



Department of

Finance

An Roinn

Airgeadais

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ANNUAL THEFT & FRAUD REPORT 2020-21

Compiled by the Department of Finance



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BACKGROUND

Background

1.1

Under Managing Public Money NI (MPMNI) departments are required to report to the Department of Finance (DoF) annually on all actual, suspected and attempted frauds which involve public money. This information is collated by DoF through an annual exercise completed by departments in respect of their own core department, their agencies, Non-Departmental Public Bodies (NDPBs) and other sponsored bodies.

1.2

DoF uses this information

- i. to highlight to the NI public sector the common types of theft and fraud cases which are being perpetrated; and
- ii. to identify measures which will help public sector bodies prevent and detect fraud and theft in the future.

Defining Theft and Fraud

1.3

Under the Fraud Act 2006 there is a legal definition of what constitutes “fraud”. However, the annual reporting exercise and this report includes cases which would come under the wider more generally understood use of the term “fraud” including:

false accounting, bribery and corruption, misappropriation, forgery, abuse of position and straightforward theft.

1.4

The cases included in this report include not only ‘actual’ cases but also ‘suspected’ and ‘attempted but prevented’ cases reported by departments for the 2020-21 year.

Scope of Report

1.5

The report covers cases reported by departments, their agencies, NDPBs and other sponsored bodies.

1.6

It does not include any cases which may have occurred in the NI Assembly, the NI Audit Office, or the NI District Councils. If required, information on actual, suspected or attempted fraud in these organisations should be sought directly from the relevant organisation(s).

1.7

Statistics on key fraud risk areas listed below are provided in the Summary Reports section. To enable meaningful trend analysis this information is not included in the results presented on pages 3-7. It is recognised that these areas are so significant due to their value/nature that they should be reported separately. More information on each of these is available from the respective departments.

These include the areas of:

**Department for Communities
Benefit Fraud**

**Department of Health Business Services
Organisation (BSO)
Health Service Fraud**

**Northern Ireland Environment Agency
Environmental Crime**

**Northern Ireland Water
Unauthorised Connections / Meter Tampering**

**Land and Property Services
Housing Benefit Fraud**

**Northern Ireland Housing Executive
Tenancy Fraud**

**Legal Services Agency Northern Ireland
Legal Aid Fraud**

**Department of Finance
Group Fraud Investigation Service**

¹Information has been gathered at a point in time and should not be taken as a complete record of all cases of fraud perpetrated in the 20-21 year. Nor does it include ‘suspected’ cases which have subsequently been determined as not fraudulent.

HIGHLIGHTS

130

cases reported for 2020-21.



Decrease of 94

cases from the previous year (224 cases).



Of the 130 reported,

44 actual - 54 suspected - 32 attempted



Value of fraud reported

£780k²



This is a decrease of

£2,349k

from the previous year (£3,129k).



34%

of the total value was in respect of 'actual' cases (£263k).



£376k

related to 'suspected' cases.

KEY FINDINGS

The number and value of frauds which have taken place over the past 5 years are detailed below.

Value of Cases

Figure A

16-17	17-18	18-19	19-20	20-21
£672k	£787k	£509k	£3,129k	£780k

Number of Cases

Figure B

16-17	17-18	18-19	19-20	20-21
271	236	219	224	130



There were several high value frauds reported in the 2020-21 year.

NIHE reported an attempted but prevented fraud in relation to an attempt to change supplier bank account details (payment process related), amounting to £137k.

DfE reported several suspected and actual frauds in relation to Covid Support Schemes (grant related), amounting to an estimated value of £178k.

South Eastern Trust reported a suspected fraud amounting to an estimated £80k, DoF reported a suspected fraud with an estimated value of £97k, and the Education Authority reported an actual fraud with a value of £70k, all three in relation to pay or pay related allowances.

Type of Fraud Comparison

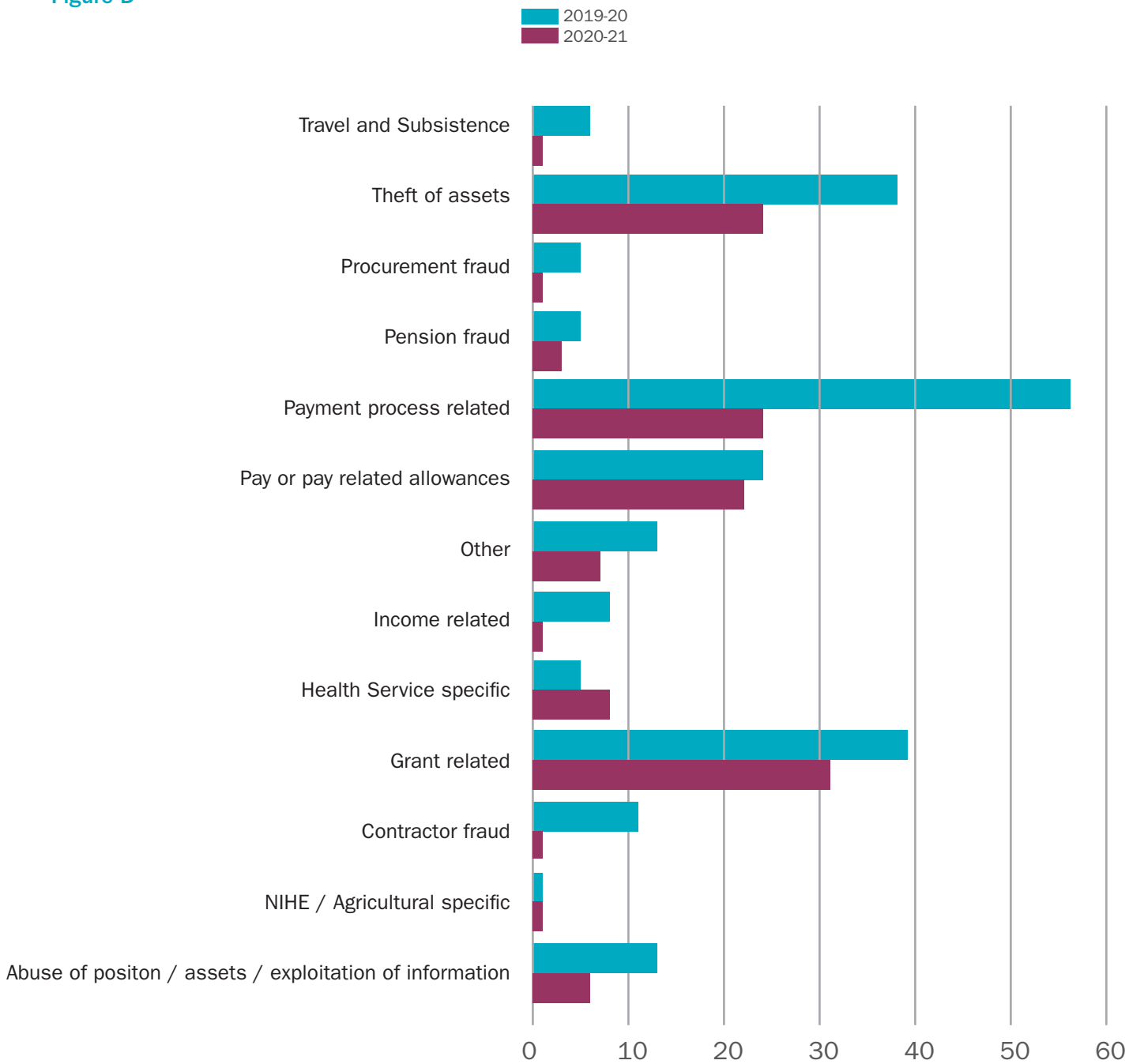
The table below compares the values and numbers of each type of fraud between 2019-20 and 2020-21. Grant related frauds were the most prevalent type of fraud in 2020-21, whilst pay or pay-related allowances accounted for the highest total value.

Figure C

	Value £		Number	
	20-21	19-20	20-21	19-20
Abuse of position	19	1,293,278	6	13
NIHE/Agricultural specific	-	-	1	1
Contractor	450	4,000	1	11
Grant	241,007	1,087,466	31	39
Health Service	37,696	-	8	5
Income	6	14,713	1	8
Other	3,615	6,441	7	13
Pay or pay related allowances	301,146	44,965	22	24
Payment process	165,056	533,387	24	56
Pension	10,327	6,994	3	5
Procurement	-	16,185	1	5
Theft of assets	20,825	116,655	24	38
Travel and subsistence	10	4,518	1	6
TOTAL	780,157	3,128,602	130	224

Illustrated below is the movement in numbers of each type of fraud from 2019-20 to 2020-21.

Figure D



All categories of 'type of fraud' decreased this year, with an overall decrease



from 224 cases in 2019-20 to 130 cases in 2020-21.

The biggest decrease was in payment process-related fraud



from 56 instances in 2019-20 to 24 instances in 2020-21.

Theft of assets also decreased significantly

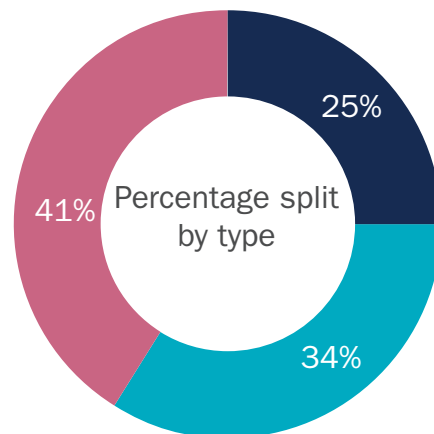
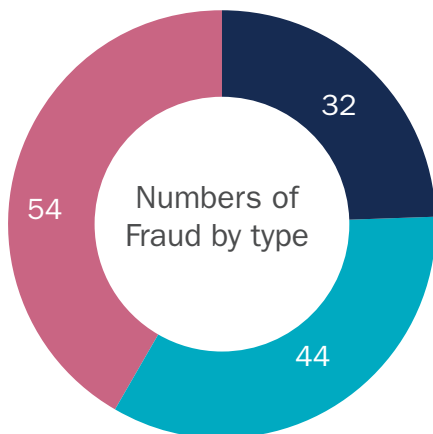


from 38 instances in 2019-20 to 24 instances in 2020-21.

Actual, Prevented and Suspected Fraud

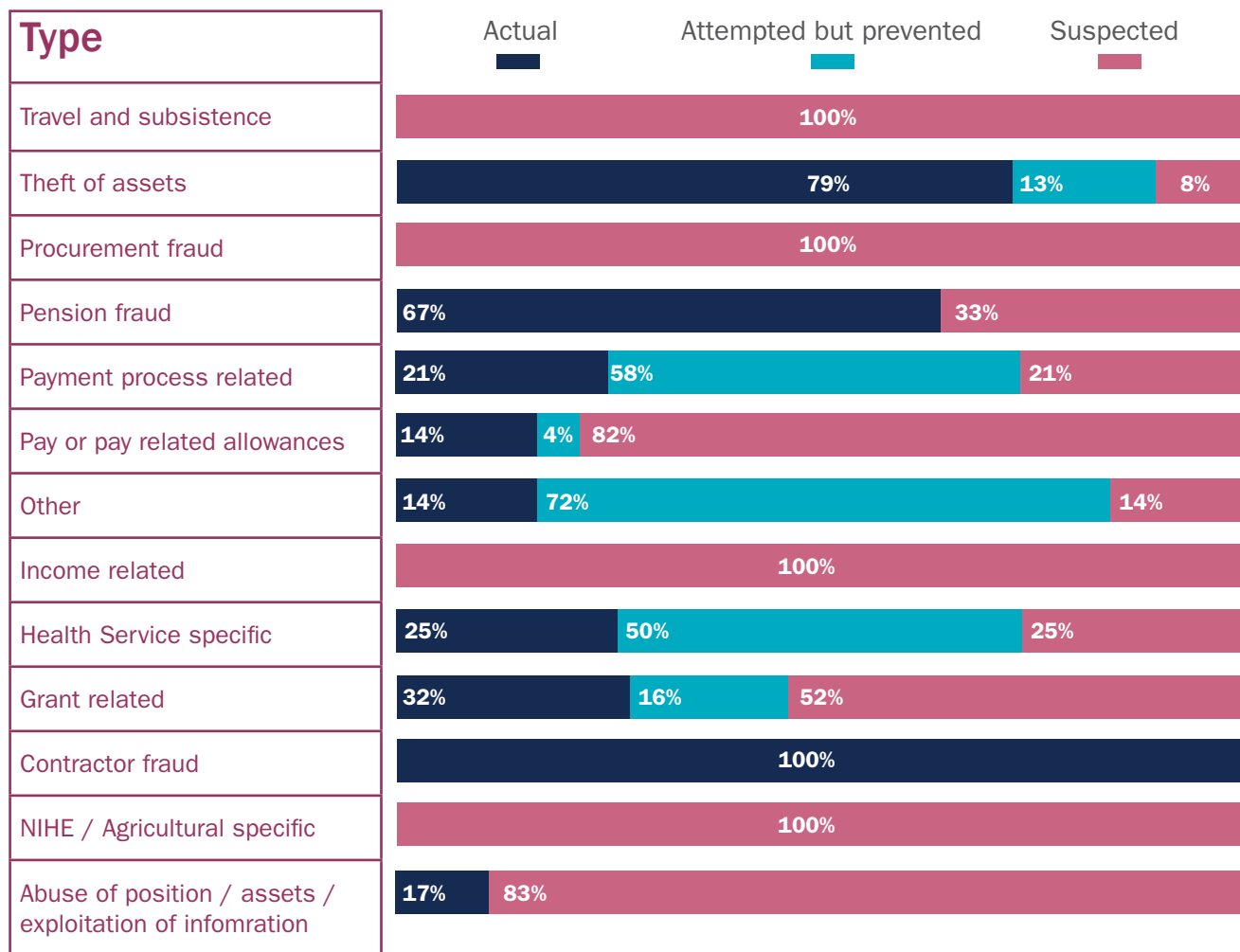
Figure E

Type	Actual	Attempted but prevented	Suspected	Grand Total
Number	44	32	54	130
Percentage	34%	25%	41%	100%



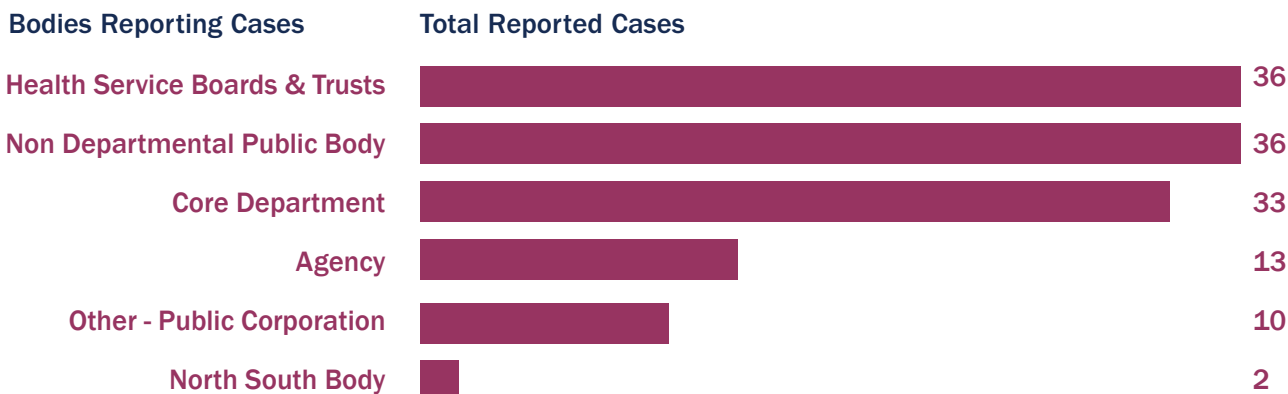
Split between actual, attempted and suspected

Figure F



Reported Fraud by Organisation

Figure G



SPECIFIC FRAUD RISK AREAS - SUMMARY REPORTS



Department for Communities Benefit Fraud

- Total value £99.5m, 1.5% of total expenditure (2019-20 £65.2m, 1.0%)
- 1742 investigations (2019-20 2400)
- 83 administrative penalties, formal cautions or convictions (2019-20 373)
- Recovery of £125k of assets criminally obtained (2019-20 £163k)
- 1486 compliance interviews completed, leading to £1.2m benefit adjustments



Department of Health - BSO Health Service Fraud

- 77 new cases, 38 of which included in annual fraud return (2019-20 92)
- Actual or estimated value for new cases £230k (2019-20 £477k)
- 2 cases criminal sanction (2019-20 7)
- 11 cases disciplinary/financial recovery/referral to professional/regulatory body (2019-20 21)
- 12 post payment exercises primary care expenditure (2019-20 469 – reduction due to Covid-19 pandemic)
- £35k of recoveries in relation to primary care expenditure (2019-20 £124k)
- £53k of recoveries in relation to evasion of health service, dental and ophthalmic charges (2019-20 £321k)



Northern Ireland Environment Agency Environmental Crime

- 1176 incidents of reported environmental crime (2019-20 835)
- 0 convictions
- 1 confiscation order £235k (2019-20 3, £40k)
- 16 Fixed Penalty Notices £5k (2019-20 24, £8k)
- 16 cases referred to HMRC for avoidance of environmental taxes (2019-20 25)



NI Water - Unauthorised Connections /Meter Tampering

- 134 cases investigated (2019-20 143)
- Illegal activities including unauthorised connections to public water main and meter tampering
- One legal case pending
- 15 cautions
- 62 warnings
- Approximately £116k has been recovered



Land & Property Services Housing Benefit Fraud/ Covid-19 Fraud

- 2021 NFI identified 5,181 (2019 5,416) cases for review
- In total, 11,654 claims reviewed
- No overpayments identified
- Localised Restriction Support Scheme (LRSS) has paid out approximately £312 million to businesses during 2020/21 and 2021/22, 29 cases of suspected fraud are currently being investigated, totalling approximately £418K.



Northern Ireland Housing Executive Tenancy Fraud

- 173 cases investigated (2019-20 248 cases)
- 18 properties recovered (£521k)
- 10 Fraudulent Applications Withdrawn (£285k)
- 11 Fraudulent Successions prevented (£313k)
- 1 Fraudulent Right to Buy application withdrawn (£28k)



Legal Services Agency Legal Aid Fraud

- 231 referrals (2019-20 364)
- 167 registered for further investigation (2019-20 333)
- Applicant fraud and supplier (members of legal profession) fraud
- 3 Revocations of legal aid certificate
- 1 application withdrawn
- 3 cases Referred to PSNI



Department of Finance Group Fraud Investigation Service

- 16 referrals received and investigated (2019-20 38)
- Main areas covering fraud referrals:
 - Grant funding;
 - Procurement;
 - Invoicing;
 - Contract Management;
 - Occupational Pension; and
 - Travel and subsistence / overtime claims.
- Work closely with PSNI

COVID-19 RELATED FRAUD

Emerging trends & high risk areas



DfC

IT systems, particularly remote email communications; finance payments; grants; procurement; fraudulent social security benefits claims.



DoF

Localised Restriction Support Scheme (LRSS) has paid out approximately £312m to businesses during 2020/21 and 2021/22, 29 cases of suspected fraud are currently being investigated, totalling approximately £418K.



DfE

Covid Small Business Rates Relief Grant Scheme, and the Retail, Hospitality, Tourism & Leisure Grant, both included the risk of fraud.



DoH

Increase in staff cases involving pay or pay related allowances, Probity Team unable to gain access to premises during pandemic to undertake probity verification work.



TEO

Travel Agents' Coronavirus Financial Assistance Scheme relied on self-declarations, all claims assessed and reviewed by team and management. Potential risks acknowledged and Ministerial Direction sought and issued.

Counter measures/post event assurance activities

- Horizon scanning and the implementation of departmental and Audit Office guidance.
- Staff awareness sessions delivered via video conferencing, and newsletters and fraud alerts issued to staff.
- Enhanced verification and checks on claims.
- Deployment of staff to various exercises designed to mitigate the risk from streamlined processes.
- The volume and profile of government grant funding increased dramatically during the Covid-19 pandemic. In October 2021, the NI Audit Office published a good practice guide on Grant Fraud Risks. The Guide sets out the key fraud risks and red flags at each stage of the grants process, along with suggested mitigating controls for each. The Guide also includes a self-assessment checklist, to help provide public sector bodies with a degree of assurance in relation to individual grants schemes or their overall grants process. The Guide is available on the NIAO website at [Grant Fraud Risks | Northern Ireland Audit Office \(niauditoffice.gov.uk\)](https://www.niauditoffice.gov.uk)

CYBER CRIME



- DfC, DAERA, DfE, DE & TEO together reported:
 - total of 30 cases
 - total value £139k, ranging from £0 up to £136k
 - primarily phishing emails, as well as malware and ransomware incidents and Denial of Service attacks
 - discovered through control procedures, or reported by external 3rd parties or internal staff.
- DoF – the NICS has multiple layers of technical and human defences to help mitigate the threat posed by cyber criminals. These defences are complemented by measures aimed at identifying and addressing technical vulnerabilities in NICS IT services. In addition, NICS has invested in Security Information Event Management technology delivering real time monitoring of activity on the NICS IT estate and identifying events before they become cyber incidents.
- DoH – as part of the Health and Social Care (HSC) Cyber Security Programme a new regional HSC Cyber Security eLearning program was launched in September 2020, highlighting Cyber Security policies and procedures and understanding everyone’s obligations and responsibilities to comply with these measures.

FRAUD PREVENTION ACTIVITIES & LESSONS LEARNED

In order to promote greater awareness amongst staff and the public of the impact and consequences of taking part in fraudulent activities, public sector bodies continue to carry out the fraud prevention activities listed below across the key fraud risk areas. These activities are also enabling improved visibility in terms of reporting and greater data analysis of trends, patterns and behaviours.



Fraud Prevention Activities

- Staff awareness sessions, newsletters and Fraud Alerts
- Counter Fraud training
- Targeted checks of data
- Use of data analytics to target inspections
- Use of IT to combat cyber fraud
- Legislation e.g. Proceeds of Crime Act
- Publicity campaigns
- Customer compliance interviews
- Collaboration across the public sector
- Multi agency joint operations, Investigations and task forces
- Joint operations with partner law enforcement organisations
- Cross Border collaboration
- Participation in National Fraud Initiative
- Increased data sharing
- Cyber Security Centre



Lessons Learned

Lesson 1

Robust controls must be established and applied consistently to act as a deterrent and enable fraudulent activity to be identified.

Lesson 2

Staff need to be aware of their responsibilities if fraud is suspected.

Lesson 3

Clear channels for reporting fraud must be established and communicated.

Lesson 4

Conflicts of interest need to be properly documented and managed.

Lesson 5

Early intervention is key to stopping and reducing the impact of fraud.

OTHER PUBLIC SECTOR FRAUD REPORTING MECHANISMS

National Fraud Initiative (NFI)

One of the key mechanisms used by NI public sector bodies to prevent and detect fraud is the National Fraud Initiative (NFI), a UK-wide data matching exercise run every two years by the Cabinet Office. Over 80 Northern Ireland public sector bodies, including departments, non-departmental public bodies, health bodies and local councils, participate in the NFI. The NI Audit Office co-ordinates the NFI exercise for NI participants.

The Comptroller and Auditor General NI (C&AG) acquired data matching powers in 2008 and all organisations whose accounts are audited by the C&AG or a local government auditor may be required to submit their data for matching.

In the seven exercises completed to date in Northern Ireland, outcomes total over £44 million, principally in the areas of pensions, rates and housing benefit. The C&AG reported on the most recent exercise in July 2022. The report is available on the NI Audit Office website at [The National Fraud Initiative: Northern Ireland 22 | Northern Ireland Audit Office \(niauditoffice.gov.uk\)](https://niauditoffice.gov.uk)

NICS Fraud Forum

The NICS fraud forum is a best practice advisory group made up of departmental representatives. The forum normally meets twice a year to discuss key topics/areas of interest.

In 2020-21, these topics included;

- a Cyber Fraud presentation by Danske Bank,
- an overview of the NIAO Raising Concerns Good Practice Guide,
- update on the NFI,
- review of Counter Fraud Standards and possibility of adopting in NI.

Organised Crime Task Force

The Organised Crime Task Force (OCTF) comes under the auspices of the Department of Justice (DoJ), providing a strategic multi-agency forum to tackle organised crime and reduce the harm it causes to communities, individuals and businesses in Northern Ireland.

The Taskforce does not have an operational responsibility for tackling organised crime – this remains the focus of the relevant agencies.

A representative from the NICS Fraud Forum attends the Criminal Finances Sub Group ensuring there is an appropriate link between the work of the OCTF and the NICS Fraud Forum. The Annual Report and Threat Assessment for the OCTF for 2020-21 can be accessed through the following link:

[OCTF Annual Report and Threat Assessment 2020-21 | Organised Crime Task Force](#)



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