



## Fraud Prevention Policy and Fraud Response Plan

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## FOREWORD

There is a continuing need to raise staff awareness of their responsibility to safeguard public resources against the risk of fraud. This paper sets out the Commissions **Fraud Prevention Policy** and **Fraud Response Plan**.

Fraud is not a victimless crime. We are entrusted with taxpayers' money and must look after it in the same way as we do our own. So we must all be aware of:

- what constitutes fraud;
- the potential for fraud;
- steps to prevent fraud in the first instance; and
- what to do in the event that fraud has occurred or we suspect it may have occurred.

The Commission takes a **zero tolerance approach to fraud**, reporting instances of fraud to the police as necessary, and taking all appropriate steps to recover monies lost as a result of fraud perpetrated against the Commission.

**All cases of suspected or actual fraud should be reported immediately to the Secretary to the Commission/Commissioner**

If staff become aware of wrong doing, there may be circumstances where they are afraid to voice their concern. The Public Interest Disclosure (Northern Ireland) Order 1998 protects individuals from workplace retributions for raising a genuine concern whether a risk to the public purse or other wrongdoing.

The Commission has a **Whistle blowing Policy** to assure you that it is safe to speak up if you are concerned about something.

Additionally a confidential 24/7 **Fraud Hotline number 0808 100 2716 is available**. This Hotline is run by The Executive Office fraud investigation service provider – the Central Investigation Service, within the Department of Agriculture and Rural Development.

Please ensure that you familiarise yourself with your fraud prevention responsibilities and the steps you must take in the event that fraud has occurred or is suspected.

**IF IN DOUBT, ASK FOR ADVICE**

## 1. Introduction

- 1.1. The Commission for Victims and Survivors for Northern Ireland (the Commission) requires all staff at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible.
- 1.2. The Commission takes a **zero tolerance approach to fraud** and will not tolerate any level of fraud or corruption. Consequently, any case will be thoroughly investigated and dealt with appropriately.
- 1.3. The Commission is committed to ensuring that opportunities for fraud and corruption are reduced to the lowest possible level of risk.
- 1.4. The Commission's Fraud Prevention Policy, sets out the actions we must take to help prevent fraud. It details responsibilities for the prevention of fraud whilst the procedures to be followed in the event of a fraud being detected or suspected are set out in the Fraud Response Plan.

## 2. The Seven Principles of Public Life

- 2.1. The 7 principles of public life apply to anyone who works as a public office-holder. This includes people who are elected or appointed to public office, nationally and locally, and all people appointed to work in:
  - the civil service
  - local government
  - the police
  - the courts and probation services
  - non-Commission public bodies
  - health, education, social and care services
- 2.2. The Principles are;
  - Selflessness - Holders of public office should act solely in terms of the public interest.
  - Integrity - Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
  - Objectivity - Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias
  - Accountability - Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
  - Openness - Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
  - Honesty - Holders of public office should be truthful.

- 2.3. Leadership - Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.
- 2.4. The principles are the basis of the ethical standards expected of public office holders and Commission employees are expected to adhere to these principles.

### 3. What is Fraud?

- 3.1. Fraud is the obtaining of financial advantage or causing of loss by implicit or explicit deception: it is the mechanism through which the fraudster gains unlawful advantage or causes unlawful loss.
- 3.2. The term 'fraud' is used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

#### Legislation

- 3.3. The Fraud Act 2006 came into effect on 15<sup>th</sup> January 2007. 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 he dishonestly makes a false representation and intends by making the representation to make a gain for himself or another, or to cause loss to another or expose another to risk of loss;
  - **Fraud by failing to disclose information**, i.e. if he dishonestly fails to disclose to another person information which he is under a legal duty to disclose and intends, by means of abuse of that position, to make a gain for himself or another, or to cause loss to another or expose another to risk of loss; and
  - **Fraud by abuse of position**, i.e. if he occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person, and he dishonestly abuses that position, and intends, by means of the abuse of that position, to make a gain for himself or another, or to cause loss to another or to expose another to a risk of loss.
- 3.4. The effect of the Fraud Act 2006 was to criminalise the fraudster activities rather than look at the consequences of the fraudster's activities. Therefore fraud can be considered to have occurred or been attempted even if no loss has occurred i.e. the fraudster was unsuccessful but had the means to do so.
- 3.5. Fraud is not a victimless crime and the term is generally used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.
- 3.6. Computer fraud is where information technology (IT) equipment has been used to manipulate computer programs or data dishonestly (for example by altering or substituting records, destroying or suppressing records, duplicating or creating spurious records), or where the existence of an IT system was a material factor in the perpetration of fraud (i.e. where the fraud was unlikely to have occurred had there been no IT system). Theft or fraudulent use of computer facilities, computer programs and the Internet is included in this definition. The suspicion that any of these acts have taken place should be regarded as potentially fraudulent.

3.7. The Bribery Act 2010 which came into effect on 1<sup>st</sup> July 2011 modernises the law on bribery and seeks to provide a revised framework of offences to combat bribery in the public and private sectors. It abolished the offence of bribery at common law and the statutory offences in the 1889 and 1906 Acts but defines four new criminal offences:

- offering or paying a bribe;
- requesting or receiving a bribe;
- bribing a foreign public official; and
- failure of a commercial organisation to prevent bribery by persons associated with them

## 4. Responsibilities

- 4.1. Annex 4.7 of 'Managing Public Money Northern Ireland (MPMNI) sets out responsibilities in relation to fraud. Managers and staff should also familiarise themselves with FD (DFP) 09/15 which contains a publication entitled 'Managing Fraud Risk in a Changing Environment: A Good Practice Guide', [http://www.niauditoffice.gov.uk/fraud\\_good\\_practice\\_guide.pdf](http://www.niauditoffice.gov.uk/fraud_good_practice_guide.pdf).
- 4.2. The Accountability and Financial Management Division website also contains links to the National Audit Office and HM Treasury 'Good Practice Guide on Tackling External Fraud' [https://www.nao.org.uk/wp-content/uploads/2013/02/Tackling\\_External\\_Fraud.pdf](https://www.nao.org.uk/wp-content/uploads/2013/02/Tackling_External_Fraud.pdf)
- 4.3. This guidance will be supplemented by appropriate education and training as required.
- 4.4. The Secretary to the Commission is responsible for establishing and maintaining a sound system of internal control that supports the achievement of the Commission's policies, aims and objectives.
- 4.5. 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 principal risks, to evaluate the nature and extent of those risks and to manage them effectively. Managing fraud risk will be seen in the context of the management of this wider range of risks.
- 4.6. **The Secretary to the Commission** within the Commission is the Secretary to the Commission.
- 4.7. Overall responsibility for managing the risk of fraud has been delegated to the Secretary to the Commission. Although the Secretary bears overall responsibility and is liable to be called to account for specific failures, these responsibilities fall directly on line management and may involve individual staff. Responsibilities include;
- (i) 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
  - (ii) Establishing an effective fraud prevention policy and fraud response plan, commensurate to the level of fraud risk identified in the fraud risk profile
  - (iii) Designing an effective control environment to prevent fraud commensurate with the fraud risk profile
  - (iv) Establishing appropriate mechanisms (See Appendix B for formal notification of Fraud form) for:

- Reporting fraud risk issues
- Reporting significant incidents of fraud to The Executive Office (TEO)
- Coordinating assurances about the effectiveness of fraud prevention policies to support the statement of internal control

- (v) Liaising with the Audit and Risk Assurance Committee
- (vi) Making sure that all staff are aware of the fraud prevention policy and know what their responsibilities are in relation to combating fraud
- (vii) Ensuring that appropriate fraud prevention training and development opportunities are available to appropriate staff in order to meet the defined competency levels
- (viii) In consultation with TEO, ensuring that vigorous and prompt investigations are carried out if fraud occurs or is suspected
- (ix) In consultation with TEO, taking appropriate legal and/or disciplinary action against perpetrators of fraud
- (x) In consultation with TEO, taking appropriate disciplinary action against supervisors where supervisory failures have contributed to the commission of fraud
- (xi) Taking appropriate disciplinary action against staff who fail to report fraud
- (xii) Taking appropriate action to recover assets
- (xiii) Ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future.

4.8. **Line managers** are responsible for ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively, therefore preventing and detecting fraud les primarily with managers.

4.9. Line managers must ensure that they;

- (i) Identify and assess the types of risk, particularly fraud risks, involved in the operations for which they are responsible
- (ii) Review and test the control systems for which they are responsible regularly
- (iii) Ensuring that controls are being complied with and their systems continue to operate effectively
- (iv) Implementing new controls to reduce the risk of similar fraud occurring where frauds have taken place.
- (v) If fraud has occurred or been attempted, review existing and implement new controls to reduce the risk of further fraud occurring
- (vi) Quantify and report on the level of fraud on an annual basis.

4.10. In terms of establishing and maintain effective controls the following are desirable;

- (i) Separation of duties
- (ii) Backlogs are not allowed to accumulate
- (iii) Safeguards to be prevent or detect fraud must be considered, and built into new systems

4.11. Deterring and preventing fraud is better than detecting and investigating. Fraud prevention is the ultimate aim, with anti-fraud measures considered and incorporated in every system and programme at the design stage.

4.12. Internal Audit is available to offer advice to managers on risk and control issues in respect of existing and developing systems/programmes.

4.13. Every member of **staff** is responsible for;

- (i) 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
- (ii) 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
- (iii) Being alert to the possibility that unusual events or transactions could be indicators of fraud
- (iv) Reporting details immediately through the appropriate channel if they suspect that a fraud has been committed or see any suspicious acts or events
- (v) Cooperating fully with whoever is conducting internal checks or reviews or fraud investigations.

- 4.14. It is the **responsibility** of every member of staff to report immediately if they suspect that a fraud has been attempted or committed, or see any suspicious acts or events. The Public Interest Disclosure (NI) Order 1998 protects the rights of staff who report wrongdoing. Staff can speak to their line manager, the Secretary to the Commission, the Commissioner, members of the Audit and Risk Assurance Committee, the Head of Internal Audit, or the Northern Ireland Audit Office. Your conversation will be treated in absolute confidence. Contact details are provided in Section 13 of the **Fraud Response Plan** at Appendix A.
- 4.15. Advice is also available through the independent charity Public Concern at Work on **020 7404 6609**. Their lawyers can give free confidential advice at any stage regarding a concern about serious malpractice at work. An employee can, of course, also seek advice from a lawyer of their own choice, at their own expense. Additionally, a Hotline facility is available on **0808 100 2716**. This Hotline is run by TEO fraud investigation service provider – the Central Investigation Service, within the Department of Agriculture and Rural Development. The Hotline operates 24/7 and all information received is treated in the strictest confidence.
- 4.16. Section 5 of the Criminal Law Act (Northern Ireland) 1967 (Withholding Information) also places the onus on individuals to report/pass evidence to the Police. The involvement of the Police Service of Northern Ireland (PSNI) is dealt with in the **Fraud Response Plan**.
- 4.17. Staff must also assist any investigations by making available all relevant information and by co-operating in interviews and if appropriate by providing a witness statement. Any information provided by staff will be treated confidentially.
- 4.18. Staff members of the Commission must have, and be seen to have, high standards of personal integrity. Staff including temporary staff and contractors should not accept gifts, hospitality or benefits of any kind from a third party, which might be seen to compromise their integrity. The Commission has specific guidance on the provision and acceptance of Gifts and Hospitality, and this guidance also applies to gifts or hospitality offered to spouses, partners, or other associates of an official if it could be perceived that the gift or hospitality is in fact for the benefit of the official. The Commission’s guidelines setting out the fundamental principles on the acceptance of gifts, and hospitality and rewards can be obtained from the Commission’s Head of Corporate Services.
- 4.19. It is also essential that staff understand and adhere to laid down systems and procedures including those of a personnel/management nature such as submission of expenses claims and records of absence, flexi and annual leave.

## **5. Internal Audit**

- 5.1. Internal Audit is responsible for the provision of an independent and objective opinion to the Secretary to the Commission on risk management, control and governance. The adequacy of arrangements for managing the risk of fraud and ensuring the Commission promotes an anti-fraud culture is a fundamental element in arriving at an overall opinion.
- 5.2. 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. Risk and Control Frameworks are also reviewed as a constituent part of each audit assignment to ensure that management have reviewed their risk exposures and, where appropriate, identified the possibility of fraud as a business risk.
- 5.3. Internal Audit is available to offer advice and assistance on risk management/internal control issues, as well as advice on assistance in relation to cases of fraud or suspected fraud. All cases of suspected or actual fraud should be reported immediately to Internal Audit, as well as to the Secretary to the Commission.

## **6. Audit and Risk Committee**

- 6.1. The Audit and Risk Committee is responsible for advising the Secretary to the Commission and the Board on:
  - (i) Management's assessment of the organisation's risk from fraud and the appropriateness of their response to it
  - (ii) The organisation's fraud prevention policies and arrangements, whistleblowing procedures and arrangements for investigations.

## **7. Avenues for Reporting Fraud**

- 7.1. The Commission has in place avenues for reporting suspicions of fraud.
- 7.2. Staff should report such suspicions to the Head of Corporate Services, the Head of Research and Policy Development, the Head of Communications and Engagement, or the Chief Executive to the Commission.
- 7.3. Alternatively, staff can report suspicions directly to the Commissioner, or to the Chair of the Audit and Risk Committee, the Head of Internal Audit or raise such matters through the Commission's whistleblowing arrangements.
- 7.4. All matters will be dealt with in confidence and in strict accordance with the terms of the Public Interest Disclosure (Northern Ireland) Order 1998. This statute protects the legitimate personal interests of staff.
- 7.5. Vigorous and prompt investigations will be carried out into all cases of actual or suspected fraud discovered or reported.
- 7.6. See Appendix C - Best Practice for Reporting Suspicions of Fraud and Irregularity



## 8. Fraud Investigation

- 8.1. Line managers should be alert to the possibility that unusual events or transactions can be symptoms of fraud or attempted fraud. Fraud may also be highlighted as a result of specific management checks or be brought to management's attention by a third party.
- 8.2. It is Commission policy that there will be consistent handling of all suspected fraud cases without regard to position held or length of service, and investigators should have free access to all staff, records and premises in order to carry out investigations.
- 8.3. Regardless of its source when suspicion is aroused, prompt action is essential. It is for the Secretary to the Commission to undertake an initial examination to ascertain the facts and to confirm or repudiate the suspicions, which have arisen so that, if necessary, further investigation may be instigated. However, please refer to the Fraud Response Plan for guidance on the appropriate management of the investigation.
- 8.4. In cases where there is the suspicion of staff being involved, the Secretary to the Commission must contact Internal Audit before undertaking an initial investigation. Internal Audit will be able to provide advice on the conduct of the investigation.
- 8.5. If the initial examination confirms the suspicion that a fraud has been perpetrated or attempted, management should follow the procedures provided in the Fraud Response Plan (Appendix A), which forms part of the Commission's Fraud Prevention Policy.
- 8.6. The following best practice guidance should be applied during an investigation :
  - (i) all aspects of the suspected officer's work should be investigated, not just the area where the fraud was discovered;
  - (ii) the investigation will obviously cover the period the officer was responsible for the processes under investigation but consideration should also be given to investigating earlier periods of employment;
  - (iii) potential evidence, including computer files and records of amendments relevant to the case, should be retained securely (in compliance with PACE requirements) and not disposed of under the normal routine procedures for disposal;
  - (iv) control weaknesses discovered in procedures during the investigation should be strengthened immediately; and
  - (v) the extent, if any, of supervisory failures should be examined.

## 9. Communication

- 9.1. The following communications should be observed in all cases;
  - The Audit and Risk Assurance Committee, TEO and NIAO should be kept informed;
  - A lessons-learned document should be circulated throughout the Commission and its sponsorship Commission, if appropriate;
  - The **Fraud Response Plan** should be reviewed to determine whether it needs to be updated and if so, changes should be circulated throughout the organisation;
  - Where the allegation has been made by a Whistleblower or individual (and their identity is known), the Secretary to the Commission should provide regular and proactive feedback on the progress of the investigation, as set out in the Whistleblowing guidance;

- A similar duty of care exists towards members of staff under investigation, who should be advised of the investigation process, expected timescales and the eventual outcome;

## 10. Safeguards

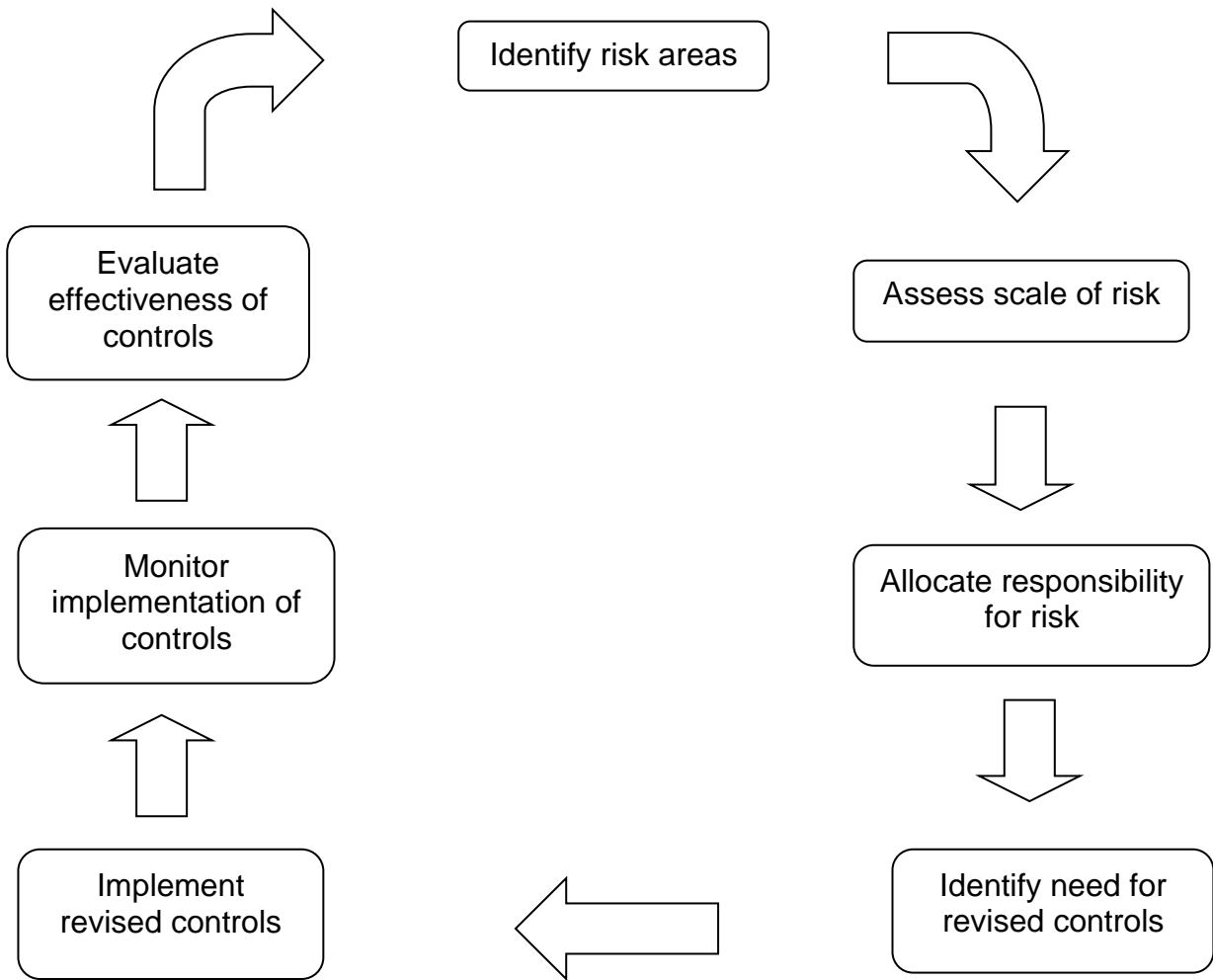
- 10.1. **Harassment or Victimization** - The Commission recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. The Commission will not tolerate harassment or victimisation and will take action to protect those who raise a concern in good faith
- 10.2. **Confidentiality** - The Commission will do its best to protect an individual's identity when he or she raises a concern and does not want their name to be disclosed. It must be appreciated, however, that the investigation process may reveal the source of the information and a statement by the individual may be required as part of the evidence
- 10.3. **Anonymous Allegations** - This policy encourages individuals to put their names to allegations. Concerns expressed anonymously are much less powerful, but they will be considered at the discretion of the Commission. In exercising this discretion, the factors to be taken into account would include: the seriousness of the issues raised; the credibility of the concern; and the likelihood of confirming the allegation from attributable sources
- 10.4. **Untrue Allegations** - If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the originator. If, however individuals make malicious or vexatious allegations, action may be considered against the individual making the allegation.

## 11. Fraud Risk Assessments

- 11.1. A major element of good corporate governance is a sound assessment of the organisation's business risks. 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 assessment of 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 Commission will be exposed.
- 11.2. Examples might be:
- Fraudulent grant claims
  - Payment made on false documentation
  - Theft of assets
  - Misappropriation of cash
  - False accounting
  - Contract fraud
  - Procurement fraud
  - Collusion
  - Computer fraud
  - Fraudulent encashment of payable instruments
  - Travel and subsistence fraud
  - False claims for hours worked

11.3. **Figure 1** sets out the key stages of a risk management cycle to help deal with fraud. Internal Audit is available to offer advice and assistance on risk management/internal control issues.

**Figure 1: Risk Assessment Cycle**



## **12. Disciplinary Action**

- 12.1. After full investigation the Commission will take legal and/or disciplinary action in all cases where it is considered appropriate. Any member of staff found guilty of a criminal act will be considered to have committed a serious disciplinary offence and is likely to be dismissed from the Commission on the grounds of gross misconduct.
- 12.2. Where supervisory negligence is found to be a contributory factor, disciplinary action may also be initiated against those managers/supervisors responsible. Disciplinary action will only be initiated following a full and objective investigation and applying a criterion of reasonableness in seeking to attribute contributory blame.
- 12.3. It is Commission policy that in **all cases of fraud**, whether perpetrated or attempted by a member of staff or by external organisations or persons, the case will be referred to the police at the earliest possible juncture.
- 12.4. Appropriate steps will be taken to recover all losses resulting from fraud, if necessary through civil action.
- 12.5. The Secretary to the Commission (who is also the Secretary to the Commission) is responsible for taking disciplinary action.

## **13. Malicious Allegations**

- 13.1. If an allegation is made frivolously, in bad faith, maliciously or for personal gain, disciplinary action may be taken against the person making the allegation.

## **14. Dealing with the media**

- 14.1. The Secretary to the Commission, is responsible for advising the media about all discovered fraud, proven or suspected, including attempted fraud, within or against the Commission, and will approve the nature and content of the information that is it be released.
- 14.2. The Secretary to the Commission will also ensure that the Commission's Communication Services are kept informed of progress and relevant information regarding the investigation.
- 14.3. The Secretary to the Commission will maintain a record of what information was released and to whom.

## **15. Fraud Response Plan**

- 15.1. The Commission's sponsorship Department, TEO, has a Fraud Response Plan that sets out how to report suspicions, how investigations will be conducted and concluded.
- 15.2. The Commission's fraud prevention policy and Fraud Response Plan are aligned to this plan.
- 15.3. Appendix A outlines the Commission's Fraud Response Plan

## **16. Conclusion**

- 16.1. The circumstances of individual frauds will vary. The Commission takes fraud very seriously. All cases of actual or suspected fraud will be vigorously and promptly investigated and appropriate action will be taken.

## **17. Variation**

- 17.1. The Commission reserves the right to vary this policy as it deems appropriate to include compliance with any legal requirements.

# Appendix A - Fraud Response Plan

## 1. Introduction

- 1.1. The Commission has prepared this **Fraud Response Plan** to act as a procedural guide and to provide a checklist of the required actions, which **MUST** be followed, in the event of a fraud, attempted fraud or irregular activity is suspected.
- 1.2. This document relates to fraud and loss within the Commission and applies to all monies for which the Commission is accountable, including expenditure through the Special EU Programmes Body and the NI Executive's central funds.
- 1.3. Adherence to this plan will enable the Commission to:
  - take timely and effective action to prevent further losses
  - maximise the recovery of losses
  - establish and secure evidence necessary for possible criminal and disciplinary action
  - identify the fraudsters and maximise the success of any disciplinary/legal action taken
  - comply with the external reporting requirements of Managing Public Money Northern Ireland (MPMNI)
  - highlight areas of weakness in the operating systems to prevent future losses.
- 1.4. The overarching theme of this plan is '**IF IN DOUBT, ASK FOR ADVICE**'. This applies at any point in an investigation. Details of contacts are provided in section 13 below.
- 1.5. Where a fraud occurs or is suspected, prompt and vigorous investigations should be carried out by officers independent of the work area under investigation. The investigation should be carried out by fully trained and experienced investigators with a working knowledge of interviewing suspects and collecting evidence in accordance with the provisions of the Police and Criminal Evidence (Northern Ireland) Order 1989.
- 1.6. The Fraud Management Guidance section of the DFP's Accountability and Financial Management Division website (<https://www.finance-ni.gov.uk/publications/anti-fraud-guidance>) provides information on good practice. Access to staff with the necessary training will be arranged through The Executive Office by the Secretary to the Commission.
- 1.7. The following sections of this plan set out the initial steps to take in the event of fraud or suspected fraud (see Appendix D for flowchart);
  - the Preliminary Enquiry Stage; and if the preliminary enquiry confirms the suspicion that a fraud has been attempted or perpetrated
  - the Formal Reporting Stage - including the management of an investigation, liaison with the Police, follow up actions, communication and external reporting requirements.

## 2. Preliminary Stage

- 2.1. In the event of a fraud, attempted fraud or other illegal act being suspected, the officer should immediately report the matter to their line manager or the Secretary to the Commission. If there is concern that line management may be involved, the matter should be reported to the next appropriate level. Alternatively, the Commissioner, the Head of Internal Audit, or the TEO Fraud Oversight Manager, should be contacted. See Section 5 for contact details.

- 2.2. It is for line management to undertake an initial fact-finding exercise. This discreet enquiry should be carried out as speedily as possible and certainly within 24 hours of the suspicion being raised. The purpose of the initial fact-finding exercise is to determine the factors that gave rise to suspicion and to clarify whether a genuine mistake has been made or if it is likely that a fraud has been attempted or occurred. This may involve discreet enquiries with staff or the examination of documents, as well as an investigation into the authenticity of the information initially received. **It is imperative that such enquiries should not prejudice subsequent investigations or corrupt evidence. IF IN DOUBT, ASK FOR ADVICE**
- 2.3. If the preliminary enquiry confirms that a fraud has not been attempted nor perpetrated, but that, internal controls are deficient, management should review their control systems with a view to ensuring they are adequate and effective. The relevant Risk and Control Framework should be updated and, where appropriate, the Corporate Risk Register. Internal Audit is available to offer advice and assistance on matters relating to internal control, if required.

### **3. Formal Reporting Stage**

- 3.1. If the preliminary enquiry confirms the suspicion that a fraud has been attempted or perpetrated, management must ensure that all original documentation is preserved in a safe place for further investigation. This is to prevent the loss of evidence, which may be essential to support subsequent disciplinary action or prosecution. The facts should be reported immediately to the Secretary to the Commission, who should then notify the TEO Fraud Oversight Manager.
- 3.2. A meeting should be held to determine and record any action to be taken. Advice should be sought from the TEO Fraud Oversight Manager on the immediate course of action. The TEO Fraud Oversight Manager may seek advice from a specialist fraud unit provided through a service level agreement.
- 3.3. To remove any threat of further fraud or loss, management should immediately change/strengthen procedures and if appropriate, suspend any further payments pending full investigation. Where a fraud has been perpetrated externally management should consider the need to inform other government Commissions/Bodies.

### **4. Fraud Investigation Oversight Group (FIOG)**

- 4.1. The FIOG will decide on the most appropriate course of action. The group chaired by the Secretary to the Commission, consists of the TEO Fraud Oversight Manager, Head of Internal Audit, and the relevant Commission Unit Head.
- 4.2. The group will be responsible for overseeing the progression of investigation cases in the Commission. It will commission work arising from investigation cases, decide on appropriate action and make decisions on the closure of cases.
- 4.3. It will also decide on the involvement of legal services and the PSNI. The Secretary to the Commission will act as the main contact point.

### **5. Group Fraud Investigation Service (GFIS)**

- 5.1. The Commission, via TEO may use the Department of Finance's Group Fraud Investigation Service to conduct fraud investigations. This unit is led by the DoF Group Head of Internal



Audit and Fraud Investigation Services, and is based at Annex C Dundonald House, Stormont Estate, Belfast. The contact number is 028 90 544210 or ext 24410.

- 5.2. The Group Service provides fraud investigation services to TEO and its Arms-Length bodies in line with a Service Level Agreement. The Group Service can be contacted directly to obtain advice and assistance on fraud related matters, however, business areas wishing to refer cases for investigation should contact the TEO Fraud Oversight Manager in the first instance.

## **6. Liaison with the Police Service of Northern Ireland (PSNI)**

- 6.1. The Police Service of Northern Ireland Organised Crime Branch in Belfast is available to give advice and/or guidance in cases where fraud is suspected. The FIOG is responsible for making contact with PSNI through the Secretary to the Commission. Where actual or attempted fraud is confirmed and is of a large or complex nature, the Organised Crime Branch will decide upon referral how the investigation will be progressed. Cases are often referred to Districts for further investigation. If the evidence strongly suggests that a fraud may have occurred, the expert advice from the PSNI is likely to include some/all of the following actions:

- Secure the evidence and ensure the preservation of records, both paper and electronic
- Ensure the procedures are strengthened and action has been taken to end the loss
- In the case of staff involvement in the fraud, remove the suspect's access to the computer systems
- Relocate the suspect in another building if suspension is not warranted initially

- 6.2. A Memorandum of Understanding (MOU) between the Northern Ireland Public Sector and the PSNI was formally signed on 30 October 2006 and was updated and revised in September 2010. It can be found on the DoF website at <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/mou-public-sector-and-psni.pdf>. The MOU sets out a basic framework for the working relationship between the PSNI and the Public Sector in respect of the investigation and prosecution of fraud cases. Its aim is to ensure consistency in the way fraud cases are investigated across the range of public sector bodies and a more targeted approach to criminal prosecution cases.

## **7. Right of the Suspect to be Informed and Accompanied**

- 7.1. As stated above, if fraud is suspected, investigators must secure evidence, ensure preservation of records, remove the suspect's access to computer systems in the case of staff involvement in the fraud, and suspend or relocate the suspect in another building. The suspect should not be informed before these steps are taken to avoid any attempt on his/her part to remove or destroy evidence. If it is necessary to inform the suspect earlier in order to get access to evidence or remove access to computers (e.g. it may be necessary to ask him/her to divulge passwords), the suspect's access to computer systems must be removed and the suspect should be relocated in another building if suspension is not warranted immediately. The suspect will formally notified in writing at the earliest possible point in the investigation of the reasons for his/her suspension or relocation.
- 7.2. If it is decided to deal with the matter solely as a disciplinary issue, the suspect has the right to be accompanied during any investigation interviews. They are entitled to be accompanied by a colleague or trade union official during any disciplinary hearing or appeal hearing. This method should only be followed if it is certain that the Commission will not seek a criminal prosecution

- 7.3. If the matter is dealt with under PACE, the suspect generally has the following rights, among others:
- for an interpreter to be provided as soon as practicable where there are doubts about hearing or speaking ability or ability to understand English;
  - to be informed that they may at any time consult and communicate privately with a solicitor, whether in person, in writing or by telephone;
  - on request to have that solicitor present when they are interviewed;
  - to communicate with anyone outside the interview.

## 8. Post Event Action

- 8.1. Appropriate steps will be taken to **recover all losses** resulting from fraud, if necessary through civil action. The Commission's legal services provider should be consulted at an early stage on the recovery of assets, for example action that might be taken to trace and freeze assets; action to prevent the release of assets; obtaining search orders.
- 8.2. Where a fraud, or attempted fraud, has occurred, management must make any necessary changes to systems and procedures to ensure that similar frauds or attempted frauds will not recur. Additionally, if a Commission employee is suspected of involvement, the Secretary to the Commission will consider the appropriate course of action. This may range from close monitoring/supervision to precautionary suspension. However, it should be noted that suspension does not in any way imply guilt.
- 8.3. Internal Audit is available to offer advice and assistance on matters relating to internal control, if considered appropriate.
- 8.4. The Commission Audit and Risk Assurance Committee should be kept informed of progress during an investigation.
- 8.5. Following an investigation, FIOG will consider any reports produced by the investigators, documenting lessons learned from all aspects of the fraud or attempted fraud, i.e. the cause, how it was detected, the investigation process and how similar frauds or attempted frauds can be prevented in future. Lessons learned will be circulated, as appropriate.

## 9. Reporting Arrangements

- 9.1. The Secretary to the Commission, is responsible for notifications to TEO, Internal Audit and the Comptroller and Auditor General about all discovered fraud, proven or suspected, including attempted fraud, within or against the Commission, and its sponsored bodies. This arrangement extends to frauds (proven or suspected) including attempted fraud in organisations/companies supported with public funds from voluntary bodies and other agents such as intermediary funding bodies/third party organisations that are associated with the Commission. Other reporting obligations such as money laundering regulations should also be considered as relevant. Therefore, the Secretary to the Commission should be notified immediately of all such frauds
- 9.2. Additionally, the Secretary to the Commission will notify TEO on a quarterly basis of any fraudulent activity and complete the annual return of frauds to Fraud and Internal Audit Policy (FIAP) (by the end of May each year). Annex 4.7 of Managing Public Money Northern Ireland defines the requirements.

## **10.Conclusion**

- 10.1. The Secretary to the Commission will ensure that relevant parties are updated of progress regarding the completion of the investigation. Care will be taken in making such reports that potential future legal proceedings are not jeopardised.
- 10.2. Any queries in connection with this response plan should be made to the Secretary to the Commission, or the Head of Corporate Services.
- 10.3. Advice and assistance on risk management/internal control issues can be sought from the Head of Internal Audit.

## **11.Public Actions**

- 11.1. The Commission encourages members of the public who suspect fraud and corruption to contact the Secretary to the Commission or the Commissioner.

## **12.Conclusion**

- 12.1. Any queries in connection with this response plan should be made to the Secretary to the Commission or the Head of Corporate Services.
- 12.2. Advice and assistance on risk management/internal control issues can be sought from the Secretary to the Commission or the Head of Corporate Services.

### 13. Useful contacts

<b>Contact Information</b>			
<b>Contact Name(s)</b>	<b>Title/Role</b>	<b>Email Address</b>	<b>Phone</b>
<b>Andrew Sloan</b>	Accounting Officer	<a href="mailto:Andrew.sloan@cvsni.org">Andrew.sloan@cvsni.org</a>	07530 610 687
<b>Stephen Moore</b>	Head of Corporate Services	<a href="mailto:stephen.moore@cvsni.org">stephen.moore@cvsni.org</a>	07595 244 696
<b>Mary McIvor</b>	Chair, Audit, Risk & Assurance Committee	<a href="mailto:mary.mcivor@economy-ni.gov.uk">mary.mcivor@economy-ni.gov.uk</a>	07825 146081
<b>TEO Fraud Oversight Manager</b> Gareth Johnston	Liaison at sponsorship Commission	<a href="mailto:Gareth.Johnston@executiveoffice-ni.gov.uk">Gareth.Johnston@executiveoffice-ni.gov.uk</a>	07734 298 793
<b>ECNI</b> Gary Rafferty	Liaison re ICT systems	<a href="mailto:grafferty@equalityni.org">grafferty@equalityni.org</a>	07738 836 652
<b>Sheila Davidson Consultant</b> Sheila Davidson	Communications service provider	<a href="mailto:sheila@davidsonconsulting.co.uk">sheila@davidsonconsulting.co.uk</a>	07785 793 672
<b>Cavanagh Kelly</b> Steven Lindsay	Internal Audit service provider	<a href="mailto:Steven.Lindsay@cavanaghkelly.com">Steven.Lindsay@cavanaghkelly.com</a> Cavanagh Kelly Scottish Provident Building 7 Donegall Square West Belfast BT1 6JH	02890 918230
<b>Police Service of Northern Ireland</b> Organised Crime Branch			Non-Emergency number - 101

## Appendix B

### Formal Notification of Fraud

1.	Fraud reference number (unique identifier)	<b>Ref:</b>
2.	Department	The Executive Office
3.	Name of organisation	Commission for Victims and Survivors
4.	Specific location of fraud (eg name of organisation, name of group etc)	
5.	Date fraud or suspected fraud discovered	
6.	Is the case being reported as actual, suspected or attempted fraud?	Actual, Suspected, Attempted
7.	Type of fraud?	<i>(Selection as per notes below)</i>
8.	What was the cause of the fraud?	<i>(Selection as per notes below)</i>
9.	Brief outline of case	
10.	Amount lost or estimated value	
11.	How was the fraud discovered?	<i>(Selection as per notes below)</i>
12.	Who perpetrated the fraud?	<i>(Selection as per notes below)</i>
13.	Has PSNI been notified?	Yes / No
14.	Any other action taken so far?	<i>(Selection as per notes below)</i>
15.	Please give contact details for this fraud in case follow-up is required	Name Telephone Email

## Notes

### Types of fraud

- Grant related
- Theft of assets (please state type of asset eg cash, laptop, oil, tools, camera)
- Payment process related
- Income related
- Pay or pay related allowances
- Travel and subsistence
- Pension fraud
- Contractor fraud
- Procurement fraud
- False representation
- Failure to disclose information
- Abuse of position
- Other (please specify)

### Causes of fraud

- Absence of proper controls
- Failure to observe existing controls
- Opportunistic
- Unknown

### Means of discovery of fraud

- Normal operation of control procedures
- Whistleblowing (internal or external)
- Internal Audit
- External
- Computer analysis/National Fraud Initiative
- Other means (please specify)

### Perpetrators of Fraud

- Internal staff member
- Contractor
- Funded body/grant applicant
- Other third party (please specify)
- Collusion between internal and external parties
- Unknown

### Other actions taken

- Controls improved
- Control improvements being considered
- No action possible
- Disciplinary action
- Prosecution

## **Appendix C**

### **Best Practice for Reporting Suspicions of Fraud and Irregularity**

- If staff become aware of a suspected fraud or irregularity, write down the concerns immediately.
- Make a note of all relevant details, such as what was said in phone or other conversations, the date, the time and the names of anyone involved.
- It may necessary to handover any notes and/or evidence you have gathered to the appropriate investigator.

#### **STAFF MUST NOT DO ANY OF THE FOLLOWING:**

- Contact the suspected perpetrator in an effort to determine the facts.
- Discuss the case facts, suspicions, or allegations with anyone outside the Commission.
- Discuss the case with anyone within the Commission other than the people detailed in the Fraud Prevention Policy and Fraud Response Plan.
- Attempt to personally conduct investigations or interviews or question anyone.

#### **ACTION BY MANAGERS**

If Line Management have reason to suspect fraud or corruption in the work area, they should:

- Listen to the concerns of staff and treat every report received seriously and sensitively;
- Make sure that all staff concerns are given a fair hearing. Line Management should also reassure staff that they will not suffer because they have told you of the suspicions;
- Get as much information as possible from the member of staff, including any notes and any evidence they have that may support the allegation. Do not interfere with any evidence and make sure it is kept in safe place;
- Do not try to carry out an investigation yourself; this may damage any criminal enquiry.
- Seek advice from the Secretary to the Commission or report the matter immediately to Line Management for notification to the Accounting Officer.

# Appendix D

## Preliminary Enquiry and Formal Reporting Stages

\*If you are concerned that line management may be involved in a suspected or actual fraud, you should report it to the next appropriate level, i.e. Secretary to the Commission, Commissioner or Chair of the ARAC. Alternatively, at any stage of the process you can contact the Commission's Sponsorship Department, TEO.

