



NIAO Perspective on Handling Suspected Fraud

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*“Promoting Accountability and Best Use of Public
Money”*



Objectives

- NIAO Interest in Fraud
- PAC Interest
- Definition of Fraud
- Responsibility for Investigating Fraud
- Fraud Policy and Fraud Response Plan
- Advice & Guidance

Fraud is not new



**“Fraud and deceit abound
in these days, more than
in former times.”**

Sir Edward Coke, Lord Chief Justice. 1602

NIAO Interest in NFI Results

- **Impact on Certification of Accounts**
- **Lessons**
- **Public Accounts Committee**



Public Accounts Committee

“In closing, I want the message to ring out loud and clear that PAC has a zero tolerance to fraud.”

John O’Dowd, Former PAC Chairman.



PAC Assembly Debate

“Aa`d laek tae turn tae tha fraud in tha publick secter. Fraud isnae á victimless wrang as is sae aftin painted.

Tha monies stolen fae tha publick secter purs in Norlin Airlan er á waest ópublick resources. This means poorer publick services an heigher than whuts needed taxes. Sae eech n invery yin ó us suffer at tha hans ó fraudsters.” Jim Shannon MLA



PAC on LEDU Fraud

- **Early Suspension**
- **Restitution and Prosecution**
- **Independent Investigation**
- **Non Executive Member of Audit Committee**



PAC on LEDU Fraud

- **Supervisory Negligence**
- **Wide-ranging and rigorous Investigations**
- **Warning Signals**
- **Control Weaknesses**



What is Fraud?

Before our legislators created a definition for fraud, many of the offences referred to as fraud were covered by Acts such as:

Theft Act (Northern Ireland) 1969

Theft (Northern Ireland) Order 1978



What is Fraud?

We now have a definition for fraud in Fraud Act 2006:

Three Ways to Commit Fraud:

- **Fraud by False Representation**
- **Fraud by Failing to Disclose Information**
- **Fraud by Abusing a Position of Trust**



Responsibilities

Department or Body

Developing & maintaining anti-fraud culture

Controls to prevent and detect fraud

Prompt and vigorous investigations

Effective sanctions

Effective redress

Managers

Risk assessments

Developing and maintaining effective controls

Ensure controls work

Individual Members of Staff

Acting with propriety

Report suspicions



Fraud Response Plan

- **Notifications**
- **Route – Criminal; Civil; Disciplinary**
- **Expertise needed**
- **Case Management Team**
- **Investigation Team**
- **How Investigation will be handled**
- **Effective Sanctions and Redress**



Help & Guidance

- **Specialists within Departments**
- **PSNI**
- **Fraud Forum Guidance**
 - **Internal Fraud – Mgt Checklist**
 - **Purchasing/Payment of Invoices**



Questions



A Selection of Common Methods and Types of Fraud

- Payment for work not performed
- Forged endorsements
- Altering amounts and details on documents
- Collusive bidding
- Overcharging
- Writing off recoverable assets or debts
- Unauthorised transactions
- Selling information
- Stealing of discounts
- Selling waste and scrap.



A Selection of Common Methods and Types of Fraud

- Altering stock records
- Altering sales records
- Cheques made out to false persons
- False persons on payroll
- Theft of official purchasing authorities such as order books
- Unrecorded transactions
- Transactions (expenditure/receipts/deposits) recorded for incorrect sums



A Selection of Common Methods and Types of Fraud

- Cash stolen
- Supplies not recorded at all
- False official identification used
- Damaging or destroying documentation
- Using copies of records and receipts
- Using imaging and desktop publishing technology to produce apparent original invoices
- Charging incorrect amounts with amounts stolen



A Selection of Common Methods and Types of Fraud

- Transferring amounts between accounts frequently
- Delayed terminations from payroll
- Over claiming expenses
- Bribes
- Skimming odd pence and rounding
- Running a private business with official assets
- Using facsimile signatures
- False compensation and insurance claims