



# Lincolnshire County Council Counter Fraud Plan 2017/18



**June 2017**





## **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 2017/18. 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.



## Background

4. 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.

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.

5. In 2015 we secured £250k Government funding to establish the Lincolnshire Counter Fraud Partnership. 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 of £786k
  - raised awareness of fraud within the Community
  - managed resources more effectively by sharing resources and expertise
  - pooling intelligence in the fight against fraud
6. Following this success Lincolnshire Council's and Lincolnshire Police have agreed to continue fund this initiative for 2017/18. It is anticipated that savings generated from the work will, in the medium to long term, enable the partnership to become self-funding.

7. The Counter Fraud Plan 2017/18 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.



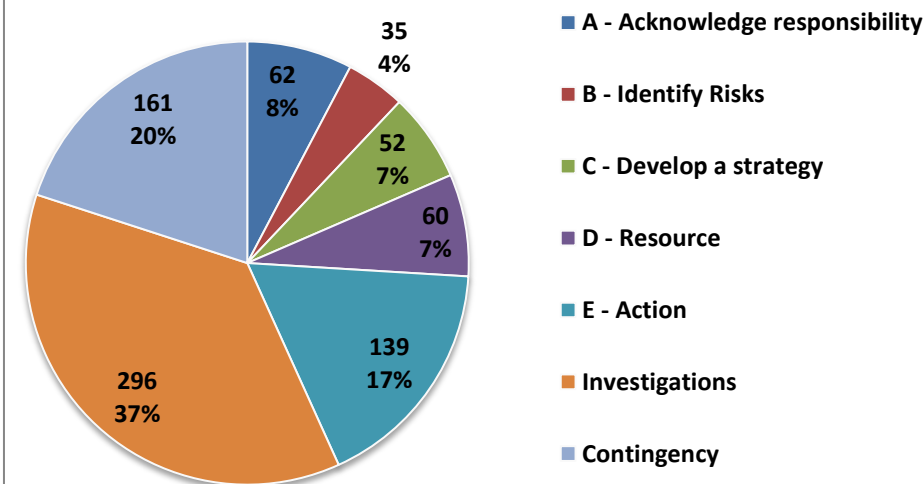
## Counter Fraud Plan 2017/18

8. 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.
9. 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.
10. To ensure that the plan reflects key areas, we have aligned the 2017/18 Counter Fraud plan to the CIPFA Code's 5 key principles:
  - Acknowledge responsibility
  - Identify risks
  - Develop Strategy
  - Provide resources
  - take action
11. 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

12. 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.

**Figure 1: Allocation of counter fraud resource - days by activity.**



13. During 2017/18 key areas of Counter fraud actively will include:
- Reviewing our policies to ensure they are up to date and reflect current good practice - Counter Fraud Strategy, Money Laundering and Whistleblowing. 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.
  - 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.
14. We participated in The National Fraud Initiative 2016/17 and results of data matches were provided early in 2017. We will continue to review data matches provided in the reports to identify fraudulent transactions and errors requiring attention.
15. We will continue our whistleblowing and counter fraud awareness activity - raising awareness and understanding of corporate fraud at all levels.
16. 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.
17. 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.
18. The Council has reviewed and realigned its counter fraud team capabilities – increasing the planned days to 805 in our Counter Fraud Plan for 2017/18. This includes capacity to deliver the Lincolnshire Counter Fraud Partnership work plan. For comparison; in 2016/17 the Counter Fraud Plan was 716 days - including 176 days leading and delivering the Lincolnshire Counter Fraud Partnership work plan.



## Staff Resource

19. The core team who will deliver the Counter Fraud Plan are:

Name	Grade
<b>Dianne Downs</b>	Audit Team Leader
<b>Donald Adams</b>	Principal Investigator
<b>Matt Drury</b>	Principal Investigator
<b>Gillian Martin</b>	Principal Investigator
<b>TBC</b>	Senior Investigator

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

20. 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.

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

Grade	2017/18 plan (Average Days)	Grade Mix %
Head of Corporate Audit & Strategic Risk Management	40	5%
Audit Team Leader	90	11%
Principal Investigator	479	60%
Senior Investigator	195	24%





## Appendix A – Counter Fraud Plan 2017/18

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
<b>CIPFA Code of Practice – Key Principle A : Acknowledge Responsibility</b>			
A1 - Acknowledge the threat of fraud and corruption	<ul style="list-style-type: none"> <li>Engagement and training</li> <li>Fraud awareness</li> <li>Website updates</li> <li>Response to the Home Office Report on Serious and Organised Crime</li> <li>Launch and promotion of e-learning package (in conjunction with Lincolnshire Counter Fraud Partnership)</li> </ul>	Briefing sessions – training for members, management and staff (general and specific fraud areas), including induction training for new members	Throughout 2017/18
A2 - Acknowledge the importance of a culture that is resilient to the threats of fraud and corruption		Annual Plan for Counter Fraud activity to Audit Committee	Quarter 1 (2017/18) & Quarter 4 - March 2018 (18/19 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 2017/18
A4 - Governing Body sets a specific goal of ensuring and maintaining its resilience to fraud and corruption		Roll out of new fraud e-learning module Promotion and publicity through a 'fraud awareness fortnight'	Quarter 1
		Updates, risks, results and information (various publications and channels)	Throughout 2017/18

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
		Response to Serious Organised Crime Pilot Project across Lincolnshire	Throughout 2017/18
<b>62 Days (8%)</b>			

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
<b>CIPFA Code of Practice – Key Principle B : Identify Risks</b>			
B1 - Fraud risks are routinely considered as part of risk management arrangements	<ul style="list-style-type: none"> <li>• Research and intelligence gathering to highlight emerging risks</li> <li>• Benchmarking activity</li> <li>• Update fraud risk profile</li> <li>• Analysis and publication of fraud losses</li> </ul>	Participation in Midlands Fraud Group, work with TEICAFF advisory group, CIPFA Counter Fraud Centre, follow up of NAFN alerts and horizon scanning for relevant legislative changes	Throughout 2017/18
B2 - The organisation identifies the risks of fraud and corruption		Review and update of the Council's Fraud Risk register.	Quarter 2
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 ) Quarter 3 Review results (December)
B4 – The organisation evaluates the harm to its aims and objectives			

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
		Annual and progress reports of counter fraud activity to Audit Committee  Data analysis & risk assessment: <ul style="list-style-type: none"> <li>• for counter fraud proactive exercises</li> <li>• to support key control and continuous testing</li> </ul> Update responses to the LCC Fraud Health Check.	Quarter 1 (for July 2017) Quarter 3 (for January 2018)  Throughout 2017/18  Quarter 2 onwards
<b>35 Days (4%)</b>			

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

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
<p>or partnership approaches C3 - The strategy includes both proactive and responsive approaches:</p> <p>Proactive action:</p> <ul style="list-style-type: none"> <li>• Develop counter fraud culture</li> <li>• Prevent fraud through implementation of robust internal controls</li> <li>• Use of techniques such as data matching</li> <li>• Deterring fraud attempts by publicising the organisation's anti-fraud and corruption stance and the actions it takes against fraudsters</li> </ul> <p>Responsive action:</p> <ul style="list-style-type: none"> <li>• Detecting fraud through data and intelligence analysis</li> <li>• Implementing effective whistleblowing arrangements</li> <li>• Investigating fraud referrals</li> </ul> <p>Applying sanctions and seeking redress</p>		<ul style="list-style-type: none"> <li>• Fraud Communication Strategy</li> <li>• Money Laundering Policy (ML)</li> <li>• Investigation Practice Notes</li> </ul> <p>Activity planning of pro-active counter fraud work - response to risk assessment and data analytics.</p>	<p>Quarter 2 Quarter 4 Quarter 4</p> <p>Quarter 2</p>
<p><b>52 Days (7%)</b></p>			



Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
<b>CIPFA Code of Practice – Key Principle D : Provide Resources</b>			
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"> <li>Lincolnshire Counter Fraud Partnership</li> <li>Midlands Fraud Group</li> <li>Collaboration with and support to Internal Auditors at Assurance Lincolnshire</li> <li>Manage pool of Conduct Investigators</li> </ul>	Fraud advice across LCC services areas and to strategic partners.	Throughout 2017/18
D2 - The organisation utilises an appropriate mix of experienced and skilled staff		Management of Lincolnshire Authorities Whistleblowing Facility.	Throughout 2017/18
D3 - The organisation grants counter fraud staff unhindered access to its employees		Development of internal data analytics capability – system upgrade and training	Throughout 2017/18
D4 - The organisation has protocols in place to facilitate joint working and data and intelligence sharing		Response to Serious Organised Crime Pilot Project across Lincolnshire	Throughout 2017/18
		Use of pooled funding contributions from Lincolnshire's District Councils and Lincolnshire Police for provision of support to the Lincolnshire Counter Fraud Partnership	Throughout 2017/18
	Delivery of 3 Lincolnshire Counter Fraud Partnership meetings	Quarter 1, 3 & 4	

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
		Engagement with national and regional best practice groups including co-ordination of Midland Fraud Group meetings	Throughout 2017/18
<b>60 Days (7%)</b>			

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
<b>CIPFA Code of Practice – Key Principle E : Take Action</b>			
E1 - The organisation has put in place a policy framework which supports the implementation of the Counter Fraud Strategy	<ul style="list-style-type: none"> <li>• Response to National Fraud Initiative 2016/17 results</li> <li>• Proactive counter fraud exercises</li> </ul>	Analysis of data matches identified through National Fraud Initiative 2016/17	Throughout 2017/18
E2 - Plans and operations are aligned to the strategy	<ul style="list-style-type: none"> <li>• Data analysis</li> <li>• Investigations – whistleblowing referrals</li> </ul>	Proactive counter fraud exercises: <ul style="list-style-type: none"> <li>• Procurement fraud (specific areas)</li> <li>• Schools</li> </ul>	Start Quarter 2
E3 - Making effective use of initiatives to detect and prevent fraud, such as data matching or intelligence sharing	<ul style="list-style-type: none"> <li>• Investigations – fraud</li> <li>• Applications of sanctions</li> <li>• Seeking redress</li> <li>• Advice</li> </ul>	Investigations arising from whistleblowing reports and frauds identified	Throughout 2017/18
E4 - Providing for independent assurance over fraud risk	<ul style="list-style-type: none"> <li>• Promotion of counter fraud activity</li> <li>• Organisational learning</li> </ul>	Production of management reports and action plans to aid organizational	Throughout 2017/18

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
<p>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"> <li>• Reports to Audit Committee</li> </ul>	<p>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 production of a new fraud awareness leaflet for distribution</p> <p>Provision of advice on fraud risks and mitigating controls Promotion of fraud prevention measures</p> <p>Production of progress and annual counter fraud and whistleblowing reports to the Audit Committee</p>	<p>Throughout 2017/18</p> <p>Throughout 2017/18</p> <p>Throughout 2017/18</p> <p>Throughout 2017/18</p> <p>Quarter 1 (for July 2017) &amp; Quarter 3</p>
<p><b>435 Days (54%) - Including 296 days (37%) for investigations</b></p>			

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



**Appendix B –STAFF CONTACTS**

<b>NAME</b>	<b>GRADE</b>	<b>TELEPHONE</b>	<b>EMAIL</b>
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