

DEPARTMENT OF FINANCE AND PERSONNEL

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To Departmental, Agency and Additional Accounting Officers

NOTIFICATION OF FRAUD

Purpose of this letter

The purpose of this letter is to remind all Departments of their responsibilities regarding notification of frauds as required by GANI and DAO(DFP) 5/96.

PAC Hearing

Following a recent Public Accounts Committee hearing into fraud concerning National Agricultural Support, the report by the Committee expressed surprise that there was some confusion over the requirement to notify the Comptroller & Auditor General of all frauds.

The Committee reported that it wished to make it absolutely clear that it regards it as essential that when the C&AG is certifying accounts (to give the Assembly assurance that the accounts are 'true and fair' 'properly presents') that he has made a judgement that there is no material fraud and that his judgement is informed by the knowledge of all fraud cases, proven or suspected, of which the Department is aware. The Committee has asked to be assured by DFP that there is no scope for further misunderstanding on this important point.

Current Guidance

While reference should be made to both GANI and DAO(DFP) 5/96 for definitive and comprehensive guidance on fraud notification, the main requirements are outlined below:

- NI Departments are requested to notify immediately IADU and the C&AG of all discovered frauds (including computer fraud) proven or suspected within a department or NDPB, which are perpetrated by their own staff, members of the public or by contractors. Frauds affecting public funds disbursed to voluntary bodies should also be reported;

- An annual return should be submitted to IADU by June each year in respect of the preceding financial year giving details as required by GANI and DAO(DFP) 5/96;and
- In particular circumstances, DFP issues letters to Departments (PFOs) in cases of novel frauds discovered or which may have repercussions throughout the NICS and more widely, as appropriate.

With the prior agreement with DFP and C&AG, some Departments have, in relation to defined categories of fraud, provided information to DFP and C&AG at regular intervals. Reporting at intervals has been accepted as being sufficiently timely, for example, for recurring high volume frauds. However novel or substantial cases are still required to be notified immediately on discovery. Departments with agreed arrangements should continue reporting on that basis. As part of DFP's current review of the guidance these reporting procedures will be considered.

It is clearly essential that C&AG has timely and useable information on the level and nature of all fraud in each Department and can investigate any new major cases. Likewise, DFP should be aware of cases of a novel or unusual nature, so as to liaise with other departments that may be vulnerable to similar problems. According to the circumstances of individual cases, DFP may also wish to raise issues with relevant bodies outside the NICS.

Following previous concerns expressed by the C&AG to the Treasury Officer of Accounts on 10 February 1999, a reminder letter in similar terms was issued to PFOs by DFP.

Action by Departments

I would once again ask you to take whatever action you deem appropriate to ensure that the requirements set out in GANI and DAO(DFP 5/96) regarding fraud notification are observed in full. In particular, I would be grateful if Accounting Officers would ensure that this letter is brought to the attention of all staff concerned.

I would be grateful if you could reply to this letter by 15 June to confirm that your procedures comply with the requirements of GANI and DAO(DFP 5/96). If you have any queries on the interpretation of the guidance, please ensure these are registered in your reply, so that they can be resolved as part of the review of the guidance.

Copies of this letter should also go to sponsored bodies.

Any other queries regarding either fraud notification or fraud policy in general should be addressed to Dennis Moore, Internal Development Unit, Rosepark House.

Andrew McCormick

ANDREW MCCORMICK

