



Lincolnshire County Council Counter Fraud Plan 2016/17



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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Introduction

1. This report summarises the proposed work of the Counter Fraud and Investigation Team for 2016/17. 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 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. The plan is therefore a statement of intent.
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. To ensure that the plan reflects key areas we have aligned the 2016/17 Counter Fraud plan to the CIPFA Counter Fraud Code of Practice on Managing the Risk of Fraud and Corruption. The Code contains 5 key principles and we have reflected these within our plan:
 - Acknowledge responsibility
 - Identify risks
 - Develop Strategy
 - Provide resources
 - Take action

Background

5. The Council's counter fraud arrangements already adhere to the principles and specific areas expected and identified with the CIPFA Code of Practice. However, during 2016/17 we intend to review and refresh our policies (Counter Fraud, Money Laundering and Whistleblowing) to ensure they are maintained up to date and in accordance with current expectations and legislation.
6. Our whistleblowing and counter fraud awareness activity will continue throughout 2016/17 and we plan to engage at all levels of the Council to ensure that awareness and understanding of corporate fraud is robust and contributes to an anti-fraud culture. We are continuing to update the Council's fraud risk assessment, ranking activities as high, medium or low risk. This allows us to prioritise areas for review and ensure our counter fraud arrangements remains risk based and responsive.
7. We will continue to use our data analytic expertise to enhance our analysis and 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.
8. The National Fraud Initiative 2016/17 will commence and we will be required to submit datasets across a range of systems for this data matching exercise. We will also be required to adhere to the Fair Processing principles to ensure stakeholders are aware of the need to submit personal data.
9. 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.
10. The Lincolnshire Counter Fraud Partnership will continue to co-ordinate the response of Lincolnshire local authorities in tackling high risk areas of corporate fraud and aim to continue maximizing recoveries for all partners where possible as well as building fraud awareness and sharing best practice.

Draft Counter Fraud Plan 2016/17

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Days
CIPFA Code of Practice – Key Principle A : Acknowledge Responsibility			
<p>A1 - Acknowledge the threat of fraud and corruption</p> <p>A2 - Acknowledge the importance of a culture that is resilient to the threats of fraud and corruption</p> <p>A3 - Governing Body acknowledges its responsibility for the management of its fraud and corruption risks</p> <p>A4 - Governing Body sets a specific goal of ensuring and maintaining its resilience to fraud and corruption</p>	<ul style="list-style-type: none"> Engagement and training Fraud awareness Website development and maintenance Development of e-learning package (in conjunction with Lincolnshire Counter Fraud Partnership) 	<p>Briefing sessions – training for members, management and staff (general and specific fraud areas)</p> <p>Engagement with Corporate Management Board</p> <p>Engagement with relevant groups e.g. Risk & Safety Group</p> <p>Updates, risks, results and information (various publications and channels)</p> <p>Develop e-learning platform and link to Assurance Lincolnshire website</p> <p>Development of a fraud newsletter to raise awareness</p>	
			Days 40
CIPFA Code of Practice – Key Principle B : Identify Risks			
<p>B1 - Fraud risks are routinely considered as part of risk management arrangements</p> <p>B2 - The organisation identifies the risks of</p>	<ul style="list-style-type: none"> Update fraud risk profile Analysis and publication of fraud losses 	<p>Completion of the council's Fraud Risk assessment</p> <p>Annual and progress reports of counter fraud activity to Audit Committee</p>	

<p>fraud and corruption</p> <p>B3 - The organisation publishes estimates of fraud loss to aid evaluation of fraud risk exposures</p> <p>B4 – The organisation evaluates the harm to its aims and objectives</p>		<p>Develop fraud loss profile</p> <p>Fraud awareness sessions and activity in areas identified at high risk to fraud</p>	
			<p>Days 25</p>
CIPFA Code of Practice – Key Principle C : Develop a Strategy			
<p>C1 - Governing Body formally adopts a counter fraud and corruption strategy to address identified risks</p> <p>C2 - Strategy includes the organisation's use of joint working or partnership approaches</p> <p>C3 - The strategy includes both 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 	<ul style="list-style-type: none"> • Counter Fraud Strategy • Review and refresh policy documents 	<p>Continue to develop Counter Fraud Strategy</p> <p>Review and updates of Policies including:</p> <ul style="list-style-type: none"> • Counter Fraud Policy • Fraud Response Plan • Whistleblowing Policy • Money Laundering Policy 	

Responsive action:			
<ul style="list-style-type: none"> • Detecting fraud through data and intelligence analysis • Implementing effective whistleblowing arrangements • Investigating fraud referrals • Applying sanctions • Seeking redress 			
			Days 25
CIPFA Code of Practice – Key Principle D : Provide Resources			
<p>D1 - Annual assessment whether level of resource invested to countering fraud and corruption is proportionate to the level of risk</p> <p>D2 - The organisation utilises an appropriate mix of experienced and skilled staff</p> <p>D3 - The organisation grants counter fraud staff unhindered access to its employees</p> <p>D4 - The organisation has protocols in place to facilitate joint working and data and intelligence sharing</p>	<ul style="list-style-type: none"> • Lincolnshire Counter Fraud Partnership • Midlands Fraud Group 	<p>Provision of support to Lincolnshire Counter Fraud Partnership where required</p> <p>Lincolnshire Counter Fraud Partnership – develop:</p> <ul style="list-style-type: none"> • resource plans and schedules • training and development plans <p>Development of protocols with:</p> <ul style="list-style-type: none"> • partners within Lincolnshire Counter Fraud Partnership • other public bodies and law enforcement agencies where possible (e.g. DWP, Police) <p>Co-ordination and hosting of Midland Fraud Group meetings and initiatives</p>	
			Days 30

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 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>*Please also refer to Specific Step – C3</p>	<ul style="list-style-type: none"> • National Fraud Initiative 2016/17 • Proactive counter fraud exercises • Data analysis • Investigations – whistleblowing referrals • Investigations – fraud • Applications of sanctions • Seeking redress • Advice • Promotion of counter fraud activity • Organisational learning • Reports to Audit Committee 	<p>Submission of data for National Fraud Initiative 2016/17 data matching exercise (and application of Fair Processing requirements)</p> <p>Analysis of data matches identified through National Fraud Initiative 2016/17</p> <p>Proactive counter fraud exercises:</p> <ul style="list-style-type: none"> • Procurement fraud (specific areas) • Schools <p>Data analysis:</p> <ul style="list-style-type: none"> • in counter fraud proactive exercises • to support key control and continuous testing <p>Investigations arising from whistleblowing reports and frauds identified</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 production of a new fraud awareness leaflet for distribution</p> <p>Provision of advice on fraud risks and mitigating controls</p> <p>Promotion of fraud prevention measures</p>	
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		Production of reports and action plans to aid organisational learning – investigation outcomes and learning points Production of progress and annual counter fraud and whistleblowing reports to the Audit Committee	
Days (including 255 for Investigations)			370
TOTAL DAYS ALLOCATED			490
CONTINGENCY			50
TOTAL PLANNED DAYS – COUNTER FRAUD			540

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