



Northern Ireland - Ireland

European Regional Development Fund

VICTIMS & SURVIVORS SERVICE

Guidance Note on Fraud

G7/VSS

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Please note: in this document “Programmes” refers to both the Peace IV and the Victims and Survivors Programme. Peace IV refers to the EU Programme for Peace and Reconciliation in Northern Ireland and the Border Region of Ireland 2014-2020.

1.0 Introduction

- 1 This guidance note should be read in conjunction with the Standard Conditions of Grant, in particular Section 16.0.
- 2 The Victims and Survivors Service (VSS) is fully committed to developing and maintaining effective and robust controls to prevent fraud. The VSS will ensure that if instances of fraud do occur they will be dealt with promptly.
- 3 The VSS will ensure that all suspected cases of fraud are investigated fully with great diligence and during such an investigation will make every effort to maintain strict confidentiality.
- 4 The purpose of this guidance note is to provide guidance on the action required when evidence or suspicion of fraud arises within a funded organisation. Where there is any doubt, the VSS should be contacted immediately for advice and direction.
- 5 Every organisation is exposed to a certain risk of fraud. However with the proper systems and controls in place, this risk can be minimised. With proper management and procedures, all fraud which does occur can be promptly detected and managed appropriately.
- 6 Every funded organisation is responsible for ensuring that an appropriate Anti Fraud Policy and Fraud Response Plan is in place within their own organisation.

2.0 What is Fraud?

2.1 Fraud is a crime and the common elements include:

- Dishonesty;
- An acquisition;
- A falsehood or deception.

2.2. Fraud Act 2006

In January 2007 new legislation was introduced known as the Fraud Act 2006. The Act states that a person is guilty of fraud if he/she is in breach of any of the following:

1. Fraud by false representation;
2. Fraud by failing to disclose information;
3. Fraud by abuse of position.

2.3. Bribery Act 2010

The Bribery Act 2010 came into effect in July 2011 and defines four new criminal offences:

1. Offering or paying a bribe;
2. Requesting or receiving a bribe;
3. Bribing a foreign public official; and
4. Failure of a commercial organisation to prevent bribery by persons associated with them.

2.4. Types of fraud and mechanisms to reduce the risk of occurrence include:

- **False expenses claims:** It is the funded organisation's responsibility to have robust internal procedures and controls in place to verify and authorise all expense claims. All claims must be supported with the relevant receipts, dates, times and authorisation which should stand up to robust scrutiny.
- **Misuse of the purchase and payments system resulting in personal gain:** Each funded organisation should have transparent robust systems in place for the payment of all expenditure within relevant authorisation levels

and checks in place. These should be reflected in the signing of invoices, claims and payments.

- **False wages and salary claims:** Each funded organisation is required to have accurate and accountable records of all paid employees to include contracts of employment, worksheets, HMRC details and relevant payment details. This function should not be carried out by one individual only but should have adequate segregation of duty and authorisation levels in place.
- **Theft of equipment or materials:** Internal checks should be scheduled regularly to monitor stock control. Usage of stationery, etc, should be recorded and managed.
- **False accounting:** Each funded organisation should ensure there are appropriate segregation of duties in place with appropriate authorisation levels to be adhered to in all instances. Regular checks and balances to be carried out by the relevant people within the funded organisation.
- **Suppression/fabrication of documents:** Only original documentation / invoices should be accepted for payment, with checks and controls to verify the goods and services being provided.
- **Misuse of the computer:** Appropriate access levels should be implemented by the funded organisation with the emphasis on information security, eg, individual computer logons, correct use of passwords, use of appropriate files and folders, storage of data.

2.5. Types of corruption and mechanisms to reduce the risk of occurrence include:

- **Tendering and awarding of contracts:** All processes must be transparent and documented to meet public procurement requirements.
- **Settlement of contactors accounts/claims:** Original documents / invoices should only be accepted for payment, must be dated and should include details of the organisation being billed, supplier, work completed/goods delivered and breakdown of cost. All documentation requiring payment should be signed by 2 authorised signatories to confirm validity and subsequent authorisation for payment.
- **Financial interest of members and officers:** No member or officer should sign cheques or authorize payments made payable to themselves. These payments must always be authorised by other authorised signatories.
- **Hospitality:** Public procurement rules must always be followed and each funded organization should ensure there is full supporting original documentation.

- **Disposal of assets:** All assets including those purchased with public funds must be included on the funded organisation's Fixed Asset Register which should routinely be submitted to the VSS. Funded organizations must seek prior approval from the VSS before disposal of fixed assets purchased from VSS funding. The VSS will consider and, if necessary, provide written approval for the disposal. All monies received by the funded organisation upon the disposal of a fixed asset must be returned to the VSS unless otherwise agreed by the VSS. The disposal of any funded assets must be recorded and supported with relevant original paperwork and included in the annual accounts as income received.

3.0 Action to be taken by VSS Funded Organisations

- 3.1 It is important that any suspected fraud or corruption cases are dealt with in the strictest confidence.
- 3.2. In the event that a funded organisation suspects fraudulent or corrupt activity, this should be reported immediately (within 24 hours) to an appropriate senior person within your organisation and to the VSS Finance and Governance Manager using Annex 1.

If in doubt, report it!

3.3. Securing evidence

If the fraud is suspected or detected on site, you should try to secure as much physical evidence as possible (original documents where possible but certified copies will suffice).

3.4. Take no further action

You must not confront the person or organisation with suspicions at any stage as this will jeopardise any future legal proceedings.

4.0 Action to be taken by the VSS

- 4.1 The VSS will immediately consult with the appropriate authorities, i.e., the Government Fraud Investigation Service (GFIS), who will arrange the necessary investigations.

- 4.2 The VSS has an obligation to refer all suspected fraud cases to GFIS for investigation. GFIS is the NICS central body responsible for undertaking all suspected fraud investigations across the public sector and is staffed with experienced investigation staff.
- 4.3 A Service Level Agreement has been established between TEO and GFIS to provide additional support for the completion of investigations in accordance with the requirements of the Police and Criminal Evidence (Northern Ireland) Order 1989. VSS staff are not PACE trained, therefore, all investigations are undertaken by GFIS.
- 4.4 GFIS is responsible for reporting all suspected fraud cases to the PSNI.
- 4.5 The VSS will also inform The Executive Office, the VSS Board and the VSS Audit and Risk Committee of all suspected fraud cases.
- 4.6 The body (VSS, TEO or GFIS) carrying out the investigation will be responsible for collating and securing all evidence and documentation, interviewing key members of the VSS funded organisation and making recommendations to the PSNI. The PSNI may carry out their own investigation with a view to criminal proceedings.

5.0 National Fraud Initiative

- 5.1 The VSS participates in the National Fraud Initiative.
- 5.2 The National Fraud Initiative (NFI) is a major data matching exercise that is undertaken every two years and which enables public audit agencies in the UK to participate in cross jurisdictional data matching for the purposes of identifying fraud and error.
- 5.3 Approximately 200 bodies participate in NFI including central government bodies, agencies, non departmental public bodies, local councils and health sector bodies.
- 5.4 Results continue to show the potential of data matching to protect the public purse against fraud.

Annex 1 Suspected Fraud Notification to the VSS

1.	Name of Funded Organisation	
2	VSS Reference Number	
3	Specific location of suspected fraud (eg, name of organisation, supplier or individual)	
4	Date fraud or suspected fraud noticed	
5	Is the case being reported as actual, suspected or attempted fraud?	
6	Type of fraud?	<i>State as per options in notes below</i>
7	What was the cause of the fraud?	<i>State as per options in notes below</i>
8	Brief outline of the case Please attach further documentation as necessary	
9	Amount of loss or estimated value	
10	How was the fraud discovered?	<i>State as per options in notes below</i>
11	Who perpetrated the fraud?	<i>State as per options in notes below</i>
12	Any other action taken so far?	<i>State as per options in notes below</i>

13	Please give contact details for this fraud in order to follow-up	<i>Name:</i> <i>Telephone:</i> <i>Email:</i>
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Notes to be used when completing Annex 1

1. 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)

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
- Prosecution