

CCEA Counter-fraud Policy

1 Introduction

- 1.1 CCEA has zero tolerance in respect of fraud committed by any member of staff.

This policy is designed to make explicit what constitutes fraud and to set out the arrangements that CCEA has in place to manage suspected fraud. The objective of this Counter Fraud Policy is to create a working environment in CCEA that encourages all staff to be alert to the possibility of fraud and to know how to deal with it if it is suspected. A breach of this policy will be treated as a disciplinary offence.

- 1.2 The Acting Chief Executive CCEA is the Accounting Officer. In this role he is personally responsible for ensuring the highest standards of financial management and for promoting proper conduct and ensuring financial propriety and regularity throughout all of CCEA's business.
- 1.3 In his role as Accounting Officer the Acting Chief Executive is required to sign off the Annual Report and Accounts each year. A key element of the Annual Reports and Accounts is the Statement of Internal Control. In signing off the Statement of Internal Control, the Acting Chief Executive provides a personal assurance to all of the customers and stakeholders of CCEA that there is a system of internal financial and managerial control which is based on a framework of regular management information, financial regulations, administrative procedures including segregation of duties, and a system of delegation and accountability. CCEA's risk management framework will be used to manage CCEA's exposure to fraud.

2 CCEA Ethical Standards

- 2.1 The effectiveness of CCEA's system of internal control is the responsibility of everyone in CCEA and how each of us behaves is a key element in the effectiveness of the system. CCEA is required and is committed to applying the highest standards of corporate governance. Among other things this means maintaining high legal, ethical and moral standards as we go about our business every day. This includes following CCEA's rules without circumventing controls. The purpose of this section is describe the behaviours which demonstrate our commitment to the highest ethical standards. We all must comply with the ethical standards set out in this section.
- 2.2 We all must act honestly and with integrity to safeguard the public resources for which we are responsible. Each one of us is expected to exercise *integrity*, *objectivity* and *confidentiality* in our work. What this means is described below.

2.3 In respect of *integrity*, each of us is expected:

- to perform our work with honesty, diligence and responsibility;
- declare any potential conflict of interest, for example, when a relative is taking a CCEA examination;
- to observe the law and report wrongdoing;
- not to take part knowingly in any illegal activity, or in any acts that discredit CCEA.

2.4 In respect of *objectivity*, each of us is expected:

- not to participate in any activity or relationship that may affect or appear to affect our unbiased judgement;
- not to accept a reward or a gift that may influence or may appear to influence decisions we make.

2.5 In respect of *confidentiality*, each of us is expected:

- not to disclose confidential information about CCEA's work to anyone outside CCEA, for example, in respect of examinations and assessment information;
- not to use CCEA information for any personal gain or in any manner that would be contrary to the law or reflect badly on the organisation.

2.6 The ethical standards described above are expected to be manifest in the individual behaviours exhibited by CCEA staff. These ethical standards sit within the context of CCEA's corporate values (accessible to all staff on its intranet site).

3 Description of fraud

3.1 A major objective of CCEA's system of internal control is to ensure that there are effective arrangements in place to manage assets and to prevent, detect and deal with fraud or attempted, should it be identified. Fraud invariably takes place when there are poor management controls and failure to comply with the ethical standards described in Section 2.

3.2 The purpose of this section is to provide a working definition of what constitutes fraud.

- 3.3.1 There is no precise legal definition of fraud. The term is used to describe such acts as:

Theft

Dishonestly appropriating the property of another with the intention of permanently depriving them of it (Theft Act (Northern Ireland) 1969). This may include the removal or misuse of funds, assets or cash.

False Accounting

Dishonestly destroying, defacing, concealing or falsifying any account, record or document required for any accounting purpose, with a view to personal gain or gain for another, or with intent to cause loss to another or furnishing information which is or may be misleading, false or deceptive (Theft Act (Northern Ireland) 1969)

Bribery and Corruption

The offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions taken by the authority, its members or officers (Prevention of Corrupt Practices Act 1889 and 1916)

Deception

Obtaining property or pecuniary advantage by deception (Sections 15 and 16 of the Theft Act (Northern Ireland) 1969) and obtaining services or evading liability by deception (Sections 3 and 4 of the Theft Act (Northern Ireland) Order 1978)

Collusion

The term ‘collusion’ in the context of reporting fraud to the Treasury is used to cover any case in which someone incites, instigates, aids and abets, conspires or attempts to commit any of the crimes listed above.

Other acts that CCEA considers constitute fraud include: forgery; extortion; misappropriation; concealment of facts; embezzlement; and conspiracy. You should note that his list is not exhaustive.

- 3.4 For practical purposes, fraud may be defined as *the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.*

Fraud may be committed by a member of CCEA staff or fraud may be perpetrated by an outsider against the organisation. For example, tampering with examinations results might be carried out by a CCEA employee or by someone not employed by CCEA. Equally, financial impropriety might take place internally or be carried out by an external source.

Some indicators of fraud are provided in Appendix 1

4 Responsibilities of CCEA staff in implementing the counter-fraud policy

4.1 The purpose of this section is to set out the responsibilities of different people in CCEA.

4.2 The Acting Chief Executive, in his role as Accounting Officer, has personal overall responsibility for all aspects of general and financial management in CCEA and the corporate governance as described in Section 1. As such, he is accountable to all of CCEA's stakeholders, up to the NI Assembly (including the Education Committee and Public Accounts Committee) for preventing, detecting and dealing with fraud.

4.3 The Acting Chief Executive must therefore ensure that CCEA, as an organisation:

- develops and maintains effective controls to prevent fraud;
- has appropriate mechanisms for reporting suspicions of fraud;
- carries out vigorous and prompt investigations if fraud occurs or there is a suspicion of fraud;
- establishes systems for recording and subsequently monitoring any such investigations;
- takes appropriate legal and/or disciplinary action against those committing fraud;
- taking appropriate action where supervisory failures have contributed to fraud;
- complies with the requirements of Managing Public Money Northern Ireland in reporting fraud.

The Acting Chief Executive has delegated overall responsibility for managing the risk of fraud to the Director of Corporate Services.

4.4 The Director of Corporate Services, is responsible, therefore, for ensuring:

- the provision of any necessary awareness raising and/or training in respect of fraud;
- monitoring of activities where there are opportunities for fraud, for example, staff absence, applications for posts, overtime payments;
- there is in place an effective counter fraud policy, a whistle blowing policy and a fraud response plan and that these are reviewed at least yearly;

CCEA Counter-fraud policy

- mechanisms have been put in place to manage the risk of fraud and that these have been integrated with CCEA's risk management framework;
- CCEA's approach to managing fraud is considered and approved by its Audit and Risk Committee;
- vigorous and prompt investigations are carried out if fraud occurs or is suspected and that any necessary legal or disciplinary actions are taken against perpetrators of fraud;
- all necessary reporting takes place as required in Managing Public Money Northern Ireland.

4.5 The Business Assurance Manager will have responsibility for the following outworkings of the responsibilities of the Head of Corporate Services:

- providing awareness raising and training in respect of fraud;
- establishing and reviewing a counter fraud policy, a whistle blowing policy and a fraud response plan;
- integrating arrangements to manage the risk of fraud in CCEA's risk management framework;
- seeking approval from CCEA Audit and Risk Committee for its approach to managing the risk of fraud;
- keeping under review advice provided by DFP in respect of fraud control and investigations and implementing any necessary changes.

4.5 Business Managers are responsible for:

- identifying the risks (including fraud risks) to which their business activities are exposed;
- developing and maintaining effective controls to prevent and detect fraud;
- ensuring that there is compliance with controls.

4.6 Individual members of staff are responsible for:

- acting with propriety in the use of resources and in the handling and use of public funds, receipts or in dealing with contractors or suppliers;
- alerting their line manager where they believe that the opportunity for fraud exists because of poor controls/procedures;

CCEA Counter-fraud policy

- reporting details immediately to an appropriate source (see Section 5 below) if they suspect that a fraud has been committed or if they see any suspicious acts or events;
- co-operating with all and any investigations in respect of fraud carried out by CCEA or other relevant authorities.

4.7 Internal Audit is responsible for:

- delivering an opinion to the Accounting Officer on the adequacy of the arrangements for managing the risk of fraud and promotion of a counter fraud culture;
- assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of controls in place;
- ensuring that CCEA has reviewed its risk exposures and identified fraud as a business risk;
- assisting management in conducting fraud investigations.

5 Dealing with suspected fraud

5.1 The purpose of this section is to tell you what to do if you suspect fraud.

5.2 You are expected to report any suspicion of fraud.

5.3 You may be the first to realise or suspect that fraud is taking place. You should be alert to the possibility that unusual events or transactions may be symptoms of fraud or attempted fraud. You may notice fraud as a result of checks you carry out. You may have fraud, or suspicion of fraud, brought to your attention by someone else, inside or outside CCEA.

5.4 Usually, you should raise any concerns with your line manager. However, you may approach any manager, up to and including the Acting Chief Executive, if you have any concerns.

5.5 Sometimes sensitive issues can arise that prevent the reporting of concerns through management. In such exceptional circumstances, you can approach, in confidence, a nominated Council member. He is entrusted with the duty of investigating staff concerns about illegal, improper or unethical behaviour. The nominated Council member is Mr Jim Collins, 31 Waterloo Park, Antrim Road, BELFAST, BT15 5HU telephone number 90370136 e-mail: James.collins15@ntlworld.com

5.6 Sometimes there may be circumstances where you feel it necessary to raise concerns with an external body such as the Department of Education, The Commissioner of Complaints or the Equality Commission.

- 5.7 You are encouraged to put your name to any concern. Concerns raised anonymously are much less powerful and are more difficult to address.
- 5.8 CCEA will do its best to protect your identity when you raise a concern and do not want your name to be disclosed. However, the investigation process may reveal the source of the information. A statement by you may be required as part of the evidence.
- 5.9 It is possible you may not wish to express your concerns because you feel that speaking up would be disloyal to a colleague or to CCEA. You may fear harassment or victimisation. You may be worried that you have simply got things wrong. CCEA will take every action to protect you when you raise a concern in good faith. CCEA will not tolerate harassment or victimisation. If you have any concerns about working practices you can raise them and have these addressed without fear.
- 5.10 You should also note that legal protection under the Public Interest Disclosure Order is afforded to individuals who believe it is necessary to raise issues of public interest. A public interest arises when an employee has a reasonable belief that one of the following has been, is being or is likely to occur:
- a criminal offence;
 - failure to comply with any legal obligation to which he or she is subject;
 - miscarriage of justice;
 - the endangerment of the health and safety of any person;
 - damage to the environment; and
 - concealment of information relating to any of the above.
- 5.11 Further advice on how to report fraud is contained in CCEA's Whistle-Blowing Policy which is accessible through CCEA's Intranet. In addition, Appendix 2 at the end of this document gives some simple guidance on what to do if you suspect fraud.

6 Investigating Suspected Fraud

- 6.1 Investigations of suspected fraud will have the following stages.
- Stage 1: Management investigation of suspected fraud
 - Stage 2: Fraud investigation
 - Stage 3: Reporting under requirements of Managing Public Money Northern Ireland and under criminal law
 - Stage 4: Disciplinary action and action under civil law.

Each of these stages is explained below.

7 Stage 1: Management investigation of suspected fraud

7.1 In general, when suspicions are aroused, CCEA will undertake an initial management investigation to ascertain the facts. Any initial investigation will be undertaken as promptly as possible and will be carried out by a Fraud Investigation Oversight Group (FIOG). (See Fraud Response Plan for more information about this group.) The purpose of this initial investigation will be to confirm or repudiate the suspicions that have arisen. This will be done in order to decide whether a further, more comprehensive investigation should be instigated. The factors that gave rise to the suspicion will be determined and examined. This preliminary investigation may involve discreet enquiries with staff or the review of documents. This will take place where there are suspicions of fraud. Should the suspicion be unfounded the matter will be closed.

8 Stage 2: Fraud Investigation

- 8.1 If initial examination confirms the suspicion that a fraud has taken place, a Fraud Investigation Team (FIT) will be set up and a fraud investigation will take place.
- 8.2 The investigation may be carried out internally, internally with the assistance of outside parties or externally. The FIT will contain at least one fully trained and experienced investigator with a working knowledge of interviewing suspects and collecting evidence within the provisions of the Police and Criminal Evidence (Northern Ireland) Order 1989.
- 8.3 All aspects of the suspected fraudster's work will be investigated, not just the area where the fraud has been discovered.
- 8.4 The investigation will cover the period the member of staff was responsible for the processes under investigation and consideration will be given to investigating earlier periods of employment.
- 8.5 Potential evidence, including computer files, will be retained and not disposed of per the normal routine procedures for disposal.
- 8.6 The Fraud Response Plan will be implemented. This will include:
- establishment of a Fraud Investigation Team;
 - determining the remit of the investigation;
 - setting timescales for the investigation;
 - agreeing reporting arrangements;
 - involving of external agencies, if considered appropriate.
- 8.7 The FIT will take steps to ensure that all original documentation is preserved in a safe place for further investigation and as evidence in the event of subsequent disciplinary action or prosecution.

CCEA Counter-fraud policy

- 8.8 Control weakness discovered in procedures during the investigation will be strengthened immediately.
- 8.9 Fraud investigations will follow the procedure set out in the CCEA Fraud Response Plan. Any interviews with CCEA staff will be conducted in accordance with the ISO 9001 Investigative Interview Procedure.
- 9 **Stage 3: Reporting under requirements of Managing Public Money Northern Ireland and under criminal law**
- 9.1 If there is evidence of fraud or attempted fraud the Acting Chief Executive must, in accordance with Managing Public Money Northern Ireland, inform the Department of Education, the Internal Audit Development Unit (IADU) of the Department of Finance and Personnel and the Comptroller and Auditor General (C&AG). Any of these stakeholders may initiate their own fraud investigation.
- 9.2 In general, CCEA policy will be to take advice from appropriate parties on suspected and/or proven frauds as early as possible. CCEA will co-operate fully with any PSNI enquiries, which may result in prosecution of the offender(s).
10. **Stage 4: Disciplinary investigation and action under civil law**
- 10.1 How we behave is fundamental to the success of CCEA. If there is evidence of fraud or attempted fraud being carried out by a member of CCEA staff, the disciplinary procedure may be implemented. CCEA will also consider civil proceedings against the perpetrator(s), as appropriate.
- 11 **Communication of this policy**
- 11.1 CCEA will ensure that all staff (temporary, full-time, permanent and part-time) have access through its Intranet to a copy of this policy.
- 11.2 CCEA will issue this policy as part of the contract documents is issued to all new employees.

CCEA will ensure that appropriate training in support of the effective implementation of this policy is provided, including but not necessarily restricted to CCEA's cultural induction programme.

Appendix 1: Behavioural indicators of fraud

- Staff under stress without a high workload
- First to arrive in the morning; last to leave at night
- Egotistical (scornful of system controls)
- Disgruntled at work, a complainer
- Reluctance to take holidays
- Dominant line management
- New staff resigning quickly
- Refusal of promotion
- Lifestyle not commensurate with salary
- Sudden change of lifestyle
- Unusual, irrational or inconsistent behaviour
- Regular overtime
- Cosy relationship with suppliers
- Suppliers/contractors insisting on dealing with one member of staff

Appendix 2: summary guidance to staff on what to do if you suspect fraud

- **Do something!**
- **Do** tell your line manager if you believe there is the opportunity for fraud
- **Do** make an immediate note of your concerns
- **Do** convey your suspicions to someone with appropriate experience and authority
- **Do** deal with the matter promptly
- **Do** co-operate fully with all investigations
- Do not be afraid of raising your concerns
- Do not accuse any individual directly
- Do not try and investigate the matter yourself
- Do not tell anyone about your suspicions other than those with the proper authority