

## **Anti-Fraud Policy**

### **1. Introduction**

- 1.1 This Anti-Fraud Policy aims to develop a culture across the Board and its partners which raises the awareness of the risks and consequences of fraud. It provides a framework for promoting the Board's policies and measures to prevent and detect fraud.
- 1.2 This Policy covers fraud and loss within the Board and applies to staff in all Board locations, members of the public and contractors.
- 1.3 The Board in common with other public organisations, operates a zero tolerance policy in relation to fraud and requires all staff, at all times, to act honestly and with integrity, and to safeguard all resources which have been entrusted to the Board. The Board's Policy is to notify the police when a fraud is suspected or realised.

### **2. Promoting an Anti Fraud Culture**

- 2.1 The Board requires staff at all times to act honestly and with integrity to safeguard the resources for which they are responsible. Staff at all levels are encouraged to actively participate in protecting public money and property.
- 2.2 The Board promotes an anti-fraud culture through the following:-
  - any allegation of fraud anonymous or otherwise will be investigated;
  - consistent handling of cases without regard to position held or length of service;
  - consideration of whether there have been failures of supervision. Where this has occurred, disciplinary action may be initiated against those responsible;
  - the Board will endeavour to recover any losses resulting from fraud, through civil action if necessary;
  - displaying the anti-fraud policy statement on the board intranet site;
  - all frauds will be reported to the Audit Committee.

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### **3. Definition of Fraud**

- 3.1 The Fraud Act 2006, which came into force on 15 January 2007 sets out a general offence of fraud which is defined as to act in a dishonest manner with the intention of making a gain for oneself or another, or causing loss or expose another to the risk of loss.
- 3.2 The Act sets out three ways of committing fraud: by false representation; by failure to disclose information and by abuse of position. Appendix 1 provides further details relating to these three elements of committing fraud.

### **4. Whistleblowing**

- 4.1 The Board has in place avenues for reporting suspicions of fraud. Staff should report such suspicions to their line managers or other nominated managers as detailed in the Whistleblowing policy. All matters will be dealt with in confidence and in strict accordance with the terms of the Public Interest Disclosure (Northern Ireland) Order 1998. This statute protects the legitimate personal interests of staff. Prompt investigations will be carried out into all cases of actual or suspected fraud discovered or reported.

### **5. Accounting Officer Responsibilities**

- 5.1 The Accounting Officer is responsible for establishing and maintaining a sound system of internal control that supports the achievement of the Board's policies, aims and objectives. The system of internal control is designed to identify the principal risks that the Board 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. The Board will regularly review its policies, legislation and related guidance to ensure that appropriate measures for combating fraud are maintained.

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## **6. Heads of Department Responsibilities**

6.1 Heads of Department are responsible for:-

- (a) recording and evaluating the risk of fraud for their department;
- (b) the development, maintenance and testing of controls to prevent and detect fraud;
- (c) ensuring prompt investigations are carried out if fraud occurs. This will include ensuring that staff who carry out fraud investigations are properly trained;
- (d) taking appropriate legal and/or disciplinary action against perpetrators of fraud, including appropriate action to recover assets;
- (e) taking disciplinary action against supervisors where supervisory failures have contributed to the commission of the fraud;
- (f) establishing and maintaining systems for recording and subsequently monitoring all discovered cases of fraud; and
- (g) providing assurance to the Accounting Officer on their risk and internal control procedures.

6.2 In formulation of policy and in the design of operating systems, senior management must ensure that:-

- The prevention of loss and fraud is taken into account;
- The risk of fraud and loss are assessed when changes are being considered; and
- Weaknesses are identified and rectified when the opportunity arises.

## **7. Line Manager's Responsibilities**

7.1 The responsibility for the prevention and detection of fraud rests primarily with management.

Therefore there is a need for all line managers to:-

- (a) assess the types of risk involved in the operations for which they are responsible;
- (b) develop systems of internal control to minimise the risk if fraud;

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- (c) ensure controls are being consistently applied, this will include testing the controls and maintaining a record of all such tests;
- (d) satisfy themselves that their systems continue to operate effectively;
- (e) provide assurances on their internal control systems;
- (f) raise fraud awareness amongst staff including knowledge of the Board's anti-fraud policy;
- (g) ensuring that the Head of Department is informed when a fraud has occurred or is suspected; and
- (h) implementing new controls to reduce the risk of similar fraud occurring where frauds have taken place.

7.2 Line managers must ensure that the opportunities for staff to commit fraud are minimised.

In establishing and maintaining effective controls it is desirable that:-

- where practical there is rotation of staff;
- wherever possible there is separation of duties so that control of a key function does not rest with one individual;
- backlogs are not allowed to accumulate; and
- staff are adequately trained and have available to them relevant documented procedures.

7.3 As regards the personal conduct of staff, line managers should:-

- ensure that staff under their control have read and understood the content of the 'Employee Code of Conduct';
- encourage staff to make internal disclosures of malpractice under the Public Interest Disclosure Order (PIDO);
- ensure that staff under their control are aware of the rules relating to confidentiality of information;
- ensure that staff under their control have been made aware that fraudulent behaviour is wrong and are aware of the consequences of involvement in fraudulent activity;
- provide and regularly review a register to record gifts and hospitality; and
- regularly reinforce the rules relating to personal conduct.

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## **8. Staff Responsibilities**

8.1 Every member of staff has a duty to ensure that public funds are safeguarded whether they are involved with cash or payments systems, receipts, stocks or dealings with contractors or suppliers. As stewards of public funds staff must have, high standards of personal integrity.

8.2 Staff should:-

- alert their line manager where they believe the opportunity for fraud exists because of poor procedures or lack of effective oversight;
- report details immediately to their line manager or next most senior person if they suspect that a fraud has been committed or see suspicious acts or events. If a member of staff feels unable, for whatever reason, to raise a concern about suspected fraud with their line manager and/or Head of Branch, then they may report their suspicions directly to their Head of Department or the Head of Internal Audit;
- assist in any investigations by making available relevant information and by co-operating in interviews;
- inform management of any outside interest which might impinge on their discharge of duties; and
- inform management of any gifts, hospitality or benefits of any kind received from a third party as detailed in the document 'Code of Conduct for Staff'.

## **9. Role of Internal Audit**

9.1 The role of internal audit is to:-

- provide an opinion to the Accounting Officer on the adequacy of arrangements for managing the risk of fraud;
- assist in the deterrence and prevention of fraud by examining and evaluating the effectiveness of control arrangements;
- be aware of the risk of fraud in the audit planning cycle; and
- assist management in the investigation of suspected fraud.

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**10. Reporting Fraud**

- 10.1 The Board is required to report immediately to the relevant sponsoring Department ie. Department of Education (DE), Department of Culture Arts (DCAL) and Leisure Department of Employment and Learning (DEL) and the Northern Ireland Audit Office (NIAO) suspected or proven frauds, including attempted fraud which affects the Board or other organisations funded by it. The details to be reported are included in the “Memorandum of Guidance – Treatment of Losses and Special Payments”.
- 10.2 The Head of Corporate Services is responsible for notifying fraud to the relevant sponsoring Department and the NIAO and completing the Annual Fraud Return.
- 10.3 The Board of Governors or Principal shall notify the Chief Executive immediately of any irregularity or fraud which comes to their notice.

**11. Conclusion**

- 11.1 Successful fraud prevention involves creating an environment, which inhibits fraud. It is the responsibility of all staff to ensure that such an environment is created.
- 11.2 The circumstances of individual frauds will vary, however it is important that all are vigorously and promptly investigated and that appropriate action is taken.
- 11.3 A manager who is alert to the possibility of fraud and who acts accordingly is a powerful deterrent against fraud.