



NORTHERN IRELAND SCREEN

FRAUD RESPONSE PLAN

November 2016

CONTENTS

Section

- 1.0 Introduction**
- 2.0 Preliminary Enquiry Stage**
- 3.0 Formal Reporting Stage**
- 4.0 Role of DFPs Fraud Investigation Service**
- 5.0 Other Actions**
- 6.0 Reporting to the NIAO and DFP**
- 7.0 Conclusions**

1.0 INTRODUCTION

- 1.1 Northern Ireland Screen has adapted this Fraud Response Plan from its sponsor Department DfE Fraud Response Plan and it will act as a procedural guide and provide a checklist of the required actions, which must be followed in the event of a fraud, or attempted fraud, being suspected.
- 1.2 This Fraud Response Plan applies to all monies for which Northern Ireland Screen is accountable.
- 1.3 Adherence to this plan will enable Northern Ireland Screen to:
- Take timely and effective action to prevent further losses;
 - Help to recover losses;
 - Establish and secure evidence necessary for possible criminal and disciplinary action;
 - Comply with the external reporting requirements set out in Managing Public Money NI (MPMNI); and
 - Highlight areas of weakness in the operating systems to prevent future losses.
- 1.4 The overarching theme of this plan, which applies at any instance where fraud is suspected, is **'IF IN DOUBT, ASK FOR ADVICE'**. Details of contacts are provided in [Schedule II](#).
- 1.5 The former Department of Finance and Personnel (DFP) established a Group Internal Audit and Fraud Investigation Service on 1 April 2015. The Department of Finance (DoF) Fraud Investigation Service provides the Department and its ALBs with a professional fraud investigation service, which complies with the appropriate legislative framework (eg Police and Criminal Evidence Act (PACE), Criminal Procedure and Investigations Act (CPIA etc), professional standards and recognised best practice.

2.0 PRELIMINARY ENQUIRY STAGE

- 2.1 In the event of a fraud, attempted fraud or other illegal act being suspected, the staff member whose suspicion has been aroused should immediately report the matter to their immediate line manager and their Head of Department. If there is concern that the staff member's immediate line manager may be involved, the matter should be reported to Director of Finance and Corporate Services and CEO. The Head of Department or Director of Finance and Corporate Services should inform the CEO. Where confidentiality is sought, staff may report their suspicions directly to the Fraud Hotline Number 0808 100 2716.
- 2.2 Line management should not undertake any preliminary enquiries as there is a risk that by so doing they could prejudice subsequent investigations or corrupt evidence.

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- 2.3 DoF's Fraud Investigation Service may also be consulted at this stage as necessary. The CEO will advise on the scope of the initial fact finding exercise and by whom it will be undertaken. This discreet preliminary enquiry should be carried out as speedily as possible after the suspicion has been raised. The purpose of the initial fact-finding exercise is to determine the factors that gave rise to the 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.
- 2.4 If the preliminary enquiry confirms that a fraud has not been attempted or perpetrated but internal controls were deficient, management should review their control systems with a view to ensuring they are adequate and effective. A robust review of the organisation's risk and control framework should be conducted and, where appropriate, the Corporate Risk Register should also be reviewed. It may be appropriate at this stage to engage internal audit to carry out further preliminary investigations in relation to potential internal control issues.

3.0 FORMAL REPORTING STAGE AND THE ROLE OF THE FIOG

- 3.1 If the preliminary enquiry confirms the suspicion that a fraud has been attempted or perpetrated, the facts should be reported immediately to the following people who will form the Fraud Investigation Oversight Group (FIOG):
- Chair of the Board;
 - Audit & Risk Committee Chair;
 - Northern Ireland Screen's Head of Internal Audit;
 - CEO;
 - Director of Finance and Corporate Services.
- 3.2 The CEO should inform the sponsor Department Grade 5 and sponsor Department Head of Internal Audit (HIA) in writing at this point, and the sponsor Department HIA will inform DoF Fraud and Internal Audit Policy Branch and the Comptroller and Auditor General (the head of Northern Ireland Audit Office).
- Northern Ireland Screen will also advise its NIAO Manager and if the investigation involves a charitable body, it will inform the Charities Commission.
- 3.3 At this stage the CEO will convene an urgent meeting of the Fraud Investigation Oversight Group (FIOG) to determine and record the action to be taken. If the FIOG deem it to be appropriate, the line management of the business area concerned will be invited to attend.
- 3.4 DoP Fraud Investigation Service will be contacted and if the DoF Fraud Investigation Service representative advises that the investigation has criminal implications then he/she will attend all Northern Ireland Screen FIOG meetings and will take the lead on the investigation.

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- 3.5 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.
- 3.6 The FIOG will decide on the appropriate course of action including the full formal investigation arrangements. The scope of the investigation should be determined and if it is deemed that further expertise is required, eg Solicitors, Forensic Accountants/ Engineers, the FIOG will engage the appropriate assistance.
- 3.7 FIOG should agree the Terms of Reference for the investigation and an oversight/checkpoint plan for the various stages of the investigation. The level of detail relayed to the FIOG on the progress of an investigation will be such as not to compromise or prejudice the outcome. The Terms of Reference will include appropriate and realistic timelines and progress against these will be monitored by FIOG.
- 3.8 Additionally, if a Northern Ireland Screen employee is suspected of involvement, the FIOG 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.
- 3.9 The FIOG should ensure the following best practice guidance is applied during the investigation:
- Details of all meetings held to progress an investigation, whether formal or informal, should be recorded. This is separate to the specific requirement to appropriately document and record interviews for evidentiary purposes;
 - An investigatory log will be maintained in order to record progress and significant occurrences;
 - **All aspects** of the suspected officer's work should be considered for investigation, not just the area where the fraud was discovered. Sample or full testing of this work may be required – consideration of use of Internal Audit should be given;
 - The investigation will cover the period the person under suspicion 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 record of amendments relevant to the case, **should be retained securely** and not disposed of per the normal routine procedures for disposal;
 - Control weaknesses discovered in procedures during the investigation should be **strengthened immediately**;
 - The extent, if any, of **supervisory failures** should be examined;

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- Consideration should be given to the audit of internal processes and procedures by Internal Audit, and the Audit Plan updated accordingly;
 - For all cases of suspected fraud an internal audit review of system weaknesses is to be performed and a paper of lessons learned is to be prepared and circulated to relevant staff;
 - The FIOG should ensure that legal and/or police advice is sought where necessary, based on the advice of DoF Fraud Investigation Service. DoF Fraud Investigation Service, on behalf of the FIOG, will lead on liaisons with the Police Service of Northern Ireland Organised Crime Branch, based at Knocknagoney PSNI Station, Belfast, in line with the agreed terms contained in the MoU. PSNI is available to give advice and/or guidance in cases where fraud is suspected. Where actual or attempted fraud is confirmed and is of a large or complex nature, the PSNI Organised Crime Branch is capable of carrying out investigations. Smaller cases may be referred to the local police.
- 3.10 The sponsor Department will formally notify The Department of Finance (DoF) of the suspected fraud and keep them updated as the case progresses.
- 3.11 Northern Ireland Screen is required to provide updates on **live cases** to the sponsor Department on a monthly basis or more often depending on the significance of the case.
- 3.12 The sponsor Department is required to formally notify:
- Northern Ireland Audit Office and keep them updated as the case progresses;
 - DoF Fraud and Internal audit Policy Branch;
- 3.13 The FIOG is stood down once:
- the course of action is agreed and is being taken forward and;
 - where appropriate, the lessons learned report has been agreed; OR
 - no further action is deemed necessary by the FIOG.

4.0 ROLE OF DFP'S FRAUD INVESTIGATION SERVICE

- 4.1 Under the terms of a Service Level Agreement, DoF's Fraud Investigation Service will provide the Department and its ALBs with a professional fraud investigation service which complies with the appropriate legislative framework (eg PACE/CPIA etc), professional standards and recognised best practice. This includes:
- Attending case conferences with the Department to discuss initial information/allegations/concerns;
 - Assisting the Department in assessing the need for a preliminary/full investigation to be undertaken;

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- Developing the Terms of Reference and investigation plan for individual cases being investigated in line with the scope agreed with the Department;
 - Carrying out required investigatory work;
 - Reporting at key points to the Department on progress and findings;
 - Providing advice/recommendations to the Department 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 Department's internal audit team and other specialists in the investigation of fraud cases;
 - Maintaining a professionally qualified investigatory team of staff to undertake investigations;
 - Liaising with the Department in respect of any PR/media issues;
 - Providing feedback on lessons learned from investigations e.g. procedural/legislative weaknesses;
 - Liaison with Departmental HR in respect of cases involving employees; and
 - Subject to availability of resources, the provision of fraud awareness seminars.

4.2 Northern Ireland Screen will have access to this service where appropriate.

5.0 OTHER ACTIONS

5.1 Appropriate steps will be taken to recover all losses resulting from fraud if necessary through Civil action. Northern Ireland Screen's solicitor should be consulted at an early stage on the recovery of losses. This may involve for example:

- Issuing civil proceedings;
- Taking actions to trace assets;
- Taking action to freeze bank accounts or prevent the transfer of assets;
- Obtaining tracing orders.

5.2 In the event of a media enquiry or a freedom of information request during the course of an investigation, DoF's Fraud Investigation Service should be consulted immediately. If the investigation is still at the preliminary stage and has not yet been referred to DoF's Fraud Investigation Service, the FIOG should be consulted.

5.3 Northern Ireland Screen will complete an internal audit review of system weaknesses in all cases of suspected fraud, and lessons learned prepared. Any key lessons learned will then be circulated to all staff.

5.4 Feedback received from the DoF's Fraud Investigation Service at the conclusion of an investigation will be provided. The feedback will, if appropriate, be circulated more widely than the organisation and the sponsor Department. Consideration will be given to informing other ALBs, and other public sector organisations, and the NICS Fraud Forum.

6.0 Reporting to the NIAO and to the Department of Finance

- 6.1 The sponsor Department Head of Internal Audit Service is responsible for notifying the Comptroller and Auditor General (the head of Northern Ireland Audit Office) and the Department of Finance's Fraud and Internal Audit Policy Branch (FIAP) of all cases of fraud (attempted, suspected or actual) within or against the Department, its Agencies and NDPBs.
- 6.2 All frauds (suspected and proven), both internal and external, must therefore be reported promptly in writing to the sponsor Department Head of Internal Audit Service to allow compliance with reporting arrangements. These requirements also extend to cases where public funds (both mainstream and European funding) are disbursed by other parties/organisations. The notification to the C&AG will be copied to the Permanent Secretary, the Grade 3 Operational Policy (Investment), relevant senior managers (including the Heads of Finance and Commercial Services, and Human Resources and Central Services Divisions), and Corporate Governance, Planning and Equality Branch.
- 6.3 Corporate Governance, Planning and Equality Branch will be responsible for compiling the annual return of frauds to DFP's Fraud and Internal Audit Policy Branch as required by Annex 4.9 of Managing Public Money Northern Ireland (MPMNI).

7.0 Conclusion

- 7.1 Any queries in connection with this response plan should be made to the Director of Finance and Corporate Services.
- 7.2 Advice and assistance on risk management/internal control issues can be sought from the Director of Finance and Corporate Services and Head of Internal Audit.
- 7.3 Current contact details for officers referred to above are provided in [Schedule II](#).

GOOD PRACTICE AIDE MEMOIRE FOR DEALING WITH REPORTS OR SUSPICIONS OF FRAUD AND IRREGULARITY

STAFF

If a member of staff becomes aware of a suspected fraud or irregularity, they should write down the concerns immediately. They should 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 be necessary to hand over any notes and/or evidence that has been gathered to the appropriate investigator.

The member of staff should immediately report the matter to their immediate line manager and Director of Finance and Corporate Services. If there is concern that their immediate line manager may be involved in fraudulent activity, the matter should be reported to the next level of line management.

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 Department (with the exception of DoF's Fraud Investigation Service);
- Discuss the case with anyone within the Department other than the people detailed in Anti-Fraud Guidance and the Fraud Response Plan; and
- Attempt to personally conduct investigations or interviews or question anyone.

LINE MANAGERS AND HEADS OF DEPARTMENT

If a line manager has reason to suspect fraud or corruption in the work area, they should not try to carry out an investigation themselves as this may damage any subsequent criminal enquiry or corrupt evidence.

If a line manager is approached by a member of staff in relation to suspected fraudulent activity, 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 them of their suspicions; and
- 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 a safe place.

The line manager should report the matter immediately to their Head of Department. If there is concern that their immediate line manager may be involved in fraudulent activity they should ensure that the matter is reported to the next level of line management. Line management should not undertake any preliminary enquiries at this stage as there is a risk that by so doing they could prejudice subsequent investigations or corrupt evidence.

Contact Details

Name	Designation	Telephone Number
Linda Martin	Director of Finance and Corporate Services	9026 8584 (Ext 216)
Fiona MacMillan	Chair of Audit and Risk Committee	07767 250173
Cara McCrory	Head of Internal Audit, PWC	9024 5454
Kathryn McCamley	Head of Business Development Liaison Branch	Kathryn.McCamley@economy-ni.gov.uk
Kay Uprichard	Business Development Liaison, lead for Northern Ireland Screen	Kay.uprichard@economy-ni.gov.uk
Michael Woods	Head of Internal Audit, DfE	Michael.woods@economy-ni.gov.uk
Trevor Connolly	Director of Business Engagement, DfE	trevor.connolly@economy-ni.gov.uk

Notes**1. Types of Fraud**

Grant related
 Theft of assets (please state type of asset eg cash, laptop, oil, tools, camera etc)
 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)

2. Causes of fraud

Absence of proper controls
 Failure to observe existing controls
 Opportunistic
 Unknown

3. 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)

4. Perpetrators of Fraud

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

5. Other actions taken

Controls improved
 Control improvements being considered
 Too early to determine
 No action possible
 Disciplinary action

Date of last review: August 2017

Next Review:
- Changes in NICS guidance; or
- complaint or issue which requires review of policy; or
- August 2019