Fraud Policy

ARMAGH CITY BANBRIDGE CRAIGAVON BOROUGH COUNCIL

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AMENDMENT RECORD SHEET

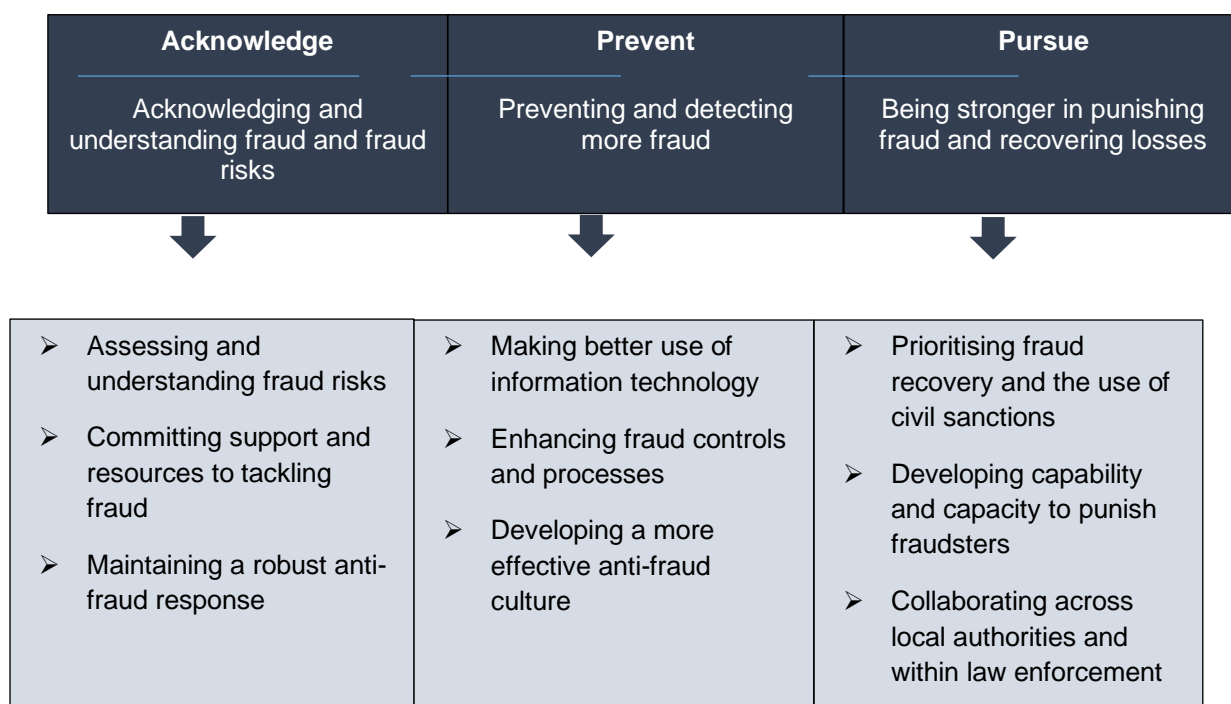Remove and destroy old pages. Insert new pages as indicated.

Revision Number	Page Number	Date Revised	Description of Revision
1		January 2019	2019 Policy Review and Update

CONTENTS

1. Policy Statement

1.1   The Council is committed to the prevention of fraud by developing, implementing and maintaining effective procedures and controls throughout the organisation. The Council is also committed to the promotion of an anti-fraud culture and expects all employees, agency staff, elected members, contractors, consultants, suppliers and service users to be fair and honest.

1.2   The Council takes a **zero tolerance** approach and will not therefore tolerate any level of fraud or corruption. All allegations will be dealt with in a fair and equitable manner and in the strictest confidence. Our approach has been developed and based on current best practice and is compatible with the Chartered Institute of Public Finance & Accountancy (CIPFA's) *Fighting Fraud and Corruption Locally Strategy 2016-2019.*

1.3   The Council's approach is divided into 3 main areas of focus:

> Acknowledgement of our risks
> Prevention and detection work
> The pursuit of those who abuse the public purse whenever it is in the public interest to do so.

Acknowledge	Prevent	Pursue
Acknowledging and understanding fraud and fraud risks	Preventing and detecting more fraud	Being stronger in punishing fraud and recovering losses

> Assessing and understanding fraud risks > Committing support and resources to tackling fraud > Maintaining a robust anti-fraud response	> Making better use of information technology > Enhancing fraud controls and processes > Developing a more effective anti-fraud culture	> Prioritising fraud recovery and the use of civil sanctions > Developing capability and capacity to punish fraudsters > Collaborating across local authorities and within law enforcement

2. Aims of the Policy

2.1   The aim of the policy is to set out the Council's stance on fraud, corruption or other dishonest acts and reinforce an open and honest culture. The Council is committed to the highest possible standards of openness, probity and accountability. Specifically the policy aims to:

> promote a culture of honesty; an anti-fraud culture.
> define and explain the roles of key parties to this framework.

- ➢ promote the prevention of fraud and corruption.
- ➢ aid the detection of fraud and corruption.
- ➢ ensure the effective investigation in all cases where suspected fraud or corruption has occurred.
- ➢ explain what we will do if we identify any cases of fraud and corruption and what action we will take.

3. What the Policy Covers

Fraud

3.1 The Fraud Act 2006 came into force on 15 January 2007. The Act created a single offence of fraud and defined this in three classes:

- ➢ **Fraud by false representation**: if someone dishonestly makes a false representation and intends by making the representation to make a gain for themselves or another, or to cause loss to another or expose another to risk of loss;

- ➢ **Fraud by failing to disclose information**: if someone dishonestly fails to disclose to another person information which he/she is under a legal duty to disclose and intends, by means of abuse of that position, to make a gain for themselves or another, or to cause loss to another or expose another to risk of loss; and

- ➢ **Fraud by abuse of position**: if someone occupies a position in which they are expected to safeguard, or not to act against, the financial interests of another person; he/she dishonestly abuses that position; and intends, by means of the abuse of that position, to make a gain for themselves or another, or to cause loss to another or to expose another to a risk of loss.

Theft

3.2 Fraud is different to theft, which is defined in the 1968 Theft Act as: `A person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it'.*

3.3 Put simply, theft offences are again a dishonesty offence where an individual deliberately and dishonestly takes something (this can be something physical such as cash or an item or an intellectual property item such as an idea or design), that is not theirs to take and uses it for their own purposes without permission.

3.4 Examples of theft include the stealing of assets / goods / stocks, misuse grants and public funds for purposes other than they were made available or theft of cash or equipment.

Bribery

3.5 Bribery is defined in the Bribery Act 2010 as *"giving or receiving a financial or other advantage in connection with the "improper performance" of a position of trust, or a function that is expected to be performed impartially or in good faith".*

3.6 Put simply, bribery is the offering or acceptance of an incentive in order to do something that you know that you shouldn't, or not do something that you know you should. Bribery does not have to involve cash or an actual payment exchanging hands and can take many forms such as a gift, lavish treatment during a business trip or tickets to an event. The act created 4 main bribery offences:

- ➢ Bribing another person

> ➤ Requesting or accepting a bribe
> ➤ Bribing a foreign official
> ➤ Failure of a commercial organisation to prevent bribery

3.7   Whilst the Council is not normally considered to be a "commercial organisation", the term is used to describe any organisation in the UK that engages in commercial activities regardless of whether it pursues charitable, education aims or purely public functions. For the purposes of applying the Bribery Act 2010, the Council is treated as a commercial organisation and, therefore, needs to take appropriate steps, including the provision of appropriate procedures, to prevent bribery taking place.

4. Related Policies and Procedures

4.1   Whilst the Fraud Policy forms part of the Council's wider governance arrangements, there are a number of policies and procedures that are particularly relevant:

> ➤ Financial Regulations and Procurement Procedures
> ➤ The Whistleblowing Policy
> ➤ The Grievance Policy and Procedures
> ➤ The Employee Code of Conduct
> ➤ The Northern Ireland Code of Conduct for Members
> ➤ The Complaints Policy
> ➤ Disciplinary Policy and Procedures
> ➤ Gifts & Hospitality Policy

4.2   Staff provide the best protection against fraud and financial impropriety. The lack of clear guidance and ignorance of procedures will often be the first excuse used by offenders.

4.3   Council recognises that a key preventative measure in the fight against fraud, theft and corruption is to take effective steps at the recruitment stage. The recruitment of suitable staff is the Council's first defence in preventing fraud. Best practice recruitment policies such as detailed application forms including a statement on criminal records, references and verification of educational and professional qualifications will be strictly adhered to.

5. Key Element – Acknowledge

5.1   Recognising that fraud exists is key to tackling fraud and corruption in any organisation. The Council acknowledges its responsibility for combatting fraud and corruption from both within and external to the organisation.

Elected Members

5.2   Members, in particular through the Governance, Policy & Resources and Performance & Audit Committees, will give clear support to the Council's arrangements. The Council's Executive Management Team (EMT) will provide strong leadership by advocating the Council's arrangements. There is a strong correlation/relationship between good governance and good counter fraud operations. The Governance, Policy & Resources Committee will:

> ➤ Approve the policy
> ➤ Provide adequate resources to assist officers to discharge their responsibilities on countering fraud and corruption.
> ➤ In conjunction with the EMT & Heads of Department (HoD), develop and maintain an anti-fraud culture throughout the organisation.

The Performance & Audit Committee will:

> ➢ Receive and consider progress updates at the Performance & Audit Committee on investigations (as appropriate).

Heads of Department and Managers

5.3   Fraud risk is managed through the existence, and application, of appropriate policies and procedures and through the introduction of relevant control systems. These systems are the overall responsibility of Managers throughout the Council. Consideration of fraud risks must be an integral part of everyday business decisions, project and change management and overall strategy.

5.4   HODs and Managers have overall responsibility for acknowledging, assessing and managing the individual fraud risks relevant to their service areas. Assistance with this is available from Internal Audit (IA) where requested. The primary responsibility for preventing fraud lies with management through:

> ➢ Identification of risks to which systems and procedures are exposed
> ➢ The implementation, documentation and operations of internal controls
> ➢ Establishing an environment that promotes compliance with internal controls
> ➢ Promoting fraud awareness amongst staff and fostering an 'anti-fraud' culture.

5.5   HoDs and Managers are responsible for ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively. It is generally desirable that:

> ➢ 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
> ➢ In designing any new system, consideration is given to building in safeguards to prevent and/or detect internal and external fraud.

5.6   Managers should inform HoDs or a member of the IA Team if they suspect fraud or financial impropriety.

Staff

5.7   All Council staff **are responsible** for:

> ➢ Acting with propriety in the use of official resources and the handling and use of public funds in all instances. This includes cash and/or payment systems, receipts and dealing with suppliers;
> ➢ Conducting themselves in accordance with the seven principles of public life detailed in the first report of the Nolan Committee 'Standards in Public Life', i.e. selflessness, integrity, objectivity, accountability, openness, honesty and leadership; and
> ➢ Being vigilant to the possibility that unusual events or transactions could be indicators of fraud and alerting their Manager where they believe the opportunity for fraud exists.

5.8   Staff must assist any investigations by making available all relevant information, by co-operating in interviews and if appropriate provide a witness statement.

Internal Audit

5.9   IA in acknowledging and seeking to include the review of fraud risks on any IA work carried will also:

- Develop a fraud risk profile/assessment and undertake a regular review of the fraud risks associated with each of the key organisational objectives in order to keep the profile current.
- Determine the effectiveness of the control environment to help prevent fraud.
- Offer advice and assistance in relation to cases of fraud or suspected fraud.
- Report as appropriate to the Performance & Audit Committee on investigations.
- Share organisational learning with relevant Managers and staff.
- Ensure anti-fraud awareness training is provided as appropriate and, if necessary, more specific anti-fraud training and development is provided to relevant staff.
- Inform the Northern Ireland Audit Office (NIAO) of all suspected fraud and whistleblowing cases.

5.10 **Appendix 1** provides examples of Indicators of Fraud.

6. Key Element - Prevent

6.1 The Council has adopted a Constitution which shows responsibilities for decision making and includes various contract and financial procedure rules. All Members and officers are required to act in accordance with these rules and requirements when carrying out their duties.

6.2 The Council aims to have in place efficient and effective systems of control that as far as possible prevent fraudsters from exploiting weaknesses. The prime responsibility for maintaining such systems lies with Managers. Support is given by the Council's IA Team, which provides an independent appraisal of the integrity of all internal control systems. The way in which the Council will seek to prevent and detect fraud or other financial impropriety is through:

- Effective risk management
- Effective internal controls
- Ensuring compliance with key policies and procedures
- Promoting fraud awareness through training
- Co-operating with other statutory agencies e.g. PSNI

6.3 Deterring fraud is a large part of fraud prevention. The Council is committed to taking all viable steps to prevent, deter, detect and remedy instances of fraud and corruption whether the threat is internal to the organisation or external to it. Key to this is the development and maintenance of an anti-fraud culture. Key anti-fraud/deterrent measures include:

- a commitment to pursue sanctions against those who commit fraud, bribery and corruption through the use of internal disciplinary arrangements.
- clear and active disciplinary and grievance arrangements.
- publicising the anti-fraud message on the intranet and Council website and on other interactions with the staff and public.
- planned fraud awareness campaigns.
- produce an annual fraud report.
- anti-fraud and corruption training.
- confidential reporting (Whistleblowing) procedures.

Risk Management

6.4 A major element of good corporate governance is a sound assessment of the Council's business risks. The key to managing the risk of fraud is the same in principle as managing any other business risk and should be approached systematically at both the organisational and the operational level. The assessment of risk should be part of a continuous cycle rather than a one off event: as systems and the environment change, so do the risks to which departments are exposed. Managers need to ensure that:

- ➢ Fraud risks have been identified;
- ➢ Each risk has been assessed for likelihood and potential impact and adequate and effective controls have been identified;
- ➢ Controls are being complied with and risks are reassessed as a result of the introduction of new systems or amendments to existing systems; and
- ➢ Where a fraud has occurred, or has been attempted, controls are reviewed and new controls implemented, as necessary, to reduce the risk of fraud reoccurring.

Internal Controls

6.5   At a basic level four elements are normally necessary for a fraud to occur:

- ➢ People to carry out the fraud. They may be individuals or group of people working inside or outside the Council;
- ➢ Assets of some form to acquire fraudulently;
- ➢ Intent to commit the fraud; and
- ➢ Opportunity.

6.6   The prevention and detection of fraud and corruption is only possible where strong internal controls are present and constantly applied. Routine checks and monitoring by management to ensure that procedures are being followed are therefore essential. Advice on the efficiency and effectiveness of various internal controls is available from the IA Team. The types of controls that should be in place include:

- ➢ **Segregation of Duties**
  The functions of authorising transactions, recording the transactions and custody of the associated assets should be undertaken by separate staff.
- ➢ **Organisation**
  There should be a clear organisation chart and all staff should have up to date job descriptions that clearly indicate their responsibilities.
- ➢ **Authorisation and Approval**
  All transactions and decisions should be formally authorised by nominated staff.
- ➢ **Physical**
  There should be suitable controls over access to offices, assets, equipment, vehicles, controlled stationery and computer systems.
- ➢ **Management**
  This includes production of suitable financial and operational management information, use of exception reports, critical review and enquiry by management.
- ➢ **Arithmetical and Accounting**
  This includes checking or re-performing tasks carried out by others, reconciliation between the bank and accounting records and control of accounts. It also covers costing (adding up) of orders, invoices, payroll etc.
- ➢ **Personnel**
  Appointment of staff should be adequately controlled. All staff should be suitably trained for their post.
- ➢ **Supervision**
  All staff and activities should be adequately supervised by someone who understands the process and will detect deviations from accepted practice.

6.7   The responsibility for preventing and detecting fraud lies with all staff. However, internal auditors are alert in all their work to risks and exposures that could allow fraud. Individual audit assignments, therefore, are planned and prioritised to assist in deterring and preventing fraud by examining and evaluating the effectiveness of control commensurate with the extent of the potential exposure/risk.

Co-operating with Statutory Agencies

6.8   The Council is committed to working and co-operating with other organisations to prevent fraud. Wherever possible, Council will be prepared to help and exchange information with other councils and organisations to deal with fraud in line with relevant Data Protection legislation.

6.9   The Council participates in the National Fraud Initiative, an exercise that is overseen by the NIAO that matches electronic data within and between public sector bodies to prevent and detect fraud.

6.10   Common Methods and Types of Fraud are included in **Appendix 2**, with examples of Good Management Practices which may assist in combating fraud detailed in **Appendix 3**.

7. Key element – Pursue

Investigate

7.1   Pursuing suspected fraud and error is also a key factor in the success of counter fraud activities across any organisation. The Council has a Fraud Response Plan (Section 9) which provides detailed fraud-response arrangements to enable any information gained or allegations made to be properly and effectively dealt with. The plan explains how any fraud allegations will be dealt with and who is responsible for carrying out the investigation.

7.2   It is the **responsibility** of every member of staff to report details immediately to their Manager, HoD, Strategic Director or IA if they suspect that a fraud has been attempted or committed, or see any suspicious acts or events. The requirement to report suspicions also includes any concerns you may have about employees, agency staff, contractors, consultants, suppliers and service users.

7.3   In addition to the above, it is recognised that the Council's Corporate Complaints Procedure has a part to play. Often, the complaints process is the first port of call for non-employees wishing to raise a concern about a process or event. It is important that concerns being raised through this route are dealt with properly and that it is recognised that where concerns are about fraud and corruption, that they are dealt with through the Whistleblowing Policy and the Fraud policy rather than the corporate complaints procedure. The route map at **Appendix 4** shows the relationship between the whistleblowing, fraud, corporate complaints and grievance policies/procedures.

7.4   Staff should not be discouraged from reporting suspected fraud or financial impropriety, as all cases will be treated in the strictest confidence. The Council is fully committed to supporting and protecting staff who raise legitimate concerns and the anonymity of individuals who report any suspicions will be preserved if requested unless this is incompatible with a fair investigation or legal imperative.

7.5   The Councils Whistleblowing Policy is intended to encourage and enable staff to raise serious concerns. If an allegation is made in the public interest, but is not confirmed by the investigation, no action will be taken against the originator. It will always be assumed that concerns have been raised in good faith unless there is evidence to the contrary. If, however the allegation is demonstrably made for an ulterior and undesirable purpose it will be deemed not to have been made in good faith and disciplinary action may be considered against the individual making the allegation.

7.6   During any investigation, it is important to consider whether the Police or any other statutory agencies need to be involved and at what stage this involvement should start. The Council will work in partnership with the Police Service Northern Ireland (PSNI) or any other statutory agencies to investigate and prosecute detected fraud and corruption. The extent of the

involvement by the PSNI or any other statutory agencies will depend on what is being investigated, its size and complexity. Referrals to the PSNI or external agencies will be made at a suitable point in the case by the Fraud Investigation Team (FIT). The FIT, through IA is responsible for the external reporting of all discovered fraud, proven or suspected, including attempted fraud within the Council to the NIAO and the PSNI.

Sanctions

7.7   The final stage in the pursue element is to take action against those where fraud has been confirmed. Action will be taken against those responsible for fraudulent acts wherever it is in the public interest to do so. Where the PSNI have been involved in any case and there is sufficient evidence to proceed, the Council will assist with any investigation. Where the PSNI have not been involved and it is in the Public interest, civil actions may be considered and taken by the Council.

7.8   The Council seeks to work with its partner agencies and other government agencies to take action against those that commit fraudulent acts. The Council will share information as appropriate with partner agencies wherever there is a clear and legal path for doing so. Generally, information required for the prevention and detection of fraud is exempt from the requirements of the Data Protection Act although any information requested must always be proportionate to the issue being investigated. The Council will comply with the requirements of the Data Protection Act and with the Regulation of Investigatory Powers Act in all its fraud investigations.

7.9   Details of action taken and investigations of any suspected frauds within the Council are reported quarterly to the Performance and Audit Committee and the NIAO. IA will produce and annual fraud report.

8. Review

8.1   Fraud arrangements are continually reviewed. A review of this policy will be carried out every two years to reflect key changes and to incorporate current best practice. Fraud is an ever developing risk and arrangements need to continually evolve in order to maintain a robust response.

8.2   In assessing the effectiveness of its arrangements, the Council will consider the extent to which:

> Key personnel are trained in detecting and investigating fraud
> There are identified incidents of fraud and corruption
> Action is taken against perpetrators and attempts to recover losses
> The Council responds to identified weaknesses in its systems and controls
> Developments in technology affect the Council's ability to prevent and detect fraud
> Data sharing and joint working initiatives are used to prevent and detect fraud.

8.3   In order to keep abreast of key changes ongoing reviews are undertaken of national issues and developments. Information from a range of sources is obtained and used in keeping the policy up to date including, from HM Treasury, CIPFA Counter Fraud Centre, CIPFA Better Governance Forum and the NIAO.

8.4   Advice and guidance on how matters of concern may be pursued can be obtained from Human Resources and/or the IA Manager.

9. Response Plan

Purpose

9.1 There is a continuing need to raise staff awareness of their responsibility to safeguard public resources against the risk of fraud. The Response Plan (RP) provides guidance and a framework for the investigation of suspected instances of fraud and corruption. It gives guidance, whether to those raising concerns or those investigating concerns, as to how any fraud investigation will proceed.

9.2 This document sets out, in simple terms, how a fraud investigation will be conducted. Each investigation will be different as each will have different elements and will require different actions but will follow the same overall principles. Guidance on this policy and the appropriate investigative steps can be obtained from Human Resources.

Objectives

9.3 The RP aims to ensure timely and effective action can be taken to:

➢ minimise the risk of inappropriate investigative action by staff or Managers;
➢ minimise the risk that someone will inappropriately disclose information about a concern or investigation that could compromise it;
➢ ensure that there is a clear understanding about who will lead on any investigation and ensure Managers and other departments are involved as appropriate;
➢ secure evidence relating to any investigation and ensure that such evidence is adequately protected;
➢ prevent further loses of funds or other assets where fraud has occurred and maximise the chances to recover any losses;
➢ ensure that there is sufficient evidence to support any internal disciplinary action before civil or criminal action is started;
➢ minimise any adverse publicity for Council as caused by dishonest fraudulent acts.

What to do if you suspect fraud

9.4 When any member of staff becomes aware of a fraud (whether they discover it themselves or it is reported to them by a third party) they must notify their Manager/HoD or HR promptly. If it is not appropriate to raise the concern with their Manager, HoD or HR, the matter should be brought directly to the attention of the Strategic Director or IA Manager.

9.5 The Council has a 'Whistleblowing' Policy to assure staff that it is safe to speak up if they are concerned about something. In addition, advice is available through the independent charity Public Concern at Work on **0207404 6609**. Their lawyers can give free confidential advice at any stage regarding concerns.

9.6 It is important that you don't:

➢ try to investigate any concerns yourself;
➢ discuss your concerns outside of the routes in the Whistleblowing Policy;
➢ confront anyone, whether an employee or not, about your suspicions;
➢ ignore your concerns.

9.7 This is because:

➢ you may alert those you suspect to a potential investigation;
➢ evidence could be destroyed;
➢ evidence could be compromised and may not be usable in any investigation or prosecution if it has been interfered with;
➢ Council relationships between employees, suppliers or partner agencies could be damaged;

➢ the Council's reputation could be damaged unnecessarily.

Assigning the investigation

9.8 The FIT will normally comprise the Head of Finance, Head of Human Resources, Head of Performance & Audit and the IA Manager or a member of the IA team and appropriate representation from the relevant department. Expert advice may be sought as necessary.

9.9 Where fraud concerns are relatively simple in nature, these will be assigned to a relevant Manager to undertake with guidance as appropriate from Human Resources. Where the frauds are more serious, more complex or require specialist knowledge or training or may result in civil or criminal proceedings, these will be investigated by IA.

Preliminary Enquiry

9.10 Discreet preliminary enquiries should be carried out as speedily as possible after the suspicion is raised with due consideration to potential future legal action and the need to ensure evidence is not compromised. The purpose of the initial enquiries is to determine the facts that gave rise to suspicion and to clarify whether a genuine mistake has been made or if it is likely that a fraud has been attempted or occurred. This may involve discreet enquiries with staff or the examination of documents. If staff are implicated at this stage and it would appear that there is sufficient evidence to justify future disciplinary action, this will be progressed in accordance with the Disciplinary Policy and Procedure. A preliminary enquiry will also seek information regarding:

➢ the type of fraud/corruption perpetrated
➢ the cause of the fraud and means of discovery
➢ the amount involved and potential for recovery
➢ the period over which the fraud/corruption was committed
➢ the date of discovery and the position the perpetrator(s) hold(s)
➢ the action taken by the Manager or Senior Officer on discovery of the fraud
➢ the action to be taken to improve controls

9.11 It is imperative that enquiries should not prejudice subsequent investigations or corrupt evidence and any detailed internal enquiry at this stage runs the risk of alerting the perpetrator and the destruction of evidence.

Preliminary Investigation

9.12 The timescale for any fraud investigation will be driven by the complexity of the allegations and the duration any activity is suspected to have gone on for. In all cases however, investigations should be carried out as quickly as possible whilst maintaining discretion and confidentiality.

9.13 Those undertaking a preliminary investigation will be responsible for securing evidence as early as possible to ensure that it is not destroyed or lost. It is important that any such documentation is securely stored and is retained both during and after the investigation. IA will provide advice and support on gathering and retaining evidence as required. IA will have full and unrestricted access to all necessary records and personnel.

9.14 Council currently have systems in place which facilitates monitoring the usage of:

➢ Telephones – landline and mobiles
➢ E-mail
➢ Internet

> ➢ Council vehicles

These systems are in place to ensure appropriate use of the above facilities as well as to protect employees from potential misuse.

9.15   CCTV is also in place at various Council locations, and information obtained from these systems may be reviewed as part of an investigation particularly in relation to allegations of misconduct which could be perceived as criminal (e.g. theft).

9.16   The securing of electronic data, surveillance or CCTV footage, computers or equivalent equipment is a specialised procedure. The collection of such information can, inadvertently, damage the evidence being secured and can damage any potential prosecution if allegations are proved correct. Council will adhere to all relevant legal obligations (e.g. Data Protection and Freedom of Information) and comply with the Council's Surveillance Camera Systems Policy in relation to obtaining and utilising information obtained from monitoring or surveillance systems during investigations.

9.17   If the initial enquiries confirm that a fraud has not been attempted or perpetrated, no further action is necessary apart from documenting the outcome of the initial enquiry. The exception would be if internal controls were found to be deficient, in which case recommendations may be made by IA.

9.18   A preliminary investigation report will be prepared and considered by the FIT. Depending on the conclusions reached by the investigation, the following actions are possible outcomes:

➢ no action, if there is insufficient evidence to support the allegations;
➢ recommendations to management to improve internal controls in the area(s) affected.
➢ referral of case to management to investigate under the Disciplinary Policy and Procedure;
➢ Inform the PSNI and Northern Ireland Audit Office if there is sufficient evidence that a criminal act may have occurred;

9.19   Where any investigation suggests criminal activity the FIT will liaise with the PSNI as required.

Formal Investigation

9.20   Where the preliminary investigation merits a formal investigation the Disciplinary Policy and Procedure will be used.

9.21   The Council may also hold interviews with other employees who could provide relevant information and obtain other evidence.

9.22   Upon completion of the investigation the employee will be notified in writing if the matter is proceeding to a disciplinary hearing and will be provided with the findings of the investigation.

Managing Communications

9.23   IA will produce an Annual Fraud Report which will collate and summarise the work done by Council during the year to prevent, detect and investigate fraud and corruption. The report while primarily results based and highlighting the work undertaken will also explain the Council's counter fraud response including examination of the Council's risk in terms of fraud and corruption.

9.24   The Annual Fraud Report will be presented to the Executive Management Team and the Performance & Audit Committee on an annual basis for their consideration and approval.

9.25   While whistleblowers will be kept informed about the progress of an investigation, detailed information on progress or findings will not be released where there is a concern that it may

damage an investigation. In releasing any information, those investigating must be aware of the requirements of the Data Protection legislation and must not release any information relating to action being taken against an individual.

9.26   Each quarter the number of ongoing fraud and whistleblowing cases under investigation will be reported to the Executive Management Team and the Performance & Audit Committee.

INDICATORS OF FRAUD

➢ Missing expenditure vouchers and unavailable official records

➢ Profitability declining

➢ Excessive variations to budgets or Contracts

➢ Refusals to produce files, minutes or other records

➢ Increased employee absences

➢ Borrowing from fellow employees

➢ Covering up inefficiencies

➢ No supervision

➢ Staff turnover is excessive

➢ Figures, trends or results which do not accord with expectations

➢ Bank reconciliations are not maintained or can't be balanced

➢ Excessive movement of cash funds

➢ Multiple cash collection points

➢ Unauthorised changes to systems or work practices

➢ Large outstanding bad or doubtful debts

➢ Employees suffering financial hardships

➢ Placing undated/post-dated personal cheques in petty cash

➢ Employees apparently living beyond their means

➢ Heavy gambling debts

➢ Signs of drinking or drug abuse problems

➢ Conflicts of interest

➢ Lowest tenders or quotes passed over with scant explanations recorded

➢ Employees with an apparently excessive work situation for their position

➢ Managers bypassing subordinates

➢ Subordinates bypassing managers

➢ Excessive generosity

- ➢ Apparent personal problems

- ➢ Poor morale

- ➢ Excessive control of all records by one Officer

- ➢ Unusual working hours on a regular basis

- ➢ Non taking of leave

- ➢ Excessive overtime

- ➢ Absence of controls and audit trails

- ➢ Altering contract specifications

- ➢ Contractor paid for work not done

- ➢ Socialising with clients – meals, drinks, holidays

- ➢ Favourable treatment of clients – e.g. allocation of work

This list is not exhaustive.

COMMON METHODS AND TYPES OF FRAUD

- ➢ Payment for work not performed

- ➢ Claiming for overtime not worked

- ➢ Secondary employment during working hours

- ➢ Abuse of flexi

- ➢ Working while on sick leave

- ➢ Over claiming travel and expenses

- ➢ Running a private business with official assets, for example, departmental telephone and IT systems

- ➢ Forged endorsements

- ➢ Altering amounts and details on Documents

- ➢ Overcharging

- ➢ Writing off recoverable assets or debts

- ➢ Unauthorised transactions

- ➢ Selling information

- ➢ Cheques made out to false persons

- ➢ False persons on payroll

- ➢ Theft of official purchasing authorities such as order books

- ➢ Unrecorded transactions

- ➢ Transactions (expenditure/receipts/deposits) recorded for incorrect sums

- ➢ False official identification used

- ➢ Damaging/destroying documentation

- ➢ Using copies of records and receipts

- ➢ Using imaging and desktop publishing technology to produce apparent original invoices

- ➢ Transferring amounts between accounts frequently

- ➢ Delayed terminations from payroll

- ➢ Bribes

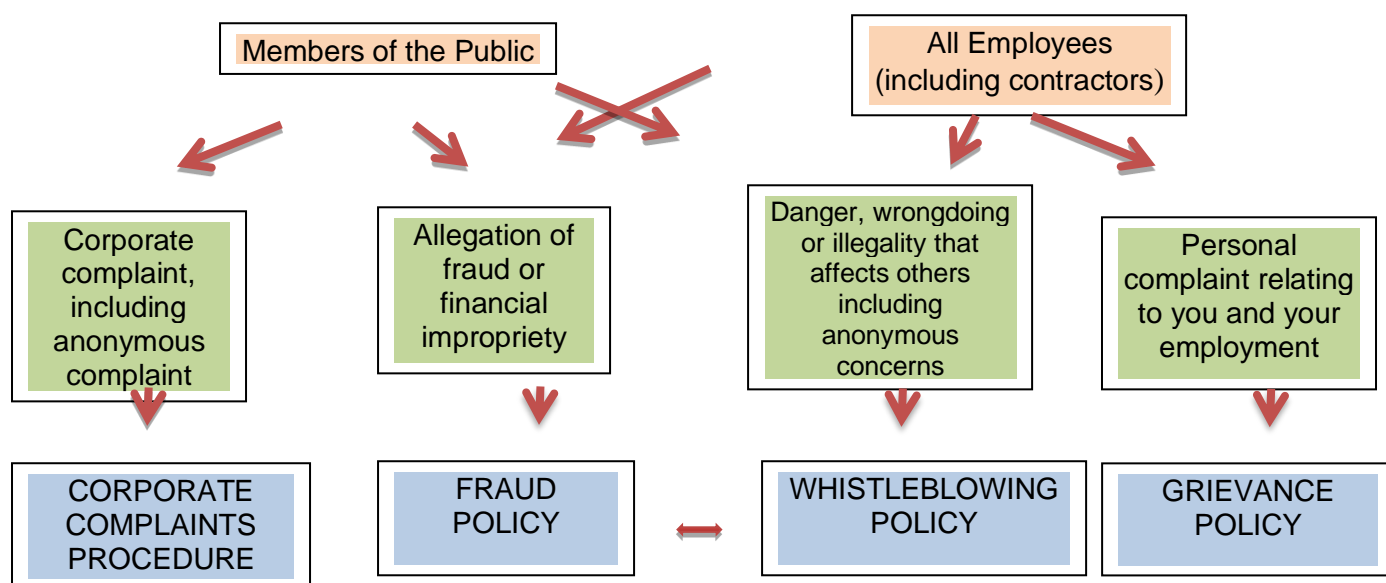|	
➢ Using facsimile signatures ➢ False compensation and insurance claims ➢ Stealing of discounts ➢ Selling waste and scrap ➢ Altering stock records ➢ Altering sales records ➢ Cash stolen ➢ Supplies not recorded at all ➢ Stolen equipment and supplies	

This list is not exhaustive.

EXAMPLES OF GOOD MANAGEMENT PRACTICES WHICH MAY ASSIST IN COMBATING FRAUD

- All income is promptly entered in the accounting records with the immediate endorsement of all cheques
- Regulations governing contracts and the supply of goods and services are properly enforced
- Accounting records provide a reliable basis for the preparation of financial statements
- Controls operate which ensure that errors and irregularities become apparent during the processing of accounting information
- A strong IA presence
- Management encourages sound working practices
- All assets are properly recorded and provision is made known for expected losses
- Accounting instructions and financial regulations are available to all staff and are kept up to date
- Effective segregation of duties exists, particularly in financial accounting and cash/securities handling areas
- Close relatives do not work together, particularly in financial, accounting and cash/securities handling areas
- Act immediately on internal/external auditors reports to rectify control weaknesses
- Issue accounts payable promptly and follow-up any non-payments
- Set standards of conduct for suppliers and contractors
- Maintain effective security of physical assets; accountable documents (such as cheque books, order books); information, payment and purchasing systems
- Review large and unusual payments
- Perpetrators should be suspended from duties pending investigation
- Proven perpetrators should be dismissed without a reference and prosecuted
- Query mutilation of cheque stubs or cancelled cheques
- Store cheque stubs in numerical order
- Undertake test checks and institute confirmation procedures
- Develop well defined procedures for reporting fraud, investigating fraud and dealing with perpetrators
- Maintain good physical security of all premises
- Randomly change security locks and rotate shifts at times (if feasible and economical)
- Conduct regular staff appraisals
- Review work practices open to collusion or manipulation
- Develop and routinely review and reset data processing controls
- Regularly review accounting and administrative controls
- Set achievable targets and budgets, and stringently review results
- Ensure staff take regular leave
- Rotate staff
- Ensure all expenditure is authorised
- Conduct periodic analytical reviews to highlight variations to norms
- Take swift and decisive action on all fraud situations
- Ensure staff are fully aware of their rights and obligations in all matters concerned with fraud

Routemap

The diagram below provides an overview of the relationship between corporate complaints, fraud and whistleblowing policies/procedure and the grievance policy. Note that only employees and workers are protected by whistleblowing legislation.

Members of the Public

All Employees (including contractors)

Corporate complaint, including anonymous complaint

Allegation of fraud or financial impropriety

Danger, wrongdoing or illegality that affects others including anonymous concerns

Personal complaint relating to you and your employment

CORPORATE COMPLAINTS PROCEDURE

FRAUD POLICY

WHISTLEBLOWING POLICY

GRIEVANCE POLICY

Policy Screening Form

Policy Scoping

Policy Title: Fraud Policy

Brief Description of Policy (please attach copy if available). Please state if it is a new, existing or amended policy.

The purpose of the policy is to draw the attention of Members and staff to the importance of ensuring that proper procedures are followed when a suspected fraud is reported.

Intended aims/outcomes. What is the policy trying to achieve?

To collate in a easily understood format the key issues Council needs to address when a suspected fraud is reported and requires investigation.

Policy Framework

Has the policy been developed in response to statutory requirements, legal advice or on the basis of any other professional advice? Does this affect the discretion available to Council to amend the policy?

The Local Government Auditor has encouraged the council to regularly review its arrangements regarding fraud and to ensure they are kept up to date. This policy has not been updated since 2015.

Are there any Section 75 categories which might be expected to benefit from the policy? If so, please outline.

This policy will affect all stakeholders equally regardless of what equality group they fall within

Who initiated or wrote the policy (if Council decision, please state). Who is responsible for implementing the policy?

Who initiated or wrote policy?	Who is responsible for implementation?
Internal Audit	Chief Executive and Executive Management Team.

Are there any factors which might contribute to or detract from the implementation of the policy (e.g. financial, legislative, other)?

None foreseen.

Main stakeholders in relation to the policy
Please list main stakeholders affected by the policy (e.g. staff, service users, other statutory bodies, community or voluntary sector, private sector)

All Council Staff.
Members
People the Council does business with.

Are there any other policies with a bearing on this policy?   If so, please identify them and how they impact on this policy.

Code of Conduct for employees
Disciplinary Policy and Procedure
Whistleblowing Policy

Available Evidence

Council should ensure that its screening decisions are informed by relevant data.   What evidence/information (both qualitative and quantitative) have you gathered to inform this policy? Specify details for each of the Section 75 categories.

Section 75 category	Evidence
Religious belief	N/A
Political opinion	N/A
Racial group	N/A
Age	N/A
Marital status	N/A
Sexual orientation	N/A
Men and women generally	N/A
Disability	N/A
Dependants	N/A

Needs, experiences and priorities

Taking into account the information gathered above, what are the different needs, experiences and priorities of each of the following categories in relation to this particular policy/decision?

Section 75 category	Needs, experiences and priorities
Religious belief	N/A
Political opinion	N/A
Racial group	N/A
Age	N/A
Marital status	N/A
Sexual orientation	N/A
Men and women generally	N/A
Disability	N/A
Dependants	N/A

Screening Questions

1. What is the likely impact on equality of opportunity for those affected by this policy for each of the Section 75 categories?

Category	Policy Impact	Level of impact (Major/minor/none)
Religious belief	None	
Political opinion	None	

Racial group	None	
Age	None	
Marital status	None	
Sexual orientation	None	
Men and women generally	None	
Disability	None	
Dependents	None	

2. Are there opportunities to better promote equality of opportunity for people within the Section 75 categories?

Category	If yes, provide details	If no, provide reasons
Religious belief	None	N/A
Political opinion	None	N/A
Racial group	None	N/A
Age	None	N/A
Marital status	None	N/A
Sexual orientation	None	N/A
Men and women generally	None	N/A
Disability	None	N/A
Dependents	None	N/A

3. To what extent is the policy likely to impact on good relations between people of different religious belief, political opinion, or racial group?

Category	Details of Policy Impact	Level of impact (major/minor/none)
Religious belief	None	None
Political opinion	None	None
Racial group	None	None

4. Are there opportunities to better promote good relations between people of different religious belief, political opinion or racial group?

Category	If yes, provide details	If no, provide reasons
Religious belief	None	N/A
Political opinion	None	N/A
Racial group	None	N/A

Multiple Identity

Generally speaking, people fall into more than one Section 75 category (for example: disabled minority ethnic people; disabled women; young Protestant men; young lesbian, gay and bisexual people). Provide details of data on the impact of the policy on people with multiple identities. Specify relevant s75 categories concerned.

This policy will affect all stakeholders equally regardless of what equality category they fall within.

Disability Discrimination (NI) Order 2006

Is there an opportunity for the policy to promote positive attitudes towards disabled people?

N/A

Is there an opportunity for the policy to encourage participation by disabled people in public life?

N/A

Screening Decision

A: NO IMPACT IDENTIFIED ON ANY CATEGORY – EQIA UNNECESSARY

Please identify reasons for this below

This is a technical policy with no bearing in terms of its likely impact on equality of opportunity or good relations for people within the equality and good relations categories.

B: MINOR IMPACT IDENTIFIED – EQIA NOT CONSIDERED NECESSARY AS IMPACT CAN BE ELIMINATED OR MITIGATED

Where the impact is likely to be minor, you should consider if the policy can be mitigated or an alternative policy introduced. If so, EQIA may not be considered necessary. You must indicate the reasons for this decision below, together with details of measures to mitigate the adverse impact or the alternative policy proposed.

C: MAJOR IMPACT IDENTIFIED – EQIA REQUIRED

If the decision is to conduct an equality impact assessment, please provide details of the reasons.

Timetabling and Prioritising

If the policy has been screened in for equality impact assessment, please answer the following questions to determine its priority for timetabling the equality impact assessment.

On a scale of 1-3 with 1 being the lowest priority and 3 being the highest, assess the policy in terms of its priority for equality impact assessment.

Priority criterion	Rating (1-3)
Effect on equality of opportunity and good relations	
Social need	
Effect on people's daily lives	

The total rating score should be used to prioritise the policy in rank order with other policies screened in for equality impact assessment. This list of priorities will assist the council in timetabling its EQIAs.

Is the policy affected by timetables established by other relevant public authorities? If yes, please give details.

Monitoring

Effective monitoring will help the authority identify any future adverse impact arising from the policy. It is recommended that where a policy has been amended or an alternative policy introduced to mitigate adverse impact, monitoring be undertaken on a broader basis to identify any impact (positive or adverse).

Further information on monitoring is available in the Equality Commission's guidance on monitoring

Identify how the impact of the policy is to be monitored

Internal Audit will review the Gifts & Hospitality register on an annual basis. Directors will be required to update their Assurance Certificates on a quarterly basis regarding the provision/acceptance of gifts and hospitality.

Approval and Authorisation

A copy of the screening form for each policy screened should be signed off by the senior manager responsible for that policy. The screening recommendation should be reported to the relevant Committee/Council when the policy is submitted for approval.

Screened by	Position/Job title	Date
Michael Watson	Head of Audit - Craigavon	January 2019
Approved by	Position/Job Title	Date
Roger Wilson	Chief Executive	2019

Please forward a copy of the completed form with policy attached to mary.hanna@armaghbanbridgecraigavon.gov.uk who will ensure that screening forms and policies are available on the Council website.

This officer is also responsible for issuing reports on a quarterly basis on those policies "screened out for EQIA". This allows stakeholders who disagree with this recommendation to submit their views. In the event of any stakeholder disagreeing with the decision to screen out any policy, the