



## **ANTI FRAUD POLICY**

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## **1. INTRODUCTION**

- 1.1 The Education Authority (hereafter referred to as the Authority) requires all employees at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible. Fraud is an ever-present threat to these resources and hence must be a concern to all employees.
- 1.2 By identifying areas where the risk of fraud exists, detecting fraud which has already occurred, taking firm action against the perpetrators and designing systems to prevent the occurrence of fraud on all its forms, the Anti-Fraud Policy aims to develop a culture across the Authority which raises the awareness of the risks and consequences of fraud. It provides a framework for promoting the Authority's policies and measures to prevent and detect fraud.
- 1.3 The purpose of this policy is to set out the responsibilities of Authority employees regarding both the prevention of fraud and the procedures to be followed where a fraud is detected or suspected.

## **2. PROMOTING AN ANTI-FRAUD CULTURE**

- 2.1 The Authority promotes an anti-fraud culture through the following:
- i. any allegation of fraud (anonymous or otherwise) will be investigated;
  - ii. consistent handling of cases without regard to position held or length of service;
  - iii. consideration of whether there have been failures of supervision. Where this has occurred disciplinary action may be initiated against those responsible;
  - iv. losses resulting from fraud will be recovered, if necessary through civil action;
  - v. in general all frauds will be publicised as a deterrent;
  - vi. by regularly circulating its anti-fraud policy statement;
  - vii. participation in the National Fraud Initiative whereby data is matched to combat fraud in the public sector; and
  - viii. prominently displaying the anti-fraud policy statement on the Education Authority's website [www.eani.org.uk](http://www.eani.org.uk) .

## **3. DEFINITION OF FRAUD**

- 3.1 The Fraud Act 2006 became law in January 2007 and it applies to England, Wales and Northern Ireland. It replaces the existing complicated array of over specific and overlapping deception offences and establishes a new general offence of Fraud which can be committed in three ways:

- By false representation;
- By failing to disclose information; and
- By abuse of position.

3.2 The Fraud Act also establishes a number of specific offences to assist in the fight against fraud. These include an offence of possessing articles for use in fraud and an offence of making or supplying articles for use in fraud.

3.3 Fraud can be perpetrated by persons outside as well as inside an organisation. The criminal act is the attempt to deceive and attempted fraud is therefore treated as seriously as accomplished fraud.

3.4 Computer fraud is where information technology equipment has been used to manipulate programs or data dishonestly (for example, by altering, substituting or destroying records, or creating spurious records), or where the use of an IT system was a material factor in the perpetration of fraud. Theft or fraudulent use of computer time and resources is also included in this definition.

3.5 The suspicion that any of these acts has taken place should be regarded as potentially fraudulent and acted upon.

#### **4. THE AUTHORITY'S RESPONSIBILITIES**

4.1 The Authority's responsibilities in relation to fraud are set out in Annex 4.7 of Managing Public Money Northern Ireland (MPMNI) which should be read in conjunction with this policy.

4.2 The Authority also participates in the National Fraud Initiative whereby reports on data matches with other organisations are investigated for the purposes of detecting instances of fraud, over or underpayments and other errors.

4.3 The Authority's anti-fraud policy is intended to demonstrate to all those that seek to defraud the government that such action is unacceptable and will not be tolerated.

4.4 The Authority will initiate an investigation where there is suspected fraud and take the appropriate legal and / or disciplinary action in all cases where that would be justified. Where there is fraud (proven or suspected), the Authority will make any necessary changes to systems and procedures to prevent similar frauds occurring in the future.

The Authority has established systems for recording, monitoring and reporting all discovered cases of fraud (proven or suspected).

4.5 Although the Chief Executive bears overall responsibility and is liable to be called to account for specific failures, these responsibilities fall directly on line management and many involve all of the Authority's staff.

## **5. LINE MANAGERS' RESPONSIBILITIES**

5.1 Line managers are responsible for ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively. The responsibility for the prevention and detection of fraud therefore rests primarily with managers

5.2 There is a need for all managers:

- to assess the types of risk involved in the operations for which they are responsible;
- to regularly review and test the control systems for which they are responsible;
- to ensure that controls are being complied with;
- to satisfy themselves that their systems continue to operate effectively;
- to provide assurances on their internal control systems; and
- to raise fraud awareness among staff and clients e.g. through awareness seminars, producing fraud reports to highlight instances of fraud etc.

5.3 Line managers must ensure that opportunities for employees to commit fraud are minimised. The Head of Internal Audit and Assurance is available to offer advice and assistance to line managers as necessary. In terms of establishing and maintaining effective control it is generally advisable that:

- there is a regular rotation of employees, particularly in key posts;
- wherever possible, there is a separation of duties so that control of a key function is not vested in one individual;
- backlogs are not allowed to accumulate; and
- when designing any new system consideration is given to building in safeguards against internal and external fraud.

5.4 In relation to the personal conduct of employees, line managers should:

- ensure that employees under their control have read and understood the Code of Ethics for Staff of the Education Authority;
- ensure that employees under their control have read and understood the Education Authority's Conflicts of Interest Policy;
- encourage employees to make internal disclosures of malpractice under the Public Interest Disclosure Order (PIDO);
- ensure that employees under their control are aware of the rules relating to confidentiality of information;
- ensure that employees under their control have been made aware that fraudulent activity is wrong and are aware of the consequences of involvement in fraudulent activity;
- provide a register to record gifts and hospitality;
- regularly reinforce the rules relating to personal conduct; and
- employees are aware of the indicators of fraud relating to their business area.

5.5 In addition to identifying risk, managers should also quantify the cost of fraud. Strategies should be devised to combat fraud and targets should be set, where appropriate, to reduce the level of fraud.

## **6. EMPLOYEE RESPONSIBILITIES**

6.1 As stewards of public funds, Authority employees must have, and be seen to have, the highest standards of personal integrity. Every employee 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.

6.2 Employees should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties

6.3 Employees should always be aware of the need not to give the impression to any member of the public or organisation with whom they deal, or to their colleagues, that they may be influenced, or have in fact been influenced, by any gift or consideration to show favour to any person or organisation whilst acting in an official capacity.

- 6.4 Employees should alert their line manager where they believe the opportunity for fraud exists because of poor procedures or lack of effective oversight.
- 6.5 It is the responsibility of every employee to report details immediately to their line manager or next most senior officer if they suspect that a fraud has been committed or see any suspicious acts or events.
- 6.6 Employees should also assist in any investigations by making available all relevant information and by co-operating in interviews.
- 6.7 Employees should inform line management of any outside interest which might impinge on their discharge of duties.
- 6.8 Employees should at all times comply with the Authority's Gifts & Hospitality Policy. Employees should not accept gifts, hospitality or benefits of any kind from a third party which might be seen to compromise their integrity and should inform line management of any gifts, hospitality or benefits of this kind offered by a third party.
- 6.9 The UK Bribery Act came into effect on 1 July 2011. The act modernises the law on bribery and seeks to provide a revised framework of offences to combat bribery in the public and private sectors.
- 6.10 The Act essentially creates two general offences of:
- bribing another person (active bribery) (Section 1 of the Act); and
  - being bribed (passive bribery) (Section 2 of the Act).
- 6.11 It also creates a discrete offence of bribery of a foreign public official (Section 6) and a new offence of failure of commercial organisations to prevent bribery by persons associated with them (Section 7).
- 6.12 If anyone offers you a bribe on a work related matter or if you are aware of others being bribed you should report this to your line manager, relevant Director or their nominated representative.

6.13 The Authority's Raising Concerns at Work (Whistleblowing) Policy gives guidance to employees on procedures to be observed if they wish to make disclosures of information relating to malpractice by their employer or colleagues at work.

## **7. INTERNAL AUDIT'S RESPONSIBILITIES**

7.1 Internal Audit is responsible for:

- i. providing an opinion to the Chief Executive on the adequacy of arrangements for managing the risk of fraud and ensuring that the Authority promotes an anti-fraud culture:
- ii. assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of controls applied throughout the different sections of the Authority commensurate with the extent of the potential exposure / risk in the various segments of the Authority's operations; ensuring that management has reviewed its risk exposure and identified the possibility of fraud as a business risk; and
- iii. assisting management in conducting fraud investigations.

## **8. FRAUD RESPONSE PLAN**

8.1 The Fraud Response Plan provides details on the roles and responsibilities of the Authority's Fraud Investigation Oversight Group. Chaired by a Director or a nominated representative, the Fraud Investigation Oversight Group includes representatives from Human Resources, Finance, Internal Audit and counter-fraud specialists.

8.2 The Fraud Response Plan provides information on how to report suspicions, how investigations will be conducted and how they will be concluded.

## **9. REPORTING FRAUD**

- 9.1 The Chief Executive or a nominated representative will notify the PSNI and the Comptroller and Auditor General of all frauds (proven and suspected), including attempted fraud. A report will also be made to the Head of Internal Audit in the Department of Education and, where appropriate, to other sponsoring departments.
- 9.2 The Head of Internal Audit and Assurance also completes an annual fraud return for the Department of Finance.

## **10. CONCLUSION**

- 10.1 The circumstances of individual frauds will vary. The Authority takes fraud very seriously. All cases of actual or suspected fraud will be vigorously and promptly investigated and appropriate action will be taken.

## **CONTACT DETAILS**

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