

## Fraud Response Plan

Date: June 2022

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# LIBRARIES NI

## FRAUD RESPONSE PLAN (Version 11.0)

### 1. Introduction

- 1.1 Employees of Libraries NI have a responsibility to ensure that the resources provided by the public purse are properly utilised and, in doing so ensure that the scope for fraud to be perpetrated against the interests of Libraries NI is minimised. Fraud is an ever-present threat, and hence must be a concern to all members of staff.
- 1.2 Libraries NI, in common with other public sector organisations, operates a zero tolerance policy with regard to fraud and requires all staff at all times to act honestly and with integrity and to safeguard the public resources which have been entrusted to it. Libraries NI policy is to always notify the police when a fraud is suspected.
- 1.3 The aim of this response plan is to help staff handle allegations of fraud properly and to assist in taking the correct action at all stages, from the moment fraud is first suspected to the conclusion of any disciplinary process.
- 1.4 This document should be read in conjunction with the following Libraries NI documents:
- The Anti- Fraud Policy
  - The Anti-Bribery Policy
  - The Code of Conduct for Staff
  - The Conflicts of Interest Policy
  - The Whistleblowing Policy.
- 1.5 The Fraud Act 2006 became law in January 2007 in England, Wales and Northern Ireland. It replaced a complicated array of over specific and overlapping deception offences and established a new general offence of Fraud which can be committed in three ways:
- by false representation
  - by failing to disclose information
  - by abuse of position
- 1.6 It also established a number of specific offences to assist in the fight against fraud. These include an offence of possessing articles for use in fraud and an offence of making or supplying articles for use in fraud.
- 1.7 Computer fraud is where information technology equipment has been used to manipulate programs or data dishonestly (for example, by altering, substituting or destroying records, or creating spurious records), or where the use of an IT system was a material factor in the perpetration of fraud. Theft or fraudulent use of computer time and resources is included in this definition.

### 2. Duty of Care

- 2.1 Any initial report should be treated with caution and discretion as, apparently suspicious circumstances may turn out to have a reasonable explanation or the report could originate from a malicious source. When theft, fraud or corruption is suspected it is essential that **confidentiality is maintained** at all times.
- 2.2 Libraries NI's duty of trust and care still applies even when an individual is under investigation for suspected fraud. The potential impact of the investigations on an individual should not be underestimated. Individuals can feel stigmatised by association with a fraud investigation, especially if they are suspended from duty and subsequently found to be innocent of all allegations. Improper application of procedures may lead an individual to seek redress from Libraries NI as a result of what they deem to be unreasonable treatment.
- 2.3 It is extremely important that all aspects of an investigation are properly and expeditiously managed in accordance with procedures. All details of meetings held to progress an investigation, whether formal or informal, should be recorded in some form. This is separate to any Police and Criminal Evidence (PACE) requirements to record interviews for evidentiary purposes.

### **3. Counterfeit Money**

- 3.1 If large value amounts over £100 of counterfeit notes are presented the employee should contact the PSNI immediately by phoning 101 (PSNI non-emergency number). The notes should be secured until the police arrive. If smaller amounts are presented staff should:
- contact the PSNI
  - advise the customer of the fraudulent note
  - record the date that the counterfeit note was presented, the amount and the name, address and telephone number of the person who presented the counterfeit note.
  - retain the note (where possible)
  - contact the Finance Manager.
- 3.2 The Finance Manager should advise the Director of Business Support and the Head of Internal Audit. The Director of Business Support should notify the following official at the Sponsor Department and advise them of the action taken by completing the Fraud notification template (Appendix 3):
- Stephen Western, Governance Unit, [Stephen.western@communities-ni.gov.uk](mailto:Stephen.western@communities-ni.gov.uk)

### **4. Initial Assessment of Fraud**

- 4.1 All staff should report any suspicions of fraud to their line manager who will immediately inform the relevant Director responsible for that area. If the suspected fraud is in frontline services, the Director of Business Support should also be contacted.
- 4.2 Should a member of staff be reluctant to raise a concern with their line manager; the matter can be reported in confidence. Staff should refer to the guidelines contained in Libraries NI's Whistleblowing Policy and the associated guidance 'Whistleblowing: Raising a Concern'.
- 4.3 When a report of suspected fraud is received, the relevant Director must, where possible, determine if there is a reasonable suspicion that a fraud has occurred. This exploration of the facts must be carried out discreetly and quickly. Any work seeking clarification of the facts relating to a potential irregularity must be treated as a priority engagement and progressed as promptly as possible. The preferred timescale for completion should be within 24 hours of the suspicion being raised.
- 4.4 From the first time that suspicions are raised it is important that evidence is preserved and protected. Wherever possible the gathering of evidence relevant to the enquiry, prior to reporting to the police, should be carried out by persons accredited in investigative practice and who are familiar with the Police and Criminal Evidence (Northern Ireland) Order 1989 as amended by the Police (Amendment) (Northern Ireland) Order (PACE) and Rules of Evidence.
- 4.5 Lack of knowledge or expertise may lead to insufficient or unusable evidence being collected. The Head of Internal Audit should be consulted at an early stage for advice and guidance in relation to gathering and securing evidence. The PSNI fraud unit can also provide guidance on this matter.
- 4.6 **Any person(s) suspected of being involved in a potential fraud must not be interviewed at this stage as this may seriously jeopardise any future disciplinary action or criminal prosecution.**
- 4.7 When the initial exercise to clarify the facts is completed the Director of Business Support should quickly convene the Fraud Investigation Oversight Group (FIOG). This group is made up of the Director of Business Support, the Director of Library Services (in cases where the suspected fraud has occurred in her directorate), the Head of Internal Audit and the Human Resources Manager (where appropriate). The Director responsible for the area in which the suspected fraud took place will be required to provide the following information to the group:
- whether initial suspicions have been ruled out, confirmed or remain suspicions
  - a brief description of the suspected fraud
  - the cause of the suspected fraud
  - the means of discovery

- the value of the suspected fraud
  - the name(s) of the suspected perpetrator(s)
  - actions taken in relation to the suspected perpetrator(s)
  - actions taken to improve management controls and secure assets
  - any other comments / recommendations arising from the clarification of facts.
- 4.8 The FIOG must determine the next course of action based on the initial evidence presented to them; either to:
- discontinue the fact-finding if initial suspicions are not confirmed, or
  - accept that there is sufficient evidence to warrant continuation with a full internal investigation.
- 4.9 If the decision made is to continue with a full internal investigation and an employee is under suspicion, the Director of Business Support and the HR Manager will be responsible for the consideration of initial action, including precautionary suspension with or without pay. If the clarification of facts enquiry confirms that a fraud has not been attempted nor perpetrated, but internal controls are deficient, management should review their control systems with a view to ensuring they are adequate and effective, and where relevant the Risk and Control Framework should be updated and where appropriate, the Directorate and Corporate Risk Register(s).
- 4.10 At this stage the Director of Business Support should advise the Chief Executive, Chairperson of the Board and the Chairperson of the Audit and Risk Assurance Committee of the findings of the enquiry to clarify facts.
- 4.11 Circumstances may arise which require the Department to become involved in the investigation of fraud e.g. where a whistleblower makes allegations directly to the Department or because of the seniority of the person involved such as the Chairperson, Vice Chairperson or Chief Executive. Guidance from the Public Accounts Committee (PAC) recommends that the Department take the lead in any investigation where allegations or suspicions involving senior management take place. In such circumstances the DfC Director of Finance, in conjunction with the DfC Senior Sponsor, will decide on the most appropriate course of action.
- 4.12 It should be noted that where the designated officer of FIOG is not available their responsibilities should be assumed by a nominated deputy.

## **5. Reporting to and advising other bodies.**

- 5.1 Where the initial investigation has indicated that a fraud does or may exist the Director of Business Support should advise the PSNI. This is an informal referral for notification purposes. The process for formal referrals, if required, is detailed later (see Section 7).

- 5.2 The Director of Business Support is also responsible for reporting the suspected fraud to the Northern Ireland Audit Office Audit Manager and to the sponsor Department. Libraries NI is required to report immediately all suspected or proven frauds to the Department. The report should be made to the following officials by completing the Fraud notification template. (Appendix 3)
- Stephen Western, Governance Unit, [Stephen.western@communities-ni.gov.uk](mailto:Stephen.western@communities-ni.gov.uk) and copied to
  - Andrea Orr, DfC Head of Governance, [andrea.orr@communities-ni.gov.uk](mailto:andrea.orr@communities-ni.gov.uk)
- 5.3 DfC and its ALBs have a Service Level Agreement with the NICS Group Internal Audit and Fraud Investigation Service (GFIS) but are classified as a low user. Libraries NI will conduct all internal fraud investigations unless, by exception, additional resources or advice are required from the Department.
- 5.4 It is the responsibility of DfC to notify the Department of Finance and the C&AG. The Libraries NI Director of Business Support is responsible for notifying the Chairperson of the Board and the Chairperson of the Audit and Risk Assurance Committee.

## **6. Internal Investigation**

- 6.1 The FIOG, having established that there is a suspected fraud and that an internal investigation is required, will agree the Terms of Reference for the investigation the Libraries NI Lead Investigator and an oversight / checkpoint plan for the various stages of the investigation. The FIOG will ensure that a plan is established to identify the following:
- the facts to be established
  - the evidence required
  - the interview plan (where appropriate)
  - relevant timeframes
  - evaluation and analysis.
- 6.2 The purpose of an internal investigation is to:
- establish whether there is sufficient evidence to confirm that a fraud has occurred
  - collect sufficient evidence to support any formal referral to the police
  - provide a complete, accurate and valid evidential pack to support any disciplinary or legal action required, in accordance with the Memorandum of Understanding signed between the Northern Ireland Public Sector and the Police Service of Northern Ireland.
  - make recommendations to enhance control to minimise the risk of similar reoccurrences

- 6.3 The FIOG will therefore liaise with the Libraries NI Lead Investigator to ensure that the following best practice guidance is applied during the investigation:
- all aspects of any suspected officer's work should be considered for investigation, not just the area where the fraud was discovered
  - consideration is given to investigating earlier periods of any suspected officer's employment
  - potential evidence, including computer files and records relevant to the case must be retained securely (in compliance with PACE requirements) and not disposed of
  - control weaknesses discovered in procedures during the investigation are notified to management for immediate remedial action
  - the extent, if any, of supervisory failures should be examined and reported.
- 6.4 Should the Investigation Team advise that further expertise is required, e.g. Solicitors, Forensic Accountants, Engineers etc. the FIOG will engage the appropriate assistance.
- 6.5 The Investigation Team is responsible for ensuring the gathering of all relevant information that may relate to the suspected fraud for inclusion in the Evidential Pack.
- 6.6 The progress and nature of the investigation will be determined by the scope, value and nature of the suspected fraud. The investigation should be completed with all possible speed notwithstanding the need to ensure completeness and accuracy. A monthly update must be provided to the FIOG. The FIOG should forward this update together with progress reports on all outstanding frauds to the Department. More frequent progress reports may be required depending on the significance of the case.
- 6.7 The FIOG will liaise with the Investigation Team to review the Evidential Pack and consider whether there are sufficient grounds for a formal referral of the alleged fraud to be reported to the PSNI.
- 6.8 Where the case does not provide sufficient grounds for a referral and investigation by the PSNI, the FIOG will outline the reasons why in a report which will be filed with the Evidential Pack. In these circumstances the Evidential Pack may be used by management to initiate internal disciplinary proceedings.

## **7. Reporting to the Police**

- 7.1 The FIOG should ensure that legal and / or police advice is sought where necessary. The Director of Business Support, on behalf of the FIOG, will lead on liaisons with the PSNI Fraud Squad, in line with the agreed terms contained within the Memorandum of Understanding between the Northern Ireland Public Sector and the Police Service of Northern Ireland. The 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 Fraud Squad is capable of carrying out investigations. Smaller cases may be referred to the local police.

- 7.2 The Public Prosecution Service will make the final decision as to whether or not a criminal prosecution will be undertaken.

## **8. Disciplinary Action**

- 8.1 At the completion of the internal investigation, the FIOG will decide on whether further disciplinary action should be considered. The role of supervisors and the extent (if any) to which they were negligent in their duties will also be assessed to determine if this contributed to circumstances that allowed the fraud to be perpetrated. Where supervisory negligence is found to be a contributing factor, disciplinary action may also be initiated against those managers / supervisors responsible.

- 8.2 Where a police investigation is to be conducted, the FIOG will seek the advice of the police to determine how to proceed with any internal disciplinary action, as this is not necessarily contingent on the police investigation being completed.

- 8.3 It should also be noted that the measure of proof used for criminal conviction is 'beyond reasonable doubt' whereas for internal disciplinary action it is assessed on the 'balance of probabilities'.

- 8.4 It is possible for an employee to be found not guilty of criminal charges by a court of law (or for the Police or Public Prosecution service to decide not to prosecute) but for that employee to have action taken against them under the Libraries NI's disciplinary procedure.

## **9. Recovering Assets**

- 9.1 The recovery of losses is a major objective of all fraud investigations. To this end the quantification of losses is very important.

- 9.2 Libraries NI will always seek recovery or reimbursement of misappropriated assets and if this is not forthcoming, legal advice will be sought on the most effective actions to secure recovery of losses. This may include seeking advice on the freezing of assets.

## **10. Dealing with Enquiries from the Media and Others**

- 10.1 Staff must not discuss any aspect of an investigation with the media or others as this may seriously jeopardise the duty of care owed by Libraries NI to its employees and may also prejudice any future disciplinary action or criminal prosecution. (See Libraries NI Media Policy).



- 10.2 All enquiries from media sources about suspected or actual cases of fraud must be referred to the Director of Library Services who will consult with the FIOG before taking the matter further.
- 10.3 Staff must not communicate any details of the fraud to any person not officially involved in the investigation.
- 10.4 If the case is likely to attract media attention the Director of Library Services should be briefed by the FIOG to determine precisely what information can be released.
- 10.5 The Director of Library Services must maintain a record of what information was released and to whom.

## **11. Follow-up Action**

- 11.1 Following on from any fraud investigation, Internal Audit will review the systems in operation and make recommendations to prevent a re-occurrence. The review will also examine:
- existing practices and risk management arrangements to determine if any action is needed to strengthen internal controls
  - management's compliance with fraud reporting procedures
  - the Fraud Response Plan to ensure that it has operated in the manner intended.
- 11.2 The Audit and Risk Assurance Committee will be fully briefed on the circumstances which led to the fraud and informed of progress being made to implement the recommendations contained in the internal audit report.
- 11.3 If appropriate, a "lessons learned" document will be circulated to managers in due course.
- 11.4 Information on frauds is reported annually to the Department of Finance and to Libraries NI's sponsoring department for wider dissemination to the public sector.

This Fraud Response Plan was developed after consideration of guidance contained in the following documentation:

- DAO (DFP) 06/11 – Managing the Risk of Fraud
- DfC Fraud Response Plan – Revised May 2019
- NIAO guidance issued in November 2015 – 'Managing Fraud Risk in a Changing Environment'
- NIAO guidance issued in February 2022 – 'Internal Fraud Risks'
- DAO (DoF) 04/18 – Fraud Proofing Guidance
- DAO (DoF) 04/17 – Managing the Risk of Bribery and Corruption
- DAO (DoF) 09/16 – Good Practice Procedures in Fraud Investigations

**Libraries NI Officers to Contact in the Event of a Suspected Fraud**

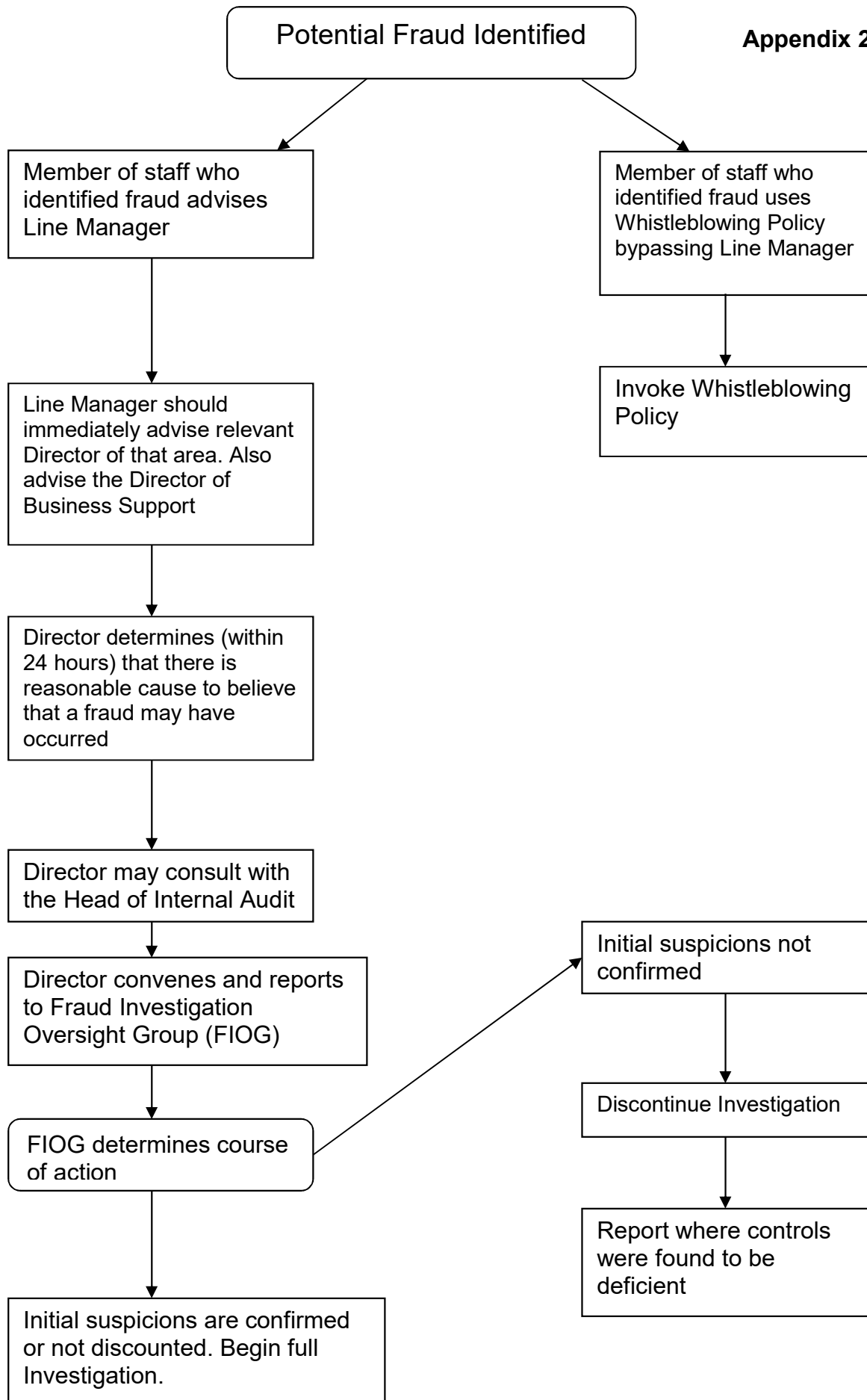
Mr Jim O'Hagan, Chief Executive  
Tel No: 028 9263 5320  
E-mail: [jim.o'hagan@librariesni.org.uk](mailto:jim.o'hagan@librariesni.org.uk)

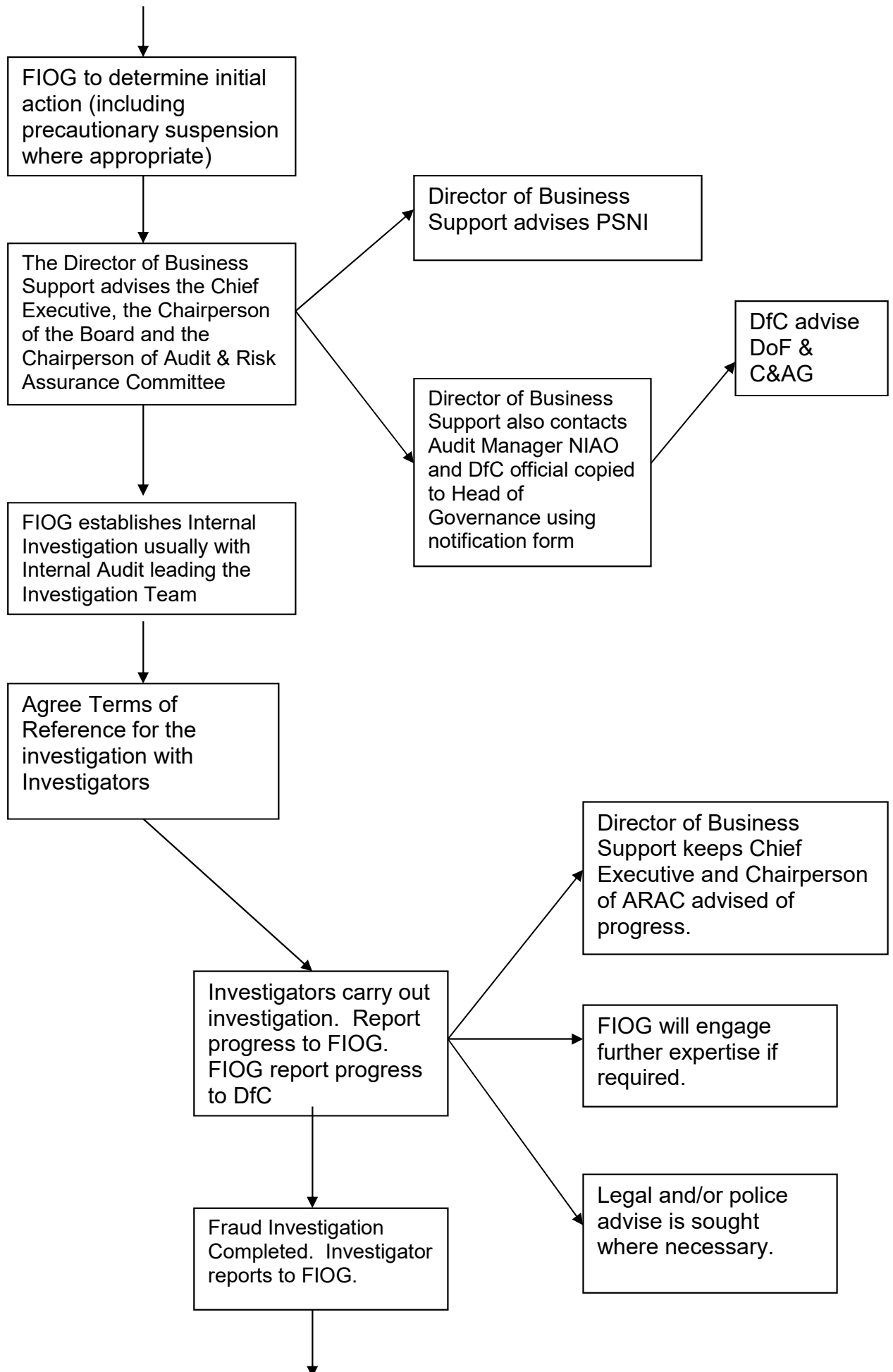
Vacant, Director of Library Services  
Tel No:  
E-mail:

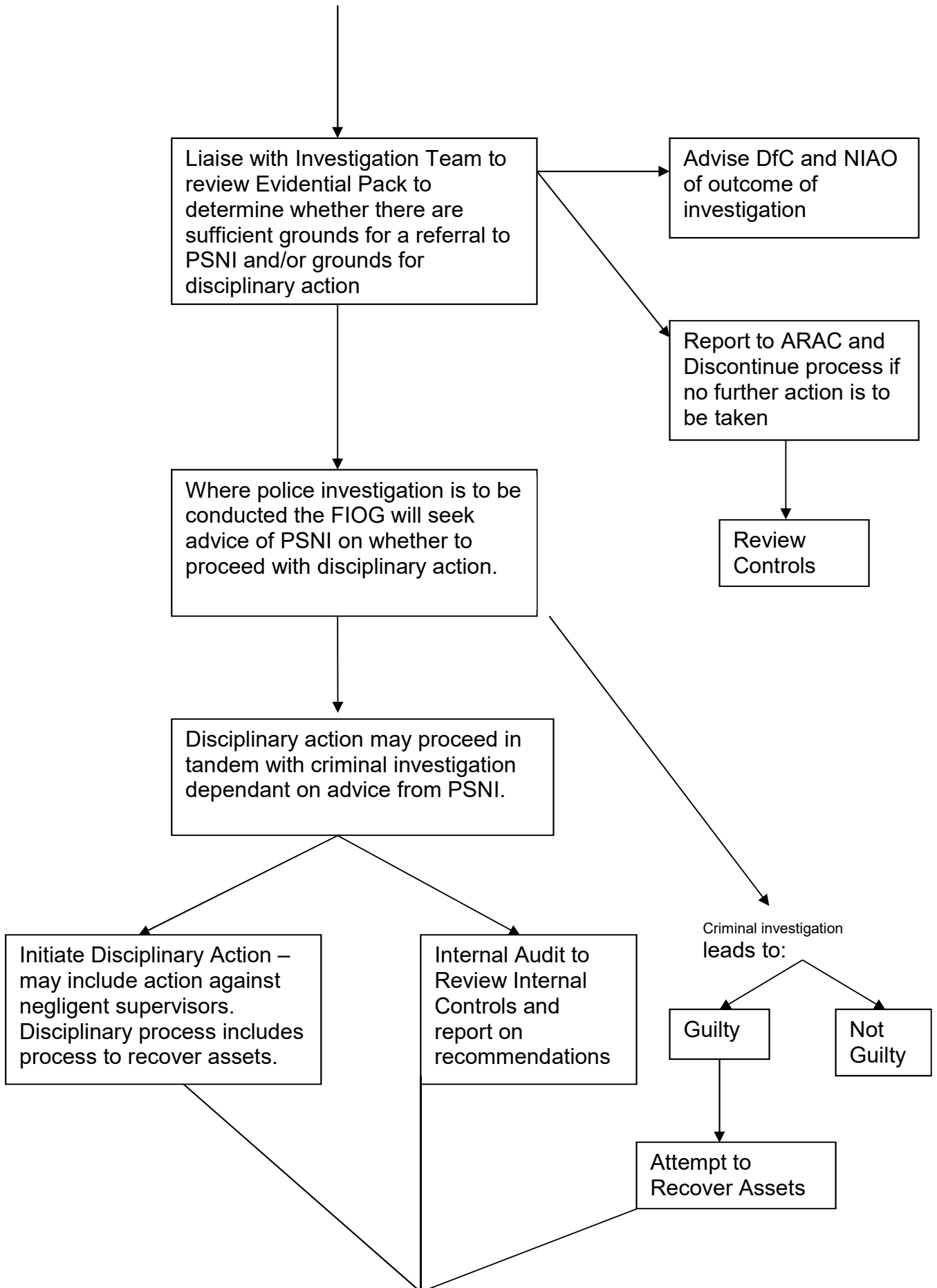
Mr Desi Miskelly, Director of Business Support  
Tel No: 028 3839 9441  
E-mail: [desi.miskelly@librariesni.org.uk](mailto:desi.miskelly@librariesni.org.uk)

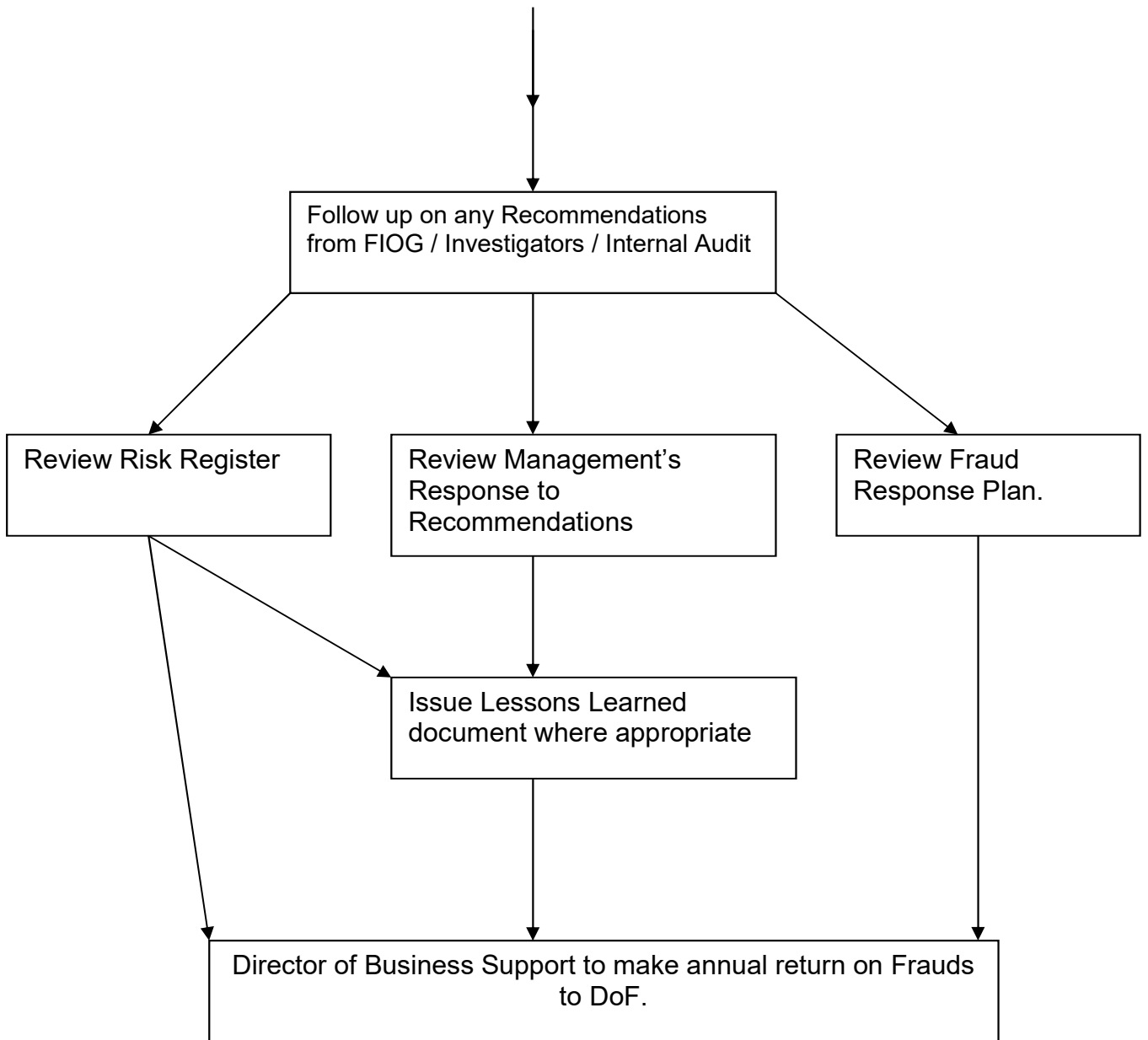
Ms Jacqui McKinstry, Human Resources Manager  
Tel No: 028 3839 9460  
E-mail: [jacqueline.mckinstry@librariesni.org.uk](mailto:jacqueline.mckinstry@librariesni.org.uk)

Mrs Michelle Anderson, Head of Internal Audit  
Tel No: 028 9039 5985  
E-mail: [michelle.anderson@librariesni.org.uk](mailto:michelle.anderson@librariesni.org.uk)









## Initial Fraud Notification Form

The information below is required if known at the date of reporting. If bodies wish to use a different format for notifications, it should provide the same relevant details.

1.	Departmental fraud reference number (unique identifier)	
2.	Department	
3.	Name of body (e.g. specific Board, Trust, NDPB, Agency etc...)	
4.	Specific location of fraud (e.g. name of school, name of depot etc.)	
5.	Date fraud or suspected fraud discovered	
6.	Is the case being reported as actual, suspected or attempted fraud?	<i>Actual, Suspected or Attempted</i>
7.	Type of fraud?	<i>State as per options listed in notes 1</i>
8.	What was the cause of the fraud?	<i>State as per options listed in notes 2</i>
9.	Brief outline of case	
10.	Amount of loss or estimated value?	
11.	How was the fraud discovered?	<i>State as per options listed in notes 3</i>
12.	Who perpetrated the fraud?	<i>State as per options listed in notes 4</i>
13.	Has PSNI been notified?	<i>Yes / No</i>
14.	Any other action taken so far?	<i>State as per options listed in notes 5</i>
15.	Please give contact details for this fraud in case follow-up is required	Name: Telephone: Email:

**Notes to assist in completion of the notification form:**

**1. Types of fraud**

Grant related  
Theft of assets (please state type of asset e.g. 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