



Department of

**Finance**

An Roinn

**Airgeadais**

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# **ANNUAL THEFT & FRAUD REPORT 2018/19**

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# INTRODUCTION

## Background

**1.1** The 2018/19 Annual Theft and Fraud Report has been revamped and aims to be more user friendly and focussed. We welcome your views on this new approach and format and any ideas on how we can add further to this for 2019/20.

**1.2** Under Managing Public Money NI (MPMNI) departments are required to report to the Department of Finance (DoF) annually on all actual, suspected and attempted frauds which involve public money. This information is collated by DoF through an annual exercise completed by departments in respect of their own core department, their agencies, Non Departmental Public Bodies (NDPBs) and other sponsored bodies.

**1.3** DoF uses this information

- i. To highlight to the NI public sector the common types of theft and fraud cases which are being perpetrated; and
- ii. To identify measures which will help public sector bodies prevent and detect fraud and theft in the future.

## Defining Theft and Fraud

**1.4** Under the Fraud Act 2006 there is a legal definition of what constitutes “fraud”. However the annual reporting exercise and this report includes cases which would come under the wider more generally understood use of the term “fraud” including

**false accounting, bribery and corruption, misappropriation, forgery, abuse of position and straightforward theft.**

**1.5** The cases included in this report include not only ‘actual’ cases but ‘suspected’ and also ‘attempted but prevented’ cases reported by departments for the 2018/19 year.<sup>1</sup>

## Scope of Report

**1.6** The report covers cases reported by departments, their agencies, NDPBs and other sponsored bodies.

**1.7** It does not include any cases which may have occurred in the NI Assembly, the NI Audit Office, or the NI District Councils. If required information on actual, suspected or attempted fraud in these organisations should be sought directly from the relevant organisation(s).

**1.8** Statistics on key fraud risk areas listed below are provided in the Summary Reports section. To enable meaningful trend analysis this information is not included in the results presented on pages 2-7. It is recognised that these areas are so significant due to their value/nature that they should be reported separately. More information on each of these is available from the respective departments.

These include the areas of:-

**Department for Communities**  
Benefit Fraud

**Department of Health Business Services Organisation (BSO)**  
Health Service Fraud

**Northern Ireland Environment Agency**  
Environmental Crime

**Northern Ireland Water**  
Unauthorised Connections /  
Meter Tampering

**Land and Property Services**  
Housing Benefit Fraud

**Northern Ireland Housing Executive**  
Tenancy Fraud

**Legal Services Agency Northern Ireland**  
Legal Aid Fraud

**Department of Finance**  
Group Fraud Investigation Service

<sup>1</sup> Information has been gathered at a point in time and should not be taken as a complete record of all cases of fraud perpetrated in the 18/19 year.

## HIGHLIGHTS

**219**

cases reported



**Reduction of 17**

cases from the previous year



Of the 219 cases reported

**95 actual - 97 suspected - 27 attempted\***



Value of fraud reported

**£509k**



This is a decrease of

**£278k**

from previous year (£787k)



**34%**

of the total value was in respect of  
'actual' cases (£174k).



**£330k**

related to 'suspected' cases

\* Relates to frauds that were attempted but prevented

## KEY FINDINGS

The number and value of frauds which have taken place over the past 5 years are detailed below.

### Value of Cases

14/15	15/16	16/17	17/18	18/19
£590k	£1,080k	£672k	£787k	£509k

### Number of Cases

14/15	15/16	16/17	17/18	18/19
372	310	271	236	219

In comparison to the prior year the overall number of frauds has reduced by

**7%**

and the overall value of fraud in 2018/19 has reduced by

**35%**

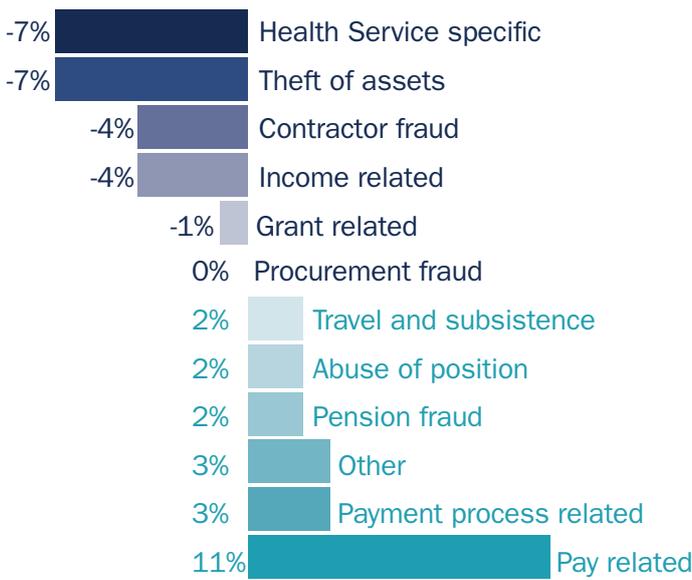
### Type of Fraud Comparison

The table below compares the values and numbers of each type of fraud between 2017/18 and 2018/19. Theft of assets remains the type of fraud which occurs most often whilst Abuse of position remains the type of fraud with the highest total value.

	Value £		Number	
	18/19	17/18	18/19	17/18
Abuse of position	131,738	227,305	22	19
Contractor	500	40,894	2	12
Grant	78,707	140,448	22	26
Health Service <sup>2</sup>	-	-	9	26
Income	1,275	33,774	8	17
NIHE	-	-	0	1
Other	807	60	18	13
Pay or pay related allowances	129,580	30,191	41	18
Payment process	46,645	182,485	37	33
Pension	30,315	28,901	7	2
Procurement	2,395	-	2	2
Theft of assets	79,892	103,300	46	66
Travel and subsistence	7,338	-	5	1
<b>TOTAL</b>	<b>509,192</b>	<b>787,358</b>	<b>219</b>	<b>236</b>

<sup>2</sup> Relates to cases where patients have attempted to obtain prescription medication fraudulently. It is difficult to estimate the cost of these cases so they have been classified as 'value cannot be estimated'.

Illustrated below is the movement in the percentage share of each type of fraud from 2017/18.



In 2018/19 the number of pay related frauds has **increased by 11%**

In 2018/19 the number of frauds in relation to the theft of assets and health service specific have **decreased by 7%**

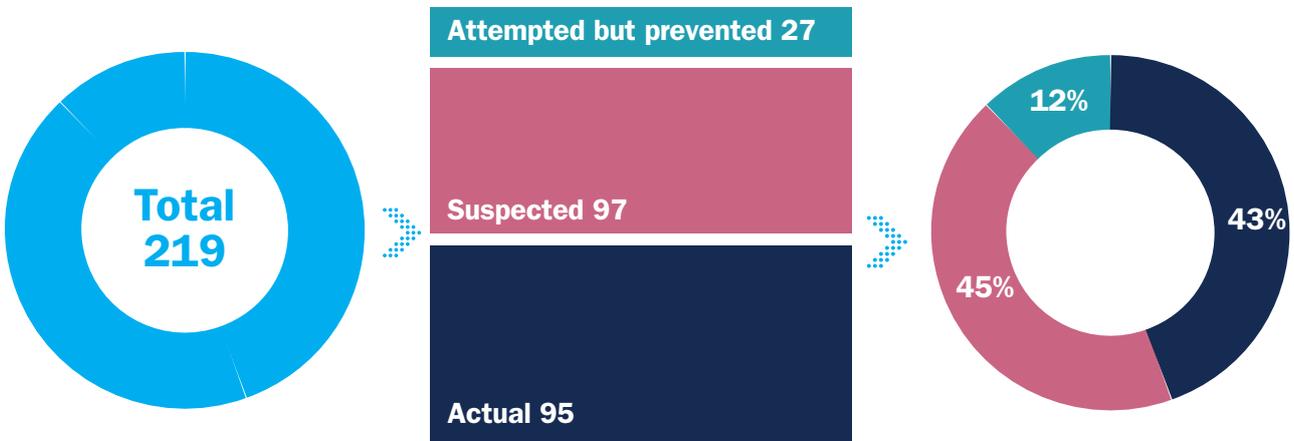


## Reported Fraud by Organisation

Bodies Reporting Cases	Total Reported Cases
Health Service Boards & Trusts	66
Core Department	65
Other - Public Corporation	25
Non Departmental Public Body	24
Higher Education Institute	18
Agency	13
Other	7
North South Body	1

## Actual, Prevented and Suspected Fraud

The information gathered defined frauds as 'actual', 'attempted but prevented' and 'suspected'.



Type	Actual	Suspected	Attempted but prevented
Abuse of position	27%	68%	5%
Contractor fraud	50%	50%	
Grant related	5%	90%	5%
Health Service specific	33%	11%	56%
Income related	62%	38%	
Other	28%	39%	33%
Pay related	37%	56%	7%
Payment process related	48%	22%	30%
Pension fraud	14%	86%	
Procurement fraud	100%		
Theft of assets	85%		15%
Travel and subsistence	20%	80%	

# SPECIFIC FRAUD RISK AREAS - SUMMARY REPORTS



## Department for Communities Benefit Fraud

- Total loss to organisation £56.2m  
0.9% of total expenditure  
(2017/18 0.9%)
- 3,000 benefit fraud investigations
- 383 administrative penalties,  
formal cautions or convictions
- Recovery of £371k of assets  
criminally obtained
- 127 complex cases -  
overpayment of benefits of £1.1m
- 13 cross border cases



## Department of Health - BSO Health Service Fraud

- 105 new cases, 72 of which included  
in annual fraud return (17/18 121)
- 2 cases resulted in criminal sanctions
- 11 cases with disciplinary/financial  
recovery/referral to professional body
- 502 post payment exercises relating  
to primary care expenditure
- £93k of recoveries in relation to  
primary care expenditure
- £340k of recoveries in relation to  
evasion of health service, dental and  
ophthalmic charges



## Northern Ireland Environment Agency Environmental Crime

- 1,043 incidents of reported waste  
crime (2017/18 1,039)
- 40 criminal investigations
- 7 investigated under the Proceeds  
of Crime Act 2002
- 4 confiscation orders £115k  
(2017/18 £16k)
- 8 convictions (2017/18 27)
- Fines £57k
- 150 hours of community service  
suspended terms of imprisonment



## NI Water - Unauthorised Connections /Meter Tampering

- 163 cases investigated (2017/18  
115)
- Illegal activities include:
  - unauthorised connections to public  
water main
  - misuse of domestic water supplies
  - bypassing water meters
  - abuse of hydrants
- 1 conviction
- 7 cautions
- 56 warnings



### Land & Property Services Housing Benefit Fraud

- £1.6m overpayments - as a result of customer fraud (calendar year to 31/12/18)
- 2019 NFI identified 5,396 (2018 8,636) cases for review
- 1,722 investigations completed
- Overpayments over £8k identified
- Annual vacancy inspections discovered 20% of properties occupied



### Northern Ireland Housing Executive Tenancy Fraud

- 285 cases investigated (2017/18 377)
- 41 properties recovered (£738k)
- 4 Fraudulent Applications Withdrawn (£72k)
- 4 Fraudulent Successions prevented (£72k)
- 2 Fraudulent Right to Buy applications withdrawn (£36k)



### Legal Services Agency Legal Aid Fraud

- 337 referrals of alleged fraud (2017/18 468)
- 264 registered for further investigation (2017/18 216)
- Applicant fraud and supplier (members of legal profession) fraud
- 13 Revocations of legal aid certificate
- £146k to be recovered through LSA debt recovery process
- 5 applications withdrawn
- 2 cases Referred to PSNI



### Department of Finance Group Fraud Investigation Service

- 33 referrals received and investigated (2017/18 43)
- Main areas covering fraud referrals:
  - Grant funding;
  - Procurement;
  - Contract Management;
  - Occupational Pension; and
  - Travel and subsistence / overtime claims.
- Liaison with PSNI can result in criminal prosecution

# FRAUD PREVENTION ACTIVITIES & LESSONS LEARNED

The fraud prevention activities listed below are being carried out across the key fraud risk areas. These promote greater awareness amongst staff and the public of the impact and consequences of taking part in fraudulent activities with the aim of changing attitudes and mind-sets. These activities are also enabling improved visibility in terms of reporting and greater data analysis of trends, patterns and behaviours.



## Fraud Prevention Activities

- Staff awareness sessions
- Publicity campaigns
- Use of data analytics to target inspections
- Use of IT to combat cyber fraud
- Legislation e.g Proceeds of Crime Act
- Targeted checks of data
- Customer compliance interviews
- Collaboration across the public sector
- Multi agency joint operations and investigations
- Cross Border collaboration
- Counter Fraud training
- Participation in National Fraud Initiative
- Increased data sharing
- New Cyber Security Centre



## Lessons Learned

### Lesson 1

Robust controls must be established and applied consistently to act as a deterrent and enable fraudulent activity to be identified.

### Lesson 2

Staff need to be aware of their responsibilities if fraud is suspected.

### Lesson 3

Clear channels for reporting fraud must be established and communicated.

### Lesson 4

Conflicts of interest need to be properly documented and managed.

# OTHER PUBLIC SECTOR FRAUD REPORTING MECHANISMS

## National Fraud Initiative (NFI)

One of the key mechanisms used by NI public sector bodies to prevent and detect fraud is the National Fraud Initiative (NFI), a UK-wide data matching exercise run every two years by the Cabinet Office.

Around 80 Northern Ireland public sector bodies participate in the NFI.

In five exercises to date in Northern Ireland, outcomes total almost £35 million, principally in the areas of pensions, rates and housing benefit.

The sixth NFI exercise in Northern Ireland is currently underway. Data matches were released in January 2019 and investigations are ongoing.

## NICS Fraud Forum

The NICS fraud forum is a best practice advisory group made up of departmental representatives.

The forum meets twice a year to discuss key topics/areas of interest in 2018/19, these topics included;

- a review of Whistleblowing arrangements,
- an overview of bribery & corruption guidance,
- update on the NFI,
- review of Counter Fraud Standards and possibility of adopting in NI.

## Organised Crime Task Force (DoJ)

The Organised Crime Task Force (OCTF) comes under the auspices of the Department of Justice (DoJ), providing a strategic multi-agency forum to tackle organised crime and reduce the harm it causes to communities, individuals and businesses in Northern Ireland.

The Taskforce does not have an operational responsibility for tackling organised crime – this remains the focus of the relevant agencies.

A representative from the NICS Fraud Forum attends the Criminal Finances Sub Group ensuring there is an appropriate link between the work of the OCTF and the NICS Fraud Forum. The Annual Report and Threat Assessment for the OCTF for 2018 can be accessed through the following link:

[Annual Report and Threat Assessment 2018 - OCTF](#)



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