



Fraud Prevention Policy and Fraud and Bribery Response Plan

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1. INTRODUCTION

Northern Ireland Water Limited and its subsidiaries (collectively known as 'NI Water') require employees to act honestly and with integrity and to safeguard public resources. Fraud is an ever-present threat to these resources. NI Water has a zero tolerance of fraud and will not accept any level of fraud. All cases of suspected fraud will be thoroughly investigated.

This fraud prevention policy explains NI Water's responsibilities in relation to the prevention and detection of fraud. A Fraud and Bribery Response Plan at **Annex 1** sets out the procedures to be followed when a fraud is detected or suspected.

This policy focuses on fraud. The response plan within this policy covers fraud and other forms of corruption such as bribery. Further details on bribery and other forms of corruption are contained in the Anti-Bribery and Corruption Policy.

If employees become aware of wrongdoing, they must report it. Sometimes they may be afraid to voice their concern, especially if the case involves a more senior officer. The Public Interest Disclosure (Northern Ireland) Order 1998 provides protection from workplace retribution if concerns are raised in good faith. Further details are included in NI Water's Speak Up - Raising a Concern (Whistleblowing) Policy.

NI Water is committed to ensuring that all personal data processed in connection with fraud investigations is handled in full compliance with the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. Refer to **Annex 4**.

2. DEFINITIONS – FRAUD AND OTHER FORMS OF CORRUPTION

The Fraud Act 2006 was introduced in 2007 and under this Act, fraud is a specific offence in law. The Fraud Act 2006 supplements the Theft Act (Northern Ireland) 1969 and the Theft (Northern Ireland) Order 1978. The Act states that a person is guilty of fraud if he is in breach of any of the following:

- *Fraud by false representation*, i.e. if the person dishonestly makes a false representation and intends on using it to make gain for themselves or another, or to cause loss to another or expose another to risk of loss.
- *Fraud by failing to disclose information*, i.e. failure to disclose any information to a third party where they are under a legal duty to disclose such information.
- *Fraud by abuse of position*, i.e. if they are in a position where they are expected to safeguard the financial interests of another person, and they abuse this position to make gains for them self or another, or to expose another to risk of loss.

In all three classes of fraud, it requires that for an offence to have occurred, the person must have acted dishonestly, and that they had to have acted with the intent of making a gain for themselves or anyone else, or inflicting a loss (or a risk of loss) on another.

Fraud can be perpetrated by persons outside an organisation as well as within it. The criminal act is the attempt to deceive and attempted fraud is therefore treated as seriously as accomplished fraud.

Some illustrations of incidents classified as fraud are contained in **Annex 2**. A flowchart of actions to be taken when fraud is suspected is contained in **Annex 3**.

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

The Bribery Act 2010 aims to prevent and combat bribery by creating clear offences for giving, receiving, and failing to prevent bribes, promoting ethical conduct and accountability in the UK and abroad.

Based on the Bribery Act, there is a corporate criminal offence of failure to prevent the facilitation of tax evasion, which forms part of the UK Criminal Finances Act 2017.

Fraud and bribery are subsets of corruption, which includes other detected or suspected activities involving the misuse of public office or power for private gain, or misuse of private power in relation to business outside the realm of government e.g. deception, forgery, extortion, conspiracy, embezzlement, money laundering and collusion. Further guidance on corruption is contained in the Anti-Bribery and Corruption Policy.

The Proceeds of Crime Act 2002 and the Money Laundering Regulations 2003 extend the definition of money laundering to include possessing, dealing with or concealing the proceeds of any crime

The Economic Crime and Corporate Transparency Act 2023 (effective September 2025) introduces significant reforms aimed at combating financial crime and enhancing corporate accountability across the UK.

While trespass is generally considered a civil matter, there are circumstances where it can be considered a criminal matter e.g. trespass with intent to commit a criminal offence. DfI requires that suspected or detected trespass be treated as falling within scope of this policy and any Initial Confidential Enquiry reporting requirements to DfI.

Mandatory e-learning courses on fraud prevention and anti-bribery / corruption are in place for all NI Water employees. Additional training and awareness sessions can be arranged on request to the Head of Corporate Governance.

3. RESPONSIBILITIES

BOARD

The Board of NI Water, through the Audit Committee, is responsible for establishing and maintaining a sound system of internal control that supports the compliance with NI Water's policies. The system of internal control is designed to respond to and manage the whole range of risks NI Water faces. The system of internal control is based on an ongoing process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively. Managing fraud risk forms part of the management of this wider range of risks.

EXECUTIVE COMMITTEE

Overall responsibility for managing the risk of fraud rests with the Executive Committee. Responsibilities include:

- Establishing an effective fraud prevention awareness programme;
- Ensuring an effective control environment to prevent fraud commensurate with the fraud risk profile;
- Developing a fraud risk profile and undertaking a regular review of the fraud risks;
- Strive to ensure that the conditions are created where staff have neither the motivation nor the opportunity to commit fraud;
- Establishing appropriate mechanisms for:
 - reporting fraud risks;
 - coordinating assurances about the effectiveness of anti-fraud policies to support the Assurance Statement;
- Ensuring that all staff are aware of NI Water's Fraud Prevention Policy and Fraud and Bribery Response Plan;
- Developing skills and experience competency frameworks;
- Ensuring that appropriate fraud prevention training and development opportunities are available to employees to meet the defined competency levels;
- Ensuring that robust 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 employees who fail to report fraud;
- Taking appropriate action to recover assets; and
- Ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future.

4. DIRECTORS' RESPONSIBILITIES

- Strive to ensure that the conditions in which staff have neither the motivation nor the opportunity to commit fraud are developed;
- Ensuring that an adequate system of internal control exists within their Directorate and that controls are complied with and operate effectively;
- Ensuring that the risk of potential fraud in their Directorate is regularly reviewed and assessed;
- Ensuring that the control systems for which they are responsible are regularly reviewed and assessed;
- Ensuring that all staff in their Directorate have completed the mandatory e-learning courses on fraud prevention and anti-bribery / corruption;
- Taking prompt action in accordance with the Fraud and Bribery Response Plan (**Annex 1**) if fraud occurs or is suspected;
- Ensuring that new controls are implemented to reduce the risk of fraud occurring, or reducing the risk of similar fraud where frauds have taken place; and
- Prompt reporting of all cases of suspected fraud to the Head of Corporate Governance.

5. SENIOR MANAGER RESPONSIBILITIES (LEVEL 3 – reporting to Director)

- Overall responsibility for supervising line managers to ensure that an adequate system of internal control exists within their own Business Unit; that controls are complied with; that they operate effectively and are regularly reviewed and tested;
- Seeking evidence from line managers that demonstrate that controls are in place and are being complied with, that the appropriate level of checks are being carried out and that controls are being regularly reviewed and tested;
- Strive to create the conditions in which staff have neither the motivation nor the opportunity to create fraud;

- Ensuring that all staff in their Business Unit have completed the mandatory e-learning courses on fraud prevention and anti-bribery / corruption;
- Encouraging staff to report suspicions of fraud immediately to their line managers. If staff feel unable to raise concerns directly with line managers, they could report directly to the Head of Corporate Governance or through the Speak Up – Raising a Concern (Whistleblowing) Policy;
- The types of risk involved in their Business Unit are regularly reviewed and assessed;
- Where fraud has taken place, new controls are implemented to reduce the risk of similar fraud occurring;
- Immediate reporting of suspected fraud to the Head of Corporate Governance;

6. LINE MANAGER RESPONSIBILITIES

- Implementing this Fraud Prevention Policy and Fraud and Bribery Response Plan;
- Ensuring that their teams (and, on arrival, new employees) are aware of this policy and know what their responsibilities are in relation to combating fraud;
- Ensuring that key changes to this policy are communicated immediately to staff;
- Ensuring that all staff in their Team have completed the mandatory e-learning courses on fraud prevention and anti-bribery / corruption;
- Ensuring that staff are aware that any type of incident, however apparently innocent, will be investigated (examples in **Annex 2**);
- Carrying out evidenced checks to ensure that the internal control systems for which they are responsible are complied with, operate effectively, and that they are regularly reviewed and tested;
- Ensuring that staff are rotated so that control of a key function does not rest with one individual; and
- Encouraging staff to report suspicions of fraud immediately. If staff feel unable to raise concerns directly with line managers, they should be aware that they can report directly to the Head of Corporate Governance or through the Speak Up – Raising a Concern (Whistleblowing) Policy;

7. INDIVIDUAL STAFF RESPONSIBILITIES

- Staff themselves are an excellent deterrent against fraud;
- Acting with propriety in the use of resources and the handling and use of public funds whether involving cash or payments systems, receipts or dealing with suppliers;
- Being alert to the possibility that unusual events or transactions could be indicators of fraud;
- Completed the mandatory e-learning courses on fraud prevention and anti-bribery / corruption;
- Reporting details immediately through the appropriate channel if they suspect that a fraud has been committed, or if there are any suspicious actions or events. If a member of staff does not feel that they can raise concerns with their line manager, they can report directly to the Head of Corporate Governance or through the Speak Up – Raising a Concern (Whistleblowing) Policy; and
- Co-operating fully when internal checks, reviews or fraud investigations are being conducted.

8. INTERNAL AUDIT

- Delivering an opinion to the Audit Committee on the adequacy of arrangements for managing the risk of fraud and ensuring that NI Water promotes an anti-fraud culture;
- Assisting in the deterrence and prevention of fraud and other irregularities by examining and evaluating the effectiveness of control commensurate with the extent of the potential exposure/risk in the various segments of NI Water's business;
- Ensuring that management has reviewed its risk exposure and identified the possibility of fraud and other irregularities as a business risk;
- Assisting management in conducting fraud investigations; and
- Providing advice and assistance as required on control issues.

9. GENERAL ADVICE

- Supervisory/management checks should be established in each area of work, with such checks being carried routinely and evidenced periodically by management;
- There should be regular rotation of staff, particularly in key roles so that control of a key function is not vested in one individual;

- Backlogs should not be allowed to accumulate; and
- In designing any new system, consideration should be given to building in safeguards against internal and external fraud. This process is commonly referred to as 'fraud proofing'.

10. FRAUD DETECTION

Staff should be alert to the possibility that unusual events or transactions could be indications of fraud or attempted fraud. Fraud may also be highlighted because of specific management checks or may be brought to management's attention by a third party. Additionally, irregularities may come to light during audit reviews.

REPORTING FRAUD

Irrespective of the source of suspicion, it is for line management to report to the Head of Corporate Governance immediately. A written report will be issued by the Head of Corporate Governance to NI Water CEO and to the Department for Infrastructure (DfI) within the timeline as specified in the DfI policy.

This will be followed up with a preliminary fact-finding investigation in the form of an Initial Confidential Enquiry (ICE) to ascertain the facts and to secure evidence. Such an enquiry should be carried out as quickly as possible after the initial written report. The purpose of the ICE is to establish the scope of the investigation. If no further investigation is required, then reasons for not progressing to investigation need to be clearly stated. The scope of conducting an ICE is to be consistent with DfI's Anti-Fraud Policy and Fraud Response Plan and may not always require considering all possible indicators of fraud.

Factors giving rise to suspicion should be examined to clarify whether a genuine mistake has been made or an irregularity has occurred. An **irregularity** may be defined as any incident or action which is not part of the normal operation of the system or the expected course of events. Preliminary fact-finding investigations may involve discreet enquiries with employees or the review of documents. It is important for employees to be clear that any irregularity of this type, however apparently innocent, will be analysed.

If preliminary fact-finding investigation confirms the suspicion that a fraud has been perpetrated, the Fraud and Bribery Response Plan must be activated immediately (**Annex 1**).

Additionally, NI Water may suspend any employee involved pending the outcome of an investigation. Suspension itself does not imply guilt. It can, however, be another safeguard to prevent the removal or destruction of evidence.

11. PERSONAL CONDUCT

All employees must be seen to conduct themselves in accordance with NI Water's Code of Ethics, which incorporates the seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty, and leadership. Employees should not accept gifts, hospitality, or benefits of any kind from a third

party which might be seen to compromise their integrity. All such instances should be recorded in the Acceptance of Hospitality Register as appropriate.

12. REPORTING

Guidance on how suspected fraud should be reported is set out in the Fraud and Bribery Response Plan attached at **Annex 1**. The steps and reporting actions are attached in **Annex 3**.

13. DISCIPLINARY / LEGAL ACTION

After full and proper investigation, NI Water will take legal and / or disciplinary action in all cases where it is considered appropriate. There will be consistent handling of cases without regard to position or length of service. Steps will be taken to attempt to recover all losses resulting from the fraud. A civil action against the perpetrator may be carried out where appropriate. The investigations described above will also consider whether there has been any failure of supervision. Where this has occurred, appropriate disciplinary action will be taken against those responsible. The General Counsel and Company Secretary will be consulted in relation to civil proceedings, matters referred to the PSNI and decisions relating to penalty.

14. LEARNING FROM EXPERIENCE

Where a fraud has occurred, management must make any necessary changes to systems and procedures to ensure that similar frauds will not recur. The investigation may have identified a failure in supervision, a breakdown in, or an absence of control.

Internal Audit is available to offer advice and assistance on matters relating to internal control.

15. SPEAK UP – RAISING A CONCERN (WHISTLEBLOWING)

NI Water's Speak Up – Raising a Concern (Whistleblowing) Policy sets out the circumstances in which those making disclosures about wrongdoing will qualify for protection. A copy of the policy can be accessed on Source.

16. CORPORATE CRIMINAL OFFENCE LEGISLATION

Based on the UK Bribery Act 2010, the legislation creates two corporate offences of failure to prevent the facilitation of tax evasion – a domestic offence and an overseas offence. The aim of the legislation is to overcome the difficulties in attributing criminal liability to corporates for the criminal acts of 'associated persons' i.e. facilitating tax evasion. 'Associated persons' can include employees, contractors, agents or those that provide services for or on their behalf. Under the legislation, it is the corporate that is subject to prosecution without the need for prosecution of any individual.

The legislation applies to all taxes, and is relevant to all businesses (namely, corporates bodies and partnerships) whatever their size or industry sector. The legislation has a wide geographic scope and applies to the failure to prevent the

facilitation of UK and overseas tax evasion. Moreover, the definition of 'associated person' is very broad and includes any person (individual or corporate) who provides services for or on behalf of a corporate.

A corporate which fails to prevent the deliberate facilitation of tax evasion by one of its associates has prima facie strict liability under the offences. Like the Bribery Act, there is a defence of having reasonable prevention procedures in place. NI Water follows the HMRC Guidance on tackling tax evasion.

17. NATIONAL FRAUD INITIATIVE

NI Water is required by law to protect the public funds it administers. It may share information with other bodies responsible for auditing or administering public funds, to prevent and detect fraud.

The National Fraud Initiative is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. In Northern Ireland this exercise is executed through the NI Audit Office once every two years.

Data matching involves comparing computer records held by one body against other computer records held by the same or another body to see how far they match. Computerised data matching allows fraudulent claims and payments to be identified. Where a match is found it indicates that there may be an inconsistency that requires further investigation. No assumption can be made as to whether there is fraud, error, or other explanation until an investigation is carried out. NI Water submits data sets on payroll and trade creditors. (Further information can be found at <https://www.niauditoffice.gov.uk/national-fraud-initiative>).

18. THE ECONOMIC CRIME AND CORPORATE TRANSPARENCY ACT 2023

Effective from 1 September 2025, large organisations, such as NI Water may be held criminally liable if an 'associated person' (e.g. employee, agent, contractor) commits fraud intending to benefit the organisation or its clients, unless reasonable fraud prevention procedures were in place. Organisations must implement and maintain: risk-based fraud prevention procedures; due diligence on third-party relationships; clear communication and training on anti-fraud policies; and ongoing monitoring and review of fraud controls. NI Water has established a working group to support compliance with the Act. Further updates will be made to this policy in due course.

19. CONCLUSION

The circumstances of individual frauds will vary, but it is important that all are robustly and promptly investigated and appropriate action taken. NI Water has zero tolerance for fraud and all suspicious cases must be acted upon and reported immediately in accordance with this policy. Proven fraud can ultimately result in dismissal and criminal prosecution.

20. REFERENCES

Internal references (copies available on Source):

- Code of Ethics
- Anti-Bribery and Corruption Policy
- Speak Up – Raising a Concern (Whistleblowing) Policy
- Provision of Gifts and Hospitality Policy
- Offer and Acceptance of Gifts and Hospitality Policy
- Conflict of Interest Policy
- Integrated Risk and Resilience Framework

External references:

- DfI Anti-Fraud Policy and Fraud Response Plan¹
- Public sector anti-fraud guidance²
- NIAO Guide on Raising Concerns – A good practice guide for the Northern Ireland Public Sector (2020)
- NI Audit Office fraud guidance³
- Managing Public Money NI⁴
- Economic Crime and Corporate Transparency Act 2023⁵
- Tackling tax evasion: Government guidance for the corporate offences of failure to prevent the criminal facilitation of tax evasion⁶
- Bribery Act 2010⁷
- Fraud Act 2006⁸
- Money Laundering Regulations 2003⁹
- Proceeds of Crime Act 2002¹⁰
- Theft Act (NI) 1969¹¹

21. REVIEW OF THIS POLICY

This policy will be reviewed once every two years.

¹ <https://www.infrastructure-ni.gov.uk/publications/dfi-anti-fraud-policy-and-fraud-response-plan>

² <https://www.finance-ni.gov.uk/publications/anti-fraud-guidance>

³ <https://www.niauditoffice.gov.uk/fraud-and-raising-concerns>

⁴ <https://www.finance-ni.gov.uk/articles/managing-public-money-ni-mpmni>

⁵ <https://www.legislation.gov.uk/ukpga/2023/56>

⁶ <https://assets.publishing.service.gov.uk/media/5a82aaa0e5274a2e8ab58b82/Tackling-tax-evasion-corporate-offences.pdf>

⁷ <https://www.legislation.gov.uk/ukpga/2010/23/contents>

⁸ <https://www.legislation.gov.uk/ukpga/2006/35/contents>

⁹ <https://www.legislation.gov.uk/ukpga/2003/3075/contents>

¹⁰ <https://www.legislation.gov.uk/ukpga/2002/29/contents>

¹¹ <https://www.legislation.gov.uk/apni/1969/16/contents>

ANNEX 1 - FRAUD AND BRIBERY RESPONSE PLAN

Explanatory note: This response plan focuses on two types of corruption – fraud and bribery – which are codified in separate pieces of legislation. Corruption can include other detected or suspected activities involving the misuse of public office or power for private gain, or misuse of private power in relation to business outside the realm of government e.g. deception, forgery, extortion, conspiracy, embezzlement, money laundering and collusion. **The Plan is equally applicable to any other form of corruption and theft.** Further guidance on corruption is contained in the Anti-Bribery and Corruption Policy.

1. Action following detection

When an employee suspects that a case of fraud, bribery, other forms of corruption or theft has occurred, they must notify their Level 3 Manager as soon as possible who will alert the Head of Corporate Governance **immediately**. The Head of Corporate Governance will inform the Director of Finance, Regulation and Commercial, General Counsel and Company Secretary, Senior Lawyer, Internal Audit, DfI, PSNI / Action Fraud (where appropriate) and HR (if staff need to be suspended for the purpose of the investigation).

An ICE report is prepared and approved by the Head of Corporate Governance and will cover the following information:

1. The type of irregularity and what led to it;
2. The amount / value involved, either established or estimated;
3. The position regarding recovery;
4. The period over which the irregularity occurred, if known;
5. The date of discovery and how the suspected fraud was discovered;
6. Whether the person(s) responsible has/have been identified;
7. Details of action recommended; and
8. Any other information or observations which might be useful.

A record of the case will be entered on the Corporate Governance Case Register.

2. Report to Director of Finance, Regulation and Commercial

The Head of Corporate Governance will report to the Director of Finance, Regulation and Commercial to discuss the ICE report and agree the required actions. These actions would normally include:

- scope of the investigation;

- membership of the investigation team to ensure independence and the required expertise;
- Persons to be informed on a need-to-know basis, including possible media interest; and
- any involvement of PSNI.

Reasons as to whether suspicion is or is not justified should be clear when reporting the matter to the Director of Finance, Regulation and Commercial.

Where the investigation relates to a reporting line within their directorate, the Head of Corporate Governance will report to the Chief Executive and the Chair of Audit Committee to ensure appropriate independence is observed.

3. Report to Board and Dfl

The Director of Finance, Regulation and Commercial or the Head of Corporate Governance must inform the Board (via the Audit Committee) and Dfl. The Audit Committee should be provided with regular updates including the final investigation report and updates on the status of any recommendations. Updates will also be provided to Dfl via quarterly reporting.

4. Internal Audit

Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to *“report periodically to senior management and the board on the internal audit activity’s purpose, authority, responsibility and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board.”* In certain cases, Internal Audit may be best placed to conduct the investigation or form part of the investigation team. As such, the Head of Corporate Governance will inform Internal Audit of all fraud, bribery, other forms of corruption or theft and Speak Up - Raising a Concern (Whistleblowing) reports through the ICE report.

5. Managers’ Duty of Care

Managers must be conscious that internal disciplinary action and / or criminal prosecution may result. If such action is later taken, then under proper disciplinary procedure the officer concerned has a right to representation. Utmost care is therefore required from the outset in ensuring that their position is not compromised in relation to the ICE process and the actual investigation itself.

In addition, to protect NI Water from further loss and destruction of evidence, it may be necessary to suspend the officer concerned immediately the allegation has been made or following the submission of the ICE. The manager should liaise with the Head of Corporate Governance who will engage the appropriate Human Resources Manager to ensure that correct steps are taken before staff are informed.

6. Protection of Evidence

If the initial examination confirms the suspicion that a fraud has been perpetrated, then the Head of Corporate Governance will inform the PSNI / Action Fraud. To prevent the loss of evidence, which may subsequently prove essential for disciplinary action or prosecution, management should work with the Head of Corporate Governance and:-

- (i) take steps to ensure that all original evidence – paper and electronic - is secured and liaise with the PSNI to collate the evidence in a format that is compliant with PACE (Police and Criminal Evidence (Northern Ireland) Order 1989) as soon as possible;
- (ii) remove the suspect's access to computer systems;
- (iii) relocate the suspect in another building if suspension is not warranted initially;
- (iv) be able to account for the security of any evidence after it has been secured, including keeping a record of its movement and signatures of all persons to whom the evidence has been transferred. Liaise with the PSNI to ensure all items of evidence are individually numbered and descriptively labeled consistent with PACE;
- (v) not alter or amend the evidence;
- (vi) keep a note of when they came into possession of the evidence. This will be useful later if proceedings take place;
- (vii) ensure that procedures are strengthened, and action has been taken to end the loss; and
- (viii) remember that all memoranda relating to the investigation must be disclosed to the defense in the event of formal proceedings and so it is important to carefully consider what information needs to be recorded.

7. Appointment of Case Manager

Should the ICE presented by the Head of Corporate Governance indicate that there may be sufficient evidence of suspected fraud, bribery, other forms of corruption or theft it is critical that the Director of Finance, Regulation and Commercial appoints a Case Manager and the Investigation Team to oversee and control the subsequent investigation.

The Case Manager should be independent from the matter in question and have the necessary training and experience to coordinate the investigation. The appointment should be confirmed in writing and Terms of Reference should also be agreed. The Case Manager will arrange for an investigation plan to be put in place with, as far as is possible, a set timeframe and regular reviews.

Liaison with the PSNI will ensure that the format of the investigation and record keeping, and the gathering of evidence and information must meet the PACE requirements.

All Case Managers / Investigators should ensure that they are familiar with the reference material at Section 20 of this policy. This material provides advice on several key areas which is necessary in the conduct of an investigation such as:

- Conducting initial enquiries;
- The protection of evidence;
- Suspension from duty;
- Formal charges;
- The manager's duty of care;
- Police involvement;
- The right of an officer to remain silent and to representation;
- Disciplinary investigations and penalties; and
- Right of appeal.

The Case Manager has full responsibility for progressing the case and whilst they can, and should, call on the assistance of various sources of help at all stages (technical assistance, personnel, internal audit, solicitors etc.) ultimate responsibility and accountability in progressing the case should remain with that officer. The Case Manager will be accountable to the Head of Corporate Governance and the Director of Finance, Regulation and Commercial regarding the progress of the investigation. The Case Manager should consider the source of discovery of the suspected fraud, bribery, other forms of corruption or theft, the authenticity of the information initially received, and line managements initial assessment of the circumstances involved. All aspects of the suspected officer's work should be investigated, not just the area where the fraud, bribery, other forms of corruption or theft was discovered.

The Case Manager may, however, appoint a suitably qualified and experienced Investigation Officer to carry out the detailed investigation work. When an external experienced investigator is required, the Head of Corporate Governance will liaise with Internal Audit, the appropriate authorities and/or external parties to provide the necessary support. The Case Manager should therefore have the necessary authority (i.e. the appropriate rank and experience) to enable them to properly discharge these duties. It is the responsibility of the Case Manager to keep the Director of Finance, Regulation and Commercial, Head of Corporate Governance, Internal Audit and the Senior Lawyer updated on developments. If appropriate, an urgent meeting should be held including, if appropriate, the line management of the business area concerned to determine and record the action to be taken. In particular, the Case Manager should report all material developments promptly to the Director of Finance, Regulation and Commercial and the Head of Corporate Governance for onward reporting to the Audit Committee.

8. PSNI Involvement

If the Director of Finance, Regulation and Commercial or Head of Corporate Governance is satisfied that initial enquiries / fact finding confirm a suspicion of fraud, bribery, other forms of corruption or theft, they should discuss the case with the police at the earliest appropriate juncture. For example, in cases such as theft from a depot, the police will be contacted upon discovery of the theft; in cases such as abuse of flexible working hours, police involvement may not be deemed necessary.

Reporting to PSNI at an early stage is beneficial in enabling them to examine the evidence available at the time and make decisions on whether there is sufficient evidence to support a criminal prosecution or whether a police investigation is appropriate. Alternatively, the PSNI may recommend that NI Water conduct the investigation and inform them if there is sufficient evidence for PSNI to proceed. For this purpose, any evidence, and documents to be provided to the PSNI must comply with the Memorandum of Understanding (MOU) agreed between NICS and PSNI¹².

Generally, even if the PSNI decide not to proceed with the investigation, they can provide useful advice and guidance on how the case should be taken forward. The Case Manager should liaise with the Head of Corporate Governance, Internal Audit, the Senior Lawyer and the Director of Finance, Regulation and Commercial to ensure that PSNI is contacted at the appropriate time. This is dependent on the information available to verify if there is sufficient evidence to prove that fraud, bribery, other forms of corruption or theft has occurred.

Once relevant reports have been issued to DfI and internally within NI Water (as appropriate) to advise of the case, the investigation is deemed to have started – however, it should be noted that when we notify PSNI, they may ask NI Water to stop its internal investigation and NI Water must comply with their requests. However, the Case Manager should continue to liaise with the PSNI at regular intervals.

9. Sanction and Redress

The Head of Corporate Governance will work with the Case Manager, Internal Audit and the Senior Lawyer to support the investigation as and when required to do so. The Senior Lawyer's involvement at an early stage of the investigation is necessary. This is because there are three main actions NI Water may pursue as part of its fraud investigation:-

- Conduct the investigation to a criminal standard to maximise the opportunities for a criminal prosecution;
- Seek redress of any outstanding financial loss through the Civil Courts if necessary; and
- Pursue a disciplinary process which may, if there is clear evidence of supervisory failures, include other officials.

It is important that any civil / disciplinary action does not impair a criminal investigation and vice versa.

10. Write-Off

The Case Manager should ensure that the Group Financial Controller is updated as appropriate with the value of any loss to NI Water because of the fraud, bribery, other forms of corruption or theft.

¹² <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/mou-public-sector-and-psni.pdf>

11. Learning from Experience

Following completion of the investigation, the Case Manager should prepare a summary report on the outcome and lessons learned. This should be circulated to all other interested parties who must take the appropriate action to improve controls to mitigate the scope for future recurrence of the fraud, bribery, other forms of corruption or theft.

ANNEX 2 - EXAMPLES OF FRAUD CASES / POSSIBLE FRAUD INDICATORS

1. COMMON METHODS AND TYPES OF FRAUD WHICH SHOULD BE REPORTED:

- Abuse or misuse of customer information for personal gain;
- Altering amounts and details on documents;
- Altering stock records;
- Bribes and facilitation payments;
- Cash stolen
- Cheques made out to false persons;
- Collusive bidding;
- Damaging /destroying documentations;
- Delayed termination from payroll;
- False compensation and insurance claims;
- False official identification used;
- False persons on payroll;
- Favouring of suppliers or influencing procurement for kickbacks/ personal gain;
- Forged endorsements;
- Inappropriate amendments to customer accounts to reduce charges;
- Illegal tapping of the water supply;
- Invoice Slicing
- Manipulation of intentional misreporting of financial or performance information;
- Manipulation of leave or flexi sheets by employees;
- Over-claiming expenses;
- Overcharging;
- Overcharging by contractors/consultants;
- Payment for work not performed;
- Phishing attacks / scams;
- Running a private business or personal activities with official assets;
- Selling information;
- Selling waste as scrap;
- Stealing of discounts;
- Suppliers not recorded at all;
- Transactions (expenditure / receipts / deposits) recorded for incorrect sums;
- Transferring amounts between accounts frequently;
- Unauthorised transactions;
- Unrecorded transactions;
- Using copies of recorded receipts;
- Using digital signatures; and
- Using imaging and desktop publishing technology to produce apparent original invoices; and
- Writing off recoverable assets or debts.

Incidents are likely to lead to disciplinary action which could result in dismissal.

(We have based this list on an example list provided by DoF with minor modification)

2. CORPORATE FRAUD

- Lack of thorough investigations into alleged wrongdoing;
- Pecuniary gain to the organisation without personal gain,

3. POSSIBLE INDICATORS OF FRAUD:

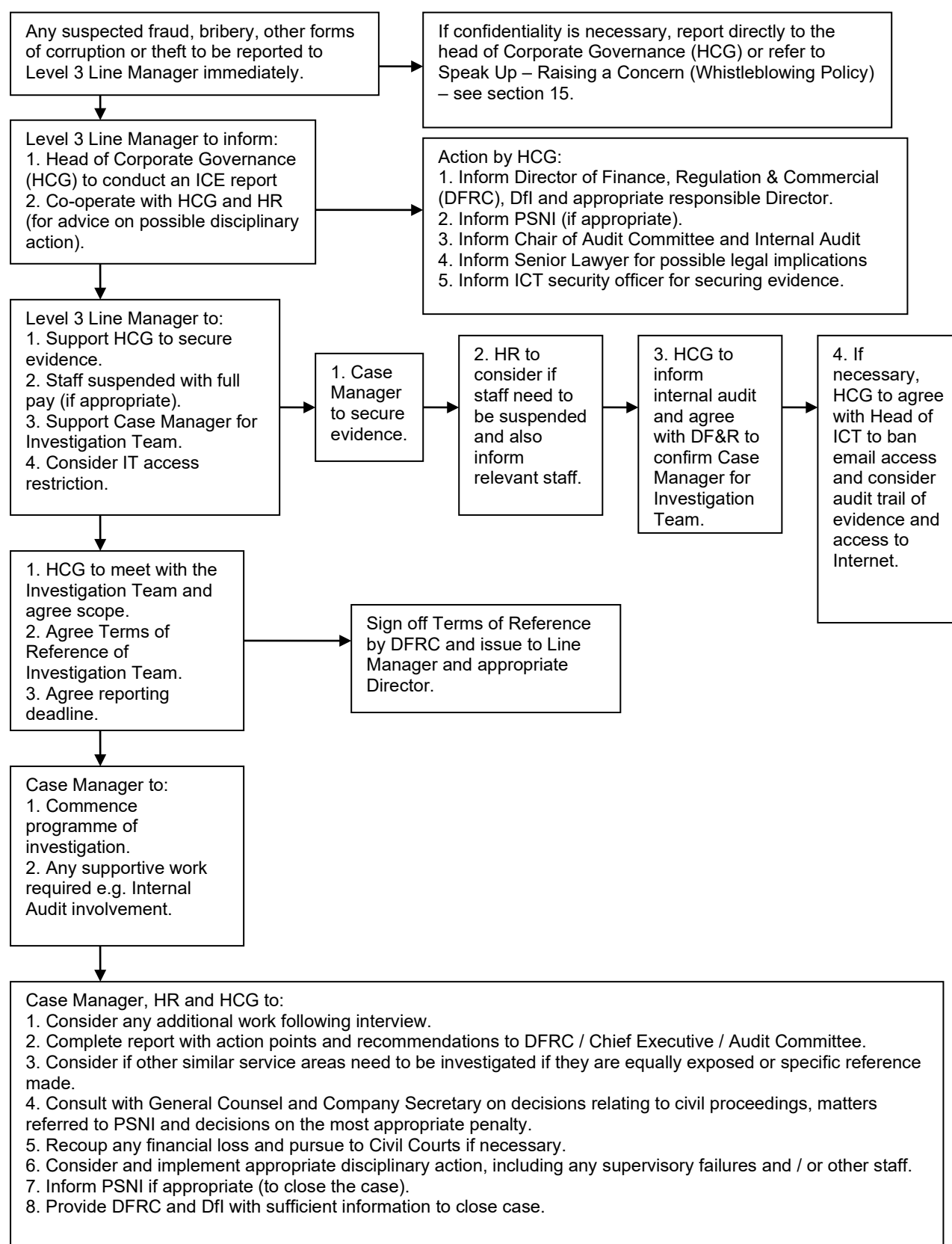
- Absence of controls and audit trails;
- Altering contract specifications;
- Bank reconciliations are not maintained or cannot be reconciled;
- Billing and income declining;
- Conflicts of interest;
- Contract not completed to specification;
- Covering up inefficiencies;
- Crisis management coupled with a pressured business climate;
- Employees with outside business interests or other jobs;
- Excessive control of all records by one officer;
- Excessive movement of cash funds;
- Excessive overtime;
- Excessive variations to budgets or contracts;
- Favourable treatment of clients/suppliers/contractors;
- Figures, trends or results do not accord with expectations;
- Lack of Board oversight;
- Lack of clear financial delegations;
- Lack of thorough investigations of alleged wrongdoing;
- Large backlogs in high risks areas;
- Large outstanding bad or doubtful debts;
- Large sums of unclaimed money;
- Lost assets;
- Lowest tenders or quotes passed over with scant explanations recorded;
- Missing expenditure vouchers and unavailable official records;
- Multiple cash collection points;
- No supervision;
- Non taking of leave;
- Poor morale;
- Poor security checking processes over staff being hired;
- Refusal to comply with normal rules and practices;
- Refusal to produce files, minutes or other records;
- Related party transactions;
- Secretiveness;
- Seeking personal work for or from clients/suppliers/contractors;
- Socialising with clients – meals, drinks, holidays;
- Staff turnover is excessive;
- Subordinates bypassing managers;
- Unauthorised changes to systems or work practices;
- Unusual working hours on a regular basis; and
- Unwarranted organisation structure.

3. THEFT OF PERSONAL PROPERTY

While the theft of personal property or cash of an employee does not constitute fraud against NI Water, and therefore does not need to be reported to the Director of Finance, Regulation and Commercial, it is nevertheless essential that any such incidents are reported through line management so that appropriate action is taken, e.g., notification to HR and the PSNI.

Responsibility for the prevention of the theft of personal property or cash rests with individuals who are ultimately responsible for their own property. However, it is prudent for managers to remind staff not to leave personal valuables or cash unattended. This is particularly important in open plan offices and in the case of 'office collections', which should be under the control of one individual and not passed from hand to hand.

ANNEX 3 - Suspected Fraud Reporting and Action Flowchart. (Also applies to bribery, other forms of corruption or theft.)



ANNEX 4 – DATA PROTECTION AND UK GDPR COMPLIANCE

NI Water is committed to ensuring that all personal data processed in connection with fraud investigations is handled in full compliance with UK GDPR and the Data Protection Act 2018.

1. Handling of Personal Data

Personal data collected during investigations, including information about individuals who may be the subject of, or contributors to, a report, will be processed strictly for the purposes of:

- Preventing, detecting, and investigating suspected fraud or misconduct;
- Protecting NI Water's assets, customers, and employees; and
- Meeting legal and regulatory obligations.

All personal data will be accessed only by authorised staff with a legitimate need-to-know and processed in line with NI Water's internal data protection policies.

2. Lawful Basis for Processing

The processing of personal data in the context of fraud investigations is carried out under the following lawful bases under UK GDPR:

- Legal obligation (Article 6(1)(c)) – where processing is necessary to comply with statutory or regulatory duties;
- Public task (Article 6(1)(e)) – where processing is necessary for the performance of a task carried out in the public interest;
- Legitimate interests (Article 6(1)(f)) – where processing is necessary to protect NI Water's assets and integrity, balanced against the rights of individuals.

Where special category data is processed (e.g. health or ethnicity information), this will only be done under the additional lawful conditions set out in Article 9 UK GDPR and the Data Protection Act 2018.

3. Rights of Data Subjects

Individuals whose personal data is processed as part of a fraud investigation have the following rights under UK GDPR, subject to certain exemptions where disclosure would prejudice the prevention or detection of crime or the integrity of the investigation:

- Right of access;
- Right to rectification;
- Right to erasure;
- Right to restriction of processing;
- Right to object.

Requests to exercise these rights should be submitted in line with NI Water's procedures, as outlined in our Privacy Notice (<https://www.niwater.com/about-us/about/privacy>).

4. Retention and Secure Disposal

Personal data collected during fraud investigations will be retained only for as long as necessary to fulfil the purposes of the investigation, comply with legal and regulatory obligations, or protect NI Water's interests. Data will then be securely deleted or anonymised in accordance with NI Water's data retention schedule.

5. Reporter Identity Protection

NI Water will take all reasonable steps to protect the confidentiality of fraud reporters. Personal details will only be disclosed where:

- The individual has provided explicit consent;

- Disclosure is required by law or regulation; or
- It is necessary to ensure a fair and transparent investigation.

Where anonymity is requested, NI Water will seek to maintain this wherever practicable but cannot guarantee anonymity in all circumstances.

6. Transparency and Accountability

For more information on how NI Water processes personal data, including details of your rights and how to exercise them, please refer to our Privacy Notice (<https://www.niwater.com/about-us/about/privacy>).