

FRAUD POLICY

PART A: INTRODUCTION

1. Anti-Fraud Statement

- 1.1 The University is dedicated to conducting all of its operations in a law-abiding, honest and ethical manner; and takes a zero-tolerance approach to fraud committed either against the University, or committed against third parties with the intention of benefitting the University or any of its students or other customers by staff and associated persons. The University is committed to acting professionally, fairly and with integrity in all its business dealings and relationships, and to implement and enforce effective systems to counter the risk and impact of fraud.

2. University Objectives

- 2.1 The University's objectives are to:
- 2.1.1 safeguard the proper use of the University's finances and resources, including the finances and resources of its subsidiary companies and trusts, against fraudulent acts committed against it;
 - 2.1.2 prevent the commission of fraud by Associated Persons against third parties with the intention of benefitting the University or any of its subsidiary companies or trusts; and
 - 2.1.3 comply with all applicable laws and relevant regulations.

3. Fraud Policy

- 3.1 The purpose of this policy is to:
- 3.1.1 set out the University's responsibility, and the responsibilities of those working for it or providing services for or on behalf of it, in observing and upholding its position in preventing fraud; and
 - 3.1.2 provide information and guidance on how to report fraud.

- 3.2 This policy applies alongside the University's Financial Regulations, Anti-Bribery and Corruption Policy, and Criminal Facilitation of Tax Evasion Policy.
- 3.3 This policy does not form part of any contract of employment or other contract to provide services, and the University may amend it at any time.
- 3.4 This policy applies to all persons working for the University (including any of the University's subsidiary companies or overseas campuses) or on the University's behalf in any capacity (an "Associated Person").

4. Fraud Response Plan

- 4.1 The Fraud Response Plan sets out the University's procedures for ensuring that all allegations and reports of fraud or dishonesty are properly followed up, are considered in a consistent and fair manner, and that prompt and effective action is taken to:
 - (a) assign responsibility for investigating the fraud;
 - (b) minimise the risk of any subsequent losses;
 - (c) reduce any adverse operational effects;
 - (d) specify the degree of confidentiality required;
 - (e) implement damage limitation (to assets and reputation);
 - (f) establish and secure evidence necessary for criminal and disciplinary actions;
 - (g) improve the likelihood and scale of recoveries;
 - (h) inform the police and liaise with insurers; and
 - (i) review the reasons for the incident and improve defences against future fraud.

5. Review of the Fraud Policy and Fraud Response Plan

- 5.1 The University Secretary will ensure the review of the Fraud Policy and Fraud Response Plan after one year, and thereafter every three years in line with other connected policies.

PART B: DEFINITIONS

Associated Persons

An Associated Person is any individual or organisation who is performing services for or on, or acting on behalf of, the University or any of its subsidiaries or overseas campuses who is acting in the capacity of a person performing such services. It includes, but is not limited to, employees, Postgraduate research students, directors, members of Council, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives, business partners, sponsors, and any other individual or organisation associated with the University.

Employee

An employee is an individual who has entered into and works under a contract of employment with the University of Reading or any of its subsidiaries or overseas campuses.

Failure to Prevent Fraud Offence

Under section 199(1) of the Economic Crime and Corporate Transparency Act 2023 (ECCTA 2023), organisations will be held criminally liable if it fails to prevent its Associated Persons from committing fraud with the intention of benefiting the organisation or its clients, unless it can demonstrate that it had reasonable procedures in place to prevent the Associated Person from committing that fraudulent activity.

Under section 199(8) of the ECCTA 2023, organisations will be held criminally liable if it fails to prevent employees of subsidiaries from committing a fraud intended to benefit the organisation as the parent company of that subsidiary, unless it can demonstrate that it had reasonable procedures in place to prevent that subsidiary employee from committing that fraudulent activity.

Under section 199(2) of the ECCTA 2023, a subsidiary organisation may be held criminally liable if it fails to prevent its employees from committing a fraud intended to benefit the subsidiary company, unless it can demonstrate that it had reasonable procedures in place to prevent that subsidiary employee from committing that fraudulent activity.

The organisation does not need to have any knowledge of the act, be the only intended beneficiary of the benefits of the fraud, or actually receive any benefit; the fact that the Associated Person has committed the act with the intention of benefitting the organisation is sufficient.

Fraud

Fraud under this policy means any of the following fraud offences committed either against the University or committed against third parties with the intention of benefitting the University.

- Fraud by false representation (section 2 Fraud Act 2006)
- Fraud by failing to disclose information (section 3 Fraud Act 2006)
- Fraud by abuse of position (section 4 Fraud Act 2006)
- Fraud by participating in a fraudulent business (section 9 Fraud Act 2006)
- Fraud by obtaining services dishonestly (section 11 Fraud Act 2006)
- Fraud by fraudulent trading (section 993 Companies Act 2006)
- Fraud by false accounting (section 17 Theft Act 1968)
- Fraud by false statements by company directors (section 19 Theft Act 1968)
- Fraud by cheating the public revenue

PART C: FRAUD POLICY

1. Compliance with the Policy

- 1.1 The University expects the highest standards of compliance with this policy from Associated Persons.
- 1.2 Any employee who breaches this policy may face disciplinary action, which could result in dismissal for misconduct or gross misconduct.
- 1.3 Any PhD student who breaches this policy may face disciplinary action.
- 1.4 The University may terminate its relationship with other individuals and organisations working on its behalf if they breach this policy.

2. Fraud

- 2.1 It is an offence for an individual to commit fraud, whether that fraud be committed against the University or for the benefit of the University, (as defined in Part B: Definitions).
- 2.2 Under section 199 of the Economic Crime and Corporate Transparency Act 2023, a separate corporate offence of failing to prevent fraud will be committed if the University fails to prevent its Associated Persons from committing fraud against third parties with the intention of benefitting the University, unless it can demonstrate that it had reasonable procedures in place to prevent the fraud at the time it occurred. The University, if found guilty of this offence, could face criminal sanctions including an unlimited fine.
- 2.3 Examples of situations where Associated Persons could be considered to have committed fraud against third parties with the intention of benefitting the University can be found at Appendix 1 attached to this document.

3. Standards of Conduct and Behaviour

- 3.1 It is not acceptable for any Associated Person to:

- 3.1.1 engage in any form of fraud, whether that be fraud committed against the University or fraud committed against third parties with the intention of benefitting the University;
 - 3.1.2 engage in any other activity that might lead to a breach of this policy; or
 - 3.1.3 threaten or retaliate against another individual who has refused to commit a fraud, either against the University or against third parties with the intention of benefitting the University, or who has raised concerns about fraud under this policy.
- 3.2 The University will not tolerate fraud and expects the following standards of conduct and behaviour from all Associated Persons:
- 3.2.1 All Associated Persons should comply with the policies applicable to them.
 - 3.2.2 All Associated Persons should behave in a fair and honest way in any dealings related to the University. This applies equally to both internal conduct, and also external conduct in relation to our regulators, suppliers, partners, and other business associates.
 - 3.2.3 All Associated Persons should apply themselves diligently in their work and the execution of their duties. Specifically, they should have due regard to the need to rigorously apply those controls, rules and regulations which are designed to prevent, deter and detect fraud.
 - 3.2.4 As well as operating within the law and any specific agreements or contracts, all external Associated Persons dealing with the University or any external individual /organisation for or on behalf of the University must conduct themselves in accordance with the normal ethical business standards consistent with the University's charitable status and public-sector fundings.
 - 3.2.5 As well as operating within the law and any specific agreements or contracts, all internal Associated Persons dealing with the University or any external individual / organisation for or on behalf of the University must conduct themselves in accordance with the normal ethical business standards consistent with the University's charitable status and public-sector fundings.
 - 3.2.6 All Associated Persons should be aware of the University's Public Interest Disclosure (Whistleblowing) Policy and the right this may give them to raise legitimate concerns about possible fraud, as well as other problems/irregularities.

3.2.7 All Associated Persons should promptly report all legitimate concerns about suspected fraud or irregularity in accordance with Clause 4 of this policy.

4. Identifying risks of fraud

- 4.1 In line with its obligations to prevent fraud under the Economic Crime and Corporate Transparency Act 2023, the University has reviewed its risks and associated processes and procedures to ensure that all appropriate steps are taken to prevent fraud. It maintains an institutional risk assessment of possible risks of fraud committed by its Associated Persons against third parties with the intention of benefitting the University, as well as listing controls to mitigate those risks. This risk assessment is kept under regular review and, where necessary, the University Secretary may request records from Schools, Directorates and University systems to ensure that this policy and the risk assessment is up to date and being complied with, including any action that needs to be taken to improve controls.
- 4.2 However, all Associated Persons must be vigilant concerning the risk of fraud and if in doubt should seek advice as set out in section 6 of this policy.

5. Training and communication

- 5.1 Training on this policy forms part of the induction process for all individuals who work for the University, and regular training will be provided as necessary. That training may form part of wider financial crime detection and prevention training.
- 5.2 The University ensures that training on this policy is offered to those employees, workers and PhD students who have been identified as being at risk of exposure of fraud.
- 5.3 Our zero-tolerance approach to fraud must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate after that.
- 5.4 Any person or organisation performing services for the University or on its behalf must comply with this policy and have adequate procedures in place to prevent fraud, including relevant staff training, activity risk assessments, due diligence and escalation routes.

6. Reporting

- 6.1 Associated Persons are encouraged to raise concerns about any issue or suspicion of fraud at the earliest possible stage.
- 6.2 Should an Associated Person become aware of any fraudulent activity by another person, or are asked to assist another person in their fraudulent activity, or if they

believe or suspect that any fraudulent activity has occurred or may occur, they must report it in line with Part D: Fraud Response Plan.

Employees may also raise concerns under the whistleblowing procedures as set out in the University's Public Interest Disclosure Policy

- 6.3 If an Associated Person is unsure about whether a particular act constitutes fraud, they should raise it with:
- Their line manager (for employees); or
 - The Head of the Doctoral and Researcher College (for PhD students); or
 - Their contact at the University (for all other Associated Persons); or
 - The University Secretary, Chief Legal Officer or Director of Legal Services
- as soon as possible.

7. Protection

- 7.1 The University is committed to ensuring no one suffers any detrimental treatment as a result of:
- 7.1.1 refusing to take part in, be concerned in or facilitate fraud by another person;
- 7.1.2 refusing to aid, abet, counsel or procure the commission of fraud by another person; or
- 7.1.3 reporting in good faith their suspicion that an actual or potential fraud offence has taken place, or may take place in the future.
- 7.2 Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If an individual believes that they have suffered any of this treatment, they should inform:
- Their line manager (for employees)
 - The Head of the Doctoral and Researcher College (for PhD students); or
 - Their contact at the University (for all other Associated Persons); or
 - The University Secretary, Chief Legal Officer or Director of Legal Services
- immediately.

PART D: FRAUD RESPONSE PLAN

1. Initiating Action

1.1 Reporting any suspicions of fraud or irregularity

- 1.1.1 Staff are encouraged to come forward and give information where they honestly believe someone may have committed or be about to commit an act of fraud, either committed against the University or for the benefit of the University, or corruption. A formal Public Interest Disclosure (Whistle-blowing) Policy has been established to provide a framework for this and to afford protection to employees who supply information, provided this is undertaken in good faith and without malice.
- 1.1.2 All actual or suspected incidents, regardless of the seriousness or value of the suspected offence, should be reported to the University Secretary, Chief Legal Officer, Director of Legal Services or the Director of Internal Audit Services as soon as possible. Any reports will be treated in absolute confidence. Notes of any relevant details such as dates, times and names should be written, and evidence collected together in preparation to hand over to the appropriate investigator.
- 1.1.3 The person reporting the fraud should not:
- (a) contact the suspect to determine facts or demand restitution; discuss case facts outside of the University;
 - (b) discuss the case with anyone within the University other than those staff mentioned above; or
 - (c) attempt to carry out investigations or interviews unless specifically asked to do so by the University Secretary, Director of Internal Audit Services, Chief Legal Officer, or Director of Legal Services

1.2 Fraud Response Group

- 1.2.1 As soon as is practicably possible and usually within one working day the University Secretary will hold a meeting with some or all of the following staff to consider the initial response, dependent upon the nature of the report.

These staff will comprise the 'Fraud Response Group' (FRG) and the University Secretary will act as Chair of the Group:

University Secretary (or nominee)

Director of Internal Audit Services (or nominee)

Director of Finance (or nominee)

Chief Legal Officer and Director of University Corporate Services (or nominee)

To attend only where appropriate to the matter being discussed:

Director of Human Resources

Chief Digital and Information Officer

1.2.2 The Vice-Chancellor should be informed of any action taken by the FRG (unless the suspected fraud directly involves the Vice-Chancellor, in which case the President of Council should be informed).

1.2.3 The Chair of the Audit Committee will be informed where losses potentially exceed £10,000.

1.2.4 The FRG will determine what further investigative action (if any) is necessary. In particular, the following issues will be considered:

1.2.4.1 Who to involve in the investigation;

1.2.4.2 Who to appoint to lead the investigation;

1.2.4.3 Whether there should be any restrictions on who needs to know about the suspected fraud and level of confidentiality;

1.2.4.4 Whether police involvement is necessary, or whether civil action is appropriate;

1.2.4.5 Whether more specialist expertise is required to assist with the investigation;

1.2.4.6 Action under the terms of the University's insurance policy to ensure prompt reporting;

1.2.4.7 Action to ensure that, in the short-term, damage to the University is limited to:

- (a) Isolating the employee from the immediate work environment
- (b) Preventing access to University computers and the workplace
- (c) Restricting the movement of assets
- (d) Ensuring compliance with HR policies; and
- (e) Ensuring any interview is timely and has clear objectives

1.2.5 It is essential that any action or gathering of evidence does not prejudice the University's ability to prevent fraudulent activity or recover losses incurred through fraud. Staff reporting fraud should follow advice from the University Secretary, Director of Internal Audit Services, Chief Legal Officer, or Director of Legal Services.

2. Prevention of Further Loss

2.1 Where initial investigation provides reasonable grounds for suspecting an associated person of committing fraud, the Fraud Response Group will decide how to prevent further loss and what preventive or other steps should be taken by the University.

3. Establishing and Securing Evidence

3.1 Any investigation will:

3.1.1 Carry out initial fact finding to confirm or dismiss the complaint;

3.1.2 Ensure any evidence, including IT facilities, is secure;

3.1.3 Maintain familiarity with the University's disciplinary procedures and statutory rights, to ensure the evidence requirements will be met during any fraud investigation; and

3.1.4 Establish and maintain contact with the police where appropriate.

4. Recovering of Losses

4.1 Recovering losses is a major objective of any fraud investigation. The University shall ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of losses should be sought in all cases.

- 4.2 Where the loss is substantial, legal advice should be obtained from Legal Services without delay. The University insurers should be made aware of the pursuit of any such claims.

5. Reporting

- 5.1 On completion of an investigation, a written report should be submitted to the Vice-Chancellor and to the Audit Committee and will include the following
- 5.1.1 A description of the incident, including the value of any loss, the people involved and the means of perpetrating the fraud;
 - 5.1.2 The measures taken to prevent a recurrence; and
 - 5.1.3 Action needed to strengthen future responses to fraud, including whether the risk register or fraud policy should be reviewed, with a follow-up report on whether actions have been taken.

6. Notifying the Office for Students

- 6.1 The University will adhere to its Reportable Events Policy should any incidents require reporting to the Office for Students.

APPENDIX 1 – Examples of fraud committed by Associated Persons for the benefit of the University

- 1) The University tenders for a major contract with a company to deliver a course. In the tender, those responsible deliberately overstate the University's credentials in delivering the course. The intention is for more lecturers with the requisite experience and knowledge to be recruited at a later date – but the company is not informed of this. The University wins the tender on the basis of its submission, which contains the deliberate overstatement of credentials.
- 2) A PhD student of the University knowingly falsifies research data and certifications in order to secure government grants for the next phase of their research, with the hopes that the research will generate the conclusions of the falsified data in the next phase of research. The University secures the grant based on the falsified data.
- 3) Individuals at the University knowingly make false statements regarding its sustainability status with the intention of attracting larger student numbers.
The University secures increased student numbers based on the false statement.
- 4) As part of its annual report, the University intends to insert details in relation to its environmental credentials. Those responsible, in an attempt to make their team's achievements seem greater than they are, deliberately manipulates the information provided for insertion into the annual report to give an embellished view of the University's environmental credentials. This inaccurate information is included as part of the published annual report.
- 5) As part of its annual report, the University requires information on its research contracts. With the hope of receiving increased funding from the government for research, those responsible include contracts which they know aren't or might not be "research contracts" for the purposes of the report. The University receives more funding as a result of its increased "research contracts"
- 6) An academic for the University is working on a research project behalf of a large company with whom the University has a partnership agreement. The academic knowingly falsifies research data and certifications in order for the client to obtain investments. The client secures investors as a result of this falsified data.
- 7) The University has set up a franchise with another University so that it can deliver courses to help improve student learning and experience. The franchise's only income is student finance. Those working in the franchise's administration team are aware that there a number of students committing student loan fraud, which is a source of income for the franchise. The franchise's administration team decides not to report the fraud to the administration department of the University or to Student Finance.

APPENDIX 2 – Version Control

Version	Keeper	Reviewed	Approved by	Approval date
1.0	University Secretary	August 2025. Review in one year and three years thereafter	Audit Committee	