

UK Research and Innovation Counter Fraud and Bribery Policy

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1. Introduction and Purpose

- 1.1. Fraud, bribery and corruption have a direct impact on reducing the resources that can be spent on frontline services. Good governance in public sector organisations recognises the need for arrangements for preventing, countering and dealing with fraud. No organisation or administrative process is free of risk. Fraud is an ever-present threat and therefore must be a concern to everyone.
- 1.2. UKRI has no reason to believe that fraud is currently a serious problem but is alert to the fact that, like any other organisation, UKRI must be vigilant about the risk of fraud and have appropriate policies and plans in place. The purpose of this policy is to ensure that all staff are aware of their responsibilities to counter fraud. Within this context staff have a critical role in assisting UKRI to combat the risk of fraud.

Policy Statement

UK Research and Innovation (UKRI) is committed to establishing and applying appropriate standards of regularity and propriety and requires all staff at all times to act honestly and with integrity and to safeguard the public resources for which

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they are responsible. UKRI staff are required to conduct themselves in accordance with the UKRI Code of Conduct.

UKRI is committed to fostering an environment in which opportunities for fraud, bribery and corruption are reduced to the lowest possible level of risk and that the internal control framework is designed to minimise the risk of fraud or bribery and which meets our responsibilities for managing public money.

2. Policy Review

- 2.1. This policy will be reviewed on an annual basis to incorporate any legislative change. Trade Unions and other representative groups may request that the policy is reviewed as appropriate.

3. Principles

Principles

- 3.1. UKRI is committed to establishing and applying appropriate standards of regularity and propriety, including applying appropriate cultures and behaviours. UKRI will not condone any form of fraud, bribery or corruption and it is important in this context that we guard against the perception of impropriety as well as the reality. We must be able to withstand both internal and external scrutiny.
- 3.2. Where fraud is alleged, UKRI is committed to investigating the allegations, to recover any assets lost and to taking action against perpetrators of fraud or bribery.

What is Fraud?

- 3.3. Fraud is defined as 'a criminal activity where deception is used for personal gain or to cause a loss'. Fraud can be committed in one of three ways, as defined by the Fraud Act 2006:
 - fraud by false representation
 - fraud by failing to disclose information
 - fraud by abuse of position.

What is Bribery?

- 3.4. Bribery is defined in the Bribery Act 2010 as a financial or other type of advantage that is offered or requested with the:
 - intention of inducing or rewarding improper performance of a function or activity; or
 - knowledge or belief that accepting such a reward would constitute the improper performance of such a function or activity.

What is Cybercrime?

- 3.5. Cybercrime is one of the fastest-growing criminal activities reflected in the creation of the National Cyber Crime Unit in 2013 operating as part of the National Crime Agency.

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It relates to risks introduced through increased technology including through Cyberspace. It includes the internet, but also the other information systems that support businesses, infrastructure and services. Cybercrime can be committed by different groups:

- cyber criminals interested in making money through fraud or the sale of valuable information
- industrial competitors interested in gaining an economic advantage
- foreign intelligence services interested in gaining national security information
- hackers who find interfering with computer systems enjoyable challenge
- activists who attack organisations for political or ideological motives
- staff or those who have legitimate access, who deliberately misuse systems and data.

4. Counter Fraud Framework

- 4.1. UKRI is committed to complying with the Cabinet Office Counter Fraud Framework. Where UKRI have been assessed as not meeting the functional standards an action plan will be put in place working towards compliance by the Head of Counter Fraud.

5. Policy Scope

- 5.1. This policy works in conjunction with UKRI policies on: Code of Conduct; Disciplinary policy and Gifts and Hospitality.
- 5.2. For the purposes of this policy the use of the word "staff" covers UKRI Board members, Council members, UKRI staff on permanent or temporary contracts; persons who are on secondment to UKRI; and non-staff such as students, contractors and other persons carrying out work on UKRI premises and/or on behalf of UKRI. .
- 5.3. This policy covers overseas activities as well as UK, particularly in cases of overseas funding where new relationships are being pursued and developed.
- 5.4. This policy covers the actions of any person acting on behalf of UKRI (Associated Person as defined by the Bribery Act).
- 5.5. Where fraud is mentioned this should be taken to cover Fraud, Bribery and Cyber Crime.
- 5.6. A list of relevant legislation, regulations and supporting frameworks that provide background to this, as well as related UKRI policies and strategies are listed in Appendix 2.

6. Reporting Fraud

- 6.1. Staff should report any suspicions to their line manager as soon as possible. Where staff are reluctant to discuss their concerns with their line manager, they can report their suspicions to the Head of Risk.
- 6.2. Staff and Non UKRI staff (external) may also report any suspicions through the Fraud e-mail address reportfraud@ukri.org. If the staff member feels unable to raise their

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concerns internally, they may raise them in accordance with the [UKRI Whistleblowing Policy](#).

Issues that should be reported include:

- any suspected or actual attempts at fraud, bribery or corruption
- concerns that other staff or associated persons may be being bribed; or
- concerns that other staff or associated persons may be bribing third parties, such as clients or government officials.

6.3. The Head of Counter Fraud will be responsible for all investigations with regards to cases of actual or suspected fraud, discovered or reported.

7. Fraud Response

7.1. When a fraud or bribery occurs or is suspected, regardless of value, there are certain procedures that should be followed. The official response is the Fraud Response Plan (see Appendix 2). This plan is a process that sets out UKRI's procedures for ensuring that 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:

- minimise the risk of any subsequent losses
- reduce any adverse operational effects
- improve the likelihood and scale of recoveries
- demonstrate that UKRI retains control in a crisis
- make a clear statement to staff and others that UKRI has a zero tolerance towards fraud and robust processes to guard against fraud.

7.2. The Fraud Response Plan will also involve the production of a 'lessons learned' report based on the circumstances and conclusion of the case. Any conclusions in respect of weaknesses in systems and proposed improvements will be implemented as soon as possible.

8. Fraud Risk Management and Fraud Risk Assessment (FRA)

8.1. UKRI will adopt a risk-based approach to counter fraud. A fraud risk assessment will be carried out within the principles of the UKRI Risk Management Policy and reviewed every 12 months. The Deputy Director Governance, Assurance, Risk and Information will agree a programme of fraud risk reviews to inform the FRA. The fraud strategy will reflect those areas of high risk with associated activities to address and reduce the risk.

9. Policy Communication

9.1. This policy will be made available to all staff for reference and guidance purposes through the UKRI Intranet and external web content. All staff will be required to undertake regular Counter Fraud and Bribery awareness training

10. Training and Skills

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10.1. An appropriate counter fraud training programme will be developed to support this policy. This will include tailored training for the following groups:

- Counter Fraud Specialists – bespoke training, external providers; BEIS, CIPFA etc.
- Accountable Leads (CFO, Finance and Commercial Director, Deputy Director of Governance, Assurance, Risk and Information, Operations Director and Counter Fraud Champions.) - training delivered via fraud and bribery workshops
- All Staff – training delivered via IT, eLearning etc.

10.2. Key elements of the training framework will include:

- reference within Staff Induction
- e-learning
- reference within fraud awareness campaigns i.e. annual awareness week
- fraud awareness training across UKRI to include eLearning, Induction and awareness campaigns.

10.3. Staff responsible for the delivery of staff fraud training, proactive fraud exercises and the investigation of allegation of fraud and bribery will be suitably qualified (i.e. Counter Fraud Technician as accredited by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Counter Fraud Professional Accreditation Board).

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Appendix 1: Relevant Authoritative Bodies, related UKRI Documents, Legislation, Regulations and Supporting Frameworks

Authoritative Bodies

Department for Business, Energy and Industrial Strategy (BEIS)	Supports the scientific community and funds UKRI activities.
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Related Documents

The Fraud Act 2006	http://www.legislation.gov.uk/ukpga/2006/35/contents
The Bribery Act 2010	http://www.legislation.gov.uk/ukpga/2010/23/contents
Managing Public Money	https://www.gov.uk/government/publications/managing-public-money
UKRI Code of Conduct	https://www.ukri.org/files/termsconditions/rcukukriterms/code-of-conduct-pdf/
UKRI Disciplinary Policy	https://www.ukri.org/files/termsconditions/rcukukriterms/disciplinary-pdf/
UKRI Whistleblowing Policy	https://www.ukri.org/files/termsconditions/rcukukriterms/whistleblowing-pdf/

Appendix 2 – Fraud and Bribery Response Plan – Reactive and Proactive

Reactive

1. All staff should notify their line manager of any financial irregularity, or any circumstances suggesting the possibility of irregularity affecting the financial procedures or property of UKRI.
 - If staff are reluctant to discuss concerns with their line-manager they may approach the UKRI Deputy Director Governance, Assurance, Risk and Information
 - Staff may also report any suspicions through the UKRI fraud e-mail address (reportfraud@ukri.org)
 - If the staff member feels unable to raise their concerns internally, they may raise them in accordance with the UKRI Whistleblowing Policy.
2. The manager to whom a report has been made should ensure that full details of the incident are reported to the UKRI Head of Governance.
3. If not already aware, all reported cases should also be made known to the Chief Finance Officer, who has responsibility for Counter Fraud within UKRI.
4. All allegations and reports of fraud, bribery or dishonesty will be investigated, the format of the investigation will be determined by the Chief Finance Officer.
5. Where allegations and reports of fraud, bribery or dishonesty relate to UKRI staff the investigation will comply with the UKRI Disciplinary Policy with the rights of the individual reporting the suspected fraud protected. However, any investigation which involves criminal offences must take priority over any disciplinary investigation. The nominated fraud investigator should notify and provide regular updates to HR.
6. In addition evidence in investigations of alleged fraud and bribery should be secured in a legally admissible format, i.e.:
 - evidence must be carefully preserved
 - where possible, evidence should not be handled and no marks should be made on original documents
 - a record should be kept of anyone handling evidence; and
 - when dealing with staff under suspicion of fraud or bribery prompt action must be taken.
7. Any decision to notify the police and or [Action Fraud](#) will be made by the UKRI Chief Finance Officer. In particular, consideration will be given as to whether civil or criminal proceedings should be undertaken in order to protect UKRI interests. Each case will be considered on its own particular merits, in accordance with the expert advice obtained with a view to minimising losses (both monetary and otherwise) to UKRI.
8. Any investigation should be conducted by appropriate accredited counter fraud investigators. In the absence of any suitable resource within UKRI, the UKRI Chief Finance Officer should contact BEIS in the first instance and request assistance from resources available at GIAA i.e. Insolvency Agency.

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9. The UKRI Communications Team will be responsible for dealing with any enquiries from the press and other media.
10. The UKRI Chief Finance Officer will, at an appropriate time, consider the results of the investigations and assess whether there is a weakness in UKRI's systems of internal control which needs to be addressed.
11. The UKRI Chief Finance Officer is required to notify Audit, Risk, Assurance and Performance Committee of any cases of proven fraud or bribery. This action will be undertaken at the first opportunity following the completion of the initial investigations.
12. The UKRI Chief Finance Officer is required to notify HM Treasury of any proven fraud in the Consolidated Data Return (CDR) and the annual fraud return; and
13. The UKRI Chief Finance Officer is required to notify BEIS of any fraud or bribery suffered by UKRI.

Conclusion

14. Following all fraud investigations a 'lessons learned' report will be produced based on the circumstances and conclusion of the case. Any conclusions in respect of weaknesses in systems and proposed improvements should be implemented as soon as possible.

Proactive

15. UKRI will undertake a number of activities in order to identify and detect areas of fraud and bribery across the organisation. This will include:
 - Governance led data analytics and Fraud Risk Assessments to assess risks and analyse trends
 - risk based audit plan by GIAA. As approved by the Audit, Risk, Assurance and Performance Committee
 - participation of Cabinet Office Random sampling exercise
 - local proactive exercises involving specific targeting of know fraud risks i.e. testing of travel and subsistence claims and check of company's house records against the UKRI Register of Interests.

Appendix 3 – Roles and Responsibilities

1. Roles and Responsibilities

The HM Treasury handbook, *Managing Public Money*, sets out the general roles and responsibilities for people working in the public sector in relation to fraud. These roles will be established at UKRI as follows:

Chief Executive Officer

- 1.1. The Chief Executive Officer is responsible for establishing and maintaining a sound system of internal control that supports the achievement of UKRI policies, aims and objectives. The system of internal control is designed to respond to and manage the whole range of risks that UKRI faces. The system of internal control is based on an on-going process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively. Managing fraud risk will be seen in the context of the management of this wider range of risks.

UKRI Board

- 1.2. The UKRI Board will appoint a fraud champion who will be responsible for supporting the counter fraud strategy and for ensuring that fraud, bribery and corruption are viewed as a high priority in the development of UKRI.

Audit, Risk, Assurance & Performance Committee (ARAPC)

- 1.3. ARAPC will review the adequacy of the policies and procedures for all work related to counter fraud and bribery. ARAPC will receive regular reports and ensure appropriate action in significant matters of fraudulent conduct and financial irregularity; and they will monitor both the progress and the implementation of recommendations in support of counter fraud.

Chief Finance Officer

- 1.4. The overall responsibility for managing the risk of fraud is at Executive Committee level and has been delegated to the Chief Finance Officer. Responsibilities include:
 - ensuring that UKRI is compliant or is working towards compliance with the Cabinet Office Counter Fraud Functional Standards
 - developing and maintaining a fraud risk assessment and undertaking a regular review of the fraud risks associated with each of the key organisational objectives
 - establishing and maintaining an effective anti-fraud policy and fraud response plan, commensurate to the level of fraud risk identified in the fraud risk assessment
 - establishing a Counter Fraud Strategy and action plan
 - designing an effective control environment to prevent fraud commensurate with the fraud risk assessment
 - establishing appropriate mechanisms for:
 - reporting suspected fraud
 - reporting significant incidents of fraud to the Chief Executive Officer

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- reporting to HM Treasury in accordance with Managing Public Money, and
- co-ordinating assurances about the effectiveness of anti-fraud policies to support the Governance Statement.
- liaising with the Audit, Risk, Assurance and Performance Committee
- ensuring that all staff are aware of the organisation's anti-fraud policy and know what their responsibilities are in relation to combating fraud
- developing skill and experience competency frameworks, and
- ensuring that appropriate anti-fraud training and development opportunities are available to appropriate staff in order to meet the defined competency levels.

Line managers

1.5. Line managers have a key role in combating fraud and bribery through:

- Being aware of the potential risk to fraud, bribery and/or corruption within their sphere of operations and responsibility
- ensuring that an adequate system of internal control exists within their areas of responsibility
- ensuring that all procedures and policies in place to guard against fraud and bribery are followed
- ensuring that controls are being complied with and their systems continue to operate effectively, and
- implementing new controls to reduce the risk of similar fraud occurring where frauds or bribery have taken place.

Council Counter Fraud Champions

1.6. As described above the CFO is the overall champion at board level. Each of the Councils will have a nominated Counter Fraud Champion, at senior management level, who will be responsible for:

- liaison with the Head of Counter Fraud/GARI
- distribution of fraud awareness material, and
- distribution of fraud alerts.

For the purpose of this policy senior manager is defined as a member of staff who has supervisory responsibility of other employees.

All staff

1.7. All staff are responsible for:

- familiarising themselves with related regularity and propriety requirements, including:
 - the UKRI Conflicts of Interest Policy
 - the UKRI Gifts Hospitality and Policy, and
 - the UKRI Whistleblowing Policy.

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- complying with all procedures and policies in place to guard against fraud and bribery
- acting with propriety in the use of official resources and the handling and use of public funds whether they are involved with cash or payments systems, receipts or dealing with suppliers
- conducting themselves in accordance with the UKRI's Code of Conduct
- being alert to the possibility that unusual events or transactions could be indicators of fraud or bribery
- reporting details immediately through the appropriate channel if they suspect that a fraud or bribery has been committed or see any suspicious acts or events
- cooperating fully with whoever is conducting internal checks or reviews or fraud investigations, and

Head of Governance and Counter Fraud and Investigations

1.8. Responses and investigations to allegations of fraud will be led by the Counter fraud lead within the Governance function within GARI. The Head of Governance is responsible for:

- the development, administration, dissemination and application of this policy
- completing a fraud risk assessment
- maintaining the Fraud Investigation Register (case management system)
- training and Awareness
- production of any outputs required under the Cabinet Office Fraud and Error initiative
- the investigation of all allegations of fraud, bribery and corruption
- representing UKRI on the Cabinet Office Counter Fraud Network, and
- representing UKRI on the BEIS Counter Fraud Network.

Government Internal Audit Agency (GIAA)

1.9 GIAA (Internal Audit) are responsible for:

- delivering an opinion to the Chief Executive Officer on the adequacy of arrangements for managing the risk of fraud and ensuring that the organisation promotes an anti-fraud culture
- assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of control commensurate with the extent of the potential exposure/risk in the various segments of UKRI operations
- ensuring that management has reviewed its risk exposures and identified the possibility of fraud as a business risk and
- assisting management in conducting fraud investigations.

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Appendix 4: Points of Contact

Ian Kenyon	UKRI Chief Finance Officer	Ian.Kenyon@ukri.org
Victoria McMyn	Director Governance Risk Assurance and Information	Victoria.mcmyn@ukri.org
Carole Walker	UKRI Head of Risk	Carole.walker@ukri.org
Fraud Line	Alternative method of reporting	reportfraud@ukri.org
Action Fraud	Reporting body of fraud referrals	http://www.actionfraud.police.uk/contact-us

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Appendix 5: Document Review and Version Control

Document Control	
Original Version	1.0
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Author	Brendan Harper, Investigations Manager UKRI

Version Control				
Version Number	Status	Revision Date	Author(s)	Summary of Changes

13 Amendment History.

Version	Date	Comments / Changes
1.0	9 February 2018	Terms and Conditions Working Group
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