



COUNTER FRAUD
Services

Lincolnshire County Council Whistleblowing Annual Report 2017-18

26 November 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



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The matters raised in this report are only those that came to our attention during the course of our work – there may be issues that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual engagements or were not brought to our attention. The opinion is based solely the work undertaken as part of the agreed counter fraud plan.



Key Messages

1. The number of contacts received through our whistleblowing facility in 2017/18 rose by 24% on the previous year. 36 referrals were received during the year in comparison with 29 disclosures in 2016/17.
2. We find this encouraging as we have continued to promote the whistleblowing facility and the importance of reporting concerns about wrongdoing. Stakeholders often have worries or suspicions and could, by reporting their concerns at an early stage, help put things right or identify and stop potential wrongdoing.
3. A review of the Council's Whistleblowing Policy has just been completed and updates have been made. Key changes include:
 - The policy now reflects best practice laid out by Protect (formerly Public Concern at Work)
 - The Public Interest Disclosure Act is now fully covered by the policy
 - GDPR was implemented in May 2018 and the policy has been revised to reflect this significant change in data protection law

Communications will be released over the coming months to support the updated policy to ensure stakeholders are fully aware of their options to report concerns. The revised Whistleblowing Policy is

included as Appendix B to this report. Revisions are highlighted and have been reviewed by the HR Policy Group.

4. We believe that the continued high whistleblowing traffic received through the facility and the updated policies demonstrate the continued effectiveness of the Council's whistleblowing arrangements.

Whistleblowing disclosures 2017/18

5. During 2017/18 we received 36 whistleblowing disclosures. All disclosures were made through the Council's dedicated whistleblowing facility (options include the telephone hotline, e mail or PO Box address). The majority of whistleblowers (64%) had sufficient confidence in the process to provide their identity. This is consistent with results from previous years and provides further assurance on the effectiveness of our service.





6. The analysis below shows the type and number of disclosures received over the last 4 years (see Figure 1):

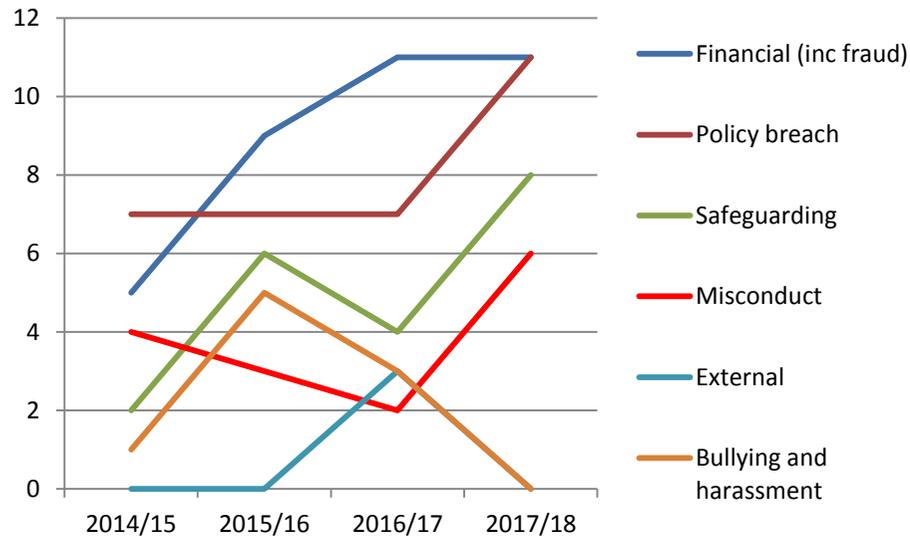


Figure 1 - Analysis of type of disclosures

7. Figure 1 demonstrates that there has been increased activity in calls relating to:

- Potential misconduct
- Policy breaches
- Safeguarding issues

We liaise closely with the Safeguarding team on any such referrals received but will monitor trends in each of these areas to identify root causes and common issues and form a response if required.

8. Encouraging trends identified from 2017/18 whistleblowing activity include:

- A further decrease in cases of bullying and harassment – no such concerns were reported through the Whistleblowing Line (although one case was reported through another route).
- Referrals of financial & fraud issues have stabilized after increasing over previous years. However, 31% of referrals received relate to this category so this will continue to be scrutinized to assess patterns and trends.





9. Figure 2 and 3 The charts below provides an analysis of contact made across Council Director areas:

Figure 2 - Whistleblowing disclosures by director area 2017/18

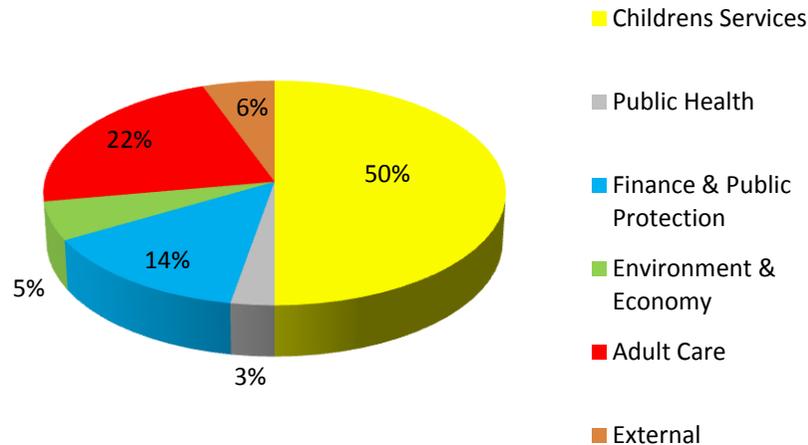
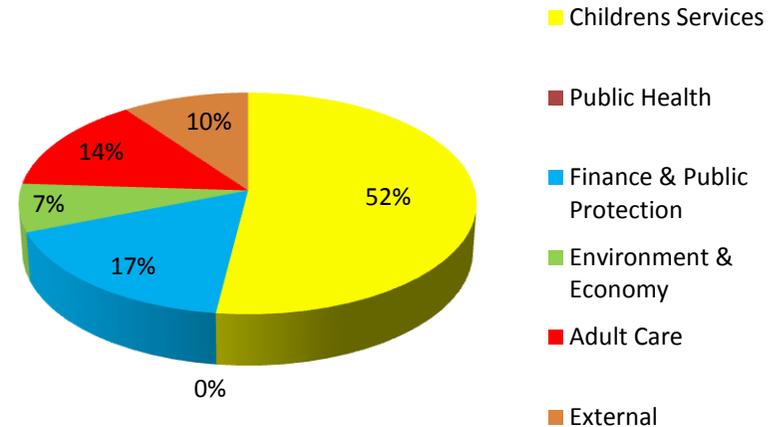


Figure 3 - Whistleblowing disclosures by director area 2016/17



10. Consistent with a trend identified in previous years, the highest number of whistleblowing disclosures (18 or 50%) relate to Children’s Services, although the proportion of calls for this Director area remained similar – slightly down from 52% to 50%. Most other director areas have remained consistent in terms of the proportion of calls received, the exception being Adult Care where there was an increase in whistleblowing activity – from 14% to 22%. Matters reported in this area range from safeguarding issues to potential fraud such as direct payment misuse and deprivation of capital. Our 2018/19 Counter Fraud Work Plan includes proactive work around Social Care fraud – this should help our response to reports of this nature.



11. Figure 4 shows how we dealt with the concerns raised during 2017/18:

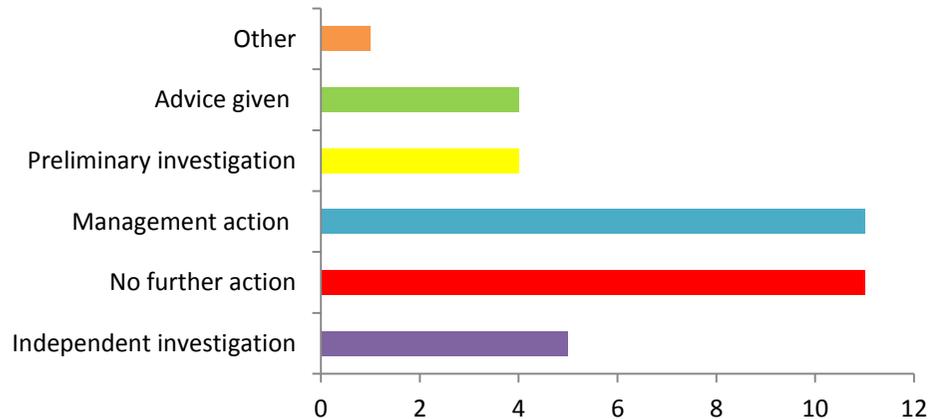


Figure 4 – Analysis of outcomes from whistleblowing reports

12. The outcomes in Figure 4 can be analysed as follows:

- A significant majority of cases (61%) in 2017/18 resulted in no further action or resolution through management action.
- It was necessary to undertake some form of investigation in 9 cases but only 5 referrals (14%) received progressed to full independent investigations

The outcome results are generally consistent with those experienced in recent years. The referrals that progressed to full investigations ranged from conduct issues, breaches of policy and procedure and

fraud. It is encouraging that most issues reported could be resolved without formal investigation and action being required.

13. Investigation outcomes:

The 5 referrals formally investigated resulted in 4 separate cases. The outcomes were:

- 2 cases referred to Police for investigation into potential fraud – enquiries are continuing into one case and the other has now been finalised with substantial recovery made (£90k) although no prosecution resulting
- 1 case – ongoing investigation into allegation of fraud by a service user
- 1 case - formal conduct investigation that led to disciplinary action being taken

Organisational Learning

14. We produce Action Plans on the completion of any formal investigation undertaken. We agree actions required and ensure responsibility is designated to individuals or groups to allow the recommendations made to be implemented. The purpose of this process is to identify learning points and ensure they are acted upon to prevent similar issues recurring.



Benchmarking

15. Lincolnshire County Council takes part in the CIPFA Fraud and Corruption Tracker (CFaCT) each year. This helps to benchmark activities against counterparts in the wider public sector.
16. Nationally 144 local authorities took part in the 2017/18 CFaCT – this included 15 County Councils. Only half of the authorities that responded to the survey have a dedicated counter fraud resource. CIPFA recognise that this may have an impact on the ability of the other councils to provide data for the return, and notes there may be potential bias in some figures.
17. Nationally, respondents reported 560 whistleblowing cases, averaging 3.8 whistleblowing referrals per local authority. The report represented disclosures in all areas (not just fraudulent behaviour). The number of whistleblowing reports at Lincolnshire County Council are significantly higher than the national average. However, to provide context, this remains a small proportion in view of the number employed by the Council.

Promotion of Whistleblowing Arrangements

18. We promote awareness of the Council's arrangements for whistleblowing on a continual basis. Promotional material and displays are renewed and refreshed to ensure employees are

engaged and confident with the process and aware of how they can report any concerns they may hold.

19. The number of whistleblowing concerns relating to schools is historically high and we have regular and close engagement at management level with Children's Services to address these issues. To reinforce this, we have undertaken recent awareness sessions with school employees and Headteachers – this covered whistleblowing arrangements and emphasised the importance of reporting concerns and issues. This demonstrates our proactive stance in responding to target areas where issues may be more prevalent.
20. The Counter Fraud and Investigation Team operate the fraud reporting hotline on behalf of all local authorities within Lincolnshire. The number of disclosures received in 2017/18 continued at a high level, increasing from 90 to 118 reports. This demonstrates the effectiveness of our efforts to promote the reporting line and the wider issues of whistleblowing to encourage those with concerns to feel positive in reporting issues.