



## Anti-Fraud Policy and Response Plan

<b>Document Type</b>	Policy
<b>Document owner</b>	Chief Operating Officer
<b>Approved by</b>	Audit and Risk Committee & Council
<b>Approval date</b>	31 March 2021
<b>Review date</b>	Full review every three years (Due: 2024) Annual review for minor updates
<b>Version</b>	1.1
<b>Amendments</b>	Minor updates to contact points and job titles
<b>Related Policies &amp; Procedures</b>	<a href="#">Financial Regulations</a> <a href="#">Whistleblowing/Public Interest Disclosure Policy</a> <a href="#">OfS Reportable Events Procedures</a> <a href="#">Disciplinary Policy – PS staff</a> <a href="#">Disciplinary Policy – Academic Staff</a> <a href="#">Allegations of Research Misconduct policy</a> <a href="#">LSHTM Anti Bribery Conduct Policy and Procedures</a> Conflicts of Interest policy (TBC)

### 1. SCOPE

- 1.1 LSHTM is committed to the prevention of fraud. LSHTM activities are supported by substantial public funds, and as a publicly funded body, LSHTM is accountable to Council and to its stakeholders in ensuring the most efficient and effective use of its resources to support the delivery of LSHTM's strategy.
- 1.2 It is the responsibility of all members of staff to ensure the correct and honest use of all LSHTM's resources and to report any circumstances which may indicate the improper use of these resources. Such reports shall be made to the Chief Operating Officer and is highlighted in the [Financial Regulations](#) (2.3.4) and further expanded in the [Whistleblowing/Public Interest Disclosure Policy](#).
- 1.3 Whilst prevention of fraud is the key objective, when a fraud is suspected or suggested prompt and professional action will be taken. Fraud is unpredictable, time consuming to investigate, very disruptive and unpleasant. In addition to potential financial loss there may also be a risk of reputational loss.
- 1.4 Primary responsibility for the prevention and detection of fraud rests with individuals who also have responsibility to manage the risk of fraud. Investigation of fraud is the responsibility of the Chief Operating Officer who may set up a project team to investigate each case. The project team could include the internal auditors if appropriate.

## 2. OVERVIEW

2.1 The term fraud is a broad term used to describe a number of activities including, false accounting, misappropriation, bribery and corruption, deception and collusion and until the introduction of the Fraud Act 2006 there was no precise legal definition.

2.2 In general, a fraud may be described as any deception that results in advantage or financial gain to one party/and or a disadvantage or financial loss to another. The [Fraud Act 2006](#) includes three classes of fraud:

- 2.2.1 Fraud by false representation
- 2.2.2 Fraud by failing to disclose information
- 2.2.3 Fraud by abuse of position

2.3 In all 3 cases of fraud, the Act requires that for an offence to have occurred, the person must have acted dishonestly, and that they have acted with the intent of making gain for themselves or anyone else, or inflicting loss (or risk of loss) on another.

2.4 In terms of applying the Fraud Response Plan within LSHTM, fraud is defined as the use of deception with the intention of:

- 2.4.1 Gaining an advantage, personally and/or family and/or friends, or
- 2.4.2 Avoiding liability or disadvantage, or
- 2.4.3 Causing a financial and/or reputational loss to LSHTM or one of its subsidiary companies.

2.5 Examples of fraud include:

- 2.5.1 Theft – This may include the removal, misuse of funds, assets or cash.
- 2.5.2 False accounting, dishonest destroying, defacing, concealing or falsifying any account, record or documents required for any accounting purpose, with a view to personal gain or gain for another, or with the intent to cause loss to LSHTM or subsidiary or furnishing information which is or may be misleading, false or deceptive
- 2.5.3 Abuse of position – This applies where fraud is committed in situations where someone by virtue of their position is expected to safeguard another's financial interests or not act against those interests.
- 2.5.4 Fraud by false representation:
  - 2.5.4.1 Abuse of LSHTM's business related expenses systems by incurring Purchasing Card expenditure or submitting claims for reimbursement of costs which are excessive, not reflective of actual activities or were never wholly incurred.
  - 2.5.4.2 Completing recruitment application details stating that particular qualifications and/or membership of professional bodies are held when they are not, in order to meet the person specification requirements.
  - 2.5.4.3 Using LSHTM's logo or letterhead for personal reasons and to imply that LSHTM has sanctioned the content of the document (and/or to imply that the document is sent for and on behalf of LSHTM). Fraud by failing to disclose information
- 2.5.5 Failure to disclose a criminal conviction which may impact on the ability to remain employed in a particular position at LSHTM, and when in accordance with the [Rehabilitation of Offenders Act 1974](#).

- 2.5.6 Fraud by abuse of position
- 2.5.7 A representative/employee of LSHTM is awarded monies from a third party to undertake research as a result of the position or work they have undertaken at the LSHTM. The representative/employee fails to expend the grant monies in ways that were intended and funds are used for personal benefit/gain.

### 3. FRAUD RESPONSE PLAN

#### 3.1 Purpose

- 3.1.1 The purpose of this plan is to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or financial irregularity. The use of the plan should allow LSHTM to:
- respond quickly and professionally to any suspicion or suggestion of fraud or irregularity;
  - prevent further loss;
  - establish and secure evidence necessary for criminal or disciplinary action;
  - notify the Office for Students, other regulators or funders if appropriate;
  - minimise and recover losses;
  - take appropriate action against those who have committed the fraud;
  - deal with requests for references for employees disciplined or prosecuted for fraud;
  - review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud;
  - keep all persons with a need to know suitably informed about the incident and LSHTM's response;
  - assign responsibility for investigating the incident;
  - establish circumstances in which external specialists should be involved; and,
  - establish circumstances in which the police should be notified and the lines of communication with the police.

#### 3.2 Initiating Action

- 3.2.1 Suspicion of fraud or financial irregularity may be captured through a number of means, including the following:
- Requirements on all staff under the [Financial Regulations](#) to report fraud
  - LSHTM's [Whistleblowing/Public Disclosure Policy](#)
  - LSHTM's disciplinary policy ([academic/ professional services](#))
  - LSHTM's [research misconduct policy](#)
  - Planned audit work
  - Operation of proper management control and procedures
  - Disclosure by individual(s)
  - External reports to the School
- 3.2.2 All actual or suspected incidents should be reported immediately either:
- In accordance with the Financial Regulations to the Chief Operating Officer,
  - Or via the [Whistleblowing/Public Interest Disclosure Policy](#)

- 3.2.3 If the disclosure involves or implicates any of the individuals detailed above then the disclosure should be made to the Director and Chair of Audit and Risk Committee or Chair of Council as appropriate.
- 3.2.4 As soon as practical but ideally within 24 hours, a meeting should be convened normally consisting of the following Fraud group to decide on the initial response:
- Chief Operating Officer
  - Director of Finance
  - Director of Human Resources
  - Head of Governance
- 3.2.5 It may also be necessary to involve colleagues in Communications and Engagement if there is a potential for reputational damage/media reporting or any other appropriate member of staff.
- 3.2.6 The Fraud group will decide:
- whether an investigation is required;
  - who should lead the investigation;
  - who should undertake the investigation and the composition of any project group set up to co-ordinate the investigation;
  - whether and at what stage internal audit need to be involved in the investigation;
  - whether the individual needs to be suspended; and
  - whether the matter should be reported to the police.
- 3.2.7 The Chair of the Audit and Risk Committee should be advised at the earliest possible time that an investigation is taking place and of the planned approach toward undertaking the investigation.

### 3.3 Prevention of further loss

- 3.3.1 Where the initial investigation provides reasonable grounds for suspecting a member/members of staff of fraud, the Fraud group will decide how to prevent further loss. This may require the suspension of the individual(s) suspected of fraud and removal of physical and systems access rights. It may be necessary to plan the timing of suspensions to prevent individuals from destroying or removing evidence that may be needed to support the investigatory process.
- 3.3.2 Suspension will be in accordance with LSHTM's Disciplinary Policy ([academic/ professional services](#))
- 3.3.3 Colleagues in Security and Human Resources should advise on the best method of denying access to property, while individuals remain suspended. Similarly, the Director of IT should be instructed to withdraw, without delay, access permission to LSHTM's computer systems.

The Internal Auditor and/or investigatory officers shall consider whether it is necessary to investigate systems other than that which has given rise to suspicion, through which the individuals/respondents may have had opportunity to misappropriate the LSHTM's assets.

### 3.4 Establishing and securing evidence

- 3.4.1 LSHTM will follow established disciplinary procedures against any member of staff who has committed fraud. LSHTM will normally pursue the prosecution of any such individual.
- 3.4.2 Internal Audit or those investigating the incident will:
- maintain familiarity with LSHTM's disciplinary procedures, ensure that evidence requirements will be met during any fraud investigation;
  - obtain approval from LSHTM's management team prior to establishing and maintaining contact with the police;

- ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

### **3.5 Notify the Office for Students**

- 3.5.1 The circumstances in which LSHTM must inform the Office for Students about actual or suspected frauds are detailed in the [terms and conditions of funding for higher education institutions](#).
- 3.5.2 LSHTM is required to report all material fraud or irregularity to the Office for Students.
- 3.5.3 The Head of Governance is responsible for informing the Office for Students of any such incidents.

### **3.6 Recovery of Losses**

- 3.6.1 Recovering losses is a major objective of any fraud response investigation. Internal Audit or those investigating the incident should ensure that in all fraud investigations the amount of any loss is quantified. Repayment of losses should be sought in all cases.
- 3.6.2 Where the loss is substantial, legal advice should be obtained without delay about the need to freeze an individual's assets through the courts pending conclusion of the investigation. Legal advice should also be sought about the prospects for recovering losses through the civil court; where the perpetrator refuses repayment. LSHTM would normally expect to recover costs in addition to losses.
- 3.6.3 LSHTM may also liaise with its insurers if appropriate.

### **3.7 References for employees disciplined or prosecuted for fraud**

- 3.7.1 It is a requirement that any request for a reference for a member of staff who has been disciplined or prosecuted for fraud shall be referred to HR. HR shall prepare any answer to a request for a reference having regard for employment law

### **3.8 Reporting to Council**

- 3.8.1 Any material alleged incident shall be reported without delay to the Director, the Chief Operating Officer and to the Chairs of both Council and the Audit and Risk Committee.

- 3.8.2 Any variation from the approved fraud response plan, together with reasons for the variation, shall be reported promptly to the Chief Operating Officer and to the chairs of both the Council and Audit and Risk Committee.
- 3.8.3 On completion of the investigation the Fraud group will submit to Audit and Risk Committee a report containing:
- a description of the incident, including the value of any loss, the people involved and the means of perpetrating the fraud;
  - the measures taken to prevent recurrence;
  - any action needed to strengthen future responses to fraud with follow up report on whether the actions have been taken.

### 3.9 Reporting lines during the Investigation

- 3.9.1 The Fraud group (as outlined in 3.2.4 above) shall provide a confidential report to the Chair of Council, the Chair of Audit and Risk Committee, the Director, the Chief Operating Officer and the External Auditors at an agreed frequency. The scope of the report shall include:
- The circumstances surrounding the case and contributing factors;
  - Progress with the investigation; and,
  - An estimate of resources and actions required to conclude the investigation.

### 3.10 Review of Fraud Response Plan

- 3.10.1 This plan will be reviewed annually for minor amendments and every 3 years for major review. All future changes to this policy should be reported to Audit and Risk Committee.
- 3.10.2 If any suspected fraud directly involves a member of staff directly referred to in this document then that person should be replaced by their line manager.

## 4. APPENDICES

### 4.1 Contacts

<b>Responsible Officer</b>	Matt Lee, Chief Operating Officer <a href="mailto:Matt.lee@lshtm.ac.uk">Matt.lee@lshtm.ac.uk</a>
<b>Director</b>	Liam Smeeth <a href="mailto:Liam.smeeth@lshtm.ac.uk">Liam.smeeth@lshtm.ac.uk</a>
<b>Chair of Council</b>	Don Robert <a href="mailto:don.robert@lshtm.ac.uk">don.robert@lshtm.ac.uk</a>
<b>Chair of Audit and Risk Committee</b>	Hitesh Patel <a href="mailto:hitesh.patel@lshtm.ac.uk">hitesh.patel@lshtm.ac.uk</a>