

NORTHERN IRELAND POLICING BOARD

FRAUD RESPONSE PLAN

Introduction

NIPB has prepared this Fraud Response Plan to act as a procedural guide and provide a checklist of the required actions, which must be followed, in the event of a fraud, attempted or suspected fraud.

Adherence to this plan will ensure that timely and effective action is taken to mitigate against further losses, maximise the recovery and minimise recurrence of further losses, identify the fraudsters and maximise the success of any disciplinary/legal action, if taken.

The overarching theme of this plan is **'IF IN DOUBT, ASK FOR ADVICE'**. This applies at any point in an investigation.

A Memorandum of Understanding (MoU), for the Northern Ireland Public Sector acts as guidance for NIPB, has been agreed with the Police Service of Northern Ireland (PSNI). The MoU provides a basic framework for the working relationships between the NI Public Sector and the PSNI in respect of the investigation and prosecution of suspected fraud cases.

Preliminary Stage

In the event of a fraud, attempted fraud or other illegal act being suspected or perpetrated the officer should immediately report the matter to their line manager/Head of Branch. If there is concern that line management may be involved, the matter should be reported to the next appropriate level or alternatively, a member of the Senior Management Team, (SMT). In the event of the allegation being against a senior officer or if for any other reason it is deemed inappropriate to report the matter elsewhere, a report can be

made to the designated Board Member who is Ms Joan O'Hagan, (see Appendix One for contact details)

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 notification of the suspicion / incident being reported and its outcome reported to the Chief Executive Officer.

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 gather initial evidence if it is likely that a fraud has been attempted or occurred. This may involve discreet enquiries with staff or the examination of documents. It is imperative that such enquiries should not prejudice subsequent investigations or corrupt evidence, therefore, **IF IN DOUBT, ASK FOR ADVICE.**

Reporting arrangements also apply to monies for which NIPB is accountable but expended outside the organisation.

If the preliminary enquiry confirms that a fraud has not been perpetrated nor attempted, however, 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 and Directorate Risk Register(s) (NIPB Fraud Prevention Policy refers (**TRIM 87773**)). Internal Audit is available to offer advice and assistance on matters relating to internal control, if required.

All cases of suspected fraud in NIPB must be reported by NIPB's Chief Executive (Accounting Officer) to the Department for Justice NI (DoJNI). DoJNI will then report these suspected frauds to the Comptroller and Auditor General in the Northern Ireland Audit Office and the Department of Finance and Personnel (DFPNI). **The latter should only be done by the DoJNI.**

The Director of Support Services will maintain a fraud log containing details of all actions taken in respect of each case. The Director of Support Services will present this log at the Audit and Risk Management Committee. All matters will be dealt with in confidence and in strict accordance with the terms of the Public Interest Disclosure (NI) Order 1998.

Formal Reporting Stage

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 SMT through the appropriate Director. If the Director is involved the Chief Executive should be notified directly.

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.

The Accounting Officer (Chief Executive) will decide on the appropriate course of action including any full formal investigation arrangements. The Accounting Officer will appoint a suitable official as Case Manager to oversee and control the subsequent investigation.

Case Manager

The appointment of a Case Manager should be confirmed in writing and terms of reference (TOR) agreed. The TOR issued to the Case Manager should include an Action Plan. The Case Manager should have the necessary skills and authority (i.e. the appropriate rank and experience) to enable him/her to properly discharge these duties. The Case Manager must be independent of the matter being investigated. Dependent on the nature of the incident, the Case Manager may be an in-house official, supported by Internal Audit.

Alternatively, it may be appropriate to invite Internal Audit to assume the Case Manager role.

The appointed Case Manager should ensure that the case is completed as swiftly as possible, taking account of the need to gather and organise all relevant information and evidence.

Where allegations of suspected fraud are made by a source external to the organisation, the Accounting Officer, Director of Support Services and Internal Audit will be consulted immediately to consider and agree on a course of action.

The Case Manager has full responsibility for progressing the case and whilst (s)he can - and should - call on the assistance of various sources of help at all stages (technical assistance including knowledge and experience of the provisions of Police & Criminal Evidence (NI) Order 1989 (PACE), Personnel, Internal Audit, solicitors, etc), ultimate responsibility and accountability in progressing the case should remain with that person. The Case Manager may, however, appoint a suitably qualified and experienced Investigation Officer to carry out the detailed investigation work.

Role of the Case Manager

The Case Manager should investigate all aspects of any suspected officer's work and not just the area where the fraud was discovered. The investigation should cover the period during which the officer was responsible for the processes under investigation, but consideration should also be given to investigating earlier periods of employment. Potential evidence, including computer files and records of amendments relevant to the case, should be retained securely in compliance with PACE requirements.

Any control weaknesses discovered in procedures during the investigation should be strengthened immediately, and the extent of any supervisory failures examined.

It is the responsibility of the Case Manager to keep all other appropriate interested parties informed of all developments. In cases which have incited or are likely to incite media interest, the Case Manager in conjunction with the Accounting Officer will brief the Press Office on the precise information which can be released, and will instruct the Press Office to maintain a record of the information that they have released and to whom. The Case Manager should liaise with the appropriate experts where required e.g. accountants, solicitors, etc.

When the Case Manager has completed his/her investigation, their report recording lessons learned should be presented to the Accounting Officer to be signed off.

Lessons learned should be circulated by the Accounting Officer to all other interested parties, including Arm's Length Bodies (ALBs), who must take the appropriate action to improve controls to mitigate the scope for future recurrence of the fraud. Where appropriate, the Accounting Officer should discuss with the Head of Internal Audit the effect of any system weaknesses identified by the investigation.

Interviewing

Fraud investigation is a specialist area of expertise and staff tasked with carrying out an investigation should have appropriate experience and training. For the purposes of criminal proceedings, the admissibility of evidence is governed by the Police and Criminal Evidence (NI) Order 1989 (PACE). Documentary evidence must be properly recorded. It must be numbered and include an accurate description of when and where it was obtained as well as by and from whom. In criminal actions, evidence on or obtained from electronic media must have an accompanying document to confirm its accuracy.

In any investigation, there may be a need to interview staff, suspects or other persons involved. Interviewing is a specialist skill that is usually best carried out by or supported by appropriate professionals.

When fraud is suspected, the need to interview can be for the purpose of disciplinary and/or criminal proceedings. When disciplinary action is necessary, interviews are usually carried out by the appropriate line manager in conjunction with a representative from Human Resources.

In these circumstances it is essential that specialist human resources advice is sought on the appropriate disciplinary procedures before interviewing takes place. The potential involvement of the Police in any investigation does not negate the need to ensure that the appropriate disciplinary procedures have been followed.

When criminality is suspected, interviewing of suspects must not be carried out by staff but **must** be left to the Police. If the conditions of PACE are not complied with evidence will not be admissible in Court.

Liaison with the Police Service of Northern Ireland

A Memorandum of Understanding (MoU), setting 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, is in place. The MoU sets out a framework to ensure that appropriate action is taken by public sector organisations in line with DFPNI guidelines to deal with cases of suspected fraud as set out in Managing Public Money Northern Ireland and other guidance issued by DFPNI. It also aims to ensure that actions throughout the investigative process are conducted in accordance with PACE where appropriate.

If the Case Manager, in conjunction with the Accounting Officer, is satisfied that there is prima facie evidence of fraud, then they must report the matter to the police in accordance with the operating protocols set out in the MoU. Consultation with the police at an early stage is beneficial, allowing the police

to examine the evidence available at that time and to make decisions on whether there is sufficient evidence to support a criminal prosecution or if a police investigation is appropriate. Alternatively, the police may recommend that further investigations are conducted and they will more generally provide useful advice and guidance on how the case should be taken forward.

If the police decide to investigate then it may be necessary for the Case Manager to postpone further internal action and adjust the Action Plan as appropriate. However, the Case Manager should continue to liaise with the PSNI at regular intervals and report on progress made.

Sanction and Redress

There are three main actions that NIPB may pursue as part of its fraud investigation:

- i. Conduct the investigation to a criminal standard to maximise the opportunities for a criminal prosecution. This course of action may include the preparation and submission to the PSNI of an evidential pack. Alternatively, where in-house expertise is available, the investigation can be taken forward with a view to presenting a file to the Public Prosecution Service for direction;
- ii If necessary, seek redress of any outstanding financial loss through the Civil Courts; and
- iii Pursue a disciplinary process which may, if there is clear evidence of supervisory failures, include other officials.

Each option should be carefully considered in order to ensure that the most appropriate course of action is taken. It is important that any civil or disciplinary action does not impair a criminal investigation and vice versa.

Recovery of Loss

Preventing further loss and recovery of any losses incurred are the primary objectives of any fraud investigation. The Accounting Officer shall ensure that in all fraud investigations, the amount of any loss shall be quantified.

Repayment of losses should be sought in all cases.

Where the loss is substantial, legal advice should be obtained without delay on the potential to freeze any suspect's assets through the court, pending conclusion of the investigation. Legal advice should also be obtained on the prospects for recovering losses through the civil court, should the suspect refuse to repay the loss. Additional costs should also be sought in addition to any losses.

Theft of Personal Property

While the theft of the personal property or cash of a member of staff does not constitute fraud against the organisation, it is nevertheless essential that any such incidents are reported through line management so that appropriate action (such as notification of the police) can be taken.

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.

Reporting Arrangements

Additionally, the Accounting Officer will complete the annual return of frauds to DoJNI (by the end of May each year). The Accounting Officer will apprise all relevant parties of progress regarding the completion of any investigation

as appropriate. Care will be taken in making such reports that potential future legal proceedings are not jeopardised.

Conclusion

Any queries in connection with this response plan should be made to the Accounting Officer (Chief Executive Officer) or your Director.

Advice and assistance on risk management/internal control issues can be sought from the Head of Internal Audit.

Current contact details for officers referred to above are provided in [Appendix One](#).

Appendix One

Contact Details

Ms Joan O'Hagan, Designated Board Member, (Mobile: 07801 856319) .

Mr Edgar Jardine, Interim Chief Executive Officer, (028) 9040 8535, (x83535);

Mr David Wilson, Director of Support Services, (028) 9040 8555, (x83555);

Mr Peter Gilleece, Director of Policy, (028) 9040 8556, (x83556);

Mr David Jackson, Director of Planning, Performance and Partnerships (028) 9040 8557, (x83557); and

Mr Martin Pitt, Head of Internal Audit, (028) 9024 5454.