



**Northern Ireland  
Fire & Rescue Service**

# **NIFRS FRAUD POLICY**

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## **INTRODUCTION**

- 1 One of the fundamental objectives of NIFRS is to ensure the proper use of the public funds with which it has been entrusted. In pursuit of this objective, NIFRS promotes an anti-fraud culture which requires all staff to act with honesty and integrity at all times and to take appropriate steps to safeguard resources.
  
- 2 The majority of people who work for NIFRS are honest and professional and they rightly consider fraud to be wholly unacceptable. Nevertheless, fraud is an ever-present threat and must be a concern for all members of staff. Fraud may occur internally or externally and may be perpetrated by staff, external consultants, suppliers, contractors or development partners, individually or in collusion with others. NIFRS will not accept any level of fraud, bribery or corruption; consequently, any case will be thoroughly investigated and dealt with appropriately.
  
- 3 The purpose of this document is to set out the NIFRS position on fraud and thereby set the context for the ongoing efforts to reduce fraud to the lowest possible level. This document must be read in conjunction with:
  - NIFRS Fraud Response Plan;
  - NIFRS Anti-Bribery & Corruption Policy Statement (Appendix A);
  - NIFRS Whistleblowing Policy; and
  - NIFRS Discipline Policy and Procedure.

## **DEFINITION**

- 4 The Fraud Act (2006) was introduced on 15 January 2007 and under the Act fraud is now a specific offence in law. The Fraud Act (2006) supplements other legislation, such as Theft Act (Northern Ireland) 1969 and the Theft (Northern Ireland) Order 1978. In addition, the UK Bribery Act (2010) clarifies the law in relation to bribery and corruption.

Within NIFRS 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. Bribery & Corruption is viewed by NIFRS as a form of Fraud and will be investigated under the auspices of the Fraud Policy.

The key legislation is the Fraud Act (2006) which 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/her position.

***Fraud by false representation***, i.e. if he/she dishonestly make a false representation and intends by making the representation to make a gain for him/herself 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***, i.e. if he/she dishonestly fails to disclose to another person information which he/she is under a legal duty to disclose and intends, by failing to disclose the information, to make a gain for him/herself or another, or to cause loss to another or expose another to risk or loss; and

***Fraud by abuse of position***, i.e. if he/she occupies a position in which he/she is expected to safeguard, or not to act against, the financial interests of another person, and he/she dishonestly abuses that position, and intends, by means of the abuse of that position, to make a gain for him/herself or another, or cause loss to another or to expose another to a risk of loss.

- 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. The criminal act is the

attempt to deceive and attempted fraud is therefore treated as seriously as accomplished fraud.

- 6 A list of the most common types of fraud is included at Appendix B as an aid to recognising fraud in its various guises.

## **NIFRS POSITION ON FRAUD**

- 7 NIFRS is absolutely committed to maintaining an anti-fraud culture in the organisation so that all NIFRS staff are aware of the risk of fraud; of what constitutes a fraud and the procedures for reporting it. NIFRS adopts a zero-tolerance approach to fraud and will not accept any level of fraud within the organisation. It is also NIFRS 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 NIFRS Fraud Response Plan. All cases of fraud (proven and suspected), including attempted fraud, will be reported immediately to the Department of Health, Social Services and Public Safety (DHSSPS).
- 8 The NIFRS Board wishes to encourage anyone having reasonable suspicions of fraud to report them. It is the policy of NIFRS, 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. Further guidance on the protection afforded to staff is contained in the NIFRS policy on Whistleblowing.
- 9 NIFRS will, however, take a serious view of allegations against staff that are malicious in nature and anyone making such an allegation may be subject to disciplinary action.
- 10 After proper investigation of any allegation or suspicion of fraud, in line with the NIFRS Fraud Response Plan, NIFRS will consider the most

appropriate action or actions to take. Where fraud involving an employee is proven, NIFRS will instigate disciplinary action against the employee (using the NIFRS Discipline Policy) which may result in dismissal.

- 11 Where a fraud is proven, whether involving an employee or an external party, NIFRS in consultation with DHSSPS Financial Policy and Accountability Unit and NI Audit Office (if appropriate), will report the matter to the PSNI with a view to pursuing a criminal prosecution. NIFRS will also seek to recover all losses resulting from the fraud, if necessary through civil court proceedings.
- 12 NIFRS has adopted the DHSSPS 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; and
  - Effective methods for seeking recovery of money defrauded or imposition of other legal remedies.

## **FRAUD PREVENTION AND DETECTION**

- 13 NIFRS wholeheartedly supports the role of the DHSSPS Financial Policy and Accountability Unit and will ensure that appropriate fraud prevention and detection measures are implemented in accordance with the Unit's guidance.

- 14 NIFRS 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 NIFRS has a statutory duty to participate in the “National Fraud Initiative” which is coordinated through the NIAO. As part of this initiative the NIAO conducts data matching exercises for the purposes of assisting in the prevention and detection of fraud. Data matching involves comparing sets of data, such as payroll, pension or benefits records of a body against other against other records held by the same or another body. This allows potentially fraudulent claims and payments to be identified. In the event of a positive match NIFRS will liaise with the NIAO and the appropriate Department/Agency on how to proceed investigating the positive match.
- 16 NIFRS 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.

## **KEY RESPONSIBILITIES**

### **Accounting Officer**

- 17 The Accounting Officer is responsible for establishing and maintaining a sound system of internal control that supports the achievement of NIFRS policies, aims and objectives. The system of internal control is designed to respond to and manage the whole range of risks faced by NIFRS. It is based on an ongoing process designed to identify the principle 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.

## **Director of Finance**

- 18 Overall responsibility for managing the risk of fraud has been delegated to the Director of Finance. Responsibilities include:
- Developing a fraud risk profile and undertaking a regular review of the fraud risks;
  - Designing an effective control environment to prevent fraud commensurate with the fraud risk profile;
  - Establishing well-publicised, appropriate mechanisms for staff and members of the public to report their suspicions of fraud;
  - Regularly reviewing the NIFRS anti-fraud policy statement and fraud response plan and compliance therewith to ensure they remain effective and relevant to the needs of the business;
  - Investigating all allegations of fraud using trained and experienced personnel;
  - Commencing disciplinary and/or legal action where appropriate and seeking to recover losses;
  - Reporting to the Corporate Management Team and the Board on all aspects of fraud risk management;
  - Establishing appropriate mechanisms for recording instances of suspected and proven frauds; and
  - Ensuring that appropriate training and awareness of NIFRS policies on fraud and bribery are communicated to all staff.

## **Internal Audit**

- 19 The Head of Internal Audit is responsible for:
- Assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of controls;
  - Ensuring that management has reviewed its risk exposures and identified the possibility of fraud as a business risk; and
  - Completion of regular audits to promote assurances that they are effective in countering fraud, bribery and corruption.

## **Human Resources**

20 A Human Resources officer will be nominated to support the Director of Finance in setting up and managing investigations into all allegations of fraud to ensure that the investigation satisfies the requirements of the Discipline Policy and Procedure. The investigation conducted under the Fraud Response Plan will also be the investigation under the Discipline Procedure.

## **NIFRS Staff**

21 NIFRS 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;
- 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;
- Being alert to the possibility that unusual events or transactions could be indicators of fraud and alerting management where they believe the opportunity for fraud exists – Appendix A provides examples of fraud indicators. In addition, Appendix B provides examples of good management practice;
- Reporting known or suspected frauds;
- Assisting in the investigation of suspected fraud; and
- Liaising with PSNI, where required to do so.

22 All staff are advised to consider their personal and business activities and whether these may be considered to conflict with their duty to the Service. Any potential conflict of interest should be reported to the Director of Planning and Corporate Affairs for inclusion in the Register of Interests.

## **AVENUES FOR REPORTING**

- 23 NIFRS has available a number of avenues by which staff can raise suspicions of fraud. These are detailed in the NIFRS 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 or the Director of Finance. Staff can also raise their concerns in confidence and anonymously using the Whistle Blowing helpline detailed in the NIFRS Whistle Blowing Policy.

## **FRAUD RESPONSE PLAN**

- 24 NIFRS has established guidelines on how NIFRS staff and others should report suspicions or allegations of fraud and how NIFRS will handle them. This plan forms part of the NIFRS Fraud Response Plan.

## **CONCLUSION**

- 25 Whilst the individual circumstances surrounding each fraud will vary, NIFRS 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.

### NIFRS ANTI-BRIBERY & CORRUPTION POLICY STATEMENT

NIFRS will not tolerate any form of bribery and corruption. Specifically:

- NIFRS and its staff will abide by the principle of 'integrity in corporate conduct' and will not engage in bribery or any form of unethical inducement or payment including facilitation payments and 'kickbacks.'
- All employees are required to avoid any activities that might lead to, or suggest, a conflict of interest with the business of NIFRS.
- Employees must declare and keep a record of hospitality or gifts accepted or offered, which will be subject to managerial review.
- NIFRS must uphold laws relevant to countering bribery and corruption particularly laws that are directly relevant to specific business practices.

It is NIFRS' policy that no company officer, employee, agent or partner may offer payments (or anything else of value) to a government or other official to make that official act in a manner that will assist NIFRS in obtaining or retaining business or securing any improper business advantage.

Every NIFRS officer, employee and agent is obligated to keep books, records and accounts that accurately and fairly reflect all NIFRS transactions and the use of NIFRS assets.

NIFRS takes bribery and corruption very seriously, and any employee found to be violating this policy may, after investigation under the Fraud Policy, be subject to disciplinary action (under the NIFRS Discipline Policy) which may include termination.

## Appendix B

### EXAMPLES OF COMMON METHODS AND TYPES OF FRAUD

DHSSPS Circular HSS(F) 63/2005 (<http://www.dhsspsni.gov.uk/hssf63-05.pdf>)

- Payment for work not performed
- Forged endorsements
- Altering amounts and details on documents
- Collusive bidding
- Overcharging
- Writing off recoverable assets or debts
- Unauthorised transactions
- Selling information
- Altering stock records
- Altering sales records
- 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
- Cash stolen
- Supplies not recorded at all
- False official identification used
- Damaging or destroying documentation
- Using copies of records and receipts
- Using imaging and desktop publishing technology to produce apparent original invoices
- Charging incorrect amounts with amounts stolen
- Delayed terminations from payroll
- Bribes
- Over claiming expenses
- Skimming odd pence and rounding
- Running a private business with official assets
- Using facsimile signatures

- False compensation and insurance claims
- Stealing of discounts
- Selling waste and scrap

### **EXAMPLES OF GOOD MANAGEMENT PRACTICES WHICH MAY ASSIST IN COMBATING FRAUD**

(Source: NIAO – Anti Fraud Policy -

[http://www.niauditoffice.gov.uk/anti\\_fraud\\_policy\\_2013.pdf](http://www.niauditoffice.gov.uk/anti_fraud_policy_2013.pdf))

- 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 internal audit presence.
- Management encourages sound working practices.
- All assets are properly recorded and provision is made known or 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.
- Creation of a climate to promote ethical behaviour.
- Act immediately on internal/external auditor's report to rectify control weaknesses.
- Review, where possible, the financial risks of employees.
- 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 reference and prosecuted.
- Query mutilation of cheque book stubs or cancelled cheques.
- Store cheque stubs in numerical order.
- Undertake test checks and institute confirmation procedures.
- Develop well defined procedures for reporting 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.