



London Universities Purchasing Consortium

Anti-Fraud Strategy

Version 1.2 January 2017

1. Introduction

1.1 LUPC's Anti-Fraud Strategy is aimed at tackling the following types of irregularity by both Members and personnel while engaging in LUPC's business:

Fraud	"The intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain."
Corruption	"The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of a person."
Theft	"The dishonest appropriation of property belonging to an individual or organisation with the intention of depriving the owner permanently of its possession."
Breaches of Regulations	"Failure to observe policies, procedures and codes of conduct."

This Anti-Fraud Strategy is also designed to implement policies and procedures to comply with the Bribery Act 2010.

1.2 The Strategy covers:

- culture
- prevention (e.g. effective control systems)
- detection and investigation
- training

1.3 The Strategy is supported by external scrutiny of LUPC's affairs by a range of bodies and individuals, including:

- Internal and External Auditors
- Her Majesty's Revenue and Customs
- Higher Education Funding Council England
- Member Institutions and users

1.4 Throughout this position statement reference is made to a policies and procedures in use by LUPC to ensure proper conduct of its affairs. These are:

- LUPC Control Procedures Document
- LUPC Code of Conduct for Employees
- LUPC 'Whistleblowing' Policy and Procedure
- CIPS Code of Professional Ethics
- LUPC Guide to Sourcing and Managing Contracts
- Disciplinary and Grievance Procedures*

**LUPC subscribes to the HR policies and procedures of the London School of Hygiene and Tropical Medicine.*

1.5 Internal Audit has a presence throughout LUPC undertaking a continuous programme of reviews and audits that involve:

- systems based audits aimed at optimising control therefore assisting towards fraud prevention;
- financial procedure and regularity audits designed to detect certain types of fraud;
- investigation of alleged or suspected fraud.

2. Culture

2.1 LUPC's culture is intended to foster honesty and integrity.

2.2 All directors and employees, together with Member representatives when engaging in the activities of LUPC, are expected to adhere to all LUPC regulations, procedures and practices.

2.3 Equally, Members and external organisations are expected to adhere to LUPC regulations, procedures and practices and to act with integrity and without intent to commit fraud against LUPC, its Member Institutions or suppliers in any dealings they may have with the Consortium.

2.4 Members and employees are an important element in LUPC's stance on fraud and corruption. They are encouraged to raise any concerns they may have in respect of fraud and corruption via LUPC's 'Whistleblowing' Policy and Procedure.

2.5 Directors and line managers are responsible for following-up any allegations of irregularity. It is their responsibility to inform the Director immediately. Where there is suspicion of an irregularity involving the Director, concerns may be raised under LUPC's 'Whistleblowing' Policy and Procedure.

2.6 LUPC and its senior management deal firmly with any proven fraudulent malpractice. Where, after a proper audit investigation has been carried out, there is evidence that fraudulent impropriety has occurred, LUPC will normally expect the circumstances to be referred to the Police for advice.

- 2.7 Where the outcome of audit or Police investigation indicates improper conduct by an employee, LUPC's Disciplinary Procedure will normally be applied by the Director. The recovery of defrauded funds is an essential part of LUPC's strategy.
- 2.8 When it is found that fraud or corruption has occurred owing to a breakdown in LUPC's systems or procedures, the Director is responsible for ensuring that appropriate improvements in systems of control are implemented in accordance with audit recommendations.
- 2.9 Under the Whistleblowing Policy and Procedure, any concern about the Director should be made to the Chair of the Board, who will decide on how the investigation will proceed. This may include an external investigation.

3. Prevention

3.1 Directors, Members and employees are expected to adhere to and to operate within:

- LUPC Control Procedures;
- Procedures contained within the LUPC Guide to Sourcing and Managing Contracts;
- CIPS Code of Professional Ethics (for CIPS Members).

These matters are brought to the attention of directors and employees following their election or appointment. Directors and employees must also register their financial and other interests with the Director. It is the duty of directors and employees to notify the Director of any change to their original registration.

3.2 Employees are required to operate within the following requirements:

- A key measure in the prevention of fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees in terms of their propriety and integrity. Written references for potential employees are obtained before employment offers are made.
- Employees, once recruited, are expected to adhere to LUPC's Code of Conduct for Employees and the CIPS Code of Professional Ethics (for CIPS Members).
- LUPC's Disciplinary Procedure will be applied to deal with improper conduct of all employees.

3.3 The following internal control measures are in force:

- The Director has a duty to ensure the proper administration of LUPC's financial affairs.

- LUPC is required to maintain an adequate and effective system of internal audit. Internal auditors evaluate risks, review the adequacy of control within LUPC and make recommendations for action to the Board.
- Operational systems and procedures will incorporate efficient and effective financial controls. The Director is required to ensure that such controls, including those in a computerised environment are properly maintained and documented. Their existence and appropriateness is independently monitored by Internal Audit.
- LUPC operates a Register of Interests for members of the LUPC Board, Executive Committee and staff, designed to protect LUPC, Members and staff from actual or perceived conflicts of interest that may arise from personal or professional engagement in matters outside their role at LUPC. The register is renewed annually and any variation recorded at each meeting of the Board and Executive Committee.
- LUPC operates a Register of Hospitality. Hospitality is defined as participation in an event or activity being provided by a supplier or other external agency for which no payment or payment below market value is made. All hospitality has to be pre-approved by the Director, with any hospitality for the Director to be pre-approved by the LUPC Chair (or in her absence a member of the LUPC Board). All personnel are required to record all hospitality received from suppliers in the Hospitality file and a summary of all hospitality so received shall be reported to the LUPC Board on an annual basis.

4. Detection and Investigation

- 4.1 The operation of preventive systems, particularly internal control systems within the Authority, help to deter any fraudulent activity. However, such activity may nevertheless occur. It is often the alertness of directors, employees and Members to the possibility of fraud and corruption that leads to detection of financial irregularity. In such a situation LUPC has in place arrangements to enable any such information to be properly dealt with, investigation and detection to occur, and appropriate action to be taken.
- 4.2 The Director should be notified immediately of all financial or accounting irregularities or suspected irregularities or of any circumstances which may suggest the possibility of irregularities including those affecting cash, property, remuneration or allowances. Reporting of suspected irregularities is essential as it:
- facilitates a proper investigation by internal auditors; and
 - ensures the consistent treatment of information regarding fraud and corruption.

4.3 When so notified, the Director will instigate an audit investigation. The internal auditor will:

- deal promptly with the matter;
- record evidence received;
- ensure the security and confidentiality of evidence;
- work closely with the Director and other agencies, such as the Police and Courts to ensure that all issues are properly investigated and reported upon;
- ensure maximum recoveries are made on behalf of LUPC and/or Member Institutions; and
- assist the Director to implement LUPC's Disciplinary Procedure where considered appropriate (referral to the Police will not prohibit or restrict action under the Disciplinary Procedure).

5. Training

5.1 An important contribution to the continuing success of an anti-fraud strategy, and its general credibility, lies in the effectiveness of programmed training of employees.

5.2 This will be achieved through the development of both induction and refresher training for all employees to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced, in addition to member training in terms of Code of Conduct and anti-fraud policy.

6. Conclusion

6.1 LUPC has in place a clear network of systems and procedures to prevent and detect fraud and corruption.

6.2 These arrangements should keep pace with any future developments in techniques for preventing and detecting fraudulent activity.

6.3 In addition, the Director will ensure a regular review of Control Procedures, key control systems and audit arrangements.

7. Implementation

7.1 This strategy will be refreshed and re-issued to all personnel on an annual basis. Directors and personnel will be required to certify that they have received, read, understood and agreed to abide by this strategy.