



Lincolnshire County Council Counter Fraud Plan 2018/19



March 2018



What we do best.....

Innovative assurance services

Specialists at internal audit

Comprehensive risk management

Experts in countering fraud

..... and what sets us apart

Unrivalled best value to our customers

Existing strong regional public sector partnership

**Auditors with the knowledge and expertise
to get the job done**

**Already working extensively with the not- for-profit
and third sector**

CONTENTS

The contacts at Assurance Lincolnshire are:

Lucy Pledge CMIIA, QIAL
Audit and Risk Manager (Head of Internal Audit)
Lucy.pledge@lincolnshire.gov.uk

Dianne Downs
Team Leader
Dianne.downs@lincolnshire.gov.uk



Page

Introduction	2
Background	3
Counter Fraud Plan 2018/19	4-5
Staff Resource	6
Appendices:	7
A. Counter Fraud Plan 2018/19 –schedule	
B. Staffing	
C. A Councillor's Workbook on Bribery and Fraud Prevention	

INTRODUCTION AND BACKGROUND

Introduction

1. This report summarises the proposed work of the Counter Fraud and Investigation Team for 2018/19. The aim is to give a high level overview of areas we are likely to cover during the year - giving you an opportunity to comment on the proposals.
2. The plan has been developed as a statement of intent to enable us to respond to changes during the year. Whilst every effort will be made to deliver the plan, we recognise that we need to be flexible and prepared to revise activity – responding to changing circumstances or emerging risks.
3. The Council's counter fraud arrangements demonstrate its continued commitment to strong governance and best use of resources. Our response to Central Government's expectations for tackling fraud and corruption is reflected in the plan. It is important that we maintain our counter fraud response and resilience as the changes to the Council's service delivery continue to evolve.
4. We have provided a copy of "*A councillor's workbook on bribery and fraud prevention*". (Appendix C). This publication was issued jointly in 2017 by Local Government Association (LGA) and Chartered Institute of Public Finance & Accountancy (CIPFA). The workbook supports members to understand how they can gain assurance on the effectiveness of arrangements in place to protect the public purse and fight fraud locally.



INTRODUCTION AND BACKGROUND

Background

5. The Counter Fraud and Investigations Team (CFIT) is well established and has a track record of delivering both proactive counter fraud work and responding to whistleblowing allegations and reports of suspected fraud.
6. The Audit Committee provides oversight on the effectiveness of the Council's counter fraud arrangements – including the progress and delivery of this work plan. We provide Progress Reports during the year and an Annual Report on the outcome of our work.
7. Lincolnshire Counter Fraud Partnership was established in 2015. This partnership is made up of all the local authorities and the Police in Lincolnshire and has during its operation so far:
 - secured fraud / error savings
 - raised awareness of fraud within the Community
 - managed resources more effectively by sharing resources and expertise
 - supported individual partner authorities to develop counter fraud practice
 - pooling intelligence in the fight against fraud
8. Following this success Lincolnshire Council's and Lincolnshire Police have agreed to continue fund this initiative for 2018/19. It is anticipated that savings generated from the work will, in the medium to long term, enable the partnership to become self-funding.

9. The Counter Fraud Plan 2018/19 has been developed to deliver a proportionate response to the risk of fraud for both Lincolnshire County Council and its partners in Lincolnshire Counter Fraud Partnership.



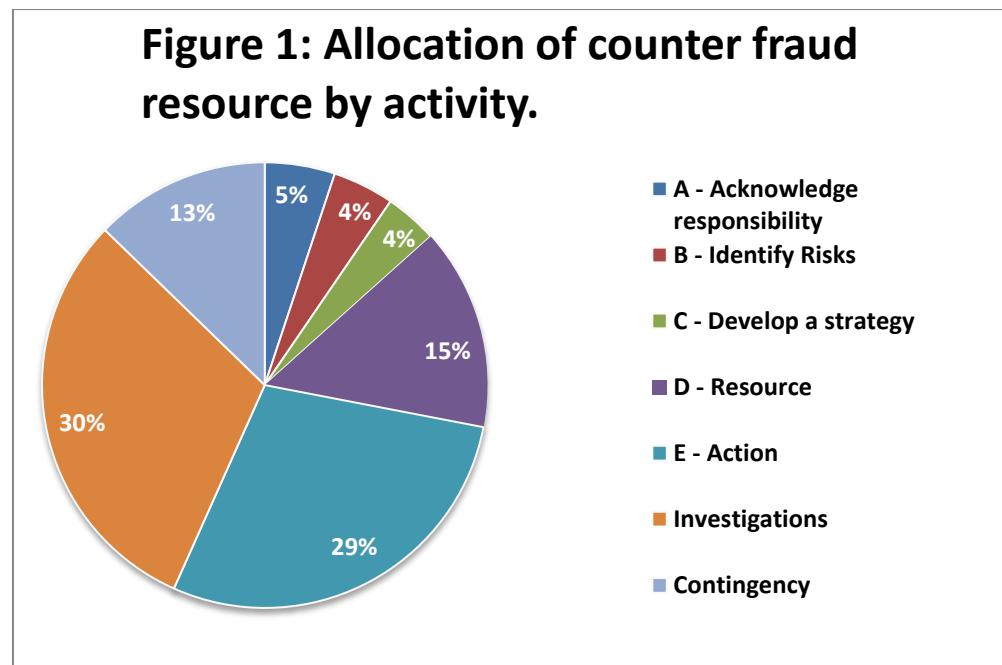
Counter Fraud Plan 2018/19

- 10.** In April 2016, the Government launched the Local Government Counter Fraud and Corruption Strategy 2016-2019 - Fighting Fraud and Corruption Locally. The Strategy is supported by the CIPFA's Code of Practice, providing a blueprint for a tough response to fraud committed against local authorities.
- 11.** The Council's counter fraud arrangements are designed to adhere to the principles and specific areas expected and identified in the CIPFA Code of Practice.
- 12.** To ensure that the plan reflects key areas, we have aligned the 2018/19 Counter Fraud plan to the CIPFA Code's 5 key principles:
- Acknowledge responsibility
 - Identify risks
 - Develop Strategy
 - Provide resources
 - take action
- 13.** Our Counter Fraud Plan and indicative scope have therefore been developed to:
- ensure continuing good practice for fraud prevention and detection
 - respond to higher risk areas identified in LCC's Fraud Risk Register
 - tackle cross cutting themes identified by the

Lincolnshire Counter Fraud Partnership

- react to emerging fraud risks

- 14.** We propose to allocate our Counter Fraud resource as shown in **Figure 1** - with the proposed counter fraud activities outlined at Appendix A. The plan identifies specific areas that will be delivered, but also some unallocated contingency. The contingency allows for greater flexibility to respond to emerging risks and larger scale investigations.



COUNTER FRAUD PLAN

15. During 2018/19 key areas of counter fraud activity will include:

- Communication to raise awareness of key fraud messages
- Procurement Fraud (proactive exercise targeted in higher risk areas)
- Cyber Fraud – 'deeper dive exercise' to follow up Audit ICT security audit
- continue to work closely with the Internal Audit Team and use our data analytic expertise to enhance our analysis of fraud and error testing across the key financial systems – this will use a continuous testing approach that will allow us to identify trends and patterns within transactions.

16. We will participate in the National Fraud Initiative data matching exercise 2018/19 and expect results of data matches to be provided early in 2019. We will review data matches provided in the reports to identify fraudulent transactions and errors requiring attention.

17. We will continue our whistleblowing and counter fraud awareness activity - raising awareness and understanding of corporate fraud at all levels.

18. Action plans will continue to be produced from our work on investigations and proactive counter fraud exercises to aid organisational learning and prevent issues reoccurring. We have included follow up work in this year's plan, to assess how effective these actions have been.

19. The Lincolnshire Counter Fraud Partnership will continue to co-ordinate the response of Lincolnshire local authorities in tackling high risk areas of corporate fraud. We aim to maximise recoveries for all partners where possible as well as building fraud awareness and sharing best practice.

20. A total of 785 days in the 2018/19 Counter Fraud Plan will include capacity to deliver the Lincolnshire Counter Fraud Partnership work plan. For comparison; in 2017/18 the Counter Fraud Plan was 805 days.



Staff Resource

- 21.** The core team who will deliver the Counter Fraud Plan are:

Name	Grade
Dianne Downs	Audit Team Leader
Donald Adams	Principal Investigator
Matt Drury	Principal Investigator
Gillian Martin	Principal Investigator
TBC (mid-year vacancy)	Principal Investigator
Ashley Simons	Senior Investigator

Full contact details for the team can be found at Appendix B

- 22.** The team will be supported by specialists from Assurance Lincolnshire and our wider audit frameworks as and when appropriate and by our pool of Relief Conduct Investigators.

- 23.** An indicative staff mix delivering our Counter Fraud plan to you is shown below:

Grade	2018/19 plan (Average Days)	Grade Mix %
Head of Corporate Audit & Strategic Risk Management	40	5%
Audit Team Leader	90	11%
Principal Investigator	460	59%
Senior Investigator	195	25%



Appendix A – Counter Fraud Plan 2018/19

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
CIPFA Code of Practice – Key Principle A : Acknowledge Responsibility			
A1 - Acknowledge the threat of fraud and corruption	<ul style="list-style-type: none"> • Engagement and training • Fraud awareness • Website updates • Response to the Home Office Report on Serious and Organised Crime • Continued promotion of e-learning package (in conjunction with Lincolnshire Counter Fraud Partnership) 	Briefing sessions – training for members, management and staff (general and specific fraud areas). Annual Plan for Counter Fraud activity to Audit Committee	Throughout 2018/19
A2 - Acknowledge the importance of a culture that is resilient to the threats of fraud and corruption			Quarter 1 (2018/19) & Quarter 4 - March 2018 (19/20 Plan)
A3 - Governing Body acknowledges its responsibility for the management of its fraud and corruption risks		Continued development of fraud resilience through the Lincolnshire Counter Fraud Partnership (LCFP).	Throughout 2018/19
A4 - Governing Body sets a specific goal of ensuring and maintaining its resilience to fraud and corruption		Roll out of fraud e-learning module for members	Quarter 1
		Updates, risks, results and information (various publications and channels)	Throughout 2018/19

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
		Response to Serious Organised Crime Pilot Project across Lincolnshire	Ongoing – continued in 2018/19
40 Days (5%)			

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
CIPFA Code of Practice – Key Principle B : Identify Risks			
B1 - Fraud risks are routinely considered as part of risk management arrangements	<ul style="list-style-type: none"> • Research and intelligence gathering to highlight emerging risks • Benchmarking activity • Update fraud risk profile • Analysis and publication of fraud losses 	Participation in Midlands Fraud Group, work with FFCL Board (Fighting Fraud & Corruption Locally), CIPFA Counter Fraud Centre, follow up of NAFN alerts and horizon scanning for relevant legislative changes	Throughout 2018/19
B2 - The organisation identifies the risks of fraud and corruption		Review and update of the Council's Fraud Risk register.	Quarters 2 & 3
B3 - The organisation publishes estimates of fraud loss to aid evaluation of fraud risk exposures		Participation in CIPFA Fraud and Corruption Tracker (CFaCT) Annual Survey	Quarter 1 (June submission)
B4 – The organisation evaluates the harm to its aims and objectives			

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
		<p>Annual and progress reports of counter fraud activity to Audit Committee</p> <p>Data analysis & risk assessment:</p> <ul style="list-style-type: none"> • for counter fraud proactive exercises • to support key control and continuous testing 	<p>Quarter 1 (for June 2018) Quarter 3 (for January 2019)</p> <p>Throughout 2018/19</p>
35 Days (4%)			

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
CIPFA Code of Practice – Key Principle C : Develop a Strategy			
C1 - Governing Body formally adopts a counter fraud and corruption strategy to address identified risks	<ul style="list-style-type: none"> • Counter Fraud Strategy • Review and refresh policy documents 	<p>Refresh & promote Counter Fraud Strategy</p> <p>Review and updates of Policies including:</p> <ul style="list-style-type: none"> • Counter Fraud Policy • Fraud Response Plan • Fraud Communication Strategy 	Quarter 1
C2 - Strategy includes the organisation's use of joint working or partnership approaches			Quarter 1
C3 - The strategy includes both			Quarter 1 Quarter 2

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
<p>proactive and responsive approaches:</p> <p>Proactive action:</p> <ul style="list-style-type: none"> • Develop counter fraud culture • Prevent fraud through implementation of robust internal controls • Use of techniques such as data matching • Deterring fraud attempts by publicising the organisation's anti-fraud and corruption stance and the actions it takes against fraudsters <p>Responsive action:</p> <ul style="list-style-type: none"> • Detecting fraud through data and intelligence analysis • Implementing effective whistleblowing arrangements • Investigating fraud referrals <p>Applying sanctions and seeking redress</p>		<ul style="list-style-type: none"> • Money Laundering Policy (ML) <p>Activity planning of pro-active counter fraud work - response to risk assessment and data analytics.</p>	<p>Quarter 4</p> <p>Quarter 1</p>
30 Days (4%)			

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
CIPFA Code of Practice – Key Principle D : Provide Resources			
D1 - Annual assessment whether level of resource invested to countering fraud and corruption is proportionate to the level of risk	<ul style="list-style-type: none"> • Lincolnshire Counter Fraud Partnership • Midlands Fraud Group • Collaboration with and support to Internal Auditors at Assurance Lincolnshire • Manage pool of Conduct Investigators 	<p>Fraud advice across LCC services areas and to strategic partners.</p> <p>Management of Lincolnshire Authorities Whistleblowing Facility.</p> <p>Development of internal data analytics capability – system upgrade and training</p> <p>Response to Serious Organised Crime Pilot Project across Lincolnshire</p> <p>Use of pooled funding contributions from Lincolnshire's District Councils and Lincolnshire Police for provision of support to the Lincolnshire Counter Fraud Partnership</p> <p>Delivery of 3 Lincolnshire Counter Fraud Partnership meetings</p> <p>Training & induction of new staff to Counter Fraud & Investigations Team</p>	Throughout 2018/19
D2 - The organisation utilises an appropriate mix of experienced and skilled staff			Throughout 2018/19
D3 - The organisation grants counter fraud staff unhindered access to its employees			Throughout 2018/19
D4 - The organisation has protocols in place to facilitate joint working and data and intelligence sharing			Throughout 2018/19
			Quarter 1, 3 & 4
			Q1/2

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
		<p>Resource swap with North East Lincolnshire Council (to facilitate independent audit review of Counter Fraud Arrangements).</p> <p>Engagement with national and regional best practice groups including co-ordination of Midland Fraud Group meetings</p>	<p>Q3</p> <p>Throughout 2018/19</p>
115 Days (15%)			

Page 48

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
CIPFA Code of Practice – Key Principle E : Take Action			
<p>E1 - The organisation has put in place a policy framework which supports the implementation of the Counter Fraud Strategy</p> <p>E2 - Plans and operations are aligned to the strategy</p> <p>E3 - Making effective use of initiatives to detect and prevent fraud, such as data matching or</p>	<ul style="list-style-type: none"> • Participation in the National Fraud Initiative 2018/19 • Proactive counter fraud exercises • Data analysis • Investigations – whistleblowing referrals • Investigations – fraud • Applications of sanctions • Seeking redress 	<p>Data provision & analysis of data matches identified through National Fraud Initiative 2018/19</p> <p>Proactive counter fraud exercises:</p> <ul style="list-style-type: none"> • Procurement fraud (specific areas) • Cyber risks (deeper dive exercise to follow up internal audit's review of ICT security arrangements). 	<p>Q1 & 2 (data provision) Q4 - investigate</p> <p>Throughout 2018/19</p>

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
<p>intelligence sharing</p> <p>E4 - Providing for independent assurance over fraud risk management, strategy and activities</p> <p>E5 - Report to the Governing Body at least annually on performance against the counter fraud strategy and the effectiveness of the strategy. Conclusions are featured within the Annual Governance report</p> <p>* Note also Specific Step – C3</p>	<ul style="list-style-type: none"> • Advice • Promotion of counter fraud activity • Organisational learning • Reports to Audit Committee 	<ul style="list-style-type: none"> • Follow up of investigations recommendations • Adult Social care <p>Investigations arising from whistleblowing reports and frauds identified</p> <p>Production of management reports and action plans to aid organizational learning – investigation outcomes and learning points</p> <p>Applications of sanctions – civil, disciplinary and criminal</p> <p>Seeking redress where successful prosecutions are achieved</p> <p>Promotion and publicity work through various media channels including fraud prevention measures</p> <p>Provision of advice on fraud risks and mitigating controls</p>	<p>Throughout 2018/19</p> <p>Throughout 2018/19</p> <p>Throughout 2018/19</p> <p>Throughout 2018/9</p> <p>Throughout 2018/19</p> <p>Ongoing</p>

465 Days (59%) - Including 240 days (30%) for investigations

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
Contingency	Emerging risks		
161 Days (20%)			

Appendix B –STAFF CONTACTS

NAME	GRADE	TELEPHONE	EMAIL
Lucy Pledge	Audit and Risk Manager	01522 553692	Lucy.Pledge@lincolnshire.gov.uk
Dianne Downs	Team Leader- Audit	01522 553682	Dianne.Downs@lincolnshire.gov.uk
Donald Adams	Principal Investigator	01522 553689	Donald.Adams@lincolnshire.gov.uk
Matt Drury	Principal Investigator	01522 548867	Matt.Drury@lincolnshire.gov.uk
Gillian Martin	Principal Investigator	01522 676501	Gillian.Martin@lincolnshire.gov.uk
Ashley Simons	Senior Investigator	01522 552798	Ashley.Simons@lincolnshire.gov.uk

This page is intentionally left blank