Fraud Policy

LOCAL POLICY

Scope of Policy:	All Staff
Policy Owner:	Head of Finance
Date of Initial Approval:	15/08/2022
Approved By:	Strategic Leadership Team
Status:	Current
Most Recent Publication Date:	08/05/2026
Equality Screening Date:	11/05/2022
Policy Review Date:	27/05/2027

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Policy Compliance details: -

Compliance with Equality Legislation.

PLEASE NOTE: Policies must be equality screened before being submitted to SLT and Trade Unions:

Equality Screening Date:	11/05/2022
Equality Screening Outcome:	Screened Out
Sector or Local Screening:	Local Screening
Consultation Date (if applicable):	Not Applicable
Equality Impact Assessment (EQIA) Date (if applicable):	Not Applicable
EQIA Key Outcomes:	Not Applicable

Document History

Version Number	Author	Amendments/Updates	Date
1.0	L Allen	Updating and disaggregating from Financial Management Policy as per DfE advice. Some minor changes to wording. Paragraph 4.7 added.	May 2022
2.0	L Allen	No changes required.	May 2023
3.0	Corporate Development	Corporate Development and Finance Office contact details updated.	July 2024
3.1	L Allen	References to Management Statement and Financial Memorandum amended to Partnership Agreement	August 2024
3.1	L Allen	Policy review with no changes required	June 2025
3.2	L Allen	Policy updated at Paragraph 4.1 to reflect recent legislative requirements around the Economic Crime and Transparency Act 2023	May 2026

Document History Table

This document has been distributed as follows:-

Distribution

Name	Date (where applicable)
Trade Union	17 May 2022
Executive Leadership Team	08/08/2022
Strategic Leadership Team	16 August 2022
Audit and Risk Committee	20 September 2022
Governing Body	N/A
Published on Intranet / website by Corporate Development	18 August 2022; June 2023; August 2024; July 2025, May 2026
Communicated to staff via Policy Portal	1 September 2022 June 2023, August 2024, August 2025

Policy distribution and approval details

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1 Policy Aim

The Partnership Agreement (partnership) between the Department for Economy (DfE) and Belfast Metropolitan College (the College) sets out the terms and conditions on which public funds are made available to the College. The partnership sets out the broad framework that helps ensure that the funds made available for further education are used effectively and efficiently and only for the purpose for which they have been allocated. This Fraud Policy forms part of this overall system of accountability.

2 Policy Objectives

There is a continuing need to raise staff awareness of their responsibility to safeguard public resources against the risk of fraud. The objective of this policy, therefore, is to detail the relevant roles and responsibilities regarding the prevention, detection and response to fraud.

3 Scope of Policy

Compliance with the Fraud Policy is compulsory for all Governing Body members, staff and any third parties connected with the College.
This policy applies to all funds under the stewardship of the College.

4 Introduction

The College requires all staff at all times to act honestly and with integrity, and to safeguard the public resources for which they are responsible. Fraud and corruption is a threat to these resources and must therefore be the concern of all staff.

The College takes a **zero-tolerance** approach to fraud. Cases will be thoroughly investigated, reported to the police as necessary, and appropriate action will be taken to recover monies lost as a result of fraud perpetrated against the College.

The principles of this policy are based on the December 2011 DoF publication “Managing the Risk of Fraud (NI) A Guide for Managers” and the good practice guidance "Managing Fraud Risk in a changing environment" issued by the NIAO in November 2015 and the requirements of Managing Public Money Northern Ireland (MPMNI).
The procedures to be followed in the event of a fraud being detected or suspected are detailed in the College Fraud Response Plan.

Where there is a suspicion or allegation of fraud, the procedure to be followed is set out in the Fraud Response Plan. The College shall report immediately to the DfE Fraud and Raising Concerns Branch all frauds (proven or suspected), including attempted fraud. The Department shall then report the frauds immediately to the DoF and the Comptroller & Auditor General (C&AG). In addition, the College shall forward to the Department the annual fraud return, on fraud and theft suffered by the College.

4.1 Economic Crime and Transparency Act 2023

The Economic Crime and Corporate Transparency Act 2023 (ECCTA) introduced significant reforms to the UK framework for tackling economic crime and enhancing corporate transparency.

In particular, the Act introduces a new corporate criminal offence of *failure to prevent fraud*, which came into force on 1 September 2025. Under this offence, an organisation may be held criminally liable where an associated person commits a fraud offence intending to benefit the organisation, and the organisation did not have reasonable fraud prevention procedures in place.

The College recognises its obligations under ECCTA and is committed to maintaining proportionate, risk-based fraud prevention measures designed to prevent, detect and respond to fraud and economic crime.

4.2 Definition of Fraud

Fraud - The Fraud Act 2006 came into effect in January 2007 providing a legal definition of fraud. The Act states that fraud can be committed in three ways:

- False representation
- Failure to disclose information where there is a legal duty to disclose
- Abuse of position

The Act also creates three new offences to assist in the fight against fraud. These include obtaining services dishonestly; of possessing, making and supplying articles for use in frauds; and fraudulent trading.

The Act further requires that the person committing the fraud must do so with the intention of making a gain or causing loss or risk of loss to another. The key factor to consider is the intention of the individual concerned, not whether a gain or loss has actually taken place.

Fraud can also be defined in a wider sense within the College environment to include acts of wrongdoing that may not be prosecuted under the Fraud Act 2006, but may be subject to internal investigation. This may include but may not be limited to:

- Misrepresentation of financial or non-financial data for non-statutory reporting purposes
- Data theft
- Misappropriation of supplies or other College assets
- Bribery and corruption
- Deception and collusion

Computer fraud is defined by the Computer Misuse Act 1990. Such fraud arises where information technology equipment has been used to manipulate software or data dishonestly, e.g. by altering, substituting or destroying records or creating spurious records, or where the use of an IT system is a material factor in the perpetration of fraud. Theft or fraudulent use of computer time and resources is included in this definition.

Fraud can be perpetrated by persons outside as well as inside the organisation.

Categories of fraud that may be relevant to Belfast Metropolitan College include but are not limited to:

- Misappropriation of cash
- Expenses claim fraud
- Purchasing and payment system fraud
- False salary claims (contracts or additional hours and adjustments)
- Theft of equipment or consumables
- False accounting
- Suppression or concealment or exploitation of documents or records
- Abuse of flexitime system or unauthorised absence
- Misuse of computer/IT facilities

Corruption - A definition of corruption is the "offering, giving, soliciting or acceptance of any inducement or reward which may influence the actions taken by an organisational member of officer".

Corruption is further defined in the Bribery Act 2010 as relating to any or every person who by him/herself, or in conjunction with any other person, corruptly solicit, receive or agree to receive, for themselves or any other person, any gift, loan, fee, reward or advantage, whatsoever as an inducement to, or reward for, or otherwise on account of any member, officer or steward of a public body. This type of illegal activity may take the form of bribery, extortion, embezzlement, theft or other abuse of power to gain unfair or illegal advantage.

Types of corruption include, but are not limited to, abuse in the following areas:

- Influence of examination results
- Tendering and award of contracts
- Settlement of contractors' finance accounts/claims
- Appointment and reward of consultants
- Pecuniary interest of members and officers
- Secondary employment of staff
- Hospitality
- Disposal of assets

4.3 Fraud Risk Assessments

To help prevent fraud, it is important that the College has a clear understanding of the fraud risks it faces and how they are being dealt with. CIPFA's Code of Practice[1] states:

[1] Code of Practice on Managing the Risk of Fraud and Corruption, CIPFA, December 2014

‘*Fraud risk identification is essential to understand specific exposures to risk, changing patterns in fraud and corruption threats and potential consequences to the organisation and its service users’*.

The key to managing the risk of fraud is the same in principle as managing any other business risk and should be approached systematically at both the organisational and operational level.

The key advantage of a Fraud Risk Assessment is that it improves an organisation’s focus on its processes and controls with a view to minimising:

- The risk of loss through fraud;
- The opportunities for fraud; and
- The risk of reputational damage.

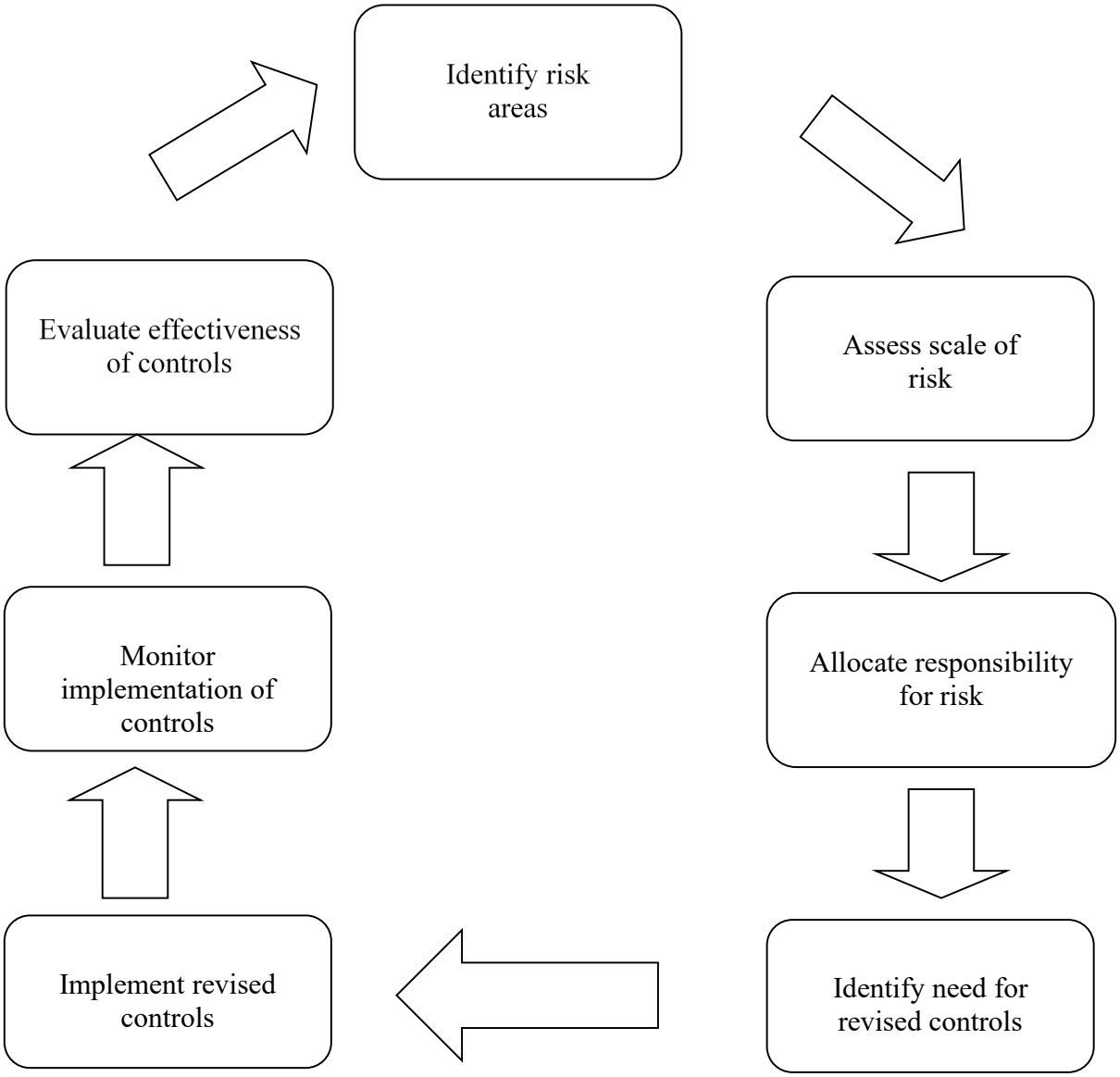
The assessment of fraud risk should be part of a continuous cycle rather than a one-off event: as systems and the environment change, so do the risks to which the colleges will be exposed. **Figure 1** below sets out the key stages of a risk management cycle.

Fraud risk assessments to be reviewed every 2 year(s) or when there is organisational change, to ensure that any new fraud risks are identified and addressed.

The Audit and Risk Committee should be involved in reviewing and challenging the corporate fraud risk assessment and control environment and reporting on this to the Governing Body for its consideration. Governing Body oversight at times of significant change is particularly important.

Corporate fraud risks that apply across the sector will be highlighted by Northern Ireland Finance Officers Network (NIFON) to ensure consistency. NIFON will share Corporate Risk Registers (including Fraud Risks) annually for review.

Figure 1: RISK ASSESSMENT CYCLE



4.4 Responsibilities

Fraud is an ever-present threat, and the consistent application of management controls is the most effective way of mitigating against fraud. It follows, therefore, that the primary responsibility for prevention and detection lies with management. In particular, management is charged with identifying risks at an early stage and developing effective countermeasures or "fraud proofing" policies, programmes and systems. The College is committed to reducing the opportunity for fraud or corruption to the lowest level of risk.

Dear Accounting Officer letter, DAO (DoF) 04/18 – Fraud Proofing Guidance provides further guidance.

Accounting officer

The Principal and Chief Executive as Accounting Officer is responsible for establishing and maintaining a sound system of internal control that supports the achievement of organisational policies, aims and objectives. The system of internal control is designed to respond to and manage the whole range of risks that an organisation faces. The system of internal control is based on an on-going process designed to identify the principle risks, to evaluate the nature and extent of those risks and to manage them effectively. The Orange Book: Management of Risk – Principles and Concepts contains guidance on identifying, assessing and addressing risks.

Managing fraud risk will be seen in the context of the management of this wider range of risks.

The Accounting Officer responsibilities include:

- Developing a fraud risk profile and undertaking a regular review of the 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 and Corruption Response Plan, commensurate to the level of fraud risk identified in the fraud risk profile;
- Developing appropriate fraud targets;
- Designing an effective control environment to prevent fraud commensurate with the fraud risk profile;
- Establishing appropriate mechanisms for reporting fraud risk issues; reporting to DfE and the C&AG in accordance with MPM (NI) Annex 4.7; and coordinating assurances about the effectiveness of anti-fraud policies.
- Liaising with the Audit and Risk Assurance Committee;
- Making sure that all staff are aware of the organisation's anti-fraud policy and know what their responsibilities are in relation to combating fraud;
- Developing skill and experience competency frameworks;
- Ensuring that appropriate anti-fraud training and development opportunities are available to appropriate staff in order to meet the defined competency levels;
- Ensuring that vigorous and prompt investigations are carried out if fraud occurs or is suspected;
- 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 fraud;

- Taking appropriate disciplinary action against staff who fail to report their suspicions of fraud;
- Taking appropriate action to recover assets; and
- Ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future.

Although the Principal and Chief Executive bears overall responsibility, all College managers should be familiar with the risk of fraud or corruption within their areas of responsibility and for ensuring that an adequate system of internal control exists and is operating effectively.

College managers

College managers at all levels are responsible for managing the risk of fraud. This includes:

- Assessing the types of risk (including fraud risk) involved in the operations for which they are responsible;
- Ensuring that an adequate system of internal control exists within their areas of responsibility;
- Ensuring that controls are being complied with and their systems continue to operate effectively;
- Reviewing and testing the control systems for which they are responsible regularly;
- Implementing new controls to reduce the risk of similar fraud occurring where frauds have taken place; and
- Ensuring compliance with anti-fraud policies and the Fraud and Corruption Response Plan.

Individual staff

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". They are: selflessness, integrity, objectivity, accountability, openness, honesty and leadership; Appendix 1 provides further information on these principles.
- Being alert to the possibility that unusual events or transactions could be indicators of fraud;
- Reporting details immediately through the appropriate channels if they suspect that a fraud has been committed;
- Cooperating fully with whoever is conducting internal checks or reviews or fraud investigations; and
- Assisting management in conducting fraud investigations.

4.5 Internal Audit

Internal Audit is responsible for the provision of an independent and objective opinion to the Accounting Officer on risk management, control and governance. The adequacy of arrangements for managing the risk of fraud and ensuring the College promotes an anti-fraud culture is a fundamental element in arriving at an overall opinion.

Internal Audit has no responsibility for the prevention or detection of fraud. However, internal auditors are alert in all their work to risks and exposures that could allow fraud. Individual audit assignments, therefore, are planned and prioritised to assist in deterring and preventing fraud by examining and evaluating the effectiveness of control commensurate with the extent of the potential exposure/risk.

Internal Audit is available to offer advice and assistance on risk management/internal control issues

4.6 External Audit

The role of the external auditor (the NI Audit Office) is to determine if the financial statements represent a "true and fair view" and that funds reported have been "applied to the purposes intended by the NI Assembly". In doing so the NIAO will obtain reasonable assurance that the financial statements taken as a whole are free from material misstatements, whether caused by fraud or error. If the auditor identifies a fraud or obtains information that indicates a fraud may exist, the auditors will communicate these matters to the appropriate level of management. It is for management to investigate such cases.

It is not however the responsibility of external audit, or indeed internal audit, to prevent or detect cases of fraud. This is primarily a management responsibility.

4.7 Public Sector Fraud

Changes within an organisation or the introduction of a new work practice or policy can trigger certain people into committing fraud or corruption. Internal fraud is a real risk in the NI public sector. Some of the causes of concern that are particularly relevant to the NI public sector are:

- Changing organisational culture
- Changing organisational structures
- Poor staff morale
- Lack of fraud or corruption consciousness in management

Key fraud risks are:

- Employment application fraud
- Theft

- False claims
- Misuse of official assets
- Manipulation of systems/ processes
- Corruption
- Data / IT related fraud

There should be regular fraud awareness training for all staff (Both at induction and on an ongoing basis). Conflicts of interest must be declared (e.g. risk of supervisor authorising a claim from a spouse/partner/relative). For guidance, see NIAO - Conflicts of Interest: A Good Practice guide, 2015.

4.8 DfE Fraud & Raising Concerns Branch

The Fraud and Raising Concerns Branch is responsible for:

- co-ordinating case referrals as notified on the appropriate notification form (see Annex 1 of Fraud and Corruption Response Plan) and maintaining records in respect of fraud cases
- notifying DoF and the C&AG of all suspected or actual frauds, in line with the requirements of MPMNI
- the provision of advice and guidance in relation to allegations and suspicions of fraud
- requesting quarterly updates from the College on ongoing cases
- reporting quarterly to the DfE Audit & Risk Assurance Committee

4.9 Investigation and College Action

There will be consistent handling of all suspected fraud cases, without regard to position held or length of service in line with the College Fraud and Corruption Response Plan.

The Fraud and Corruption Response Plan covers the following areas:

- Who to report to
- How to conduct preliminary enquiries
- How to prevent further loss
- How to secure evidence
- Who must be notified
- How to initiate recovery action

It is the responsibility of all staff to familiarise themselves with the guidance contained within the Fraud and Corruption Response Plan.

Investigators should have free access to all staff, premises and records in both electronic format and hard copy physical documents.

After full investigation, the College will take legal and/or disciplinary action as appropriate. Where supervisory negligence is found to be a contributory factor, disciplinary action may also be initiated against those managers/supervisors responsible.

It is College policy that in all significant cases of fraud, whether perpetrated by a member of staff, by external organisations or other persons, the case will be referred to the Fraud Unit of PSNI immediately.

Losses resulting from fraud should be quantified and repayment of losses will be sought in all cases. Losses shall be recorded and reported in accordance with the Partnership Agreement.

4.10 Public Interest Disclosure (NI) Order 1998

The Public Interest Disclosure (Northern Ireland) Order 1998 is designed to encourage employees to disclose information about alleged wrongdoing in defined circumstances. The Order protects "whistle-blowers" that make responsible disclosures from dismissal and victimisation. The College's Whistleblowing Policy sets out the procedures and protections that will apply to staff making such disclosures.

Any member of staff or person who makes a report of fraud can be assured of confidentiality in accordance with the Whistleblowing Policy. This means that the person reporting the fraud may ask the College to protect their identity and it will not, therefore, be disclosed without consent. The College may not, therefore, be able to investigate in full reports that are made anonymously.

4.11 National Fraud Initiative

The National Fraud Initiative (NFI) is an effective data matching exercise. It compares information held by different organisations and within different parts of an organisation to identify potentially fraudulent claims and overpayments. The Comptroller and Auditor General for Northern Ireland can undertake data matching exercises, requesting data from a range of public bodies, for the purposes of assisting in the prevention and detection of fraud.

The College participates in the NFI exercise-providing payroll and trade creditor data sets to successfully identify cases of suspected fraud and overpayment. Continued participation in the NFI represents a key strand of the College's anti-fraud policy.

5 Policy Breach

Breach of any aspect of this policy will result in an investigation. If any user is found to have breached any aspect of this policy or procedures after investigation, they will be dealt with in accordance with the College's relevant disciplinary policy. This form of action may lead to-

- termination of employment for employees;
- termination of a contract in the case of service providers, consultants or temporary staff; and
- expulsion in the case of a student.

6 Related Policies and Reference Policies

This policy should be read in conjunction with the following:

- Partnership Agreement between the Department for the Economy and the Further Education Colleges (Executive NDPBs)
- Fraud and Corruption Response Plan
- Staff/Student Disciplinary Policies
- Financial Management Policy (section on Anti Money Laundering)
- Equal Opportunities Policies – Staff/Student
- Staff/Student Code of Conduct

In addition:-

- DoF - Managing Public Money NI (MPMNI)
- DoF - Managing the Risk of Fraud (NI) A Guide for Managers December 2011
- NIAO - Managing Fraud Risk in a Changing Environment: A Good Practice Guide November 2015
- NIAO - Conflicts of Interest: A Good Practice guide 2015
- DAO (DoF) 04/18 - Fraud Proofing Guidance
- NIAO – Procurement Fraud Risk Guide November 2020
- NIAO - Internal Fraud Risks Guide February 2022
- Nolan Principles of Standards in Public life (summarised in Appendix 1)

APPENDIX 1

THE SEVEN PRINCIPLES OF PUBLIC LIFE "NOLAN PRINCIPLES"

Selflessness	Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or their friends.
Integrity	Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.
Objectivity	In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
Accountability	Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
Openness	Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information when the wider public interest clearly demands.
Honesty	Holders of public office have a duty to declare any private interests in relation to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
Leadership	Holders of public office should promote and support these principles by leadership and example.