



Fraud Response Plan

Version	4
Date Approved	25 April 2016
Date of Previous Approvals	21 October 2014 12 December 2013 14 March 2012
Date of next Review	April 2018

1. Background

1.1. This Fraud Response Plan follows on from the Commission's Anti-Fraud Policy. Appendix B of the Anti-Fraud Policy advises a fraud response plan should cover the following areas;

- Instructions on the action required at the point of discovery
- To whom the fraud or suspicion of fraud should be reported in the first instance, for example this may be a line manager.
- How the Commission should investigate the fraud and who will lead the investigation; depending on the nature of the fraud, special investigators, internal auditors who have been trained in fraud investigation techniques or a fraud unit may be used; the facts should be established quickly by the operational managers; any threat of further frauds or losses should be removed immediately, for example, by changing procedures or suspending payments
- How to secure evidence without alerting suspects at the outset of the investigation
- How to secure the evidence in a legally admissible form (e.g. evidence must be carefully preserved; it should not be handled and no marks made on original documents; a record should be kept of anyone handling evidence)
- Guidance about dealing with employees under suspicion (e.g. prompt action must be taken; action to suspend or dismiss an employee should be taken in conjunction with the personnel department; employees under suspicion who are allowed to remain on the premises must be kept under constant surveillance; make an immediate search of the suspects work area, filing cabinets, computer files)
- Guidance about interviewing (e.g. decisions about interviewing suspects must be made by senior management; if the Police are to be used they must be involved at an early stage; all interviews must be conducted properly controlled conditions in order to ensure that any statement taken and subsequently used as evidence in a court case will not be rejected as inadmissible; the guidelines and code of conduct for interviewing suspects issued under PACE – Police and Criminal Evidence Act 1984 - should be applied)
- When and how to contact the Police. Any decision about involving the Police must be taken by senior management. A record of police contacts should be recorded in this section
- Guidance about recovering assets (e.g. action to trace and freeze assets; action to prevent the release of assets; obtaining search orders)
- What experts to contact for advice (e.g. insurers, regulatory body, parent department, solicitors, accountants). There should be a list of these and contact details in this section. The right experts should be involved from the start
- Advice about briefing those with responsibility for dealing with the media (e.g. must tell them precisely what information they can release, instruct them to maintain a record of what information was released and to whom)

- How to mitigate the threat of future fraud by taking appropriate action to improve controls
 - How to disseminate the lessons learned from the experience in cases where there may be implications for the organisation as a whole.
 - An effective fraud response plan should be closely tailored to each organisation's circumstances. It should reflect the likely nature and scale of losses.
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FRAUD RESPONSE PLAN

1. Introduction

- 1.1. The Commission for Victims and Survivors for Northern Ireland (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, or attempted fraud, being suspected.
- 1.2. Adherence to this plan will ensure that timely and effective action is taken to prevent further losses, maximise the recovery and minimise recurrence of losses, identify the fraudsters and maximise the success if any disciplinary/legal action taken.
- 1.3. The overarching theme of this plan is '**IF IN DOUBT, ASK FOR ADVICE**'. This applies at any point in an investigation.
- 1.4. Where fraud occurs, or is suspected, prompt and vigorous investigations should be carried out by members of staff 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.
- 1.5. The Fraud Management Guidance section of the DFP's Accountability and Financial Management Division website (www.afmdni.gov.uk) provides information on good practice including DAO 22/05 Fraud Forum: Best Practice Guidance, Purchasing Payment of Invoices. Access to staff with the necessary training will be arranged by the Accounting Officer.
- 1.6. DFP has established a Service Level Agreement with the Group Fraud Investigation Services (GFIS) to ensure the completion of investigations in compliance with the necessary legislative framework (e.g. the requirements of the Police and Criminal Evidence (Northern Ireland) Order 1989), professional standards and recognised best practice.
- 1.7. A Memorandum of Understanding has also been agreed by DFP with the Police Service of Northern Ireland (PSNI) for the Northern Ireland Public Sector. The Memorandum of Understanding 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.
- 1.8. The following sections of this paper set out the initial steps to take in the event of fraud or suspected fraud:

- Initial Reporting;
- Initial Enquiries/Fact Finding;
- Management Action;
- Formal Notification; and
- Commencement of Investigation.

1.9. Appendix C provides a high level flowchart setting out the key steps in the preliminary enquiry and formal reporting stages. Appendix B provides advice on best practice for reporting suspicions of fraud and irregularity.

2. Preliminary Stage – Initial Reporting

- 2.1. In the event of a fraud, attempted fraud or other illegal act being suspected, the member of staff should immediately report the matter to their Line Manager.
- 2.2. If there is concern that Line Management may be involved, the matter should be reported to the next appropriate level. Alternatively, the Accounting Officer Chair of the Audit & Risk Committee, Head of Corporate Services, Head of Policy Development and Research or Head of Internal Audit should be contacted. See Point 15, Useful Contact Numbers for details.

The Commission has a ‘Whistleblowing’ Policy to assure staff and members of the public that it is safe to speak up if they are concerned about something.

- 2.3. The Line Manager must report the matter to the Accounting Officer and the Commissioner unless these individual appears to be involved or linked with the case, in which case see point 2.2.
- 2.4. Line management **should not** undertake preliminary enquiries until any suspicion has been reported to and advice taken from the Accounting Officer. **It is imperative that enquiries should not prejudice subsequent investigations or corrupt evidence, therefore, IF IN DOUBT, ASK FOR ADVICE**

3. Initial Enquiries/Fact Finding

- 3.1. 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.
- 3.2. For significant/novel cases the Finance Director may establish a Fraud Investigation Oversight Group (FIOG). The group chaired by the Accounting Officer consists of the Chair of the Audit & Risk Assurance Committee and the Head of Internal Audit Expert. Advice (e.g. Group Fraud Investigation Services (GFIS), DSO) may be sought as necessary.
- 3.3. 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.

- 3.4. This discreet preliminary enquiry should be carried out as speedily as possible (normally within 5 working days) after the suspicion being raised and with due consideration to potential future prosecutions and the need to ensure evidence is not compromised.
- 3.5. **It is imperative that such enquiries should not prejudice subsequent investigations or corrupt evidence - IF IN DOUBT, ASK FOR ADVICE.**

4. Management Action and Formal Notification

- 4.1. 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.
- 4.2. The relevant Risk and Control Framework should be updated and, where appropriate, the Commission's Corporate Risk Register. Internal Audit should be consulted for advice and assistance on matters relating to internal control, if required.
- 4.3. 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.
- 4.4. 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 Head of Corporate Services, Head of Policy Development & Research or Head of Communications and Engagement as appropriate who should then notify the Accounting Officer.
- 4.5. A meeting should be held to determine and record any action to be taken. Advice should be sought from the Accounting Officer on the immediate course of action. The Accounting Officer should use the template at Appendix A to report the matter to the Commission's Sponsorship Department, OFMDFM.
- 4.6. The Comptroller and Auditor General (C&AG) should also be notified of new fraud cases. Stage 1 (Initial Reporting) to Stage 4 (Formal Notification) should normally be completed within 10 working days and the C&AG notified within 8 working days of the matter being initially reported.
- 4.7. The Accounting Officer will ensure that updates on progress regarding the completion of investigations are provided to NIAO and OFMDFM, as necessary. Care will be taken in making such reports that potential future legal proceedings are not jeopardised.
- 4.8. 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.

5. Investigation

- 5.1. The FIOG will decide on the most appropriate course of action. The group chaired by the Accounting Officer consists of the Chair of the Audit & Risk Committee and the Head of Internal Audit.

- 5.2. 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. It will also decide if independent legal advice and the involvement of the PSNI is required.
- 5.3. The Accounting Officer will act as the Case Manager and will manage and control the investigation, as long as there is no conflict of interest in the matter.
- 5.4. The Accounting Officer's **main role** is to oversee the conduct of an effective investigation, undertaken in a timely manner. They will have overall responsibility and accountability for the independence and integrity of the investigation. On this basis they are responsible for:
- identifying the expected required level of fraud investigation resources required;
 - making sufficient resources available to fund this requirement from the Group Service;
 - liaising at any early juncture with the Group Service on suspected cases;
 - providing access to all records, assets, personnel and premises, and with the authority to obtain such information and explanations as are considered necessary to fulfil fraud investigation responsibilities;
 - ensuring that evidence (including computer files and records of amendments relevant to the case) gathered during initial fact finding is not compromised. Evidence and records should be protected and preserved for future consideration during a detailed investigation. In addition, they should not be disposed of under the normal review process;
 - liaising with Group Fraud Investigators to determine the need for an investigation and the required scope of such investigations;
 - approving the Terms of Reference and Investigation Plan produced by the Fraud Investigation Unit;
 - where appropriate establishing a Fraud Investigation Oversight Group or other Client oversight mechanisms;
 - co-ordinating meetings of Fraud Investigation Oversight Group where applicable, and producing accurate and timely minutes of meetings;
 - at a corporate level overseeing the fraud investigation being undertaken within their organisation by Group staff;
 - taking key management decisions in fraud investigation cases, based on advice/recommendations from Group staff e.g. on police referral, recovery options;
 - documenting any decision not to investigate a particular aspect of the allegation;
 - fully engaging with the Group staff throughout investigations, including providing free and unfettered direct access to the Commissioner, Audit and Risk Assurance Committee Chair and other senior managers where required;
 - where required supporting the utilisation of Internal Audit staff to assist Group Fraud Investigation staff undertaking investigations;
 - taking appropriate corrective action to address weaknesses or lessons learned as highlighted by investigations;

- ensuring that any key cross cutting lessons learned and patterns with previous cases for consideration are highlighted and key messages disseminated appropriately;
- liaising as appropriate with the officer responsible for exercising disciplinary powers and ensuring that the independence of their role and the integrity of the disciplinary process is not compromised; and
- liaising with senior management so recovery and disciplinary actions are addressed and controls are improved.

5.5. In most cases the Accounting Officer will decide to delegate some of the roles set out above but always retaining SRO responsibility.

5.6. If Group Fraud Investigation Services are involved they will be responsible for:

- attending case conferences with the Commission to discuss initial information/allegations/concerns;
- assisting the Commission in assessing the need for a preliminary/full investigation to be undertaken;
- developing the Terms of Reference and investigation plan for individual cases being investigated in line with the scope agreed with the Commission;
- carrying out required investigatory work;
- reporting at key points to the relevant Commission on progress and findings;
- providing advice/recommendations to the Commission on the appropriate actions to be taken e.g. referral to police, recovery options etc ;
- liaising with PSNI, PPS, Forensic Science and other specialists as required;
- producing evidence packs for PSNI investigation or the preparation of prosecution files for PPS direction;
- attendance at court/tribunal hearings etc;
- where required working with the Commission's Internal Audit team and other specialists in the investigation of fraud cases;
- maintaining professionally qualified investigatory team of staff to undertake investigations;
- liaising with the Commission in respect of any PR/media issues;
- providing feedback on lessons learned from investigations e.g. procedural/ legislative weaknesses;
- liaison with Commission HR in respect of cases involving employees; and
- subject to availability of resources the provision of fraud awareness seminars.

6. Liaison with the Police Service of Northern Ireland

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 Accounting Officer is responsible for making contact with PSNI through the Group Fraud Investigation Services.

They will lead on liaisons with the PSNI in accordance with the operating protocols set out in the Memorandum of Understanding (MOU) with the PSNI.

- 6.2. The MOU sets out a framework to ensure appropriate action is taken by public sector organisations in line with DFP guidelines to deal with cases of suspected, attempted or actual fraud. It also aims to ensure that, where specifically appropriate, actions throughout the investigative process are conducted in accordance with the Police and Criminal Evidence (Northern Ireland) Order 1989 (PACE). Where investigations are required to be conducted in accordance with PACE a trained official will advise on the specific requirements.
- 6.3. If the police decide to investigate then it may be necessary for the Accounting Officer to postpone further internal action. Where this is the case then this course of action should be formally documented and the Accounting Officer should continue to liaise with the police at regular intervals and if required report on progress to the Commissioner, OFMDFM, NIAO, the Audit and Risk Assurance Committee and senior management.
- 6.4. Where actual or attempted fraud is confirmed and is of a large or complex nature, the PSNI will decide upon referral how the investigation will be progressed.
- 6.5. 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; and
 - Relocate the suspect to another location within the building if suspension is not warranted initially.

7. Sanction and Redress

- 7.1. Appropriate steps will be taken to **recover all losses** resulting from fraud, if necessary through civil action.
- 7.2. There are three main actions that the Commission may pursue as part of its fraud investigation:
 - a) 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;
 - b) Seek redress of any outstanding financial loss through the Civil Courts, if appropriate; and
 - c) Pursue the internal disciplinary process which may, if there is clear evidence of supervisory failures, include other officials.
- 7.3. Each option needs careful consideration in order to decide on the most appropriate course of action to be taken in each case. It is important that any civil/disciplinary action does not impair a criminal investigation and vice versa.

8. Post Event Action

- 8.1. 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.
- 8.2. Additionally, if a Commission employee is suspected of involvement, the Accounting Officer 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. 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. Communication

- 9.1. The following communications should be observed in all cases:
 - The Audit and Risk Assurance Committee, OFMDFM and NIAO should be kept informed;
 - A lessons-learned document should be circulated throughout the Commission and its sponsorship Department, if appropriate;
 - This **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 Accounting Officer 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. Dealing with the media

- 10.1. The Accounting Officer, 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 to be released.
- 10.2. Also, the Accounting Officer will ensure that the Commissions Communication Support Services are apprised of progress and relevant information regarding the investigation.

- 10.3. The Accounting Officer will maintain a record of what information was released and to whom);

11.Reporting Arrangements

- 11.1. The Accounting Officer, is responsible for notifications to OFMDFM, and the Comptroller and Auditor General, NIAO about all discovered fraud, proven or suspected, including attempted fraud, within or against the Commission. Other reporting obligations such as money laundering regulations should also be considered as relevant.
- 11.2. Additionally, the Commission will be requested by OFMDFM to complete the annual return of frauds (by the end of May each year). Annex 4.7 of Managing Public Money Northern Ireland defines the requirements.
- 11.3. Also, the Accounting Officer will ensure that relevant parties are apprised of progress regarding the completion of the investigation. Care will be taken in making such reports that potential future legal proceedings are not jeopardised.

12.Safeguards

- 12.1. **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
- 12.2. **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
- 12.3. **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
- 12.4. **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.

13.Public Actions

- 13.1. The Commission encourages members of the public who suspect fraud and corruption to contact the Accounting Officer or Head of Internal Audit.
- 13.2. The Internal Audit Department operates independently of all other Commission processes and departments, and works to establish procedures with the following aims:
- (i) Develop an anti-fraud culture.
 - (ii) Deter, prevent, detect and investigate fraud and corruption.
 - (iii) See appropriate actions against those who commit or seek to commit some sort of fraud or corruption.

(iv) Obtain compensation in respect of any losses to the Commission.

13.3. The possible courses of action taken by the Commission are outlined below.

13.4. Internal Audit can be contacted by phone or in writing at the contact details at section 13, Useful contacts.

14. Conclusion

14.1. Any queries in connection with this response plan should be made to the Accounting Officer or the Head of Corporate Services.

14.2. Advice and assistance on risk management/internal control issues can be sought from the Accounting Officer or the Head of Corporate Services.

15. Useful contacts

Contact Information			
Contact Name(s)	Title/Role	Email Address	Phone
John Beggs	Accounting Officer	John.Beggs@cvsni.org	07530 610 687
Adrian McNamee	Head of Policy, Development and Research	Adrian.McNamee@cvsni.org	07540 200 665
Craig Gartley	Head of Corporate Services	Craig.Gartley@cvsni.org	07595 244 696
Richard Buchanan	Chair, Audit and Risk Committee	richard.buchanan@lineone.net	07932 439 953
OFMDFM Ricky Irwin	Liaison at sponsorship department	Richard.Irwin@ofmdfmini.gov.uk	07917 544 030
ECNI Donal Shiels	Liaison re ICT systems	DSheels@equalityni.org	07738 836 652
Emeritus Communications Sheila Davidson	Communications service provider	sheila@emerituscommunications.com	07785 793 672
Jones Cassidy Brett Fiona Cassidy	Legal service provider	FCassidy@jcsolicitors.co.uk	028 9064 2290
ASM Brian Clerkin	Internal Audit service provider	brian.clerkin@asmbelfast.com ASM 20 Rosemary Street Belfast BT1 1QD	02890 249 222
Police Service of Northern Ireland Organised Crime Branch			Non-Emergency number - 101

Appendix A

Formal Notification of Frauds

1.	Departmental fraud reference number (unique identifier)	Ref:
2.	Department	OFMDFM
3.	Name of body (eg specific Board, Trust, NDPB, Agency etc)	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 B

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 Anti-Fraud 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 Accounting Officer and
- Report the matter immediately to Line Management for notification to the Accounting Officer.

Appendix C

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. Accounting Officer, Commissioner or Chair of the ARC. Alternatively, at any stage of the process you can contact the Commission's Sponsorship Department, OFMDFM.

