

Anti-Fraud Policy

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Policy Sponsor	Chief Executive
Policy Owner	Director of Business Support
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Related Policies	Anti-Bribery Policy Gifts and Hospitality Policy Whistleblowing Policy Risk Management Strategy and Policy Code of Conduct for Staff Code of Conduct for Board Members Conflicts of Interests Policy

1. Introduction

- 1.1 Fraud is an ever-present threat, has many forms and is always damaging. It takes away valuable resources from Libraries NI that could be used for the purpose originally intended. Fraud is not only illegal but it also creates a very real threat to the on-going resources available to Libraries NI.
- 1.2 Fraud is usually used to describe depriving someone (Libraries NI and its public services) of something by deceit, which might either be straight theft, misuse of funds or other resources, or more complicated crimes like false accounting, computer fraud (altering, destroying or creating spurious records) and the supply of false information. A fuller definition of fraud is shown in Appendix 1.
- 1.3 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 in all its forms, this Anti-Fraud Policy aims to develop a culture across Libraries NI which raises the awareness of the risks and consequences of fraud. It provides a framework for promoting policies and measures to prevent and detect fraud.

2. Purpose

- 2.1 The overall purpose of the Anti-Fraud Policy is to confirm that Libraries NI has a zero tolerance towards fraud and to detail responsibilities regarding the prevention of fraud. This Policy covers fraud and loss within Libraries NI and applies to staff in all locations, members of the public, Board Members and contractors. The procedures to be followed in the event of a fraud being detected or suspected are detailed in the Fraud Response Plan.

3. Policy

- 3.1 Libraries NI requires all staff at all times to act honestly and with integrity, and to safeguard the resources for which they are responsible. Libraries NI will not accept any level of fraud or corruption; consequently, any case of suspected fraud will be thoroughly investigated and dealt with appropriately. Libraries NI is committed to ensuring that opportunities for fraud and corruption are reduced to the lowest possible level. Staff at all levels are encouraged to actively participate in protecting public money and property. Libraries NI is committed to participating in the National Fraud Initiative and considering / investigating all data matches advised by the NIAO.
- 3.2 In accordance with its responsibilities as set out in Annex 4.the of Managing Public Money Northern Ireland (MPMNI), Libraries NI will report immediately to the Department for Communities who will report to the Department of Finance (DoF) and the Comptroller & Auditor General (C&AG) all frauds (proven or suspected) including attempted fraud which affects the organisation.
- 3.3 All staff will be made aware of Libraries NI's Anti-Fraud Policy.

4. Roles and Responsibilities

Chief Executive

- 4.1 The Chief Executive as Accounting Officer is responsible for establishing and maintaining a sound system of internal control that supports the achievement of Libraries NI policies, aims and objectives. The system of internal control is based on an on-going process designed to identify the principal risks, to evaluate the nature and extent (impact and likelihood) 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. Libraries NI will regularly review policies, legislation and related guidance to ensure that appropriate measures for combating fraud are maintained.

Director of Business Support

- 4.2 Overall responsibility for managing the risk of fraud has been delegated to the Director of Business Support. These responsibilities include:
- developing a fraud risk profile and undertaking a regular review of fraud risks associated with each of the key organisational objectives in order to keep the profile current
 - establishing an effective Anti-Fraud Policy and Fraud Response Plan, commensurate with the level of fraud risk identified in the fraud risk profile
 - designing an effective control environment to prevent fraud commensurate with the fraud risk profile
 - operating appropriate pre-employment screening measures
 - establishing appropriate mechanisms for:
 - reporting fraud risk issues
 - reporting significant incidents of fraud to the Accounting Officer
 - reporting to DoF and the C&AG in accordance with MPMNI Annex 4.9; and
 - coordinating assurances about the effectiveness of the Anti-Fraud Policy to support the Governance Statement
 - liaising with the Audit and Risk Assurance Committee
 - making sure that all staff have been made aware of the organisation's Anti-Fraud Policy and know what their responsibilities are in relation to combating fraud
 - ensuring that appropriate anti-fraud training and development opportunities are available to appropriate staff in order to meet their responsibilities
 - ensuring that vigorous and prompt investigations are carried out if fraud occurs or is suspected. This will be effected through a Fraud Investigation Oversight Group (FIOG) (a decision may be taken not to establish a FIOG if the suspected fraud is very low value).

- taking appropriate legal and/or disciplinary action against perpetrators of fraud
- taking appropriate disciplinary action against supervisors where supervisory failures have contributed to the commission of the fraud
- taking appropriate disciplinary action against staff who fail to report their suspicions of fraud or money laundering
- taking appropriate action to recover assets and losses
- ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future
- notifying suspected or proven fraud to the Department for Communities (DfC) and for completing the Annual Fraud Return. DfC is responsible for advising DoF and the Northern Ireland Audit Office (NIAO).

Managers

4.3 Responsibility for the prevention and detection of fraud rests primarily with management. Managers are responsible for:

- ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively
- preventing and detecting fraud
- assessing the types of risk involved in the operations for which they are responsible
- regularly reviewing and testing the control systems for which they are responsible
- ensuring that controls are being complied with and their systems continue to operate effectively
 - reassessing risks as a result of the introduction of new systems or amendments to existing systems
- implementing new controls to reduce the risk of a similar fraud occurring where frauds have taken place
- updating Risk Registers to reflect the quantum of fraud within the Business Area. Where appropriate, strategies should be devised to combat recurrence of fraud and targets set to reduce the level of fraud
- making sure that all staff have been made aware of the organisation's Anti-Fraud Policy and know what their responsibilities are in relation to combating fraud.

4.4 In terms of establishing and maintaining effective controls, 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, including the adequacy of the level of checking required.

4.5 As fraud prevention is the ultimate aim, anti-fraud measures should be considered and incorporated in every system and programme at the design stage, e.g. the design of application forms, regular monitoring of expenditure etc. Internal Audit is available to offer advice to managers on risk and control issues in respect of existing and developing systems/programmes.

Staff

4.6 Staff have 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.

4.7 Every member of staff is responsible for:

- acting with propriety in the use of official resources and the handling and use of public funds whether they are involved with cash or payments systems, receipts or dealing with suppliers
- 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 (see Libraries NI Code of Conduct for Staff)
- as stewards of public funds, demonstrating high standards of personal integrity. Staff should not offer or accept gifts, hospitality or benefits of any kind from a third party which might be seen to compromise their integrity and be interpreted as a bribe under the Bribery Act 2010
- being alert to the possibility that unusual events or transactions could be indicators of fraud
- reporting 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 (see Libraries NI Raising a Concern (Whistleblowing) Policy and associated guidance)
- co-operating fully with any investigations by making available relevant information and by co-operating in interviews.

It is also essential that staff understand and adhere to laid down systems and procedures including those of a personnel/management nature such as submission of expenses claims and records of absence, flexi and annual leave.

Internal Audit

4.8 Internal Audit is responsible for:

- delivering an opinion to the Accounting Officer on the adequacy of arrangements for managing the risk of fraud and ensuring Libraries NI promotes an anti-fraud culture

- assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of control arrangements commensurate with the extent of the potential exposure / risk
- ensuring that management has reviewed its risk exposures and identified the possibility of fraud as a business risk
- assisting management in the investigation of suspected fraud.

Audit and Risk Assurance Committee

4.9 The Audit and Risk Assurance Committee is responsible for advising the Accounting Officer and the Board on:

- management's assessment of Libraries NI's risk from fraud and the appropriateness of the response to it
- Libraries NI's anti-fraud policies and arrangements, whistleblowing procedures and arrangements for investigations.

5. Authority

Policy Sponsor: Chief Executive

Policy Owner: Director of Business Support

Policy Contact: Head of Internal Audit

6. Related Documents

6.1 Policies

- Anti-Bribery Policy
- Gifts and Hospitality Policy
- Whistleblowing Policy
- Risk Management Strategy and Policy
- Code of Conduct for Staff
- Code of Conduct for Board Members
- Conflicts of Interest Policy

6.2 Procedures

- Fraud Response Plan
- Cash Handling Procedures
- Procurement Procedures
- Travel and Subsistence Claims Procedures

6.3 Guidance

- Guidance on Offers and Acceptance and Provision of Gifts and Hospitality
- Whistleblowing: Raising a Concern

1. Definition of Fraud

- 1.1 Fraud is the obtaining of financial advantage or causing of loss by implicit or explicit deception. It is the mechanism through which the fraudster gains unlawful advantage or causes unlawful loss.
- 1.2 Fraud is not a victimless crime and is generally used to describe such acts as theft, deception, bribery, forgery, extortion, corruption, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.
- 1.3 The Bribery Act 2010 came into effect on 1 July 2011. It defines four new criminal offences of offering or paying a bribe, requesting or receiving a bribe, bribing a foreign public official, and failure of commercial organisations to prevent bribery by persons associated with them. Organisations must demonstrate that they have 'adequate procedures' in place that are designed to prevent persons associated with it from committing bribery. Refer to Libraries NI Gifts and Hospitality Policy.
- 1.4 Computer fraud is where information technology (IT) equipment has been used to manipulate computer programs or data dishonestly (for example by altering or substituting records, destroying or suppressing records, duplicating or creating spurious records), or where the existence of an IT system was a material factor in the perpetration of fraud (i.e. where the fraud was unlikely to have occurred if there had been no IT system). Theft or fraudulent use of computer facilities, computer programs and the Internet is included in this definition. The suspicion that any of these acts have taken place should be regarded as potentially fraudulent.
- 1.5 In 2006 a new definition of offences which previously had been collectively known as fraud was enacted (Fraud Act 2006). The Act defined the types of fraud as:
 - fraud by false representation
 - fraud by failing to disclose information
 - fraud by abuse of position.
- 1.6 For practical purposes reports should be made for all cases falling within the wider definition of fraud which may include such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. The criminal act is the attempt to deceive; attempted fraud is therefore treated as seriously as accomplished fraud.
- 1.7 Fraud can be committed in an infinite number of ways including altering, concealing or destroying manual or computer records, the misuse of computer facilities or changing computer programs. The suspicion that any of these acts has taken place should be regarded as potentially fraudulent and dealt with as such.