



European Union

European Regional
Development Fund
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PEACE III Programme

Guidance Note on Fraud G3/PIII

1.0 Introduction

- 1.1 The Special EU Programmes Body (SEUPB) is committed to developing and maintaining effective controls to prevent fraud and corruption, and to ensure that if any instances do occur that they be dealt with promptly.
- 1.2 SEUPB, will in line with their fraud policy, ensure that all suspected cases of fraud or corruption are investigated scrupulously and exhaustively. Additionally, during an investigation, every effort will be made to maintain strict confidentiality.
- 1.3 This note aims to provide Lead Partners with basic guidance on the action required when evidence or suspicion of fraud arises. Where there is any doubt as to the action required, SEUPB should be contacted immediately for advice.
- 1.4 All business and commercial organisations are exposed to a certain risk of fraud and corruption.
- 1.5 However, with proper systems and controls, the risk of a fraud being perpetrated can be minimised. With proper management and agreed procedures, any fraud which does occur can be promptly detected and dealt with in an appropriate manner.

1.6 Fraud is a **crime** in which the common elements include:

- dishonesty;
- an acquisition; and
- a falsehood or deception.

1.7 There are a number of criminal offences that relate to what might be commonly termed as “fraud” and they are covered by the Irish Statute Book, Acts of the Oireachtas, Criminal Justice (Theft and Fraud Offences) Act, 2001; the Theft Act (NI) 1969 order and the Theft Act (NI) 1978.

1.8 In addition in January 2007 new legislation was introduced known as the Fraud Act 2006. The Act provides for a general offence of fraud with three ways of committing it: by false representation; by failing to disclose information; and by abuse of position. It creates new offences of obtaining services dishonestly and of possessing, making and supplying articles for use in frauds.

1.9 Fraud covers matters such as:

- receipt of income (most common) i.e. retention and misappropriation of cash;
- false claims for expenses;
- misuse of the purchase and payments system for personal gain;
- false wage and salary claim;
- theft of equipment and stores;
- false accounting;
- suppression of documents; and
- misuse of the computer.

1.10 Corruption

Types of corruption include abuse in the following areas:

- tendering and awarding of contracts;
- settlement of contractors finance accounts/claims;
- appointment and reward of consultants;
- pecuniary interest of members and officers;
- secondary employment of staff;

- hospitality; and
- disposal of assets.

2.0 Action to be taken by Lead Partners

2.1 It is important that any potential case which could involve fraud or corruption is dealt with in the strictest confidence.

2.2 The following procedure should be followed:

a) Reporting cases of suspected fraud

If fraud/corruption is suspected or detected the matter should immediately be reported to an appropriate Senior Manager within your organisation and SEUPB's Financial Control Unit:

Niall Smyth
Financial Control Unit
SEUPB
EU House
11 Kevlin Road
Omagh
BT78 1LB
0044 28 82255756
niall.smyth@seupb.eu

The Lead Partner should also complete the appropriate Irregularity notification to SEUPB.

b) Securing evidence

If the fraud is suspected or detected during a site visit and/or vouching exercise, you should try to secure as much physical evidence as possible (original documents where possible but certified copies will suffice).

c) Take no further action

You must not confront the organisation or body with suspicions at any stage as this will jeopardise future legal proceedings.

3.0 Subsequent Actions to be taken by SEUPB

- 3.1 SEUPB will immediately consult with the appropriate audit authorities and arrange for an investigation into the allegation or discovery of fraud.
- 3.2 SEUPB will inform the Member State and Accountable Department(s), and refer to the Northern Ireland Audit Office and Auditors and Comptrollers General in Ireland using a standard fraud notification document. Additionally, SEUPB will, if advised by the audit authority, make contact with the police if appropriate.
- 3.3 The body carrying out the investigation will be responsible for collating and securing all evidence and documentation, interviewing key members of the organisation and making recommendations to the police. The police may carry out their own investigation with a view to criminal proceedings.
- 3.4 None of the above will preclude an investigation being conducted under the Lead Partner's own policy. However, any actions should be carried out in consultation with SEUPB.