



Business Services
Organisation

FRAUD POLICY



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INTRODUCTION

1. The BSO is committed to the prevention of fraud and the promotion of an anti-fraud culture to ensure the proper use of the public funds with which it has been entrusted. The overall purpose of this policy is to provide a definition of fraud and to outline the key responsibilities regarding the prevention of fraud. The procedures to be followed in the event of a fraud being detected or suspected are detailed in our Fraud Response Plan. The Policy should be read in conjunction with the BSO's Whistle blowing policy. These documents are available on the BSO's intranet.
2. The BSO operates a **zero tolerance** attitude to fraud. It requires staff at all times to act honestly and with integrity, to safeguard the public resources for which they are responsible and to report all suspicions of fraud. Staff are assured that any information which they provide will be treated confidentially subject to legal requirements. Every case of attempted, suspected or proven fraud will be thoroughly investigated and where appropriate referred to the Police Service of Northern Ireland (PSNI) at the earliest juncture. BSO will seek to recover funds and assets lost through fraud. After full investigation, BSO will take civil, criminal and/or disciplinary action in all cases where it is appropriate to do so. The BSO is committed to ensuring that opportunities for fraud are reduced to the lowest possible level of risk.
3. This policy is concerned with internal and external fraud committed against the BSO by BSO employees, suppliers of goods and services, contractors in the course of their work or other persons.

WHAT IS FRAUD?

4. The key legislation which may be used to prosecute fraud is the Fraud Act 2006. The Act refers to three main offences of fraud. An individual can be prosecuted under the Fraud Act 2006, if he/she makes a false representation, fails to disclose information or abuses his position. Fraud is used to describe acts such as deception, bribery,

forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

5. For practical purposes, fraud may be considered to be the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party, ***whether for personal gain or for the benefit of a third party***. The criminal act is the attempt to deceive and attempted fraud is therefore treated as seriously as accomplished fraud.
6. Computer fraud is where information technology equipment has been used to manipulate programs or data dishonestly or where an IT system was a material factor in the perpetration of a fraud. Further guidance on IT Security is contained in the BSO's IT Security Policy.
7. The Fraud Act supplements other legislation, such as the Theft Act (NI) 1969 and the Theft (NI) Order 1978. In addition, the UK Bribery Act 2010 clarifies the law in relation to bribery and corruption.

BSO POSITION ON FRAUD

8. The BSO Board is absolutely committed to maintaining an anti-fraud culture in the organisation so that all staff who work in the BSO are aware of the risk of fraud, of what constitutes a fraud and the procedures for reporting it. The BSO adopts a zero-tolerance approach to fraud and will not accept any level of fraud within the organisation. It is also BSO policy that there will be a thorough investigation of all allegations or suspicions of fraud and robust action will be taken where fraud is proven in line with the BSO's Fraud Response Plan.
9. The BSO Board encourages anyone having reasonable suspicions of fraud to report it in line with the BSO Fraud Response Plan. It is the policy of the BSO, which will be rigorously enforced, that no employee will suffer in any way as a result of reporting reasonably held suspicions of fraud. For these purposes "reasonably held suspicions"

shall mean any suspicions other than those that are raised maliciously. ***BSO management will respond in these circumstances in line with its procedures.*** Further guidance on the protection afforded to staff is contained in the BSO's policy on Whistle Blowing.

10. Where there is strong evidence that fraud has occurred, whether involving an employee or an external party the Director of Finance, or where, appropriate another Director will refer the matter to Counter Fraud and Probity Services. If required and on recommendation from the Assistant Director of Counter Fraud and Probity Services, the Director of Finance, or other Director will report the matter to the PSNI with a view to pursuing a criminal prosecution. The BSO will also seek to recover all losses resulting from the fraud, if necessary through civil court proceedings.
11. After proper investigation of any allegation or suspicion of fraud, in line with the BSO's Fraud Response Plan, the BSO will consider the most appropriate sanction in line with DHSSPS sanctions and redress policy. Where fraud involving a BSO employee is proven, the BSO will instigate disciplinary action against the employee which may result in dismissal.
12. The BSO has adopted the Departmental Counter Fraud Strategy as the basis for its anti-fraud activities. The key elements of this Strategy are as follows:
 - The creation of an anti-fraud culture
 - Maximum deterrence of fraud
 - Successful prevention of fraud
 - Prompt detection of fraud
 - Professional investigation of detected fraud
 - Effective sanctions, including appropriate legal action against anyone found guilty of committing fraud
 - Effective methods for seeking recovery of money defrauded or imposition or other legal remedies.

FRAUD PREVENTION AND DETECTION

- 13.** The BSO wholeheartedly supports the role of its Counter Fraud and Probity Services Department and will ensure that appropriate fraud prevention and detection measures are implemented in accordance with guidance issued.
- 14.** The BSO has implemented a range of policies and procedures that are designed to ensure probity, business integrity and minimise the likelihood and impact of incidents of fraud arising.
- 15.** The BSO has also put in place a robust Internal Audit service that is actively involved in the review of the adequacy and effectiveness of control systems thereby further deterring the commissioning of fraud.
- 16.** The BSO participates in the National Fraud Initiative which promotes the proper spending of public money. Under this initiative BSO may share information in relation to payroll, pensions and trade creditors with other bodies responsible for auditing or administering public funds to prevent and detect fraud. Regular progress reports are provided to the Governance and Audit Committee. Further details on the Initiative can be found on the BSO webpage.

KEY RESPONSIBILITIES

17. *Chief Executive*

The Chief Executive 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 BSO. 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.

18. Director of Finance

Overall responsibility for managing the risk of fraud has been delegated to the Director of Finance. The Director of Finance will work in conjunction with the Assistant Director of Counter Fraud and Probity Services on all fraud matters relating to the BSO and the Director of Human Resources on a disciplinary matters emanating from any fraud case. Advice may also be sought the Chief Legal Adviser if required.

19. Fraud Liaison Officer

The Fraud Liaison Officer promotes zero tolerance policy within BSO. He/she will act as the point of contact between the Governance and Audit Committee and Counter Fraud and Probity Services reporting on cases of possible fraud involving BSO. He/she will liaise with Counter Fraud and Probity Services and the person reporting the fraud to ensure all necessary steps are being taken by BSO.

20. Governance and Audit Committee

The Governance and Audit Committee reviews the adequacy of the policy and procedure for all work related to fraud and corruption as required by the DHSS&PS and the Fraud Response Plan. The Committee is kept informed of all fraud cases either potential or actual by the Fraud Liaison Officer. The Committee also receives regular progress reports on BSO's participation in the National Fraud Initiative.

21. Counter Fraud and Probity Services (CFPS)

The Counter Fraud and Probity Services delivers a specialist fraud investigation capability to its HSC Clients. In the first instance all suspected or actual frauds will be reported to CFPS. If it is decided that the case warrants a full investigation the case will be referred to CFPS. CFPS will keep the Director of Finance and the Fraud Liaison Officer apprised of developments.

22. Internal Audit

The BSO's Internal Auditor is responsible for assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of controls; and

ensuring that management has reviewed its risk exposures and identified the possibility of fraud as a business risk.

23. BSO Staff

BSO staff must have, and be seen to have, the highest ethical and personal standards and be honest and objective in their work. 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". They are: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Staff should also be alert to the possibility that unusual events or transactions could be indicators of fraud and alert management where they believe there is an opportunity for fraud and report known or suspected frauds. Staff should also assist in the investigation of suspected fraud; and liaise with PSNI, where required to do so.

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 Chief Executive or Director of Finance for inclusion in the Register of Interests.

AVENUES FOR REPORTING FRAUD

24. The BSO has available a number of avenues by which staff can raise suspicions of fraud. These are detailed in the BSO's Fraud Response Plan and Whistle Blowing Policy. Concerns should be raised initially with the appropriate line manager. However, staff can raise their concerns directly with their Director, the Director of Finance, the Fraud Liaison Officer or the Head of Internal Audit if they so wish. Staff may report any fraud/suspected fraud through the BSO website by sending a report on line. A fraud reporting hotline is also operational that can be used to highlight concerns in confidence and anonymously if preferred. The telephone number for the Hotline is **08000 963396**.

25. All matters will be dealt with in confidence and in strict accordance with the terms of the Public Interest Disclosure (Northern Ireland) Order 1998.
26. Staff should not attempt to investigate any suspicions of fraud themselves.

CONCLUSION

27. Whilst the individual circumstances surrounding each fraud will vary, the BSO takes all cases very seriously and adopts a zero-tolerance approach. All reported suspicions will be fully investigated and robust action will be taken where fraud can be proven.