

Response to fraud and error questionnaire

No.	Questions for management	Managements response
1	<p>Are you aware of any instances of actual, suspected or alleged fraud, within the authority as a whole during the period 1 April 2011 – 31 March 2012?</p>	<p>Yes – these are received and investigated by our dedicated counter fraud & investigation team. Head of Audit provides fraud updates (esp. material cases) to S151 officer, EA liaison and Audit Committee. Refer to EA liaison fraud update for cases during 2011/12.</p>
2	<p>Do you suspect fraud may be occurring, within the authority?</p> <ul style="list-style-type: none"> ➤ Have you identified any specific fraud risks within the authority? ➤ Do you have any concerns that there are areas within the authority that are at risk of fraud? ➤ Are there particular locations within the authority where fraud is more likely to occur? 	<p>Yes – we acknowledge and understand our fraud risks – we have a dedicated counter fraud team to respond to these risks.</p> <p>Yes – although will be revisiting our risk assessment in 2012/13</p> <p>In line with key fraud risks highlighted by National Fraud Authority we believe areas to focus on are procurement, contracts and direct payments</p> <ul style="list-style-type: none"> ■ See above ■ Schools
3	<p>Are you satisfied that internal controls, including segregation of duties, exist and work effectively?</p> <ul style="list-style-type: none"> ➤ If not where are the risk areas? ➤ What other controls are in place to help prevent, deter or detect fraud? 	<p>We are satisfied that the control framework is sufficient – this needs to be revisited in light of changes to the structure to ensure compliance where segregation of duties may become an issue. For example:</p> <ul style="list-style-type: none"> ■ Smaller schools ■ 3rd parties / partners ■ Fewer managers / wider remits / new responsibilities – potential for gaps in control to develop ■ Whistleblowing arrangements ■ Robust CF Policy and zero tolerance stance to fraud ■ Proactive work programme – delivered by CF team (deter/detect) – <i>data analytics to be further developed 2012/13</i> ■ Due diligence activities on key financial systems throughout the

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		<p>year (deter/detect) – <i>to be developed further 2012/13</i></p> <ul style="list-style-type: none"> ■ Accredited counter fraud investigators (strengthened team) ■ Deterrence - case summaries on website / successful prosecutions in Echo / results and work of CF team periodically published in Echo (from Audit Committee reporting)
4	<p>How do you encourage staff to report their concerns about fraud?</p> <p>➤ What concerns about fraud are staff expected to report?</p>	<ul style="list-style-type: none"> ■ Whistleblowing arrangements ■ Counter Fraud Policy / Leaflets / Fraud Response Plan ■ Reminders on GEORGE ■ Covered in corporate induction ■ Code of Conduct – reporting expectations ■ Dedicated counter fraud team <p>All suspicions re. fraud, corruption or theft.</p>
5	<p>From a fraud and corruption perspective, what are considered to be high risk posts within your area of responsibility?</p> <p>➤ How are the risks relating to these posts identified, assessed and managed?</p>	<ul style="list-style-type: none"> ■ Bank and authorised signatories ■ Treasury management e.g. borrowing <p>Policies, procedures – managed by established control framework, overall scheme of delegation & assessed through audit process.</p>
6	<p>Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <p>➤ How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>Yes – in LCC Pensions and Mouchel Pensions (S151 officer aware / risks assessed & managed)</p> <p>Requirement for officers to declare any interests / personal relationships (Code of Conduct / Personal Relationships at Work Policy). Management responsible for assessing the risk and taking any control actions i.e. transferring responsibilities / decision making, removing delegated authority, restricting access to information, meetings etc</p>

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7	<p>Are you aware of any entries made in the accounting records of the authority that you believe or suspect are false or intentionally misleading?</p> <ul style="list-style-type: none"> ➤ Are there particular balances where fraud is more likely to occur? ➤ Are you aware of any assets, liabilities or transactions that you believe were improperly included or omitted from the accounts of the authority? ➤ Could a false accounting entry escape detection? If so, how? ➤ Are there any external fraud risk factors which are high risk of fraud? 	<p>No</p> <p>Imprest (materiality low)</p> <p>No</p> <p>No</p> <p>No</p>
8	<p>Are you aware of any organisational, or management pressure to meet financial or operating targets?</p> <ul style="list-style-type: none"> ➤ Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets? 	<p>No</p> <p>No</p>