

Fraud Response Plan

1. Introduction

- 1.1 This 'Fraud Response Plan' has been prepared as a guide to staff and management where a fraud has been detected or is suspected. The objective of this plan is to ensure that timely and effective action is taken when fraud is suspected. It is in addition to the Board's Anti-Fraud Policy, in which fraud is defined and roles and responsibilities outlined.
- 1.2 The Board's Policy is that all allegations of fraud, whether internal or external will be investigated.

2. Initial Reporting

- 2.1 All staff should report any suspicions of fraud to their line manager who will immediately inform their Head of Branch. If a member of staff feels unable, for whatever reason, to raise a concern about suspected fraud with their line manager and/or Head of Branch, then they may report their suspicions directly to their Head of Department or the Head of Internal Audit.
- 2.2 When a report of suspected fraud is received, the Head of Branch must, where possible, determine if there is reasonable suspicion that a fraud has occurred. This exploration of the facts must be carried out discreetly and quickly. The preferred timescale for completion should be within 24 hours of the suspicion being raised.
- 2.3 Where the Head of Branch has determined that there is reasonable suspicion that a fraud has occurred, they are responsible for reporting the case immediately to their Head of Department and the Head of Internal Audit (normally within one working day).

3. Investigation

3.1 The relevant Head of Department will establish a Fraud Investigation Team. The exact composition of the team will be dependent on the nature of the suspected fraud but will typically include a manager from the Department concerned who will be the Fraud Investigation Leader and representation from Internal Audit, Human Resources and if required suitable staff from other business areas. At least one of those involved should be familiar with fraud investigation techniques and be aware of the requirements of the Police and Criminal Evidence (PACE) Act 1989.

3.2 The fraud investigation team will prepare a fraud investigation plan, which will include:-

- Facts to be established;
- Evidence required;
- Interview plan;
- Relevant timeframes; and
- Evaluation and analysis.

4. Purpose of the Internal Investigation

The objective of the investigation is to:-

- establish whether there is evidence that a fraud has occurred;
- collect sufficient evidence to support any complaint to the police; and
- provide sufficient evidence for possible disciplinary or legal action.

5. Protecting the Evidence

5.1 If initial examination confirms the suspicion that a fraud has been perpetrated, then to prevent loss of evidence, which may be essential for subsequent disciplinary action or prosecution, management should take steps to ensure that all original documentation and/or data stored electronically is preserved in a safe place for further investigation.

5.2 Consideration needs to be given by those obtaining the evidence to the Police & Criminal Evidence (Northern Ireland) order 1989 (as amended) (PACE) and Rules of Evidence. Lack of knowledge or expertise may lead to insufficient or unusable evidence being collected.

5.3 The Board may suspend the officer involved, pending the outcome of the investigation. Suspension itself does not imply guilt; it is another safeguard to prevent the removal or destruction of evidence.

6. Conducting the Internal Investigation

6.1 The Fraud Investigation Team is responsible for gathering all relevant evidence that may relate to the suspected fraud. The progress and nature of the investigation will be determined by the scope, value and nature of the suspected fraud.

6.2 The Head of the Investigation Team and the Human Resources representative will carry out any interviews with staff that may be required during the investigation. The Internal Audit representative on the team will provide advice and guidance during the course of the investigation concerning technical/financial issues and provide any financial analysis that may be required during the course of the investigation.

6.3 The Head of the Investigation Team will provide a report to the appropriate Head of Department detailing the findings of the investigation. The Head of the Investigation Team may be required to appear at a subsequent disciplinary hearing detailing the findings of the Team and answering questions in relation to the report.

6.4 Where it is considered that there are sufficient grounds for a formal complaint of alleged fraud to be reported to the police, the Board will do so, and, request that a police investigation be performed.

6.5 Where the case does not provide sufficient grounds for a formal complaint of alleged fraud and investigation by the police, the investigation team will outline the reasons in the report.

7. Reporting to the Police

7.1 In line with the Board's Anti-Fraud Policy, the police will be consulted in all cases of suspected fraud. On the 30 October 2006 a Memorandum of Understanding between the Northern Ireland Public Sector and the Police Service of Northern Ireland (PSNI) was signed. This memorandum was designed to facilitate the prompt and effective processing of investigations in cases of suspected fraud.

7.2 The police encourage organisations to consult with them at an early stage of an investigation and initial reports to the police, or requests for advice and guidance, can be made orally or in writing. Formal complaints should be made in writing and supported by evidential information. Appendix 1 sets out the PSNI acceptance criteria.

7.3 The police will inform the Board in writing of their decision to proceed with an investigation. Where it is decided not to proceed, the reasons for the decision will be included. The Public Prosecution Service will make the final decision as to whether or not a criminal prosecution will be undertaken.

8. External Reporting

8.1 The Head of Corporate Services is responsible for reporting incidents of fraud. The Board is required to report immediately to the relevant sponsoring Department ie. Department of Education (DE), Department of Culture Arts (DCAL) and Leisure Department of Employment and Learning (DEL) and the Northern Ireland Audit Office (NIAO) suspected or proven frauds.

8.2 The details to be reported are included in the "Memorandum of Guidance – Treatment of Losses and Special Payments". Incidents should be reported when an initial investigation confirms a suspected fraud.

9. Disciplinary Action

9.1 At the completion of the internal investigation, the Head of Department in consultation with the Head of Human Resources will decide what disciplinary action should be taken. Where a police investigation is to be conducted, the Board may still proceed with the internal disciplinary action.

9.2 It should be noted that the measure of proof used for a criminal conviction is “beyond reasonable doubt” whereas for internal disciplinary action, it is more based on the balance of probabilities. It is possible therefore for an officer to be found innocent of criminal charges by a court of law (or for the police to decide not to prosecute) but for that officer to still face a disciplinary penalty under the internal disciplinary process.

10. Recovery of Losses

10.1 The recovery of losses should be an objective of any fraud investigation. To this end the quantification of losses is important. Repayment of losses should be sought in all cases. Where necessary legal advice should be sought on the most effective actions to secure recovery of losses.

11. Follow-up Action

11.1 Following on from any fraud investigation, management shall review the systems in operation. The review should examine the current fraud risk arrangements to determine if there is any action needed to strengthen controls and therefore reduce the risk of another fraud in future. Internal Audit is available to provide assistance in this exercise.

11.2 Where weaknesses are established which may apply to other services, these should be disseminated to the other Heads of Department for circulation to their managers and staff.

12 Public Interest Disclosure – ‘Whistleblowing’

- 12.1 The Public Interest Disclosure (NI) Order 1998 gives legal protection to employees against being dismissed or penalised by their employers as a result of publicly disclosing certain serious concerns provided that they are disclosed under procedures identified in the Act.
- 12.2 Normally, any concern about a workplace situation should be raised with the line manager or Head of Branch, however it is recognised that because of the seriousness and sensitivity of some issues, together with the knowledge of who may be involved in the suspected wrong doing, this may be difficult.
- 12.3 For further information in relation to ‘Public Interest Disclosure’ please see the SELB ‘Whistleblowing Policy’ which provides contact details for Board staff.