Department of
Health
An Roinn Sláinte
Männystrie O Poustie
www.health-ni.gov.uk

Updated Fraud Reporting Arrangements for HSC Bodies and NIFRS	Circular Reference: **HSC(F) 37-2017** Date of Issue: **17 November 2017**
For Action by: Chief Executives Directors of Finance Directors of Human Resources Directors of Social Care/Safeguarding Leads **Summary of Contents:** This circular reminds HSC bodies of the mandatory requirements for reporting allegations of suspected or actual fraud to Counter Fraud and Probity Services, BSO. This includes allegations of suspected financial abuse against persons receiving services, including residential or other accommodation, provided or secured by an HSC body. **Enquiries**: Any enquiries about the contents of this Circular should be addressed to: [redacted] Counter Fraud and Probity Services Business Support Organisation 2 Franklin Street Belfast BT2 8DQ [redacted]	**Related documents:** **HSC(F) 54-2015** Counter Fraud Responsibilities of All HSC and NIFRS Employees **HSC(F) 57-2015** Managing the Risk of Fraud **HSC(F) 56-2016** DAO (DoF) 09/16: Good Practice Procedures in Fraud Investigation **Superseded Documents:** HSS(F)38/05 HSC (F) 44/2011 **Implementation:** Immediate

Updated Fraud Reporting Arrangements for HSC Bodies and NIFRS

CONTENTS

1. Introduction

One of the basic principles of public sector organisations is to ensure the proper use of public funds. It is essential therefore that all staff that work in the public sector are aware of the risk of fraud, of what constitutes a fraud and the procedures for reporting fraud to Counter Fraud & Probity Services (CFPS).

All HSC organisations are required to have procedures in place including Standing Orders, Standing Financial Instructions, Codes of Conduct and Accountability, documented financial policies and procedures and a system of internal control which promote an anti-fraud culture and reduce the likelihood of fraud occurring. Integral to this process is a robust system of fraud reporting, so that all cases (suspected or actual), are fully and promptly notified and appropriate action taken without delay.

2. Background

The purpose of this circular is to remind all HSC organisations and NIFRS of the mandatory requirement to report all cases of suspected or actual fraud against the HSC and NIFRS to CFPS. Cases involving a suspicion of financial abuse against persons receiving services, including residential or other accommodation, provided or secured by an HSC body must also be reported. The Circular includes examples of incidences that should be reported, thus seeking to prevent any ambiguity as to what constitutes a fraud.

CFPS, on behalf of DoH, maintain a database of all reported cases and undertake a monitoring function to develop and analyse emerging trends in fraudulent activity and share lessons learned, to encourage good practice across the HSC and NIFRS.

The content of this circular does not remove the responsibilities or other action to be taken when a suspected fraud is identified, as set out in your organisation's Fraud Response Plan. It is simply clarifying the requirement to report to CFPS on a timely basis, any allegation of fraud/financial abuse for which there is no plausible explanation.

This Circular should be cascaded to all staff to make them aware of the mandatory requirement on HSC organisations and NIFRS to report all cases of suspected/actual fraud/financial abuse.

3. Definition of Fraud

The term “Fraud” is usually used to describe depriving someone of something by deceit, which might take the form of a straightforward theft, misuse of funds or other resources, or a more complicated crime, such as false accounting or the supply of false information.

The Fraud Act 2006 came into effect on 15 January 2007. The Act gives a statutory definition of the criminal offence of fraud, defining it in three classes – fraud by false representation, fraud by failing to disclose information and fraud by abuse of position.

The following classifications should be used to determine what should be reported under the auspices of fraud, whether actual or suspected.

- Fraud by false representation

  This is defined in the Act as a case where a person makes “any representation as to fact or law…express or implied” which they know to be untrue or misleading.

- Fraud by failing to disclose information

  This is defined by Section 3 of the Act as a case where a person fails to disclose any information to a third party when they are under a legal duty to do so.

- Fraud by abuse of position

  This is defined in Section 4 of the Act as a case where a person occupies a position where they are expected to safeguard the financial interests of another person and dishonestly abuses that position. This includes cases where the abuse consists of an omission rather than an overt act.

- Theft

  Dishonestly appropriating the property of another with the intention of permanently depriving them of it (Theft Act (Northern Ireland) 1969).

- 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

  The Bribery Act 2010, which came into effect in 2011, defines bribery as giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for having already done so (The Bribery Act 2010 – Quick start guide).

- Collusion

  The term “collusion” in the context of reporting fraud 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.

The criminal act is the attempt to deceive; attempted fraud is therefore treated as seriously as an accomplished fraud.

4. Definition of Financial Abuse

The DoH’s Adult Safeguarding Policy (2015) describes financial abuse as:

Actual or attempted theft, fraud or burglary. It is the misappropriation or misuse of money, property, benefits, material goods or other asset transactions which the person did not or could not consent to, or which were invalidated by intimidation, coercion or deception. This may include exploitation, embezzlement, withholding pension or benefits or pressure exerted around wills, property or inheritance.

It should be noted that only those cases of suspected/actual financial abuse committed by a care worker, directly or indirectly employed by the HSC, against an individual who is receiving a package of care secured by a HSC body, should be reported to CFPS.

5. Examples of Fraud/Financial Abuse

As fraud can be committed in an infinite number of ways, a list of the most common methods and types of fraud/financial abuse has been included at Appendix B as an aid to recognising the various types of fraud. **<u>The suspicion that any of these acts has taken place should be regarded as fraudulent and dealt with as such.</u>**

For the purposes of this Circular, Financial Abuse will be covered under the term ‘fraud’.

6. When to Report something as a Suspected/Actual Fraud

When an irregularity or suspicion is identified involving your organisation, you should discuss it with a senior officer (please refer to your Fraud Response Plan for details of the appropriate officer). In all cases, discreet enquiries should be made to determine whether or not there is a plausible explanation. If, however, suspicions appear well- founded, or there is no plausible explanation for the irregularity, then the matter should be reported immediately to the Director of Finance or Fraud Liaison Officer (FLO) within the organisation. **At this point the matter should be reported immediately to CFPS as a suspected/actual fraud.**

7. Updated Reporting Arrangements

When a decision has been made that the suspicions appear well-founded, or there is no obvious explanation for the irregularity, the nominated reporting officer (normally the FLO) should log a report of the suspected or actual fraud on the CFPS fraud reporting system (a user guide is attached as Appendix A). Once completed, the report should be submitted to the CFPS service desk. The system will then display an acknowledgement, with the report number and a summary of the information submitted. A confirmation e-mail will be sent from the system to the FLO/reporting officer.

Additional information can be added during the lifecycle of any reported case by the use of the ‘add note’ function contained within the portal.

Please note that the <u>reporting</u> of a fraud does not constitute the <u>referral</u> of a case for criminal investigation. However if, at the time of reporting, it is considered that an investigation is required, then such a request should be included in the ‘add note’ function. In cases where it is subsequently decided to request a criminal investigation this can also be done by the use of the ‘add note’ function.

It is essential that these procedures work effectively and consistently to ensure that all cases (suspected or actual) are fully and promptly notified and appropriate action taken without delay.

I cannot stress enough that the accuracy, timely reporting and monitoring of <u>all</u> fraud cases. This is crucial to ensure that the Director of finance can update the Departmental Audit Risk and Assurance Committee on a quarterly basis, with detailed information on all fraud cases and how promptly they are being reported and progressed.

8. Onward Notification of Fraud to Relevant Bodies

CFPS will report immediately to DoH, DoF and NIAO all suspected or actual frauds, arising within HSC and NIFRS, perpetrated by members of its own staff, members of the public or by contractors. The information collected is used to help us learn from the experiences of others and encourage good practice.

9. Annual Fraud Returns

The fraud reporting system has a reporting template that will automatically produce the information required for the annual HSC fraud return to the Department of Finance. It is therefore imperative that the appropriate Investigation Officers notify the FLO/reporting officer of the progress and developments throughout the lifecycle of all reported cases to ensure that CFPS is updated on a timely basis. This assists CFPS in producing the information required by Department of Finance on behalf of the organisation.

10. Summary

Counter Fraud & Probity Services is the responsible body to which all incidents of suspected or actual fraud within HSC organisations should be reported. These revised arrangements will ensure that frauds are monitored centrally on a regular basis and that trends can be analysed, which will allow lessons to be shared and help reduce the amount of monies lost to fraud to an absolute minimum.

11. Action Required

Please ensure that this Circular is brought to the attention of all staff within your organisation, particularly <u>line managers</u>, who need to be aware of their responsibilities in, not only minimising fraud, but also ensuring that <u>all</u> incidents of suspected or actual fraud is reported to the Fraud Liaison Officer (FLO) within your organisation, for onward reporting to CFPS .

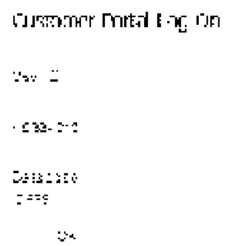
This guidance supersedes the revised reporting procedures circular HSC (F) 44/2011 issued on 28 September 2011.

Business Services Organisation

How To Log On

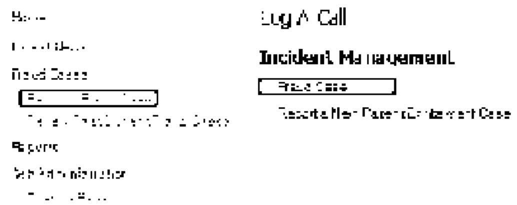
To access REFRAIN use the desktop shortcut or open your internet browser and go to: https://counterfraud.hscni.net/cfps/ServiceManager.aspx?LITE&DATABASE=CFPS

The Customer Portal Log On screen will open and you will be asked to enter your unique User ID and Password. When completed click OK.

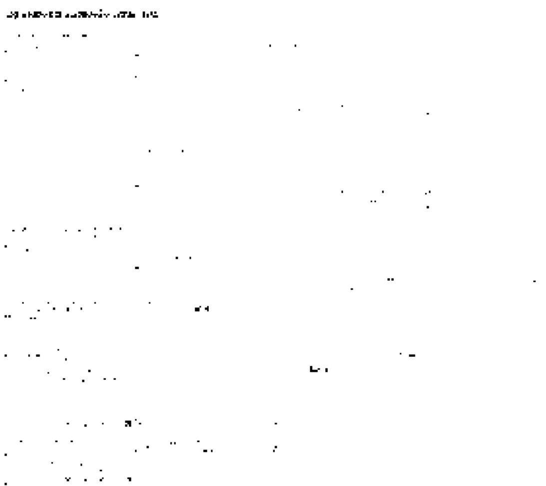


How To Log A New Call

To create a new Report, select Report a Fraud Case from the navigation panel on the Home screen and select Fraud Case from the Incident Management options.

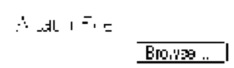


The Log a Report of Suspected or Actual Fraud screen will open and using the drop down boxes and text fields you should enter as much detail as possible.



Please note all fields marked * are mandatory.

If you have additional information in electronic form that you wish to associate with the Report please attach the appropriate files using the Attach File option.



Once you have completed the Report and attached any relevant documentation click Submit to forward the report to the CFPS Service Desk.

The system will display an acknowledgement with the Report Number and a summary of the information submitted. You will also receive an email from the system confirming receipt of the case.

Appendix B

Common Methods and Types of Fraud/Financial Abuse

- Payment for work not performed
- Forged endorsements
- Altering amounts and details on documents
- Collusive bidding
- Overcharging
- Writing off recoverable assets or debts
- Unauthorised transactions
- 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
- Charging incorrect amounts
- Transferring amounts between accounts frequently

- Delayed terminations from payroll
- Bribes
- Overclaiming expenses
- Running a private business with official assets
- Using scanned signatures
- Selling waste and scrap
- False insurance claims
- Abuse of Direct Payments Scheme
- Care workers not working contracted hours
- Deprivation of Assets
- Inappropriate additional charges added to packages of care
- Unpermitted use of money or property belonging to an adult at risk

Appendix C

LIST OF BODIES TO WHICH THIS CIRCULAR APPLIES

HSCB
All HSC Trusts
NIAS
PHA
PCC
BSO
RQIA
NIPEC
NIGALA
NISCC
NIMDTA
NIBTS
NIFRS