



Annual Report
2005/2006



Counter Fraud
& Enforcement
Activities





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Foreword

I am pleased to be publishing this fifth annual report on DARD's Counter Fraud and Enforcement Activities.

Fraud prevention continues to be a priority for my Department and we take it very seriously. Raising staff awareness of the risks of internal/external fraud and the importance of compliance with internal control procedures is vital in preventing fraud. Last year over 700 DARD staff received either fraud awareness training or attended promotional counter fraud initiatives such as our "Counter Fraud Roadshow".

The introduction of the Single Farm Payment (SFP) in January 2005 replaced all EU farm subsidy payments in the beef, sheep and arable sector. Although SFP funding continues to be worth in the region of £223 million a year to Northern Ireland farmers, the new scheme conditions for eligibility, including the registration of land, have by design, significantly reduced the opportunity for systematic fraud being perpetrated against the Department.

While this is a welcome development we remain acutely aware of the need to be vigilant.

The expansion of the Department's Veterinary Service Central Enforcement Team planned for early next year will be a significant development. The team was established in 2003 to handle the more complex investigations and prosecutions, and to respond to the increased stakeholder demands and expectations. This deployment of resources clearly demonstrates my Department's continued commitment to counter fraud and illegal activity.

Fraud is a crime that damages society as much as any other crime. We will not tolerate fraud of any kind being perpetrated against the Department. Indeed our "zero tolerance" approach is evident for all to see.



David Cairns

David Cairns

Minister of Agriculture and Rural Development





Background

The Department launched its Counter Fraud Strategy in March 2002. This strategy brings together the varying components of the Department's counter fraud activities with the consequent aim of combating fraud in a cost-effective manner.

DARD is committed through one of its Counter Fraud Strategy targets, to publishing an annual report of counter fraud and enforcement activities and this 2005/2006 report, which has received ministerial and DARD Counter Fraud Forum approval, has been developed to meet this target.



Introduction

The Department of Agriculture and Rural Development has a statutory responsibility for the regulation of significant areas of Agri-food industry within Northern Ireland and in particular for the implementation of a large number of related European Union Directives. It has committed itself to promoting sustainable economic growth in the countryside and to assisting the competitive development of the agri-food, fishing and forestry sectors. In pursuing this aim, the Department takes account of the needs of consumers for safe and wholesome food, the welfare of animals and the maintenance of Northern Ireland's high animal health status.

We recognise that the vast majority of our customers are honest and law abiding and would not commit fraud. Nonetheless, others may if they think they can get away with it. The deliberate nature of fraud can make it difficult to detect and deter and, like other large government departments, we face a wide range of opportunities for both internal and external fraud. We have always taken this risk seriously and have many structures and procedures in place to counter fraud. Administration checks, inspections, investigations, enforcement activity and veterinary checks all play a vital role in the prevention and detection of fraud:

- **Central Investigation Service (CIS)** – a central unit of experienced staff who investigate suspected cases of fraud and irregularity. All investigations conducted by the CIS are carried out in strict compliance with relevant criminal law and procedure. The Service also has a key role in promoting fraud awareness throughout the Department and co-ordinating the effective implementation of the Department's Counter Fraud Strategy.



Introduction

- **Veterinary Service Enforcement Branch** – trained and experienced enforcement staff in local offices who investigate breaches of Animal Health and Welfare legislation and enforce the relevant penalty/prosecution action. All cases of suspected fraud arising from enforcement activity are referred to the CIS for investigation.
- **Grant & Subsidy Inspection Branch** – Inspection staff ensure that scheme/regulatory requirements are complied with. All cases of suspected fraud arising from inspections are referred to the CIS for investigation.
- **Quality Assurance Branch** – specialist teams of professional staff with expertise in food technology, agriculture and horticulture and are responsible for implementing a wide range of Agri-Food legislation. All cases of suspected fraud arising from enforcement activity are referred to the CIS for investigation.
- **Rural Development Division** – a team of 8 trained Monitoring / Validation Officers audit the activities of the various Implementing Bodies and Departmental offices to ensure compliance with documented procedures. In addition there is an ongoing programme to conduct on site visits to all projects supported to verify the delivery of the products and services funded. The selection of the projects is based on a risk analysis. All cases of suspected fraud detected by any RDD or Implementing Body staff are referred to CIS for investigation.
- **Verification Unit** – contributes towards the assurance required by the European Commission by carrying out sample checks on projects co-financed by the Structural Funds in accordance with Articles 10 to 12 of Commission Regulation (EC) 438/2001. All cases of suspected fraud are referred to the CIS for investigation.



Introduction

- **Internal Audit Branch (IAB)** – Internal Audit fulfils its terms of reference by systematic review and evaluation of risk management, control and governance, which amongst other issues comprises the policies, procedures and operations in place to:
 - Ensure the economical, effective and efficient use of resources
 - Ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws and regulations
 - Safeguard the Department's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption
 - Ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.
 - Internal Audit will also assist Personnel Branch, on request, in the preliminary investigation of suspected cases of internal fraud.
- **Personnel Management Branch (PMB)** – All suspected cases of internal fraud or irregularity are reported to the DARD Personnel Officer. The Personnel Officer makes the appropriate arrangements for an investigation to be conducted and, if fraud, misconduct or a criminal offence has occurred, would consider the disciplinary aspect of the case and if relevant, the requirement for police involvement.



Introduction

This 2005/2006 annual report provides a summary of the Department's counter fraud and enforcement activities:

Section 1 - relates to the Department's Central Investigation Service and summarises cases of suspected fraud referred for investigation and where applicable their outcomes. In addition, this section also provides details of performance against the Department's Counter Fraud Strategy years 1-5 targets.

Section 2 - summarises the Department's various Enforcement and Inspection activities, including details of non-compliance with scheme conditions and regulations; number of inspections performed and where appropriate, the penalties applied with resulting savings and prosecutions.

Section 3 - relates to the Department's Internal Audit and Personnel Management branches' role in investigating internal fraud perpetrated against the Department.

Section 4 - relates to the Department's Rural Development Division and its role in monitoring and validating the activities of the various Implementing Bodies and conducting on site visits to all projects to verify the delivery of the products and services funded. It also introduces the Verification Unit.

Section 5 - lessons to be learned: a case study approach to draw attention to the potential risks and pitfalls associated with various business systems and activities, and the necessary controls which should be in place to address these effectively. While the case studies are business specific there are inevitably issues in relation to generic risks and controls where lessons should be learned and applied when relevant.

Section

1

Central Investigation Service

This section of the report provides a background to the Department's Central Investigation Service, their policy on prosecution and the implementation of Service Level Agreements with key business areas. It summarises certain categories of external and internal fraud and irregularity attempted or perpetrated against the Department and, where appropriate, the outcome of these investigations. Cases which are still under investigation or, which are subject to legal proceedings, are described in outline only. It also provides an update on progress against the Counter Fraud Strategy's year 4 targets and introduces year 5 targets. Appendix 1 provides a summary of cases in the CIS workload 2005/06. Appendix 2 provides an update on 2004/2005 investigations carried forward to 2005/2006.

During 2005/2006, 42 cases of suspected external fraud and irregularity were referred for investigation. The estimated value of fraud - £370k. Table 1 provides a breakdown of external fraud and irregularity referrals received.

16 cases of suspected internal fraud and irregularity were also referred for investigation. The estimated value of fraud £104k. Their progress and/or outcome are detailed in section 3 of this report.

Central Investigation Service

Table 1

Type of suspected fraud/Irregularity	Number of cases
Livestock subsidy and related cases	1
Disease Compensation	4
Pig Outgoers	1
EU Grant -Peace II & Leader + <i>(Outcomes reported in Section 4 of the report)</i>	6
Integrated Administration Control System (IACs)	1
Ear Tags	2
Environment Impact Assessment	1
Fraud Irregularities	2
Cattle Laundering	8
Animal Movement Offences	1
Countryside Management	1
Quality Assurance Branch – Egg Marketing offences <i>(outcome reported in Section 2 of the report)</i>	2
Over Thirty Month Scheme	5
Cattle Identification Inspections (CII)	4
Organic Farming Scheme	2
Perjury	1

Section

1

Central Investigation Service

Central Investigation Service

The CIS provides the Department, its Agencies and NDPBs with investigative services on a wide range of programmes. The Service has three main functions:

- It provides specialist investigative services to the Department for the investigation of cases of suspected internal and external fraud. All investigations conducted by the CIS are carried out in strict compliance with relevant law and procedure. The team of experienced staff are fully trained to conduct investigations so that they act as a deterrent and prevent others from committing fraud by uncovering quality evidence that will ensure that legal proceedings can be taken, resulting in more certain and severe penalties.
- The Central Investigation Service has responsibility for co-ordinating the effective delivery of the DARD Counter Fraud Strategy and is responsible for implementing many of the targets contained within the Strategy. The Service is also represented and responsible for coordinating the work of Department's Counter Fraud Strategy Working Group, a sub group of the Counter Fraud Forum, set up to develop new Counter Fraud Strategy targets to combat fraud and irregularity.
- The Service also has a vital role in deterring and preventing fraud by enhancing fraud awareness and promoting a culture of anti-fraud consciousness across the Department, its Agencies and NDPBs. The Service has developed and delivers a range of fraud awareness training programmes, publicity campaigns and other promotional activity.

Central Investigation Service

Central Investigation Service Investigations 2005/2006

The CIS Prosecutions Policy

All suspected cases of fraud referred to the CIS are assessed against prescribed criteria and where there are reasonable grounds for suspicion of irregularities or that a fraud has been committed the case is investigated with vigour. If, after investigation, there is sufficient evidence to proceed with legal action, cases are referred to the Public Prosecution Service (PPS).

The use of the criminal process to institute legal proceedings is an important part of the Department's approach to combating fraud and irregularity. It aims to punish wrongdoing, to avoid a recurrence and to act as a deterrent to others.

The CIS were committed through one of the year 2 Counter Fraud Strategy targets to develop a prosecutions policy to ensure fairness, consistency and to assist fraud investigation staff to make informed decisions before referring cases to the PPS for direction.

This CIS prosecutions policy sets out the guidelines, which the CIS observe when conducting investigations with a view to recommending prosecution to the Public Prosecution Service.

The principles of this policy are applied consistently throughout the Department. The document is available on the DARD website. (www.dardni.gov.uk)

Section

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Central Investigation Service

Service Level Agreements (SLA)

The CIS were committed, through one of the Counter Fraud Strategy's targets, to establishing with key business areas, formal protocols to ensure that there is consistent, timely and effective reporting and investigation of all suspected fraud and irregularities. The CIS liaised with a number of key business areas to develop appropriate protocols. This included Rural Payment Inspection Division (RPID), Veterinary Service, Rural Development, Verification Unit and Forest Service.

SLAs set the basis on which the CIS will deliver an investigation service to key business areas. It specifies the nature, required outputs and monitoring arrangements for the Service to be provided. It also outlines the responsibilities of key business areas with regard to the provision of information and compliance with procedures in order for the CIS to deliver an efficient investigation service.

Table 2

Business Area	Formal Agreement Date	Review Date	Comments
Rural Payment Inspection Division	July 2003	December 2006	SLA amended to reflect the provisions of the new Single Farm Payment scheme.
Veterinary Service	May 2004	May 2007	SLA arrangements were reviewed and some minor changes were agreed.
Rural Development Division	October 2004	January 2007	SLA arrangements were reviewed in Oct 2005. Some minor changes to the arrangements were agreed.
Verification Unit	May 2005	May 2007	SLA arrangements were reviewed in May 2006. Both parties content with the current arrangements.
Forest Service	March 2006	March 2007	Review will be reported in the 2006/2007 report.
Rivers Agency			Work in progress.

Section

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Central Investigation Service

Cattle Identification Inspections

Cattle Identification Inspections involve a detailed physical check of all cattle on a farm including breed, sex, colour and date of birth, which must correspond with the farmer's herd book records and details held on APHIS. The information is also used to validate any bovine claims including Beef Special Premium or Suckler Cow Premium.

Grants and Subsidies inspection staff referred 4 cases for investigation. **Table 3** summarises the current position and/or outcome of investigations.

Table 3 CII current position/outcome of investigations

No. of cases	Current Position
2	DPP directed prosecution – Convictions
1	Investigations were closed by the CIS under the following categories:- <ul style="list-style-type: none">● Not in the public interest to recommend prosecution.● No evidence of fraud.● The court is likely to impose a very small or nominal penalty on conviction – a minor offence. (Penalties recommended)
1	Investigation ongoing.

Central Investigation Service

Environmentally Sensitive Area Scheme (ESAS)

Environmentally Sensitive Area Scheme (ESAS) is a voluntary agri-environment scheme, which is designed to encourage landowners to adopt environmentally sensitive farming practices. Farmers/landowners enter into a management agreement with the Department for a period of 10 years and in return receive a yearly payment per hectare. The aim of the scheme is to maintain and enhance wildlife, landscape and historic features on the farm. If the area being claimed is part of a common grazing area then all farmers/landowners with grazing rights to the area must enter into the agreement otherwise the land cannot be claimed.

A case was referred for investigation following an inspection of common grazing areas. The inspection uncovered an apparent duplication of land. This raised suspicion that several claims made by various applicants under the Integrated Administration Control System (IACs), Area Aid Application scheme and the ESAS may have been fraudulent. The subsequent investigation concluded that there was no fraudulent activity involved. Nonetheless, overpayments were raised and recovery recommended against applicants.

Section

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Central Investigation Service

Integrated Administration Control System (IACS)

Case 1

Integrated Administration Control System is an important part of the European Commission's Common Agricultural Policy (CAP) reform measures agreed in 1992 and revised in 1999. Its purpose is to establish a system of control and to combat fraud in the CAP arable and livestock schemes. The EC Regulations require farmers to provide accurate information on the use of their land. It applies to all farmers who claimed premium under the various schemes.

A case was referred to the CIS for investigation following an audit carried out by the Northern Ireland Audit Office in order to establish if land sold to the Department had subsequently been claimed by the producers under IACS.

The audit revealed that land, which had been sold to the Department by a farmer in 1997 and 2001, had subsequently been claimed as eligible forage land by another farmer on their 2002 and 2003 IACS applications.

Following a full investigation the case was referred to the PPS to instigate legal proceedings under Regulation 8(3) (a) and (b) of the Integrated Administration and Control System Regulations 1993 and under Section 17 (1) (b) of the Theft Act (Northern Ireland) 1969.

The PPS directed no prosecution – prosecution was not in the public interest. Although there was no prosecution taken the Department recovered £20k overpayment.

Section

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Central Investigation Service

Integrated Administration Control System (IACS)
(continued)

Case 2

Another case was referred to the CIS following the discovery during a Freedom of Information application that the applicant had died. Interrogation of the Grants and Subsidies payment computer system revealed that numerous payments were made in the deceased applicant's name.

The subsequent investigation established that there was an oversight by a family member in transferring the family business to their own business. The Department was satisfied that there was no hidden reason for this failure to transfer the business and the payments would have been due to the family members.

Section

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Central Investigation Service

Veterinary Service Fraud and Regulatory Investigations

Case 1

The Department's Animal Disease Control Branch referred a case of suspected TB compensation fraud. The estimated value of the fraud - £12k

Following an official TB test on a herd, five cattle gave a positive reaction to the test. The Department valued the animals at £8k and the animals were slaughtered. The valuation was not accepted by the farmer who claimed that an independent valuer, valued the animals at approximately £20k.

Following investigation the Department did not accept the valuation and the farmer was informed accordingly.

Case 2

The Department's Veterinary Service raised concerns over TB tests carried out by contracted Veterinary surgeons. The concern centred on animals being reported as dead earlier than the actual date of the TB tests. The subsequent investigation established that it was administrators in their practice that were responsible for the errors.

Central Investigation Service

Brucellosis

Brucellosis is a highly contagious disease that affects female breeding cattle and which has significant consequential risks for public health and the entire agricultural industry. It causes abortions in cattle and can spread to humans causing flu like symptoms. The Veterinary Service is charged with controlling the disease. Once brucellosis has been diagnosed in a herd all or some of the breeding and pre-breeding cattle may be slaughtered and the farmer will be compensated for those animals.

Following the Brucellosis Policy Review carried out in 2002 DARD has implemented a series of measures to enhance the existing disease control programme. The enhanced measures include annual testing, compulsory pre-movement testing, the treatment of slurry from breakdown of herds with thick lime milk, and the implementation of new Brucellosis legislation which provides increased powers to assist in the control of the disease, and changes to the valuation system to make it less subjective. In addition, work has been carried out to re-evaluate the potential use of alternative diagnostic tests.

Since 2003, there is clear evidence of a significant decline in the incidence of Brucellosis in Northern Ireland. There has been an associated reduction on the amount of Brucellosis compensation paid - down from £11.6m in 2002/03 to £1.8m in 2005/06.

Section

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Central Investigation Service

Brucellosis Compensation Investigations

Central Investigation Service investigated **2** cases of suspected Brucellosis compensation payment fraud.

Case 1

The investigation relates to concerns over the source of origin of infection in the herd. The farmer reported that he thought that an animal had aborted but was unable to produce a foetus. The animal in question was slaughtered and the subsequent examination confirmed that it had not aborted. However the examination raised concerns over the identity and status of the animal, the ear tags had been tampered with.

The investigation presented evidence that shed considerable doubt on the circumstances surrounding the introduction of the disease into the herd. However the evidence was insufficient for the Department to present a file to the PPS for direction. Nonetheless on the balance of probability the evidence was sufficient to withhold compensation - **£250k**

Case 2

Veterinary Service had concerns following a routine brucellosis pre-movement test with regard to the non registration of calves since 2004. The CIS assessment of the case concluded there was no evidence to suggest that there had been a deliberate attempt to introduce the disease into the herd. The CIS recommended that the Veterinary Service staff should explore the husbandry issues on the farm.

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Central Investigation Service

Suspected Fraud Irregularities

The CIS investigated a range of other suspected cases of fraud. The estimated value of fraud - £54k The outcome of these investigations is detailed below.

Table 4

Category of suspected fraud/irregularity	Current Position/Outcome
False claim for Education grant aid - £2k.	<ul style="list-style-type: none"> ● Investigations established there was insufficient evidence to refer the matter to the PPS for direction. Grant aid was withheld.
5 cases suspected Over Thirty Month scheme fraud - £4K	<ul style="list-style-type: none"> ● 2 x cases - no evidence of fraud. ● 3 cases investigations ongoing their outcome will be reported in the 2006/2007 annual report.
Suspected Suckler Cow Premium Quota irregularities - £ 7k	<ul style="list-style-type: none"> ● No evidence of fraud or irregularity
8 Cattle Laundering investigations – ghost herds £10K	<ul style="list-style-type: none"> ● 7 x cases are currently under investigation and their outcome will be reported in the 2006/2007 annual report.
	<ul style="list-style-type: none"> ● 1 case was closed by the CIS. Insufficient evidence - procedural weaknesses.

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Central Investigation Service

Table 4 (continued)

Category of suspected fraud/Irregularity	Current Position/Outcome
2 x cases of the Organic Farming Scheme - Breach of contract. - £31k	● Insufficient evidence to refer the cases to the PPS for direction. Both applicants living outside jurisdiction.
Falsifying Documents	● No evidence of fraud.
Environmental Impact Assessment	● No evidence of fraud.
Ear Tag switching	● The CIS assessment of the case concluded there was insufficient evidence to recommend prosecution.
Animal Movement offences	● No evidence of fraud or irregularity.

Central Investigation Service

Counter Fraud Strategy

Background

The Department's Counter Fraud Strategy resulted from an internal review of the Department's counter fraud measures and was subject to a full consultation process with stakeholders, including the Assembly's Agriculture Committee. The strategy is intended to provide a comprehensive approach to countering fraud by systematically and proactively addressing all aspects of fraud within the agriculture sector.

The strategy is designed to demonstrate clearly that DARD is totally committed to making sure that the opportunity for fraud is reduced to the lowest possible risk. Whilst the emphasis is necessarily on prevention and deterrence, the Department will not tolerate fraud of any kind. The aim of the strategy is not only to minimise the risk of fraud but also to protect our customers' rights. It will therefore not apply to genuine cases of error or omission.

The Department's Counter Fraud Strategy was effectively put in place in 2001 and was officially launched by the then Minister in March 2002. The Strategy brings together the varying components of the Department's counter fraud activities with the consequent aim of combating fraud in a cost-effective manner. The first three years of the Counter Fraud Strategy concluded March 2004.

The Department's Counter Fraud Forum, established to oversee the Strategy's implementation, decided that the Department should continue to demonstrate its commitment to ensure that the risk of fraud is reduced to the lowest possible level. The Forum recommended that it would be in the Department's interest to continue with the existing Counter Fraud Strategy and develop new targets for subsequent years.

Section

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Central Investigation Service

To take this forward a working group was established made up of representatives from key business areas. The working group's terms of reference:

To develop new Counter Fraud Strategy targets to combat fraud and irregularity taking account of:

- » Lessons learned from the practical implementation of the preceding Counter Fraud Strategy targets,
- » Emerging and related developments and
- » The Fraud Risk Management process
- » Assign responsibility for achievement of targets to relevant business areas.

The working group is a sub group of the Counter Fraud Forum and reports directly to the Director of Finance.

Annexe 1 – provides a summary of year 2005/2006 targets and details of year 2006/2007 targets. Progress against performance will be reported in the 2006/2007 annual report.

Anti fraud Culture Targets Year 5 (2005/2006)

Target	Responsibility	Comments
1.25 Deliver Fraud Awareness training to 250 Grants and Subsidies and Veterinary Service Staff by 31/03/06.	Central Investigation Service	Target Largely Achieved Fraud awareness training was delivered to 228 DARD staff. 70 managerial grades (incl. 50 Veterinary Service Managers), 138 Veterinary Service administration staff and 20 RDD administration staff. G&S training was not achieved.
1.26 Develop a fraud awareness "roadshow" to reinforce the anti fraud culture message for all Departmental Agency and NDPB staff by 30/09/05.	Central Investigation Service	Target Achieved - The "Fraud Roadshow" was rolled out to three locations - Greenmount College, Loughry College and Dundonald House to complement the fraud awareness training. It was estimated that over 400 staff visited the Roadshow. The feedback was encouraging many staff welcomed its high profile approach.
1.27 Review the Department's Counter Fraud activities by 31/10/2005	Internal Audit	Target Achieved Fieldwork has been completed draft report by end of June 2006.

Deterrence of Fraud Targets Year 5 (2005/2006)

Target	Responsibility	Comments
2.16 Review the feasibility of a continued Veterinary role at cattle markets.	Veterinary Service	Target Not Yet Achieved Carried forward from 2004/2005 A review of the current administrative position at markets, including the role of DARD staff and the associated difficulties for enforcement action and necessary remedial action to secure market compliance completed. A project plan for VS staff removal has been put in place.
2.17 Review the current ear tag system to consider tamperproofness, authorisation and supply procedures for replacement tags	Veterinary Service	Target Not Yet Achieved Carried forward from 2004/2005 Review on ear tag systems delayed pending outcome of Sheep ID systems review. DARD will raise the issue with DEFRA and initiate detailed discussions. Further Action will then be taken on a UK-wide basis.
2.18 Prepare a report on the potential use of Biometric identification methods for disease control and combating Fraud by 31/3/2006	Vision Research Project	Target Achieved A report on the project was considered by the Animal Health and Welfare Strategy group in Oct 2005 and the project team was asked to further trial the technologies in field conditions and to bring forward proposals for its application. An extension to the project has been agreed until 31/3/2007

Prevention of Fraud Targets Year 5 (2005/2006)

Target	Responsibility	Comments
3.22 By December 2004 review policy on secure payments for Counter Fraud Forum Endorsement	Finance Systems	Target Not Yet Achieved Carried forward from 2004/2005 Payment policy review has been deferred pending the outcome of the Accounting Services Programme.
3.23 All new entitlements arising after January 2005 to be paid by BACs.	Finance systems/	Target Not Yet Achieved Carried forward from 2004/2005 The European Commission has given the UK a Derogation until the 16th October 2008, but from that date all payments made from the European Agriculture Fund for Rural Development and the European Agriculture Guarantee Fund must be made electronically. They have stated that payment by Payable Order is unacceptable and that electronic means allows transparency. The Department continues to promote the advantages of BACs to staff and customers.
3.24 To undertake Fraud Risk Assessments for relevant new schemes before implementation for Counter Fraud Forum endorsement	All relevant business areas	Target Achieved Fraud risk assessments of The Farm Nutrient Management Scheme New Entrant Scheme, Entry Level CMS scheme completed.
3.25 Fraud Risk Assessments to be referred to the Head of CIS for quality assurance and planning information purposes.	All business areas	Target Achieved Fraud Risk Assessments returned to the CIS for quality assurance and planning information purposes.

Detection of Fraud Targets Year 5 (2005/2006)

Target	Responsibility	Comments																		
4.12 To establish a baseline on the estimated quantum fraud perpetrated against the Department by 31/3/06	Counter Fraud Forum/CIS	Target not achieved Work on going																		
4.13 To conduct audits on 340 projects receiving financial support in compliance with Article 4 of EU Regulation 438/2001. Project selection to be determined by a risk analysis and visits to be completed by 31/3/06.	RDD	Target Achieved 375 projects (19% of all approved projects) have received an Article 4 inspection by the end of March 2006. All funded projects (100%) will require an inspection in compliance with Article 4 of 438/2001 by the end of 2009.																		
4.14 To check and verify at least 5% of all relevant expenditure declared to the European Commission for the period January 2000 to December 2004 by March 2006.	EU verification Unit	<p>Target On going</p> <table border="1"> <thead> <tr> <th>Fund</th> <th>Programme/Community</th> <th>Amount of Expenditure checked to date as a % of 2004 expenditure declaration</th> </tr> </thead> <tbody> <tr> <td rowspan="3">EAGGF</td> <td>BSP</td> <td>5.12%%</td> </tr> <tr> <td>PEACE</td> <td>8.49%</td> </tr> <tr> <td>LEADER+</td> <td>1.67%</td> </tr> <tr> <td rowspan="2">FIGG</td> <td>BSP</td> <td>10.14%</td> </tr> <tr> <td>PEACE</td> <td>SEUPB Consultants check this measure</td> </tr> <tr> <td>ERDF</td> <td>PEACE</td> <td>7.31%</td> </tr> </tbody> </table>	Fund	Programme/Community	Amount of Expenditure checked to date as a % of 2004 expenditure declaration	EAGGF	BSP	5.12%%	PEACE	8.49%	LEADER+	1.67%	FIGG	BSP	10.14%	PEACE	SEUPB Consultants check this measure	ERDF	PEACE	7.31%
Fund	Programme/Community	Amount of Expenditure checked to date as a % of 2004 expenditure declaration																		
EAGGF	BSP	5.12%%																		
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FIGG	BSP	10.14%																		
	PEACE	SEUPB Consultants check this measure																		
ERDF	PEACE	7.31%																		

Professional Investigation Targets Year 5

Target	Responsibility	Comments
5.21. To develop a definitive policy on internal fraud underlined by a statement of process by 31/03/06.	Personnel Management/Internal Audit/Central Investigation Service	Target Not Achieved Background research including liaison with other government departments on going. Revised target date for completion Oct 2006
5.22 To arrange accredited financial investigation training for four CIS investigation staff by November 2005.	Central Investigation service	Target Not achieved - Accredited financial investigation training underway. Staff currently developing portfolios for the accreditation. Target date for completion December 2006 - Senior Appropriation Officer training completed.

Anti fraud Culture Targets Year 6 (2006/07)

Target	Responsibility	Comments
1.28 Deliver Fraud Awareness training to 125 Grants and Subsidies Staff; 120 Forestry Service staff 60 Finance staff and by 31/03/2007	Central Investigation Service	Progress against performance will be reported in the 2006/2007 annual report
1.29 Review the Department's Counter Fraud activities by 31/07/2006	Internal Audit	Progress against performance will be reported in the 2006/2007 annual report
1.30 Review effectiveness of the intranet and internet websites and make improvements as necessary by 31/3/2007	Central Investigation Service	Progress against performance will be reported in the 2006/2007 annual report
1.31 Review effectiveness of the Hotline publicity campaign by 31/3/2007	Central Investigation Service	Progress against performance will be reported in the 2006/2007 annual report

Deterrence of Fraud Targets Year 6 (2006/07)

Target	Responsibility	Comments
2.19 Review the feasibility of a continued Veterinary role at cattle markets.	Veterinary Service	Target Carried forward from 2005/2006 Progress against performance will be reported in the 2006/2007 annual report
2.20 Review the current ear tag system to consider tamperproofness, authorisation and supply procedures for replacement tags	Veterinary Service	Target Carried forward from 2005/2006 Progress against performance will be reported in the 2006/2007 annual report
2.21 Prepare a report on the potential use of Biometric identification methods for disease control and combating Fraud by 31/3/2007	Vision Research Project	Target Carried Forward From 2005/2006 Progress against performance will be reported in the 2006/2007 annual report

Prevention of Fraud Targets Year 6 (2006/07)

Target	Responsibility	Comments
3.25 By December 2006 review policy on secure payments for Counter Fraud Forum Endorsement	Finance Systems	Target Carried Forward From 2005/2006 Progress against performance will be reported in the 2006/2007 annual report
3.26 All new entitlements arising after January 2005 to be paid by BACs.	Finance systems/	Target Carried Forward from 2005/2006 Progress against performance will be reported in the 2006/2007 annual report
3.27 Establish protocols between Investigation function and the Dept's Agencies and NDPBs to ensure there is consistent, timely and effective reporting and investigation of suspected fraud and irregularities	Central Investigation Service/Rivers Agency/NDPBs	Progress against performance will be reported in the 2006/2007 annual report

Detection of Fraud Targets Year 6 (2006/07)

Target	Responsibility	Comments
4.15 To establish a baseline on the estimated quantum fraud perpetrated against the Department by 31/3/07	Counter Fraud Forum/ Financial Policy	Progress against performance will be reported in the 2006/2007 annual report
4.16 To conduct audits on 700 projects receiving financial support in compliance with Article 4 of EU Regulation 438/2001. (35% of total projects)	RDD	Progress against performance will be reported in the 2006/2007 annual report
4.17 To check and verify 5% of all expenditure declared to the European Commission up to December 2005 by March 2007.	EU verification Unit	Progress against performance will be reported in the 2006/2007 annual report
4.18 Implement the Working Group's recommendations on the integrity of data held on AHPIS by 31/3/2007	APHIS/PMB/CVO/ G&S	Progress against performance will be reported in the 2006/2007 annual report

Annexe

1

Targets

Professional Investigation Targets Year 6 (2006/07)

Target	Responsibility	Comments
5.23. To develop a definitive policy on internal fraud underlined by a statement of process by 31/03/06.	Personnel Management/ Internal Audit/ Central Investigation Service	Target Not Yet Achieved carried forward from 2005/2006 Progress against performance will be reported in the 2006/2007 annual report
5.24 To complete accredited financial investigation training for two CIS investigation staff by December 2006.	Central Investigation Service	Target carried forward from 2005/2006 Progress against performance will be reported in the 2006/2007 annual report

Section

2

Enforcement and Inspection Activity

Introduction

Fraud and illegal activity poses a serious threat to public and animal health and as a consequence to the economic sustainability of the agricultural industry. Enforcement and inspectorate activity, which is aimed primarily at achieving compliance with the appropriate legislation and scheme conditions, also plays a vital role in the prevention and detection of fraud.

This section of the report summarises the Department's Enforcement and Inspection activities including details of non-compliance with scheme conditions and regulations; number of inspections performed and where appropriate, the penalties applied with resulting savings and prosecutions.

Section

2

Enforcement and Inspection Activity

Veterinary Service Enforcement

Introduction

The Veterinary Service is responsible for enforcing legislation relating to its three key work areas; protecting Animal Health, Animal Welfare and Public Health.

Objectives

Although the principal objective of Veterinary Service Enforcement is to achieve compliance with statutory requirements e.g. TB testing, animal welfare obligations and food safety, Veterinary Service will prosecute serious or persistent offenders in accordance with a clearly documented Enforcement Prosecution Policy, which may be viewed on the DARD Internet site at:

<http://www.dardni.gov.uk/vetservice/enforcement/index.htm>.

Personnel

There are three distinct groups of staff from Veterinary Service, involved in enforcement duties.

Veterinary Service Enforcement Branch

This branch is headquartered in Dundonald House and led by the Divisional Veterinary Officer, Enforcement. Their main duties are:

- Developing enforcement strategy with senior management
- Implementing Veterinary Service enforcement policies
- Organising and monitoring field enforcement actions
- Training staff
- Managing the Central Enforcement Team
- Assembling and auditing prosecution files
- Liasing with operational partners
- Organising court witnesses and advising Public Prosecution Service (PPS) lawyers

Enforcement and Inspection Activity

Field Enforcement Teams

These enforcement-trained staff undertake enforcement activities, in addition to their normal day-to-day duties as Veterinary Officers, Animal Health & Welfare Inspectors or Administrative staff. Such staff are mainly present in the ten Divisional Veterinary Offices (approximately three per DVO) but also includes some Meat Plant and Portal staff. Their main enforcement duties are:

- Delivering Veterinary Service enforcement policies
- Conducting straightforward investigations
- Preparing prosecution files

The Central Enforcement Team (CET)

The CET was established in 2003 to handle more complex investigations and prosecutions, and to respond to the increased demands and expectations. The formation of the team was part of the Departmental response to the Vision Report, which recommended a “more proactive and higher profile approach to the prevention, detection and punishment of illegal activities in relation to animal health and animal movement violations”, and the PricewaterhouseCoopers ‘Independent Review of Foot and Mouth Disease in Northern Ireland’ which recommended that the “Veterinary Service Enforcement Unit should be strengthened”.

The team is headquartered centrally in mid-Ulster and currently consists of one Group IV Supervisor and six Group II Enforcement Inspectors. The team will be strengthened to double this size, later in 2006. The team is directed by the Enforcement Branch and is deployed full-time on enforcement duties, in particular conducting investigations and field operations in the areas of:

- Animal identification and movement irregularities
- Illegal cross-border activities

Section

2

Enforcement and Inspection Activity

- Illegal livestock movement to Great Britain
- Illegal use of growth promoters in cattle
- Food safety
- Enforcement of biosecurity, identification and movement controls in livestock markets

Operational Partners – Internal DARD

As many of the animal health regulations, enforced by Veterinary Service, are breached as part of wider fraudulent activities by the perpetrators, Veterinary Service Enforcement works in close co-operation with the Department's Grants & Subsidy Inspection Branch (GSIB) and the Central Investigation Service (CIS). The partnership with the GSIB is effected through the sharing of information and through joint investigations and operations.

The partnership with the CIS is effected through a Service Level Agreement, signed in May 2003, between Veterinary Service and Finance Division. Through this agreement further investigations of all suspected cases of fraud (for example Tuberculosis and Brucellosis compensation fraud) are referred to the Head of the CIS.

Operational Partners - External

Veterinary Service Enforcement staff work and co-operate closely with a number of external agencies and organisations, giving and receiving, expertise and assistance. The following list includes some of these agencies and organisations:

- Public Prosecutions Service (PPS)
- Police Service of Northern Ireland (PSNI)
- Department of Agriculture & Food, Special Investigations Unit (DAF, Republic of Ireland)
- Department of the Environment, Food & Rural Affairs (DEFRA, Great Britain)
- Food Standards Agency (FSA)

Section

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Enforcement and Inspection Activity

- Ulster Society for Prevention of Cruelty to Animals (USPCA)
- Local Council Environmental Health Services (EHS)
- Royal College of Veterinary Surgeons (RCVS)

Activities

Veterinary Service Enforcement has enjoyed many successes in the reporting year including uncovering, disrupting and/or prosecuting major animal health criminality concerning illegal animal identification and movements; and public health breaches concerning unsafe meat. A proactive, co-ordinated investigation, initiated in 2004, into alleged Tuberculosis compensation fraud was completed. Veterinary Service Enforcement initiates, and the Central Investigation Service completes, investigations of all allegations of Tuberculosis and Brucellosis compensation fraud.

In the reporting year, cattle of unknown identity and origin, posing a threat to both animal and public health, have been seized and destroyed. The recent relaxation of bovine, and beef, export restrictions has increased the importance of removing these 'identity unknown' cattle from circulation. Enforcement initiatives to improve compliance with the Tuberculosis and Brucellosis testing programmes have shown encouraging results.

Enhanced co-operation with partners, both within the Department and externally, in a co-ordinated and complementary fashion, is increasingly maximising the effect of our initiatives and is helping Enforcement Branch to further prioritise its activities and target its resources.

Section

2

Enforcement and Inspection Activity

Veterinary Service Investigation Database (VSID)

Investigations Opened

In the reporting year 311 case files were opened on VSID, for 386 investigations into alleged offences under eleven separate Veterinary Service work areas. Progress with these investigations is summarised in Appendix 7.

Investigations Closed

In the reporting year 319 case files were closed on VSID, for 377 investigations into alleged offences under nine separate Veterinary Service work areas. The outcome of these investigations is summarised in Appendix 8.

Prosecutions and Convictions

Prosecutions

In the reporting year 39 case files were sent to the PPS. The progress with these prosecutions is summarised in Appendix 9.

Convictions

In the reporting year 22 persons (including one person on two separate occasions) were convicted in court, closing 23 case files (covering 49 investigations). A list of those convicted, their offences and the penalties imposed is summarised in Appendix 6.

Enforcement and Inspection Activity

Grants and Subsidy Inspection Branch

Rural Payment and Inspection Division pay out £223 million annually to Northern Ireland farmers by way of subsidies through various schemes including:

- » Single Farm Payment Scheme,
- » Agri-Environment Scheme,
- » Less Favoured Areas Compensatory Allowances Scheme.

The Single Farm Payment (SFP) Scheme introduced by EC Council Regulation 1782/2003 replaced most existing crop and livestock payment from 1 January 2005. The new scheme breaks the link between production and support. Instead farmers have to observe certain conditions in return for receipt of direct agricultural support. This is known as Cross-Compliance. As an eligibility requirement, farmers are required to maintain their land by good agricultural and environmental condition (GAEC) and to comply with a number of specific legal requirements known as Statutory Management Requirements (SMRs).

Grants and Subsidy Inspection Branch (GSIB) is one of three Branches within Rural Payments and Inspection Division that collectively are responsible for ensuring that the schemes are operated in compliance with the various EC regulations that govern them.

GSIB headquarters are in Ballymena Co. Antrim. However the business is delivered from six county offices covering three regions:

- » Northern region-counties Antrim and Derry/Londonderry
- » Eastern region - counties Armagh and Down; and
- » Western region - counties Tyrone and Fermanagh.

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2

Enforcement and Inspection Activity

Each region has an Inspection Team consisting of 17 inspectors with administrative support. They are responsible for:

- Carrying out all inspections in accordance with EU requirements.
- Maintaining databases of clients and land.
- Providing an information service.
- Providing a consultation service for DOE Planners in relation to buildings in the countryside.

All claims for grants and subsidies are subject to initial administrative validation checks undertaken by Grants and Subsidies Payments Branch including checks against Grants and Subsidies and APHIS databases. In addition at least 5% of all scheme applicants are visited and claims are checked on the ground by physical inspection.

In September 2002, Grants and Subsidies Inspection Branch took responsibility for Cattle Identification Inspections from Veterinary Service Enforcement Branch. These inspections involve a detailed physical check of all cattle on a farm including breed, sex, colour and date of birth, which must correspond with the farmer's herd book records and details held on APHIS. If there are any issues of serious non-compliance with scheme rules or a fraud is suspected these are immediately referred to Central Investigation Service.

Section

2

Enforcement and Inspection Activity

Information is given in the following appendices on penalties applied either as a result of administrative checks or of on farm inspections. In most cases there is no suspicion of attempted fraud and the few relevant cases are referred to CIS for investigation.

Appendix 10 - Summary of Single Farm Payment scheme (SFPS) inspection and administrative penalties applied with savings for 2005.

Appendix 11 - Summary of Less Favoured Area Compensatory Allowance penalties applied with savings.

Appendix 12 - Summary of Agri-Environment Scheme penalties applied with savings.

The Division undertook a review of all National Reserve awards over £20,000 within the Single Farm Payment Scheme. The review provided reassurance that no cases could have created artificial circumstances in 2004, in order to enhance a subsequent National Reserve award.

Enforcement and Inspection Activity

Quality Assurance Branch

Quality Assurance Branch (QAB) is part of the Service Delivery Group of DARD and is responsible for enforcing a wide range of Agri-Food legislation.

QAB consists of a number of specialist teams of professional staff with expertise in food technology, agriculture and horticulture. Staff are based at a number of centres throughout the Province and headquarters is in Dundonald House.

The Branch enforces legislation relating to:-

- Milk hygiene
- Meat, Sheep & Pig classification & beef labelling
- Eggs Marketing Standards
- Plant Health
- Crop certification including seed potatoes and cereal seeds
- Horticulture Marketing Standards
- Noxious Weeds
- Bee Health
- Animal Feedstuffs
- Fertilisers
- Seeds
- Agricultural Wages

In addition to these areas the Branch also undertakes work on behalf of the Rural Payments Agency (RPA).

Legislation is based on EU directives and regulations and QAB is ultimately accountable to the EU for implementation of that legislation. The Branch is also accountable to the Food Standards Agency for certain aspects of legislation relating to Milk Hygiene, Egg Marketing Standards and Animal Feedstuffs.

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2

Enforcement and Inspection Activity

Branch Aims:

1. To implement UK and EU legislation relating to food safety, plant health, marketing standards, product certification and industry support and ensure that standards meet or exceed legal requirements
2. To provide guidance to industry on the legislation
3. To provide the technical back-up necessary for the Department to act as agents for the Rural Payments Agency (RPA).

In 2005/2006 QAB carried out a total of 25,480 inspections and obtained 14,718 samples for checking compliance with standards across the various legislative areas. The nature and complexity of inspections vary widely depending on the legislation. Each inspection generates a report and may result in informal or formal enforcement action. The formal enforcement action varies depending on the powers available under the legislation.

Section

2

Enforcement and Inspection Activity

Table 5 - QAD Formal Enforcement Action (2005-2006)

Action	Legislation	Number
Confirmatory Letters	Animal Feeds & Fertilisers (52), Plant Health (185), Horticultural Marketing (76), Milk Hygiene (614)	927
Warning Letters	Animal Feeds & Fertilisers (3), Beef Carcase Classification (2), Beef Labelling (4), Noxious Weeds (8), Plant Health – Potatoes (11), Milk Hygiene (96)	124
Various Enforcement Notices	Horticultural Marketing (35), Plant Health (171), Plant Health – Potatoes (5), Milk Hygiene (4), Egg Marketing (31)	246
Downgrading	Seed Potato (1), Egg Marketing (29)	30
License revocations	Milk Hygiene (5)	5
Court Action	Egg Marketing (1)	1

Quality Assurance Branch Non-Compliance Referrals

Quality Assurance Branch referred 2 cases of non-compliance to the Central Investigation Service (CIS) during 2005/2006. The cases related to breaches of Egg Marketing Regulations. One case was referred to the PPS for direction. The outcome will be reported in 2006/2007. The other was closed due to insufficient evidence.

Section

3

Internal Audit and Personnel Management Branches

Internal Audit Branch provides an independent and objective opinion on risk management, control and governance by measuring and evaluating its effectiveness in achieving Departmental and business objectives and also provides an objective consulting service to support management in adding value and improving the Department's risk management, control and governance. Internal Audit's primary responsibilities in relation to fraud are: -

- To review procedures to safeguard assets so as to ensure that cost effective measures are in place to prevent, detect or deter fraud;
- To ensure that the prevention, detection and deterrence of fraud are also taken into account when new systems are designed or changes made to existing systems;
- To provide assistance, where required by management, in the investigation of fraud.

The results of audit reviews of counter fraud controls are used to support the Head of Internal Audit's assurance statements in bi-annual reports to the Departmental Corporate Governance and Audit Committee.

Section

3

Internal Audit and Personnel Management Branches

Table 6 - Details the investigations undertaken by Internal Audit and their outcomes

Category	Current Position/Outcome
PEACE II Measure 1.7A Investigation	An investigation into eligibility of a claim, to the value of £25,000. Outcome all was in order.
PEACE II Measure 1.6 Investigation	An investigation into duplicate funding. The outcome funding was in order.
PEACE II Measure 1.10B Investigation	An investigation into duplicate funding - £1,500 was recovered.
PEACE II Measure 1.6	This investigation was initiated following concerns that had been raised over the management of the company. In particular payments made to it's Chairman. Outcome - there were no irregularities found.

All suspected cases of internal fraud or irregularity are reported to the DARD Personnel Officer. The Personnel Officer makes the appropriate arrangements for an investigation to be conducted and, if fraud, misconduct or a criminal offence has occurred would consider the disciplinary aspect of the case. In instances that have financial implications, Internal Audit would either take the lead or provide assistance to management. If there is sufficient evidence that a criminal offence has been committed cases would be referred to the Central Investigation Service in the first instance, and if appropriate, to the police for criminal investigation.

Internal Audit and Personnel Management Branches

The DARD Personnel Officer referred 16 cases of suspected fraud and irregularity to the CIS for investigation during 2005/2006. The table below details the category of the allegations and their current position. Estimated Value of the Fraud £104k.

Table 7

Category	Number of staff/ Contracts	Current Position/ Outcome
Conflict of interest – unauthorised use of the Department’s computer systems	4 cases	Following investigation one member of staff resigned from the department 1 – Disciplinary transfer and formal warning 2 cases Investigation on going
Conflict of interest – member of staff suspected of colluding with a licensed operator. Estimated value of fraud £50k	1 case	Investigation on going
Case of suspected collusion. Falsifying forms to account for altered and inflated subsidy claims. Estimated value of fraud £34k	1 case	Investigation on going
Travel and Subsistence fraud non attendance of day release scheme. Estimated value of fraud £500	2 cases	Following investigation 2 members of staff resigned from the Department

continued

Section

3

Internal Audit and Personnel Management Branches

Table 7 (continued)

Category	Number of staff/ Contracts	Current Position/ Outcome
Working while off on sick leave. Estimated value of fraud £5k	7 cases	Following investigation 2 members of staff resigned from the Department. The remaining cases - Investigations on going
Breach of contract (cleaning services) estimated value of fraud £20k	1 case	Investigation On going

Section

3

Internal Audit and Personnel Management Branches

Investigations conducted on behalf of other NICS Government Departments

The Department of Finance and Personnel requested the CIS to conduct an investigation into suspected conflict of interest and computer abuse involving five members of staff. The investigation is on going. Its outcome will be reported in 2006/2007

Outcome of Internal Investigations carried forward from 2004/2005

Two cases of suspected internal fraud were carried forward from 2004/2005 year their outcomes are detailed below.

Table 8

Category	Number of staff involved	Current Position/ Outcome
Allegation of bribery to influence the performance of an officer's official duties. Estimated Value of suspected fraud £500	1	No evidence of fraud proven. Disciplinary action – final formal warning and two year ban on promotion.
Staff collusion suspected of defrauding performance pay scheme Estimated Value of suspected fraud £7k	6	No evidence of fraud proven- no disciplinary action taken against the members of staff.

Section

4

Rural Development

The Rural Development Programme (RDP) aims to promote a comprehensive integrated action towards the sustainable and equitable development of rural areas. The programme is a composite of several EU programmes and initiatives.

- Building Sustainable Prosperity (BSP)
- Natural Resource Rural Tourism (NRRT)
- LEADER+
- INTERREG IIIA

In addition support is specifically targeted on farmers and members of farming families within the PEACE II programme. The value of grant aid over the course of the programme (2001 – 2006) is approximately £100 million and is delivered through a range of intermediary bodies. Applications for funding can also be made directly to the Department for area based, sectoral or profit taking activities. The range of activities supported include:

- Strengthening rural communities through the provision of advice and financial assistance.
- Providing the resources required for rural people to implement plans for economic, environmental, social and cultural improvements.
- Providing support for regionally based programmes and projects.
- Enabling 5 designated disadvantaged rural areas to take advantage of tourism opportunities.
- Maximising the economic potential of small rural businesses.
- Encouraging development of cross border rural businesses and communities.

Within Rural Development Division a team of 8 trained Monitoring / Validation Officers audit the activities of the various Implementing Bodies and Departmental offices to ensure compliance with documented procedures. In addition there is an ongoing programme to conduct on site visits to all projects supported to verify the delivery of the products and services funded. The selection of the projects is based on a risk analysis. All cases of suspected fraud detected by any RDD or Implementing Body staff are referred to CIS for investigation. Six cases of suspected fraud were referred for investigation.

LEADER + GRANT AID

Case 1

Rural Development Division referred a case of suspected LEADER + Grant aid fraud – estimated value of the fraud £3k.

The aid was for specialist photography equipment plus the cost of the training to use the equipment.

The photography equipment was purchased and inspected by the Local Area Group following which payment for the equipment was made in full. Grant aid for the training portion of the grant was to be paid as a separate payment following completion and certification of the training.

The applicant subsequently submitted a certificate and invoice as proof that the training had been undertaken. On receipt of the paperwork the Local Area Group administration checks noted that the invoice received was dated January 2005 whilst the training did not take place until February 2005. There was also concern that the certificate did not appear to be genuine. The subsequent investigation determined that the training certificate and invoice had been manufactured in attempt to defraud the Department.

Although the Department was satisfied that there was sufficient, admissible and reliable evidence that the offence had been committed. There was no real prospect of a conviction. The case did not satisfy the Public interest test as the applicant was in very poor health.

Section

4

Rural Development

The Department did not pay the remaining portion of the grant aid and recovery action is being taken to recover monies paid for the photographic equipment.

Case 2

A company applied for a LEADER + grant in respect of expanding it to promote their IT bespoke design systems. Before paying the second stage of the grant funding the Local Area Group identified a number of irregularities in the claim and doubts were raised over some of the items alleged to have been purchased. The case was referred to the CIS for investigation. This is currently ongoing. EVF £7k

Case 3

In another case a company applied for similar funding in order to promote an existing small business. The claim included purchasing brochures, developing a website and a specific piece of machinery. Estimated value of fraud was £9k - £2K of this related to a website design for which the company submitted an invoice. The Local Area Group had concerns over the invoice and the case was referred for investigation. This established that the invoice had been fabricated by the company. The case was referred to the PPS for direction. They directed 3 charges of forgery i.e. making a false instrument [in relation to invoice], using a false instrument [in relation to giving a copy to the website designer] and copying a false instrument. The outcome of this investigation will be reported in 2006/2007.

Case 4

LEADER+Grant aid of 50% was awarded to an applicant towards the cost of 20 items of equipment and marketing costs to establish a new business in film and media production. The Local Action Area Group on checking the application for aid detected several invoice discrepancies. The matter was referred to the CIS for investigation. This is currently ongoing. EVF £8k.

PEACE II FUNDING

Case 1

The Central Investigation Service (CIS) received a referral in connection with a claim made for grant aid under the Peace II / Natural Resource Rural Tourism Initiative in respect of a forest access trail. The suspected irregularity involved the illegal removal and use of forest material connected with the trail construction. EVF £7k. The contractor received grant payment for work already undertaken but a further £32k was withheld pending the outcome of the investigation.

The subsequent investigation proved that the project contractor breached the specifications of his licence to construct the trail and was therefore also in breach of Forest by-laws. The evidence in the case was insufficient to sustain a prosecution nonetheless it was sufficient to ensure the company compensated the Department for loss of assets - £6.9k

Case 2

In another case, the applicant applied for funding under the Peace II programme. The applicant submitted costs as per the Letter of Offer however the Department had doubts regarding the amount and type of work being claimed. A number of receipts were submitted in respect of the costs by a contractor who was engaged by the applicant. The receipts in question were normally computer automated however the receipts submitted were handwritten. When the Department queried this with the applicant they subsequently withdrew their claim. The case was referred to the CIS for further investigation. This is currently on going.

Rural Development sought advice on 3 other cases of suspected fraud and irregularity. After thorough evaluation the CIS were satisfied that there was no evidence of fraud.

Section

4

The Verification Unit

The Unit, as a functionally independent body, contributes towards the assurance required by the European Commission by carrying out sample checks on projects co-financed by the Structural Funds in accordance with Articles 10 to 12 of Commission Regulation (EC) 438/2001 (copy attached).

Checks are generally carried out at the project's premises where the officers conducting the visit will work through a standard checklist (adapted as necessary) designed to ensure the objectives of the check are met. The project manager and/or other key members of staff will be questioned on various aspects of the project as required.

A key part of the check involves ensuring that projects maintain a sufficient audit trail as defined by Annex I of Commission Regulation (EC) 438/2001 (see attachment). As a rule the verification officers will require the project to produce original documentation to verify compliance with this requirement however, photocopies certified as true copies of the originals are also acceptable.

The checks must also cover the execution of the operation (verifying the actual delivery of goods and services paid for), reconciliation between the expenditure claimed and the supporting documents, the eligibility of the expenditure both under the terms of the programme concerned and the general eligibility rules, the provision of national co-financing, compliance with relevant EU and national legislation including public procurement, state aid and the environment, and avoidance of common errors.

The purpose of this section of the report is to draw attention to the potential risks and pitfalls associated with various business systems and activities, and the necessary controls which should be in place to address these effectively. While the case studies are business-specific there are inevitably issues in relation to generic risks and controls where lessons should be learned and applied when relevant.

Case study 1

A suspected fraud involved alleged breaches of flexible working hours, travel and subsistence and receiving financial support in respect of course fees. The suspected fraud involved three members of staff. The outcome of the investigation resulted in the three members of staff resigning.

Control weakness

Inadequate checks by management

Some Line Managers were unaware of:

- The day of the week on which the staff were attending the course during the academic year.
- The dates/days during the year when there were no classes. (On 'no classes' days staff must report to their normal place of work.)
- Absences – such as illness

Line Managers did not:

- Ask staff for their course attendance card or inspect it on a regular basis. This would have allowed management to check college stamps and teacher initials for authenticity and correctness.
- Show any interest in the course work. Line Managers did not ask staff after they have been on the course, to tell them of their progress and the topics covered.
- Obtain the details relating to assignments, i.e. subject matter and, most importantly, the closing date for submission.

Section

5

Lessons Learnt

Monitoring Attendance at college

A **Student Attendance Card** is a vitally important attendance record for the student and line manager. It provides proof that the student attended the class. All students should possess one, it should be kept carefully and the student's attendance marked up each day and at each class by the college staff. It should be marked up by the member of staff who either uses his personal stamp or initials it. Lost or misplaced cards must be replaced and the missing information re-obtained without delay.

The attendance card should be inspected regularly. The stamps and initials should be checked carefully for authenticity and correctness. Any sign of forgery or other irregularity should be noted and brought to line management's attention.

Absences from class should be recorded on the card and an explanation given in writing as to the reason for the absence by the student to the Line Manager; this information should be retained for record purposes.

Verify attendance by an additional means

As well as showing interest in their course – Line Managers should ask students, after they have been to the Institute, to tell them about subject matter and topics covered.

Checking Travel Expenses Claims relating to their Course

Expenses claims should be checked thoroughly especially for course days. Reference to the Student Attendance Card should be made in order to confirm attendance (including its duration) at the Institute on each of the days included in the claim; this will ensure that the expenses are valid.

Keeping track of progress on Assignments

Line Managers should obtain the details relating to course assignments, ie., subject matter and, most importantly, the closing date for submission. Ensure assignments are undertaken, completed and handed in by a pre-specified date.

Case Study 2

Background

The Department's Central Investigation Service (CIS) completed an investigation in relation to suspected fraudulent claims for an activity which attracted Payment by Results (PBR).

The investigation team concluded that while there were strong suspicions that Claimant's may have acted inappropriately, there was insufficient evidence to refer the case to the Public Prosecution Service to consider criminal offences under the Theft Act. The team further concluded that internal disciplinary action would also be difficult to sustain due to the process and procedural weaknesses identified during the investigation.

The overall weight of evidence in the case, in terms of securing a criminal conviction, i.e. to prove beyond all reasonable doubt, was unreliable and insufficient. In the investigation team's expert opinion, if the case had been brought before a court of law, the lack of appropriate management controls, lax observation of existing controls and inadequate documentation to support line management's evidence would not have withstood the rigour of cross-examination.

Similarly, weaknesses in management procedures and controls would have made it extremely difficult to justify and sustain internal disciplinary action.

Weaknesses and Compensating Control Requirements

Management conducted a preliminary investigation, which included (informal) interviews with the relevant staff, before referring the case to the CIS. A significant time period had also elapsed between the preliminary investigation and the case referral. It was hardly surprising therefore that the questions were expected and that responses obtained during the CIS interviews (under caution) were consistent with each other.

Where there is a case of suspected fraud, Personnel, CIS or Internal Audit Branch should be consulted for advice before a preliminary investigation is carried out. A preliminary investigation should only be carried out to confirm suspicions however, if this is not performed properly it could potentially jeopardise the outcome of a subsequent investigation.

If any of the suspects had admitted guilt during interview and management failed to administer a caution, the evidence would have been deemed inadmissible in court.

It is also crucial that evidence is collected and recorded in a manner that preserves its reliability, credibility, continuity and integrity. Best practice states that all evidence gathered during an investigation should be done so in accordance with the Police and Criminal Evidence (Northern Ireland) Order 1989 and the Codes of Practice. By following these procedures any evidence obtained can therefore be admissible in court. Cautions should be administered by trained investigators not managers.

There were conflicting opinions and interpretations of staff roles, responsibilities and operational procedures. There were no job descriptions/job instructions and there was no formal definition of roles and responsibilities for staff and supervisors alike.

Job descriptions should be prepared for and communicated to each member of staff. Ideally a procedural manual should also exist which clearly defines systems, tasks and responsibilities. Where this is not practical, job instructions should be developed for each activity. Job descriptions, job instructions and procedural manuals should be reviewed on a regular basis, kept up to date and changes formally communicated to relevant staff.

The system/activity had never been subject to a formal fraud risk assessment. Any system, scheme or activity with inherent fraud risks should be subject to a formal fraud risk assessment to ensure that fraud risks are effectively identified and managed.

Relevant advice can be obtained from the Treasury publications “The Orange Book, Management of Risk – Principles and Concepts”, (2004) and “Managing the Risk of Fraud – a guide for managers” (2003). These publications, along with general advice on fraud risks and controls are available on the Internal Audit website. Management and staff should also be aware of the Department’s Counter Fraud Strategy and Anti-Fraud Policy.

Once a fraud risk assessment is developed it should be passed to CIS for quality assurance and endorsement. This is now a mandatory requirement. Fraud risk assessments should also be reviewed on a regular basis.

Lessons Learnt

Supervision of activities and on-site monitoring visits were performed on an ad hoc basis and did not cover all sites, either on a regular or timely basis. Records of these activities were either minimal or did not exist. Management also stated that they relied on “expectations” of certain individuals and “common practice” as a means of supervision and providing assurance.

Activities should be supervised on a regular basis. Where relevant regular on-site monitoring visits should also be conducted. Records should be maintained of these activities and procedures developed in relation to the prescribed level and frequency of checks/visits.

There was no mechanism in place to compare stock issues with site work plans and job sheets. There was also no procedure in place to monitor excessive requirements for stock or to reconcile usage. Additional requirements for stock also went unnoticed and unchallenged.

There should be a formal procedure to record and reconcile stock/ tool issues, usage and returns. Where possible there should also be separation of issue and reconciling duties.

Management raised concerns over the quality of the product supplied by the suppliers. This was communicated to staff and management who requested that any further concerns should be reported back to them. This was however refuted by staff at interview and there was no records maintained of any such concerns being reported, what consequent directive action was communicated to staff, or of any follow-up action undertaken. Also when another irregularity was suspected an inspection was carried out 6 weeks after the suspected irregularity came to light.

Where management are informed of any concerns these should be recorded along with the action taken to address the issue. The action taken should be timely and proportionate to the risk. Where relevant, policies/procedures should also be revised and communicated to staff.

Validation checks of timesheets were inadequate as they failed to identify excessive over-claims. On occasion there was also either no evidence of any checks performed on timesheets, or where there was evidence, the person performing the checks would not have been in a position to determine the integrity or otherwise of the activities claimed. Time sheets also did not appear to have been cross-checked against job sheets and stock movement records. Claims, which significantly exceeded normal weekly totals, were also apparently missed.

Time/activity/expense claims should be formally checked and cross-checked against verifiable supporting documentation.

The investigation also highlighted that in recent years there had been several incidents on site including, suspected theft; damage to property etc. The investigation also found that the team had worked together for a considerable period of time. The risk being that certain individuals or a small group within the squad were very familiar with procedures and were prepared to exploit any potential system weaknesses.

It is widely recognised that the rotation of staff between posts can help prevent fraud and/or irregularity from occurring. Where possible staff and activities should be rotated on a regular basis.

Summary of Cases CIS Investigation Workload 2005/2006

Referrals B/F from 2004/2005	34
Referrals (External)	42
Investigation Closure	44
PPS Direction Pending	2
Prosecution Not Directed	3
Convictions @ 31/03/06 (incl. B/F 04/05 cases)	3
Court Pending	0
PPS withdrawn	0
Magistrate dismissed charges	1
Referred to PSNI	1
Referrals C/F to 2006/2007	22

Referrals B/F	The number of on going investigations brought forward from previous year (2004/2005)
Referral external	The number of suspected cases of external fraud referred to the CIS for investigation 2005/2006.
Investigation Closure	The number of referrals scrutinised or investigated that either No Further Action was required or with recommendations made to the appropriate scheme as to whether or not subsidy payments or other should be withheld.
PPS Direction Pending	Number of cases referred to the PPS pending direction
Prosecution Not Directed	The number of cases referred to PPS for prosecution and prosecution not directed
Convictions	Number of cases prosecuted. (This figure includes convictions pending in 2003/2004 – 2 cases in total)
Court Pending	The number of cases that the PPS directed on and awaiting court listing
PPS Withdrawn	The number of cases withdrawn by the PPS
Magistrate Dismissed Charges	The number of cases dismissed by a magistrate following a hearing
Referred to PSNI	The number of cases referred to the Police Service NI for investigation
Carried Forward	The number of on-going investigations @ 31st March 2006 carried forward

2004/2005 Investigations Carried Forward

The CIS carried forward 34 on-going investigations at 31/3/05. Investigations continued during 2005 and their progress/outcome is detailed below:

Category of Case Carried Forward	Outcome
Tuberculin Testing – 10	9 Cases closed by CIS. Remaining case was dismissed by the court.
Cattle Identification Inspections – 4 investigations	4 cases were closed by the CIS (Scheme penalties were recommended)
Fraud irregularity	Investigation of going
Integrated Administration Control System (IACS) - 4	3 cases closed by CIS (Scheme penalties were recommended) 1 case - conviction
PIG Outgoers scheme	Case closed insufficient evidence
Cattle laundering	Cases closed penalties recommended
Suckler Cow Quota	No evidence of fraud
Beef Special Premium Scheme – 11 investigations	Cases closed by CIS 8 insufficient evidence 3 No evidence of fraud
Fraud irregularity	No evidence of fraud

Legislation

The CIS were committed through one of the Counter Fraud Strategy year 2 targets to develop and implement an Investigation Closure policy.

The CIS Investigation Closure policy is not a definitive guidance stating when an investigation must be recommended for closure. Rather, it sets out the criteria which Central Investigation Service will follow when conducting investigations where it has been established that there is no evidence of fraud/irregularity or fraud is established but prosecution/formal caution is not appropriate.

The Central Investigation Service observes four criteria if investigation closure is considered appropriate:

- Closure 1 (C1) - Public Interest Factors
- Closure 2 (C2) - Technical Factors
- Closure 3 (C3) - No evidence of fraud or irregularity
- Closure 4 (C4) - Director of Public Prosecutions (DPP) Direction

This policy does not prejudice any decision to withhold compensation payments or to apply penalties under various scheme rules. The Policy was endorsed by the Departmental Solicitor's Office.

Closure Categories

Closure 1 (C1) – Public Interest Factors

Cases B/F from 04/05 Year

Case Category	Number of Cases
Notification Offences	1

2005/06 Year

Case Category	Number of Cases
None	

Closure 2 (C2) – Technical Factors

Cases B/F 04/05 Year

Case Category	Number of Cases
Integrated Administration & Control System (IACS)	3
Tuberculin Testing	4
Identification Irregularities	1
QAB	1
Beef Special Premium	8
Cattle Laundering	1
Pigs	1

2005/06 Year

Case Category	Number of Cases
Tuberculin Testing	1
Ear Tags	1
Fraud Irregularities	2
Identification Irregularities	3
Environmental Impact Assessment	1
Over Thirty Month Scheme	1
Breaches of Contract	2

Closure Categories

Closure 3 (C3) – No evidence of Fraud or Irregularity

Cases B/F 04/05 Year

Case Category	Number of Cases
Tuberculin Testing	1
Beef Special Premium	3
Illegal Movement through Mart	1

2005/06 Year

Case Category	Number of Cases
Brucellosis	1
Fraud Irregularities	2
QAB	1
Suckler Cow Premium	1

Closure 4 (C4) – Public Prosecution Service (PPS) Direction

Cases B/F 04/05 Year

Case Category	Number of Cases
Tuberculin Testing	2

2005/06 Year

Case Category	Number of Cases
IACS	1

Outcome of Investigations @ 31 March 2006

CIS – Outcome of Sheep Annual Premium
Scheme Investigations @ 31 March 2006

2003 Scheme Year Convictions

Name & Address	Outcome
Peter McCartney 50 Ballard Road, Lislea, Newry	Fined £240 & £39 costs
James Conroy 35 Barnasowen Road, Sixmilecross, Omagh	Fined £1450 & £58 costs
Mary Leonard Aghalaan, Kesh, Enniskillen	Fined £1000 & £61 costs
Mary McCrory 191 Termon Road, Pomeroy, Dungannon	Fined £1500 & £58 costs
George Haffey 196 Monaghan Road, Tamlaght, Armagh	Conditional Discharge of 2 years & £31 costs

Outcome of Investigations @ 31 March 2006

CIS – Outcome of Sheep Annual Premium
Scheme Investigations @ 31 March 2006
(continued)

2004 Scheme Year Convictions

Name & Address	Outcome
Anthony McPolin 17 Corbally Road, Katesbridge, Banbridge	Fined £1000 & £64 costs
Turlough Kennedy 103 Clady Road, Mowhan, Armagh	Fined £4500 & £58 costs
Kieran & Nial McParland 7 Carrickgallogly Road, Whitecross, Armagh	Fined £3000 & £61 costs
Bryan & Cathal Duffy Lurgandarragh, Enniskillen	Fined £300 & £49 costs
Robert W Hogg Drumcrin, Ballindarragh, Lisnaskea	Fined £1500. No costs
Paul Sheridan Dernawilt West, Roslea, Enniskillen	Fined £1050. No costs

Miscellaneous Cases

Update on miscellaneous (CIS) convictions referred to the PPS for direction during 2002/2003, 2003/2004 & 2004/2005 and which eventually came before the courts during 01 April 2005 – 31 March 2006.

2003 cases

Name	Offence	Outcome
Robert James Herbison 76 Roguery Road, Toomebridge, Antrim	Fraud Re: Ear Tag	Fined £1200 & £58 costs
Victor G Campbell "Hillcrest", 18a Mullaghcartan Road, Magheragall, Lisburn	Identification Irregularities	Fined £425 & £43 costs

2004 cases

Name	Offence	Outcome
Frederick Hazelton 61 Dungormon Road, Dungannon	Notification Offences	Fined £250 & £34 costs
James W Gamble 7 Drumlee Road, Ballymoney	CII/BSP	Fined £600 & £22 costs
Richard McGinley 199 Finvoy Road, Ballymoney	CII/BSP	Fined £600 & £22 costs
S.C.N McClure (Beresford Park) 18 Collins Heights, Carrickfergus	Inspection Irregularities	3 month imprisonment suspended for 12 months & £68 costs

Miscellaneous Cases

2004 cases (continued)

Name	Offence	Outcome
Mark & Martin McCrory 71 Bernisk Road, Sixmilecross, Omagh	Interference with a TB Test	Fined £5000 & £20 costs
Kieran McGuinness 88 Kingsmill Road, Whitecross, Armagh	IACs	Conditional Discharge for 2 years & £70 costs
Mark Loughran (David Herron) 35 Devesky Road, Carrickmore, Armagh	CII	Loughran – case closed. Herron – Fined £200 & £22 costs
Kenneth Moore 64 Cahard Road, Ballynahinch	IACs	Fined £800 & Compensation order of £808.53 to be repaid to the department

2005 cases

Name	Offence	Outcome
Charles Kennedy 70 Mountfield Road, Claudy, Londonderry	CII & TB	Fined £600 & £160 costs

- » Ivan David Forbes, Derrycarne Road, Portadown pleaded guilty to 1 charge of failure to keep a herd register, 1 charge of failure to ensure that specific risk material is stained blue as soon as practicable, 1 charge of having possession of a bovine carcass containing vertebral, 1 charge of longitudinally splitting the carcass of a bovine animal, 1 charge of failure to dispose of category 1 animal by-products without undue delay and 1 charge of failure to keep a record of animal by-products consigned, transported or received. Mr Forbes pleaded guilty and was fined £1200 plus £121 costs
- » Patrick James Murray, Sheffield House, Clea Road, Keady was convicted of 1 charge of failure to keep a herd register, 1 charge of failure to notify the movements of animals off his holding, and 1 charge of failing to notify the death of a notifiable animal. Mr Murray was fined £200. Other penalties included a conditional discharge for 2 years plus £76 costs.
- » Stanley Herron, Drumhirk Road, Armagh pleaded guilty to 1 charge of transporting an animal that was not fit for the journey intended, 1 charge of transporting an animal in a way which causes or is likely to cause unnecessary suffering and 1 charge of failure to provide Animal Transport Certificate records. Mr Heron pleaded guilty and was fined £850 plus £10 costs.
- » Mervyn McBride, Crosskeys Road, Toomebridge was convicted of two charges of supplying an animal (a pig) for slaughter for human consumption which contained Chlortetracycline (an antibiotic), at a concentration exceeding the relevant maximum residue limit. Mr McBride pleaded guilty to three charges and was fined £450 plus £175 costs

Convictions Summary 01/04/04-31/03/05

- » Richard Potter owner of Rik's Reptiles & Aquatic Centre, Linenhall Street, Ballymena pleaded guilty to two charges of failure to ensure that the enclosures of animals, namely a Cape Cobra snake and 2 red-eared terrapins, were situated, maintained or cleaned in such a way as to ensure the health, safety and welfare of the animals. Mr. Potter pleaded guilty to the charges and was fined £400 plus £40 costs.
- » John Clarke White, Crewe Road, Maghera was convicted of 6 charges of causing unnecessary suffering to sheep, 8 charges of failing to keep sheep in accordance with the requirements, 1 charge of failing to dispose of animal by-products without undue delay contrary. Mr. White was fined a total of £1500, and £112 costs, and banned from keeping animals for twelve months.
- » Samuel John White, Crewe Road, Maghera was convicted of 6 charges of causing unnecessary suffering to sheep, 8 charges of failing to keep sheep in accordance with the requirements, 1 charge of failing to dispose of animal by-products without undue delay. Mr. White was fined a total of £1500, and £109 costs, and banned from keeping animals for twelve months.
- » Seamus O'Kane, Drumderg Road, Draperstown was convicted of 2 charges transporting a new born calf in which the navel had not completely healed, and 2 charges of transporting a cow which had given birth in the preceding 48 hours. Mr O'Kane was found guilty and fined £200 and was ordered to pay £28 costs.

- » Rodney McCreery, Lough Skale Road, Cavanacarragh, Lisbellaw pleaded guilty to one charge of causing unnecessary suffering to 14 animals, 1 charge of failure to dispose of Category 1 material, namely 4 animal carcasses without undue delay, and 7 charges of failure to notify the movement of a bovine onto a holding. McCreery pleaded guilty and was fined £5700 plus £64 costs.
- » Rodney McCreery, Lough Skale Road, Cavanacarragh, Lisbellaw was convicted of 1 charge of failing to observe Tuberculosis restriction notices; 1 charge of failing to maintain the fences dividing his holding from adjoining land in such a condition as to prevent his herd straying from the holding; 1 charge of undue delay in the collection and disposal of a dead calf from his holding; 1 charge of failing to notify the death of a bovine animal, and 1 charge of failing to present his herd records upon request to DARD. Mr McCreery was fined £5000 plus £64 costs.
- » Gabriel Moane, Lakeview, Lisnaskea was convicted of 1 charge of transporting a bull over 10 months of age with incompatible cattle, and 1 charge of failure to provide Animal Transport Certificate records. Mr Moane pleaded guilty and was fined £1100 and ordered to pay £118 costs.
- » William Thomas Bryson (Snr), Garlandstown Road, Crumlin was convicted of 2 charges of having custody of 20 sheep and lambs in contravention of an Order of Antrim Magistrates Court made on the 7th February 2000 disqualifying him from life of having custody of any animal. Mr Bryson was found guilty of these offences and received a one month prison sentence suspended for 2 years and received a life time ban from keeping animals.

Convictions Summary 01/04/04-31/03/05

- » Mr John Clarke, Draperstown Road, Tobermore, Magherafelt pleaded guilty to 1 charge namely he did grant or issue a license certificate, or instrument, being false in a particular manner. Mr Clarke pleaded guilty to the charge and was fined £1000.00 and was ordered to pay costs.
- » Keith McRoberts, Blackskull Road, Ballykelly, Dromore was convicted of 1 charge of failure to keep a herd register, 3 charges of failure to notify the birth of animals, 1 charge of providing information knowingly, or recklessly, which he knew or believed to be false in a notification. Mr McRoberts was fined £1250 and £52 costs.
- » Seamus Kerr, Aughioghan, Carrickmore, Co Tyrone was convicted in his absence of 2 charges of failure to present all animals for brucellosis testing, 2 charges of failure to present all animals for tuberculosis testing, 2 charges of failure to provide information, namely herd records, and 2 charges of failure to produce for inspection medicine records. Mr Kerr was fined £9000 plus £40 costs.
- » Gerard McClelland, Rock Road, Granemore, Keady was convicted of 1 charge of failure to carry out a brucellosis pre-movement test. Mr McClelland was fined £150 plus £37 costs.
- » Samuel Boyd Hill, Islandranny Road, Bushmills was convicted of 1 charge of failure to attach eartags, 6 charges of failure to notify births and 1 charge of failure to keep a herd register. Mr Hill was fined £300 plus £31 costs.

Convictions Summary 01/04/04-31/03/05

- » Ian Crawford, Portglenone Road, Randalstown was convicted of 4 charges of failure to attach eartags, 6 charges of failure to notify movements, 3 charges of failure to notify deaths, 4 charges of removal of eartags and 1 charge of failure to keep a herd register. Mr Crawford was fined £1250 plus £88 costs.
- » Terence McGready, Cadian Lane, Dungannon was convicted of 8 charges of failure to attach eartags, 8 charges of failure to notify births and 1 charge of failure to keep a herd register. Mr McGready was fined £510.
- » George Carson, Frevagh, Garrison was convicted of 1 charge of failure to notify births, 1 charge of failure to notify births, 1 charge of failure to notify deaths and 1 charge of failure to keep a herd register. Mr Carson was fined £300.
- » Paul Bell, Crossgar Poultry, Kilmore Road, Crossgar was convicted of 1 charge of failure to carry out regular checks, 1 charge of selling meat which had been stored at over 4° C, 1 charge of contravening an FSO02 notice, 1 charge of selling turkeys which were not of the quality demanded and 1 charge of failure to give assistance. Mr Bell was fined £11000.
- » Ernest Kerrigan, Castlefin Road, Castlederg was convicted of 1 charge of failure to keep a herd register. Mr Kerrigan was fined £200 plus £49 costs.
- » Brian Carvill, Hanslough Road, Middletown was convicted of 1 charge of failure to present animals for a brucellosis test. Mr Carvill was fined £100 plus £31 costs and received a conditional discharge for 1 year.

**Veterinary Service Enforcement
Investigations Opened
01/04/05-31/03/06**

Progress Summary

Work Programme	Under Investigation	Interview Arranged	File passed to Enforcement Branch	File passed to Public Prosecution Service	Case Closed	Total
Animal By-Products	4		1	5	8	18
Aujeszky's disease				1		1
Biosecurity	3			1	8	12
Brucellosis	19	5		3	32	59
Epizootic disease			1			1
Identification, Registration & Movement	20	2	6	21	116	165
Trade of Animals & Animal Products	5			6	14	25
Transmissible Spongiform Encephalopathies	1			6	2	9
Tuberculosis	15	1		6	8	30
Veterinary Public Health & Food Safety	6			13	9	28
Welfare of Animals	7		2	1	28	38
Total Investigations (Case Files)	80 (60)	8 (6)	10 (8)	63 (32)	225 (205)	386 (311)

Veterinary Service Enforcement Investigations Closed 01/04/05-31/03/06

Summary of Outcomes

Work Programme	Subsidy Withheld	Case Dropped	Compliance Achieved	Warning Letter Issued	Animals Slaughtered/ Carcase Destroyed	MC29 Withdrawn	Formal Caution Delivered	Convicted In Court	Acquittal In Court	Referred to Other Agency	Total
Animal By-Products		1	1	5	1		1	7		2	18
Biosecurity			4		1						5
Brucellosis		7	74	11				4		4	100
Identification, Registration & Movement		14		5	83	8	1	15		14	140
Trade of Animals & Animal Products		2	2	6	3				1	2	16
Transmissible Spongiform Encephalopathies		2		1				2			5
Tuberculosis		8	7	3				2		2	22
Veterinary Public Health & Food Safety		4		3	7			10		1	25
Welfare of Animals	1	5	1	23			2	9		5	46
Total Investigations (Case Files)	1 (1)	43 (36)	89 (88)	57 (49)	95 (86*)	8 (8)	4 (2)	49 (23)	1 (1)	30 (25)	377 (319)

Case Files Passed to the Public Prosecution Service (PPS)
01/04/05-31/03/06

Progress Summary

Public Prosecution Service (PPS)	Awaiting PPS Decision On Direction	Not Directed For Prosecution	Formal Caution Recommended & Issued	Directed For Prosecution	Directed For Prosecution And Convicted	Directed For Prosecution And Not Convicted	Total Sent to PPS
Case Files	0	6	2	17	13	1	39

**2005 Single Farm Payment:
Administrative and On-farm checks**

Progress Summary

Number of claims received 2005 Single Application/IACS	Type of penalty	Number of discrepancies identified (admin and on-farm)	Adjusted details	Value of penalty applied in 2005 € Euro	
41,688	Over-declaration of land	1168	< 3%	0	
		688	> 3% < 20%	1,198,113.47	
		240	> 20% < 50%	1,245,912.88	
		549	>50%	644,106.83	
	Cross compliance breaches	95	Warning letter	0	
		188	1% - 5%	54,827.12	
		15	> 5%	119,740.70	
	Late claims	N/a	623	143,513.46	
				Total	3,406,214.46

Less Favoured Area Compensatory Allowance Scheme 2005

No. of Producers	Penalty	Savings
1138	< 3%	£18,960.40
317	>3% but < 20%	£56,929.40
61	> 20%	£54,449.15

No. of Inspections	Penalties applied	Savings
941	46 (36 warning letters issued)	£32489.94



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