



Northern Ireland Audit Office

# DoE Planning: Review of Counter Fraud Arrangements



REPORT BY THE COMPTROLLER AND AUDITOR GENERAL  
15 October 2013





Northern Ireland Audit Office

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K J Donnelly

Northern Ireland Audit Office

Comptroller and Auditor General

15 October 2013

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# Executive Summary





# Executive Summary

## Background

1. Planning transferred from local government to the Department of the Environment (DoE) in 1973. In April 1996 it became the Planning Service, a DoE Executive Agency. In 2010 the Northern Ireland Executive announced "*sustained economic growth*" as a top planning priority and set out arrangements for the policy reform of Northern Ireland's planning functions.
2. In 2011 as part of the preparations for planning and local government reform, the Department's planning functions ceased to be delivered through an agency and were delivered instead through a reorganised divisional structure in the Department. DoE anticipates that in April 2015 planning functions will transfer to the 11 new district councils and, as a result, elected representatives will become responsible and accountable for the majority of planning decisions.
3. DoE Planning generates income from planning applications and property certificates, with the objective of full cost recovery of the costs associated with delivering these services. However, in recent years planning income has decreased significantly from a high of £22 million in 2007-08 to £12.5 million in 2010-11. As a consequence of the fall in planning income, there has been a funding shortfall of £11 million in 2009-10 and £10 million in 2010-11. In response, the Department had undertaken a series of cost reduction measures including streamlining of services, voluntary early retirement schemes and redeployment of a number of staff.
4. In 2010, the Public Accounts Committee was critical of a number of aspects of Planning Service's performance. Among other things, it focused on the long-term underperformance of the Planning Service, deficiencies in customer service and the weaknesses in measures to prevent and detect impropriety.
5. Planning is an inherently high risk area of public service delivery. In its 2010 report, the Public Accounts Committee concluded that no other part of the public sector was more open to the possibility of conflicts of interest, collusion and impropriety.

## Main Findings

### Understanding and measuring fraud risk

6. In 2012, in its first high level fraud risk assessment of DoE Planning, the Department identified three high risk areas (planning decisions; cash handling; and procurement) but concluded that the overall risk of fraud was low. This assessment was primarily based on the existence of internal controls and the low incidence of frauds to date. In our view, given the high inherent risk in planning a low risk assessment is optimistic at best.

## Executive Summary

### **Creating and maintaining the right structures and culture to combat fraud**

7. DoE Planning has a comprehensive set of fraud policies. While the conduct code and gifts and hospitality guidance have been drawn up based on the risks specific to planning in line with good practice, the remaining fraud policies and strategies are generic and take little or no account of the nature of planning work. Despite the important role of whistleblowing in combating planning fraud, information on how to report concerns is not displayed prominently to the public on the Department's website.
8. DoE Planning has established clear responsibilities for dealing with fraud and corruption. DoE Finance and Business Planning has central departmental responsibility for fraud and fraud policies and procedures including co-ordination of fraud risk assessments. The Compliance Improvement Review Team is alert to potential fraud, and where required, may conduct preliminary investigations into alleged fraud. The Team has produced various fraud strategies and documents, introduced anti-fraud controls and its staff have received professional counter fraud training.

### **Dealing with fraud risk**

9. A key risk in planning is that employees (or ex-employees) may abuse their position or use their influence to affect planning decisions. The conduct guide sets out clear guidelines for staff completing applications on behalf of family and friends and for accepting outside appointments.
10. Controls to prevent or deter fraud are well-established. An absence of previously detected fraud was one of a number of factors which the Department considered to inform its assessment of fraud risk. The Department's view is that the absence of previously detected frauds is not necessarily an indicator that fraud has not occurred. This is reasonable. Indeed, good practice suggests that an absence of detected fraud should not provide assurance of the effectiveness of controls. By its nature, fraud is a hidden crime and its apparent absence can be equally an indication of ineffective rather than effective control.
11. DoE Planning has established an anti-fraud detection strategy. This includes an annual cycle of systems checks in four areas identified previously as high risk. Its impact would be enhanced by a more detailed assessment of the significant risks and their impact in order to target assurance work more effectively.

### Deriving assurance

12. DoE Planning relies on the presence of anti-fraud policies and procedures and the low level of detected fraud to provide assurance on the effectiveness of its anti-fraud measures. Good practice suggests that a formal annual review of the effectiveness of its counter fraud arrangements should be conducted and reported to the Board.
13. A counter fraud culture is developing in DoE Planning. A survey of staff using techniques developed by the Audit Commission showed a number of positive features, including a clear commitment to fighting fraud. There is room for improvement in staff awareness of the existence of, and their responsibilities under, key counter fraud policies and procedures. Less than half of staff would be confident in using the whistleblowing arrangements to report wrongdoing.

### Summary of key recommendations

- Prior to the transfer of responsibilities to local councils, the current range of anti-fraud policies and strategies should be revised to reflect fully the risks inherent in the planning process. In addition, optimal training requirements for staff involved in dealing with fraud should be identified and a more targeted assurance programme should be developed, based on intelligence and a detailed assessment of fraud risks.
- A thorough review of the effectiveness of anti-fraud measures should be undertaken each year in order that an accurate assurance assessment can be reported to, and monitored at, Board level.
- The whistleblowing policy should be prominent on the DoE website so that it can be accessed easily by members of the public and employees.
- DoE should develop and implement an action plan to address the issues identified by the Audit Commission survey. Progress may be measured by re-performing the survey in the future.





# Part One:

## Introduction and background

### Introduction

1.1 In Northern Ireland, planning decisions are taken by DoE Planning, part of the Department of the Environment (DoE). DoE Planning considers whether individual proposals for land use will:

- ensure effective and efficient use of land; and
- contribute towards achieving sustainable development in cities, towns and rural areas.

In making decisions, DoE Planning is required to consider a range of economic, environmental and social issues. The statutory functions and responsibilities of DoE Planning are set out in the Planning (Northern Ireland) Order 1991.

1.2 Planning transferred from local government to the Department of the Environment (DoE) in 1973. It became the Planning Service, an Executive Agency, in April 1996. On 1 April 2011, as part of the preparations for planning and local government reform, the Department's planning functions ceased to be delivered through an agency and instead were delivered through a reorganised divisional structure in the Department. The transfer resulted in reorganisation of the six Planning Divisions into five Planning Areas.

1.3 The reform will see the transfer of planning functions to the 11 new district councils. The Planning (Northern Ireland) Act 2011 provides the legislative power

for the transfer which is due to take place in April 2015. Following devolution to district councils, elected representatives will be responsible, and accountable, for most planning decisions.

### Background

#### Funding arrangements

1.4 DoE Planning generates income by applying charges to planning applications and property certificates. It works towards full-cost recovery and therefore each year fees are reviewed in the context of anticipated costs of the service. However, in recent years planning income has decreased significantly from a high of £22 million in 2007-08 to £12.5 million in 2010-11, falling considerably short of planning service costs. In 2009-10, the Planning Service incurred a funding shortfall of £10 million. During 2010-11 the Planning Service streamlined its processes and redeployed a number of staff in a bid to reduce costs. Despite these changes, there was a funding shortfall of almost £11 million.

1.5 The figures for 2011-12 again showed a significant funding shortfall as the number of planning applications received continued to decrease. This shortfall was reduced to £9.7 million through a number of mitigating measures, including continued redeployment of staff and other cost reduction measures. In 2012-13, the shortfall increased to £10.4 million (Figure 1).



**Figure 1: Planning Service annual income and funding shortfalls 2009-2013**

Year	Income (£million)	Shortfall (£million)
2009-10	14.9	10.0
2010-11	11.9	10.9
2011-12	11.3	9.7
2012-13	11.5	10.4

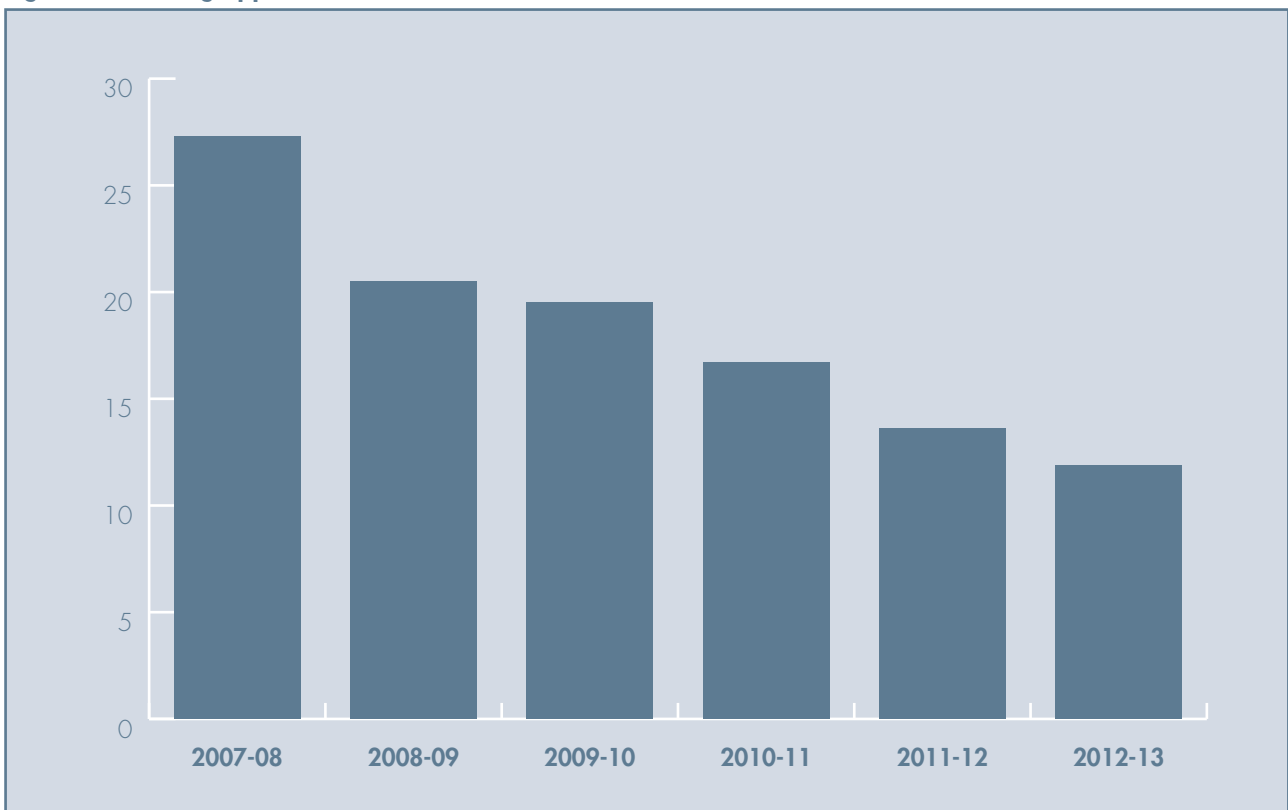
Source: Department of the Environment Resource Accounts, 2010-11 to 2012-13

### Planning activity

1.6

DoE Planning has seen a decrease in the number of planning applications received. This is due to the decrease in commercial and residential development resulting from the economic downturn. Between 2007 and 2013 the number of eligible applications received by DoE Planning fell by 56 per cent, from over 27,000 to less than 12,000 (Figure 2).

**Figure 2: Planning applications 2007-2013**



Source: Department of the Environment

## Part One: Introduction and background

### Planning Service performance

1.7 In November 2009, we reported on the Performance of the Planning Service Agency<sup>1</sup>. The Agency had failed consistently to meet a number of its targets and customer satisfaction had fallen significantly over the previous decade. The report was also critical of the delay and cost of introducing the electronic Planning Information for Citizens (ePIC) system. The ePIC system became operational in December 2010, some four years later than planned at a cost more than twice the original estimate (£12.9 million against an initial estimate of £5.5 million).

1.8 In December 2009, taking evidence on our report, the Public Accounts Committee (PAC) focused on:

- the poor performance of Planning Service over a long period;
- the nature of improvements needed to develop a fit-for-purpose service;
- the failure to deliver a flagship IT system;
- deficiencies in customer service; and
- the quality of measures to prevent and detect impropriety on the part of current or former employees.

1.9 In its subsequent report, PAC commented specifically on the risk of fraud and corruption within planning. It said:

*“Planning is an inherently high risk area of public service delivery. There is no other part of the public sector which is more open to the possibility of conflicts of interest, collusion and impropriety. One aspect of this is when staff leave Planning Service to work in the private sector. In these cases, there is a risk of conflict of interest as a result of using knowledge and contacts to the advantage of their new job. In this area, conflicts only come to light as a result of whistle-blowing activity. It is therefore imperative that Planning Service has in place exemplary arrangements in respect of whistle-blowing policies and practices.”*

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1 The Performance of the Planning Service, NIAO 25 November 2009

- 1.10 In light of its conclusions, PAC made the following recommendations:
- i. In public bodies where staff have access to confidential information, such as commercially sensitive data, Departments should consider introducing a requirement for all departing staff to sign an undertaking similar to that currently in use in the Senior Civil Service;
  - ii. Planning Service should review best practice and put in place its own whistle-blowing policy which should be widely disseminated and prominently advertised on its website; and
  - iii. Planning Service should develop a strategy to undertake proactive detection activities to supplement and support its whistle-blowing policy.
- 1.11 Since the PAC's report was published, DoE Planning has reported improvement in its performance. In 2012-13 it made 72 per cent of large scale investment planning decisions within six months against a target of 60 per cent.

### Scope of this report

- 1.12 It is important that central government ensures that robust counter fraud procedures are in place prior to the transfer of planning functions to district councils. Given the proposed transfer and the inherent risks involved in the planning process, we examined the extent to which:

- the existing counter fraud strategy and policy within DoE Planning is in line with best practice and is underpinned by a robust internal control environment; and
- there is a strong counter fraud culture within the planning system.

Our findings are based on a review of corporate documents, interviews with key staff and the results of a counter fraud survey of planning staff undertaken, on our behalf, by the Audit Commission.



Part Two:  
Counter fraud arrangements



## Part Two: Counter fraud arrangements

### Introduction and background

2.1 The Fraud Act 2006 defines fraud as a deliberate, dishonest act through which a person intends to make a gain for themselves or to cause a loss to another. The dishonest act will involve one or more of the following:

- i. false representation;
- ii. failure to disclose information; and/or
- iii. abuse of position.

2.2 The Department of Finance and Personnel (DFP) provided the public sector with a wider, more generic definition of the term fraud in its December 2011 publication *Managing the Risk of Fraud (the Guide)*. This definition includes<sup>2</sup>:

- **Theft** – dishonestly appropriating the property of another with the intention of permanently depriving them of it;
- **False Accounting** – dishonestly destroying, defacing, concealing or falsifying any account, record or document required for any accounting purpose, with a view to personal gain or gain for another, or with intent to cause loss to another or furnishing information which is or may be misleading, false or deceptive;

- **Bribery and Corruption** - offering or paying a bribe; requesting or receiving a bribe; bribing a foreign public official; and failure of commercial organisations to prevent bribery by persons associated with them;
- **Conspiracy to Defraud** - two or more persons agreeing by dishonesty to embark on a course of conduct which will result in a third party being deprived of something to which he or she is entitled; and/or
- **Money Laundering** – concealing the origins of the financial proceeds of crime, with the objective of allowing the subsequent use of such proceeds in legitimate commercial activities.

### Managing the risk of fraud

2.3 The Guide also provided general guidelines for managers and operational staff seeking to reduce the risk of fraud. The Guide assists public sector organisations to identify and control fraud risk. Its purpose is to show how the principles of sound risk management, governance and control apply to fraud and other irregular activities that might lead to fraud.

2.4 While recognising the legal definition of fraud, the Guide covers fraud in its widest sense covering cases of fraud, false accounting, bribery and corruption, conspiracy to defraud, money laundering etc. It acknowledges that fraud is just

one of many risks an organisation faces and that, by its very nature, it may be difficult to deter or detect.

2.5 The Guide advises that organisations should adopt a risk-based approach so that resources can be targeted towards improving controls and deterring fraud in high-risk areas. More specifically, it outlines that managing the risk of fraud involves:

- understanding and measuring fraud risk;
- creating and maintaining the right structures and culture to combat fraud;
- dealing with fraud risk; and
- deriving assurance over the management of fraud risk.

The success of DoE Planning in managing the risk of fraud against each of these four actions is considered below.

### Understanding and measuring fraud risk

2.6 The first stage in managing risk is to understand and measure the potential for fraud within each area of the organisation. This involves identifying those areas most vulnerable to fraud. For specific business areas, factors such as the value of activities, adequacy of

controls, the nature of potential fraud threats and the extent to which frauds can be detected should be considered. Once the risks have been identified, it is important to consider their impact and the likelihood of them occurring. Based on this, the organisation can produce a comprehensive analysis and assign a high, medium or low rating to specific risks.

### Planning is an inherently high risk area

2.7 In 2010, PAC<sup>3</sup> identified planning as an inherently high risk area of public service delivery. In addition to the generic fraud risk areas which apply to the majority of government bodies (such as procurement and cash handling), PAC concluded that there is no other part of the public sector more open to the possibility of conflicts of interest, collusion and impropriety. It was particularly concerned over the possible conflict of interest which arises where a member of Planning Service leaves to work in the private sector and uses contacts or knowledge to the advantage of their new employer. It recommended introduction of a requirement for all departing staff to sign an undertaking (similar to that currently in use in the Senior Civil Service). DoE considers that introduction of such a control is impracticable. In its view such a requirement would effectively limit new employment opportunities for ex-employees.

## Part Two: Counter-fraud arrangements

2.8 The potential financial gains from fraudulent activity within planning could be substantial. Given the costs of applying for planning approval (in the region of £250,000 for the largest residential developments, through to £2,112 for a small development and £840 for a single dwelling) the potential gains for a developer who was able to circumvent procedures are obvious. The danger for the public sector is that planning officials might accept bribes from developers in return for speeding up the application process, approving applications or omitting costly planning conditions on approved applications.

### **The Department has assessed the likelihood of fraud as low**

2.9 In 2008, having identified planning as a vulnerable area, in line with best practice fraud was included in the Planning Service risk register. Its inclusion was based on an assessment of the value of activities and the nature and impact of potential fraud.

2.10 In assessing the risk that fraud would occur, Planning Service considered the likelihood of fraud occurring and its ability to detect any perpetrated frauds. Planning Service considered that the presence of an anti-fraud policy and fraud response plan acted as sufficient controls to categorise the fraud risk as low.

2.11 In March 2012, in line with good practice, the Department initiated its first high level fraud risk assessment of DoE Planning. This identified three high risk areas as follows:

- planning decisions;
- cash handling; and
- procurement.

Based on the results of its assessment the Department concluded that:

*“Overall, following consideration of areas of potential inherent risk, the current control environment, the low incidence of fraud cases to date, and recommendations in internal audit<sup>4</sup> reports, the current assessment of the risk of fraud within...[DoE Planning]...is considered low”.*

### **A low risk assessment is optimistic**

2.12 While DoE Planning has established a number of internal controls, such as the segregation of duties in the process of planning approval, we consider that additional work is required to justify the low fraud risk assessment. These controls undoubtedly help to manage the risk of fraud but given that no other part of the public sector is more open to the risk of conflicts of interest, bribery or corruption, in our view a low risk assessment is optimistic at best.

4 Following a review of the Planning Portal (the computerised planning system) internal audit assessed the system as having limited assurance and made 26 recommendations to improve control. At July 2012, 19 were implemented, 6 were partially implemented and one was not implemented. The Planning Portal has been given a ‘satisfactory’ assurance rating following a subsequent internal audit review in light of a number of changes which were applied to the systems and controls in 2012.



### Recommendation

- 2.13 The fraud risk assessment should be updated, taking account of all relevant sources of information.

## Creating and maintaining the right structures and culture to combat fraud

### DoE Planning has a comprehensive set of counter fraud policies

- 2.14 Planning Service developed its anti-fraud policies in 2007, one year after the Fraud Act 2006 raised awareness of the risks to government bodies. By 2011, prior to the integration of Planning Service into DoE, its counter fraud policy documents included:

- the Planning Service conduct guide (2007);
- anti-fraud policy (2007);
- fraud response plan (2007);
- whistleblowing policy and procedure (2010)<sup>5</sup>; and
- fraud detection strategy (2010).

Following integration in April 2011, DoE Planning adopted DoE's generic fraud policies.

- 2.15 This is a comprehensive array of counter fraud guidance. However, perhaps surprisingly given the inherent risks associated with planning, a number of the policies developed do not reflect DoE Planning's specific operating circumstances. While the conduct code (which provides the code of ethics for Planning staff) and gifts and hospitality arrangements have been drawn up based on the risks specific to DoE Planning, the remaining documents take little or no account of the nature of Planning work.

### Whistleblowing requires a higher profile in DoE

- 2.16 Whistleblowing plays a particularly important part in combating fraud. PAC recognised this and in its 2010 report recommended that Planning Service develop a whistleblowing policy, ensure it is widely disseminated and display it prominently on the website so that employees and members of the public understand how to report incidents. In response, Planning Service developed its whistleblowing policy and procedures in April 2010 and placed it prominently on its website. Following integration into DoE, changes to the website reduced the prominence of the whistleblowing policy significantly, to the extent that users are required to use the 'search' facility to locate the webpage. This is not good practice.

5 Prior to 2010 Planning Service used the DoE Whistleblowing Policy which had been issued to all staff in 2008. Following the PAC recommendation in January 2010 Planning Service drafted its own policy to include external complaints.

## Part Two: Counter fraud arrangements

### Recommendation

- 2.17 The whistleblowing policy should be prominent on the DoE website so that it can be accessed easily by members of the public and employees.

### Key personnel require counter fraud training

- 2.18 DFP guidance specifies that in creating and maintaining a strong anti-fraud culture all those tasked with countering fraud and corruption should:

- have the appropriate authority required to pursue their remit effectively; and
- be professionally trained and accredited.

This should be supported by an effective propriety checking process, implemented by appropriately trained staff.

- 2.19 DoE Finance and Business Planning Team has central departmental responsibility for fraud and fraud policies and procedures including fraud risk assessments. Within DoE Planning, the Compliance Improvement Review Team is alert to potential fraud, and where required, may conduct preliminary investigations into alleged fraud within DoE Planning. All members of the team have received professional counter fraud training, in line with the requirements of the Guide.

- 2.20 Each Area Planning Office has an appointed Fraud Liaison Officer (FLO). This is an important role, with FLOs acting as the initial point of contact for whistleblowers if required. While these arrangements are in line with good practice, control would be enhanced if FLOs received specific counter fraud training, including dealing with whistleblowers.

### Dealing with fraud risk

- 2.21 Best practice for dealing with fraud risk requires action across all the following:
- prevention and deterrence;
  - detection; and
  - investigation, sanction and redress.

### Controls to prevent or deter fraud are well established

- 2.22 If an organisation is to prevent fraud, it must have a robust system of internal controls in place. These controls will include vigorous checking processes, segregation/rotation of duties, development of anti-fraud structures and policies and appropriate staff training.
- 2.23 Deterrence involves eliminating the factors that might encourage an individual to commit a fraudulent act. Major deterrents include ensuring that there is a high likelihood that fraudulent behaviour will be discovered and

imposing severe sanctions in any discovered fraud case. In order to deter fraud, organisations must clearly communicate:

- a commitment to combating fraud;
- the effectiveness of existing prevention/detection arrangements illustrated by detailing previous successful results; and
- a determination to impose sanctions and seek redress.

In line with best practice, the Planning Service Anti-Fraud Policy and its replacement, the DoE generic Anti-Fraud Policy, both confirm that legal and/or disciplinary action will be taken in all cases of suspected or actual fraud and that all cases will be referred for police investigation.

- 2.24 A key risk within DoE Planning is that employees (or ex-employees) may abuse their position or use their influence, to have a planning application approved or to omit potentially costly conditions from planning permissions. The Conduct Guide sets out guidance for staff completing applications for family and friends and accepting outside appointments. This guidance would be strengthened if detail on the sanctions for inappropriate behaviour in these circumstances is clearly set out.

- 2.25 DoE Planning and the Department consider that the existing planning controls which involve the segregation of duties are sufficient to prevent fraudulent activity of this nature. The Department accepts that the absence of detected fraud cannot be taken as assurance that fraud has not occurred or that controls are effective. By its nature, fraud is a hidden crime and its apparent absence can be equally an indication of ineffective, rather than effective, control.

#### **Fraud detection controls are in place but are not based on risk**

- 2.26 Detection controls are aimed at identifying errors, omissions and fraud after the event and involve ensuring an audit trail, monitoring and evaluating activity.

- 2.27 In 2010, PAC recommended that the Planning Service develop a proactive detection strategy to support its whistle-blowing policy. In response the Planning Service produced an anti-fraud detection strategy which contains an annual cycle of systems checks. Specific checks relate to four areas identified previously as high risk:

- check planning fees for compliance with fee regulations and to identify fee irregularities;
- check to ensure that the corporate decision making process has been followed correctly as part of the Deferred Income audit;

## Part Two: Counter fraud arrangements

- check for multiple applications by DoE Planning staff and confirm against the conflicts of interest register; and
- review audit trails for any potential irregularity.

2.28 The anti-fraud detection strategy undoubtedly goes some way to addressing PAC's recommendation. In our view, the strategy should now be integrated with the risk assessment (once it is updated) in order to arrive at a comprehensive programme of checks designed to address specific risks in the planning process. Under the current arrangements approximately 100 planning application files are selected randomly and examined each year (representing less than 1 per cent of all applications annually<sup>6</sup>). To date, this process has identified only one potentially irregular case which is currently under investigation. A revised process, based on intelligence and focusing on risks at a detailed level would provide increased assurance on the regularity of the planning process.

### **Policies for sanction and redress have had limited testing**

2.29 In line with good practice, Planning Service produced a fraud response plan in 2007 and revised it in 2009. Following integration, it adopted the generic DoE fraud response plan. While each of these documents is broadly in line with the DFP guidance neither is tailored to reflect the operating

circumstances of DoE Planning or outline the likely nature or scale of losses from fraud.

2.30 A limited number of cases of fraud or corruption have been discovered in DoE Planning. Sanctions have been imposed in these cases. This is positive although, in our view, the limited numbers involved represent too small a sample on which to base a judgement as to the policy's effectiveness.

### **Recommendation**

2.31 Prior to the transfer of responsibilities to local councils, the current range of anti-fraud policies and strategies should be revised to reflect fully the risks inherent in the planning process. In addition, optimal training requirements for staff involved in dealing with fraud should be identified and a more targeted assurance programme should be developed, based on intelligence and a detailed assessment of fraud risks.

6 During 2010-11 Planning Service received 16,678 applications (source Publication of Annual Development Management Statistical Bulletin for 2010/11)

## Deriving assurance

2.32 Organisations should seek regular assurance over the effectiveness of anti-fraud measures. Such assurance should be based on the results of regular monitoring by risk and compliance specialists or quality assurance reviewers. Assurance should be reported to, and monitored at, Board level.

2.33 In assessing effectiveness reviewers will consider:

- fraud awareness levels across the organisation;
- the extent to which staff and the public are willing to report suspicions;
- the success of fraud investigations, application of appropriate sanctions and the level of financial losses recovered; and
- the reduction in levels of fraud over time.

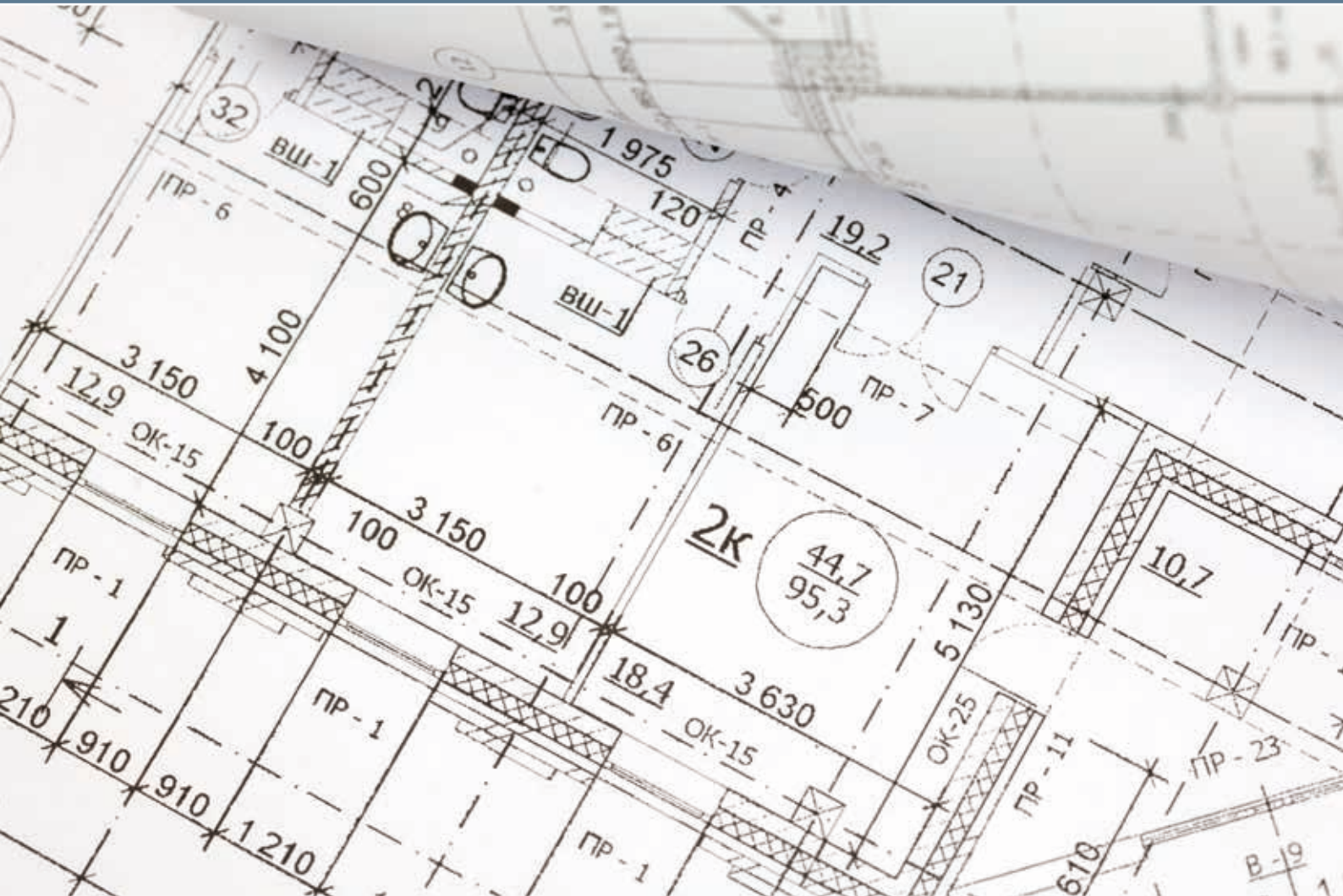
2.34 DoE Planning relies on the presence of anti-fraud policies and procedures and the low level of detected fraud to provide assurance on the effectiveness of its anti-fraud measures. While we agree that the presence of controls assists DoE Planning in preventing and detecting frauds, we consider that the low levels of identified fraud is as likely to be an indicator of weaknesses in the detection and reporting structures as it is an indicator of the strength of controls.

### Recommendation

2.35 A thorough review of the effectiveness of anti-fraud measures should be undertaken each year in order that an accurate assurance assessment can be reported to, and monitored at, Board level.



# Part Three: Building the counter fraud culture



## Part Three:

# Building the counter fraud culture

### Building the counter fraud culture

3.1 The importance of a strong counter fraud culture is acknowledged universally as the most important tool in the fight against fraud. Generally, all organisations have established internal controls to prevent and detect fraud. While a strong control framework is important, it can be compromised severely if the tone from the top is not clear and if those responsible are not sufficiently committed to operating it effectively.

3.2 The Northern Ireland Civil Service Fraud Forum has issued a series of Good Practice Guidance Notes to assist bodies tackling fraud. In its publication 'Communicating with the Organisation' it set a range of measures designed to improve awareness of counter fraud measures within the organisation. In summary it recommends:

- short, focused fraud awareness and whistleblowing training sessions;
- providing all staff with access to anti-fraud policies and the fraud response plan;
- communicating changes to policies and plans promptly to staff; and
- notifying all staff of the outcomes of fraud investigations.

It also suggests use of various other communication tools:

- providing desk aids;
- issuing information leaflets or booklets;
- displaying anti-fraud policies; and
- running fraud awareness roadshows.

3.3 The Audit Commission is a leading authority on countering fraud within the public sector. For more than fifteen years it has been using an interactive assessment toolkit to measure the counter fraud culture in a wide range of organisations in the public, private and voluntary sectors. Given its experience, we invited the Audit Commission to assess the counter fraud culture within DoE Planning.

3.4 In June 2012, the Audit Commission invited all DoE Planning staff to take part in an on-line, anonymous survey. Each participant was required to answer 32 questions relating to the counter fraud arrangements established in DoE Planning. Overall, the response rate was comparatively low, with 38 per cent of staff completing the survey.



3.5 The counter fraud culture is developing within DoE Planning. Survey responses identified a number of positive features:

- 76 per cent of staff considered that DoE Planning has made a clear commitment to fighting fraud and corruption;
- 66 percent agreed that this commitment is making a positive difference;
- 77 per cent are clear about their own role in fighting fraud and corruption;
- 79 per cent of respondents are confident that internal controls work effectively; and
- 90 percent have clear guidelines as to their conduct at work.

3.6 In common with other organisations using the survey, the responses also identified a number of areas where further work is required to embed the counter fraud culture within DoE Planning. In particular, there is room for improvement in staff awareness of the existence of, and their responsibilities under, key counter fraud policies and procedures.

3.7 Some issues are more specific to DoE Planning:

- while 61 per cent of staff are aware of DoE's whistleblowing arrangements, less than half would be confident to use them to report wrongdoing; and
- there are wide variations between the responses from staff in different local offices, suggesting strongly that a uniform counter fraud culture is not embedded within DoE Planning.

#### Recommendations

3.8 DoE should develop and implement an action plan to address the issues identified by the Audit Commission survey. Progress may be measured by re-performing the survey in the future.

3.9 In order to raise awareness of counter fraud arrangements across DoE Planning offices, it would be useful to employ the good practice recommended by the NICS Fraud Forum.

# NIAO Reports 2012-13

Title Date	Published
<b>2012</b>	
Continuous Improvement Arrangements in the Northern Ireland Policing Board	20 March 2012
Invest NI: A Performance Review	27 March 2012
The National Fraud Initiative: Northern Ireland	26 June 2012
NIHE Management of Reponse Maintenance Contracts	4 September 2012
Department of Finance and Personnel - Collaborative Procurement and Aggregated Demand	25 September 2012
The Police Service of Northern Ireland: Use of Agency Staff	3 October 2012
The Safety of Services Provided by Health and Social Care Trusts	23 October 2012
Financial Auditing & Reporting 2012	6 November 2012
Property Asset Management in Central Government	13 November 2012
Review of the Efficiency Delivery Programme	11 December 2012
The exercise by local government auditors of their functions in the year to 31 March 2012	19 December 2012
<b>2013</b>	
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The Agri-Food and Biosciences Institute (AFBI)	12 September 2013
Tackling Social Housing Tenancy Fraud in Northern Ireland	24 September 2013
Account NI: Review of a Public Sector Financial Shared Service Centre	1 October 2013

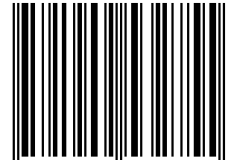




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