

Northern Ireland Audit Office

Anti-Fraud Policy

Introduction

1. The Northern Ireland Audit Office (NIAO) has a **zero tolerance** to fraud and corruption. It requires staff at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible. Every case of attempted, suspected or proven fraud and/or corruption will be thoroughly investigated and dealt with appropriately. The Office is committed to ensuring that opportunities for fraud and corruption are reduced to the lowest possible level of risk.

2. This policy is concerned with internal and external fraud, committed against the NIAO by NIAO employees, suppliers of goods and services, contractors in the course of their work or other persons. Guidance on issues arising from the private and personal activities of staff which may impinge on the performance of their duties or risk bringing discredit to the Office is contained in Section 6 of the Office's Code of Conduct.

3. This policy should be read in conjunction with the following NIAO documents:
 - ◆ Statement of Vision, Mission and Values
 - ◆ Code of Conduct
 - ◆ Fraud Response Plan

All of these are available on NIAO's website.

What is Fraud

4. The Fraud Act 2006 came into effect in January 2007. The Act introduced a new general offence of fraud which can be committed in three ways:
 - ◆ ***Fraud by false representation***, ie if he dishonestly makes a false representation and intends by making the representation to make a gain for himself or another, or to cause loss to another or expose another to risk of loss. A representation is false if it is untrue or misleading, and the person making it knows that it is, or might be, untrue or misleading;
 - ◆ ***Fraud by failing to disclose information***, ie if he dishonestly fails to disclose to another person information which he is under a legal duty to disclose and intends, by failing to disclose the information, to make a gain for himself or another, or to cause loss to another or expose another to risk of loss; and
 - ◆ ***Fraud by abuse of position***, ie if he occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person, and he dishonestly abuses that position, and intends, by means of the abuse of that position, to make a gain for himself or another, or to cause loss to another or to expose another to a risk of loss.

5. The Act creates new offences of obtaining services dishonestly and of possessing, making and supplying articles for use in frauds. It also contains a new offence of fraudulent trading applicable to non-corporate traders. The Act supplements other legislation, such as the Theft Act (NI) 1969 and the Theft (NI) Order 1978, which have been traditionally used to cover criminal acts that have been generically referred to as fraud; acts such as bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation and collusion.

6. The Fraud Act requires that the person making the false representation, failing to disclose information or abusing their position must do so with the intention of making a gain or causing loss or risk of loss to another. The gain or loss does not actually have to take place. Examples of frauds that may be perpetrated against the NIAO are:
 - ◆ dishonest use of a NIAO credit card to pay for items;
 - ◆ the dissemination of an email to large groups of people falsely representing that the email had been sent by NIAO;
 - ◆ theft, the misappropriation or misuse of assets for personal benefit;
 - ◆ bribery and corruption - offering, giving, soliciting or accepting an inducement or reward that may influence the actions taken by the Office or its staff, for example in the procurement of goods and services.
 - ◆ false accounting and/or making fraudulent statements with a view to personal gain or gain for another: for example falsely claiming overtime, travel and subsistence, sick leave or special leave (with or without pay);
 - ◆ externally perpetrated fraud against the NIAO, for example in the procurement and delivery of goods and
7. It is NIAO policy that there will be consistent handling of all attempted, suspected or proven fraud cases without regard to the position held or length of service of the individual(s) involved.
8. NIAO has established and maintains a Fraud Response Plan, which sets out guidance in the event of fraud being discovered or suspected.

Anti Fraud Culture

9. NIAO is committed to preventing fraud and corruption from occurring and to developing an anti-fraud culture. To achieve this, NIAO will:

- ◆ develop and maintain effective controls to prevent fraud;
- ◆ ensure that if fraud occurs a vigorous and prompt investigation takes place without regard to position held or length of service;
- ◆ take appropriate disciplinary and legal action in all cases, where justified; and
- ◆ review systems and procedures to prevent similar frauds.

Avenues for Reporting Fraud

10. NIAO has in place avenues for reporting suspicions of fraud, without fear of prejudice or harassment, including the Office's whistleblowing website, set up for the purpose - whistleblowing@niauditoffice.gov.uk.

11. All matters will be dealt with in confidence and in strict accordance with the terms of the Public Interest Disclosure (Northern Ireland) Order 1998.

What Should be Reported?

12. Concerns which should be reported include:

- ◆ any dishonest or fraudulent act;
- ◆ forgery or alteration of documents or accounts;

- ◆ misappropriation of funds, supplies or other assets;
- ◆ impropriety in the handling or reporting of money or financial transactions;
- ◆ profiting from an official position;
- ◆ disclosure of official activities or information for advantage;
- ◆ accepting or seeking value from third parties by virtue of official position or duties; and
- ◆ theft or misuse of property, facilities or services.

RESPONSIBILITIES

Comptroller and Auditor General

13. The C&AG is the Office's Accounting Officer and he is responsible for establishing and maintaining a sound system of internal control that supports the achievement of office policies, aims and objectives. The system of internal control is designed to respond to and manage the whole range of risks faced by NIAO. It 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.

Principal Finance Officer

14. Overall responsibility for managing the risk of fraud has been delegated to the Deputy C&AG, in his capacity as Principal Finance Officer. His responsibilities include:

- ◆ developing a fraud risk profile and undertaking a regular review of the fraud risks;
- ◆ establishing an effective anti-fraud policy and fraud response plan;
- ◆ designing an effective control environment to prevent fraud commensurate with the fraud risk profile; and
- ◆ establishing appropriate mechanisms for reporting fraud;

Internal Audit

15. The Office's Internal Auditor is responsible for:

- ◆ assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of control; and
- ◆ ensuring that management has reviewed its risk exposures and identified the possibility of fraud as a business risk; and

NIAO Staff

16. NIAO staff must have, and be seen to have, the highest standards of honesty, propriety and integrity in the exercise of their duties. Every member of staff is responsible for:
 - ◆ acting with propriety in the use of official resources; and
 - ◆ conducting themselves in accordance with the seven principles of public life set out in the first report of the Nolan Committee “Standards in Public Life”.
17. All staff are advised to consider their personal and business activities and whether these may be considered to conflict with their duty to the office. Any potential conflict of interest should be reported to the Personnel Officer for inclusion in the Register of Interests.

Review

18. This policy will be reviewed periodically. Staff wishing to receive clarification on this policy and/or suggest improvements should contact Patrick O’Neill at extension 51023 or Patrick.oneill@niauditoffice.gov.uk