1 HEFCE's Model Financial Memorandum (Annex H of July 2010/19) requires all higher education institutions to report to it the occurrence, or suspected occurrence, of a 'serious incident', which HEFCE defines as:

"... [an incident] which has resulted in, or could result in, a significant loss of funds or a significant risk to the University's property, work, beneficiaries or reputation."

This policy does not relate to losses arising from commercial activities and decisions that were undertaken following normal business processes, for example investment in assets for financial return (income generation or cost savings) or irrecoverable debts arising from normal trading activities, for example through insolvency of third parties.

Please note that incidents covered by the University’s Anti-Fraud and Corruption Policy (see in particular, clause 11 Notifying HEFCE) and the Anti-Bribery Policy, may give rise to the reporting requirements set out in this policy.

2 In accordance with the Financial Memorandum, the University will report to HEFCE the following serious incidents or suspected serious incidents:

   i. loss of assets through fraud, theft or other cause where the value of the loss is in excess of £25,000; or where the particulars of the fraud, theft, loss of charity assets or other irregularity may reveal a systematic weakness of concern beyond the institution or are novel, unusual or complex; or where there is likely to be public interest because of the nature of the fraud, theft, loss of charity assets or other irregularity, or the people involved.

   ii. donations of more than £25,000, in the form of money or other assets, from unknown donors, or where the source cannot be verified;

   iii. abuse or mistreatment of a charitable beneficiary involved in University activities (such as a child or vulnerable adult);

   iv. disqualification of a member of the Board of Trustees1; and

   v. known or alleged links (other than for bona fide academic reason) with proscribed organisations or terrorism; this applies to trustees, staff, students, or anyone else associated with the University.

3 In assessing the seriousness of an incident, the following factors shall be taken into account:

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1 People who are disqualified by law from acting as trustees include anyone described in section 72(1) of the Charities Act 1993. This includes anyone who: has an unspent conviction for an offence involving deception or dishonesty; is an un-discharged bankrupt; has made an arrangement with creditors that has not been discharged (including any individual Voluntary Arrangement); has been removed from the office of charity Trustee by the High Court or the Charity Commission; is subject to a disqualification order under the Company Directors Disqualification Act 1986 or an order made under section 492(2)(b) of the Insolvency Act 1986.
4 Any incident or suspected incident falling under one or more of the categories set out in paragraph (2), above, shall be reported immediately to the Registrar and Secretary by the Dean of Faculty or Head of the University Service in which the incident has been identified. The Registrar and Secretary shall liaise with the Vice-Chancellor, as the University's 'accountable officer', to determine what further action, if any, is required.

5 In the event that a serious incident is identified, the Vice-Chancellor shall make an immediate provisional report to the Head of Assurance at HEFCE, together with an indication of when a full report will be available. Where there is significant doubt as to whether an incident should be reported, the Vice-Chancellor will seek advice from HEFCE in the first instance.

6 In addition, if the incident is deemed to fall under paragraph 2(i), above (loss of assets through fraud, theft or other cause) the Vice-Chancellor shall notify immediately the following persons of the incident and the action being taken:

   i. The Chair of Council;
   ii. The Chair of the Audit Committee;
   iii. The Internal Auditor; and
   iv. The External Auditor.

7 A report concerning any serious incident shall also be made to the next meeting of Council following the date on which the incident was first reported to HEFCE, and at any appropriate meetings thereafter until HEFCE notifies the University that the incident has been resolved to its satisfaction.

8 The full report to HEFCE shall include the following:

   i. whether the incident has happened or is suspected;
   ii. when the incident occurred and who was involved;
   iii. the impact of the incident on the University, any beneficiary involved, or both;
   iv. what inquiries have been made and/or actions taken, including any reports to other regulators or the Police;
   v. what policies and procedures were in place that apply to the incident, whether they were followed and, if not, why;
   vi. whether the trustees (Council) have determined that, as a result of the incident, policies and procedures need to be introduced or revised – and if so, how and by when.