

DAC 15

DEPARTMENTAL AUDIT COMMITTEE**TITLE: INVESTIGATIONS AND THEFT / FRAUD NOTIFICATIONS****Paper presented by: Iain McFarlane / Elaine Dolan****KEY ISSUES**

- The Department has written to the PSNI in relation to a number of issues relating to a telecommunications company which had received Interreg IIIA grant.
- Two notifications have been made to NIAO / DFP and one previous notification has been updated.
- IAS has been consulted by Invest NI on allegations made against a client company. Invest NI management are currently undertaking preliminary fact finding work.

ACTION REQUIRED

- Departmental Audit Committee to note the current position.

TIMESCALE

- None.

INVESTIGATIONS AND THEFT / FRAUD NOTIFICATIONS

DETI – Interreg IIIA Grant Payments to a Telecommunications Company

On 10 February 2014, the Department wrote to the PSNI in relation to a number of issues referred to in reports by external consultants on €4.3 million grant paid to a telecommunications company under the Interreg IIIA programme. The Department is seeking further consultation with the PSNI on the issues raised. Civil proceedings have been issued against the company with a Writ and a Statement of Claim having been served.

DETI - Renewable Heat Payment Premium

Internal Audit Service notified NIAO and DFP of a potential suspected fraud on 23 December 2013 in relation to grant claims paid (in total £29,700) for renewable heat technologies (under the Renewable Heat Premium Payment scheme) for products which were not those outlined in letters of offer and which did not have the required Micro generation Certification Scheme (MCS) in place. At that time, the Department was trying to ascertain the specification of the alternative models installed and whether they were likely to receive MCS before determining next steps. Of the £29,700 paid, £28,000 (8 claims) relates to a product which has subsequently been confirmed as accredited and £1,700 (1 claim) relates to a product which the Department believes is in the process of being accredited. The Department is currently considering next steps.

DETI – Insolvency Cash Deposit

IAS notified NIAO and DFP of a potential suspected fraud on 7 January 2014 in relation to the identification of a shortfall in a deposit of £100 accepted by a cashier at reception in Fermanagh House. The shortfall in deposit was identified the following day when the lodgement was being prepared. Insolvency Service line management are content that the shortfall was a result of human error. However, fraud could not be ruled out and therefore IAS reported accordingly. Controls have been improved following the shortfall and an upcoming internal audit review will consider the design and operating effectiveness of such controls.

Invest NI – Claim for Trade Visit Costs

IAS provided an updated notification to NIAO and DFP on 19 December 2013 in relation to a suspected attempted fraud first notified in July 2013. The case was referred to the PSNI who were unable to find sufficient evidence to recommend prosecution. Currently, services with the client are suspended until the client re-engages. On re-engagement, the client will be treated as high risk.

Invest NI – Allegations

A member of the IAS team and the Invest NI Risk Manager held a fact finding interview on 11 February 2014 with an individual who has alleged collusion between a client and their supplier to artificially inflate an invoice for a website upgrade. No suspected fraud notification has been made to date as Invest NI management are establishing the facts surrounding the allegations.