Provost and Deputy Vice-Chancellor, or an appropriate person (or group) appointed by the Chief Financial Officer 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 Chief Financial Officer 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 Chief Financial Officer. Where necessary, this will be discussed with the Provost and Deputy Vice-Chancellor 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 Provost and Deputy Vice-Chancellor 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 Chief Financial Officer 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 Provost and Deputy Vice-Chancellor and the Chief Financial Officer) 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 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.
- 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 Chief Financial Officer, 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 Chief Financial Officer, who shall decide the appropriate action to be taken.
- 4.4.2 Should the Provost and Deputy Vice-Chancellor 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 Chief Financial Officer 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 Chief Financial Officer.
- 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 Senior Leadership 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.<sup>i</sup>
- 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 of information be made which, in the reasonable belief of the worker making the disclosure, is made in the public interest and tends to show one or more of the types of wrongdoing or failure set out in the Public Interest Disclosure Act<sup>1</sup>, 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 may include:
  - 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 freedom<sup>2</sup>
  - 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
  - Unauthorised disclosure of confidential information
  - Research integrity or misconduct
  - 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. They may be able to agree a way of resolving your concern quickly and effectively and in some cases they may refer the matter to be dealt with under this policy. However, where the matter is more serious, or you feel your line manager has not addressed your concern, or you prefer not to raise it with them for any reason, you may wish to raise it under this policy.
- 2.3 This policy should not be used for specific concerns relating to grievance, disciplinary, complaints, or harassment matters, which should be properly channelled through the current available procedures for dealing with such issues.
- 2.4 It is intended that this policy should not reconsider any matter that has already been addressed through other University procedures.
- 2.5 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 The aim of this policy is to provide an internal mechanism for reporting, investigating and remedying any wrongdoing in the workplace. To avoid possible prejudice to any internal investigation, you should not find it necessary for a disclosure to be made to external bodies before it is raised through this procedure. The law recognises that in some circumstances it may be appropriate for concerns to be made to an external body such as a regulator. It will rarely if ever be appropriate to alert the media. We strongly encourage you to seek advice before reporting a concern to anyone external. See footnote section, the Public Interest Disclosure Act<sup>1</sup> 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 University Secretary and the Director of People and Services or, if the matter relates to actual or suspected incidents of fraudulent activity, the Director of Finance. Where a disclosure raises concerns about the integrity of research or research misconduct it should be made to the Pro-Vice-Chancellor for Research and Impact. 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, likely timescale, and of decisions taken. However, sometimes the need for confidentiality may prevent specific details of the investigation or any disciplinary action taken as a result from being disclosed. A meeting will be arranged with the individual or individuals as soon as possible to discuss the concerns, and they 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 and the Chair of the Audit Committee will be informed of any such whistleblowing and fraud cases.

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, the Audit Committee 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. Individuals who are concerned about possible reprisals if their identity is revealed should disclose this, and appropriate measures can be considered.

#### **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.

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<sup>1</sup>The Public Interest Disclosure Act protects workers against detriment or dismissal for disclosing information which, in the reasonable belief of the worker making the disclosure, is made in the public interest and tends to show one or more of the following: 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.

<sup>2</sup>The University Statute 13.6.1 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'.

**Updated November 2021**

## Appendix B

### 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 Chief Financial Officer 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 Chief Financial Officer.
  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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