

Counter Fraud

2019/20 Work Plan



Lincolnshire County Council
March 2019

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The Planning Process

Introduction

This report sets out proposed work of the Counter Fraud and Investigation Team as at 1st April 2019. The aim is to give you a high level overview of the activities we are likely to cover during the year, with indicative scope for each theme. The draft plan gives you an opportunity to comment on the plan and the priorities that we have established.

Our 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, working within agreed resources.

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

The Counter Fraud and Investigations Team (CFIT) is well established and has a track record of delivering both pro-active 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.

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
- pooled intelligence in the fight against fraud

Following this success Lincolnshire Council's and Lincolnshire Police have agreed to continue fund this initiative for 2019/20. It is anticipated that savings generated from the work will, in the medium to long term, enable the partnership to become self-funding.

The Counter Fraud Plan 2019/20 has been developed to deliver a proportionate response to the risk of fraud for both Lincolnshire County Council and its partners in the Lincolnshire Counter Fraud Partnership.

Developing the plan

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 for Managing the Risk of Fraud, providing a blueprint for a tough response to fraud committed against local authorities.

The Council's counter fraud arrangements are designed to adhere to the principals and specific areas expected and identified in the CIPFA Code of practice.

To ensure that the plan reflects key areas, we have aligned the 2019/20 Counter Fraud plan to the CIPFA Code's 5 key principles:

- Acknowledge responsibility
- Identify risks
- Develop Strategy
- Provide resources
- Take action

Figure 1 below also shows other key sources of information that has helped inform the plan.



We have prioritised our audit work, taking account of the impact an activity will have. 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

Delivery and Focus

Delivering the Plan

We propose to allocate our Counter Fraud resource as shown in **Figure 2** - with the proposed counter fraud activities outlined at Appendix A.

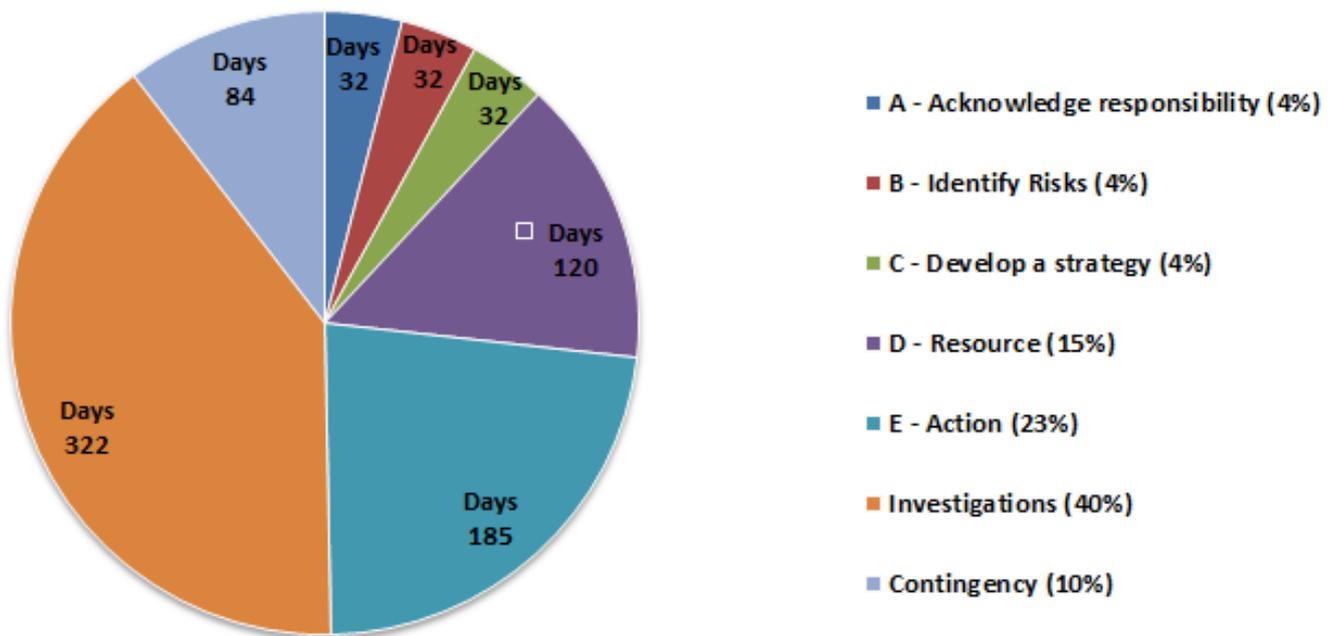
The plan identifies specific areas that will be delivered, but also some unallocated contingency. The contingency allows for greater

flexibility to respond to emerging risks and larger scale investigations.

This will be modified in accordance with investigative demands, emerging risks, requests from management and practical considerations around the timing of counter fraud activity. It may also be modified by the availability of specialised staff, in particular ICT audits, however we do not consider this will have a significant, if any, impact.

The Council's Counter Fraud Plan is **807 Days**.

Allocation of counter fraud resource by activity



Staff Resource

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
Gary Douglas	Principal Investigator
Ashley Simons	Senior Investigator

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

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.

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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%
Team Leader - Audit	90	11%
Principal Investigator	482	60%
Senior Investigator	195	24%

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Appendix A – Counter Fraud Plan 2019/20

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
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"> Audit Committee reporting Engagement, training and fraud awareness Engagement with Public Sector Partners in Lincolnshire 	<p>Annual and progress reports of counter fraud activity to Audit Committee:</p> <ul style="list-style-type: none"> Annual Report on delivery of 2018/19 Counter Fraud Work Plan Fraud Risk Assessment – 2019 update Counter Fraud Progress report 2019-20 Annual Whistle-blowing Report Annual Counter Fraud Work Plan <p>Briefing sessions – training for members and senior management</p> <p>Continued development of fraud resilience through the Lincolnshire Counter Fraud Partnership (LCFP). Delivery of Annual and 6 month progress reports to Lincolnshire Finance Officers Group</p> <p>Participation in Safer Lincolnshire Partnership's (SLP) Serious and</p>	<p>June 2019</p> <p>September 2019</p> <p>November 2019</p> <p>November 2019</p> <p>March 2019</p> <p>Throughout 2019-20</p> <p>On-going – Throughout 2019-20</p> <p>On-going – Throughout 2019-20</p>

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Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
		Organised Crime – Fraud Group (current focus on vulnerable adults)	
32 Days (4%)			

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 	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 2019/20
B2 - The organisation identifies the risks of fraud and corruption	<ul style="list-style-type: none"> Benchmarking activity 		
B3 - The organisation publishes estimates of fraud loss to aid evaluation of fraud risk exposures	<ul style="list-style-type: none"> Update fraud risk profile 	Annual review and update of the Council's Fraud Risk register	Quarters 2 & 3
B4 – The organisation evaluates the harm to its aims and objectives	<ul style="list-style-type: none"> Analysis and publication of fraud losses 	Participation in CIPFA Fraud and Corruption Tracker (CFaCT) Annual Survey	Quarter 1 (June submission)
		Audit Committee reporting	Timetable set in Principal A
		Monitoring and review of investigations, whistleblowing reports, CFaCT annual report and of national picture to identify trends/ feed into Fraud Risk Assessment	Throughout 2019/ 20
		Data analysis & risk assessment: <ul style="list-style-type: none"> Used to prioritise and facilitate counter fraud proactive exercises 	Throughout 2019/ 20

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Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
		<ul style="list-style-type: none"> to support audit key control and continuous testing 	
32 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 C2 - Strategy includes the organisation's use of joint working or partnership approaches C3 - The strategy includes both proactive and responsive approaches: Proactive action: <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 	<ul style="list-style-type: none"> Counter Fraud Strategy Review and refresh policy documents 	Refresh & Promote Counter Fraud Strategy Review and updates of Policies including: <ul style="list-style-type: none"> Counter Fraud / Bribery & Corruption Policy Fraud Response Plan Fraud Communication Strategy Money Laundering Policy (ML) Activity planning of proactive counter fraud work - response to risk assessment and data analytics Review of Lincolnshire Counter Fraud Partnership's Terms of Reference Forward Planning for 2020-21 Counter Fraud Strategy	Quarter 1 Quarter 1- 2 Quarter 1- 2 Quarter 1 Quarter 1 Quarter 1-2 Quarter 1 Quarter 4

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Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
corruption stance and the actions it takes against fraudsters Responsive action: <ul style="list-style-type: none"> • Detecting fraud through data and intelligence analysis • Implementing effective whistleblowing arrangements • Investigating fraud referrals Applying sanctions and seeking redress		and Work Plan	
32 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 	Development and delivery of annual counter fraud work plan Fraud advice across LCC services areas and to strategic partners	Ongoing Ongoing
D2 - The organisation utilises an appropriate mix of experienced and skilled staff	<ul style="list-style-type: none"> • Collaboration with and support to Internal Auditors at Assurance Lincolnshire 	Management of Lincolnshire Authorities Whistleblowing Facility Ongoing participation with SLP Serious Organised Crime - fraud Group	Ongoing Ongoing
D3 - The organisation grants counter fraud staff unhindered access to its employees	<ul style="list-style-type: none"> • Manage pool 	Engagement with national and regional best practice	Ongoing

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Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
<p>D4 - The organisation has protocols in place to facilitate joint working and data and intelligence sharing</p>	<p>of Conduct Investigators</p> <ul style="list-style-type: none"> Website updates 	<p>groups including co-ordination and Chairing of 2 x Midland Fraud Group Meetings</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, including:</p> <ul style="list-style-type: none"> Delivery of 3 Lincolnshire Counter Fraud Partnership meetings Support for Lincolnshire Districts Councils to reduce fraud losses in Council Tax and Business Rate collection Joint awareness activity Support for eLearning modules <p>Continuing professional Development and training for Counter Fraud & Investigations Team</p>	<p>Q1,3 & 4</p> <p>Throughout 2019-20</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>
<p>120 Days (15%)</p>			

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Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
CIPFA Code of Practice – Key Principle E : Take Action			
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"> National Fraud Initiative 2018/19 	Completion of ongoing data analysis exercise and investigation of payroll outliers	(Q1 ongoing)
E2 - Plans and operations are aligned to the strategy	<ul style="list-style-type: none"> Proactive counter fraud exercises 	Follow up and investigation of data matches identified through National Fraud Initiative 2018/19	Q1 & 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"> Data analysis 	Delivery of Communications Plan promotion and publicity through various publications and media channels including internal communications of:	Throughout 2019/20
E4 - Providing for independent assurance over fraud risk management, strategy and activities	<ul style="list-style-type: none"> Investigations – whistleblowing referrals Investigations – fraud Applications of sanctions 	<ul style="list-style-type: none"> fraud prevention measures fraud awareness – updates, risk, red flags, scams etc. investigation outcomes policy and expectations 	Q2-3
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	<ul style="list-style-type: none"> Seeking redress Advice Promotion of counter fraud activity Organisational learning 	Proactive procurement fraud exercises and use of data analytics:	Q4
* Note also Specific Step – C3	<ul style="list-style-type: none"> Reports to Audit 	Pro-active work – research	Throughout 2019/20

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Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
	Committee	& scoping for contract monitoring practice audits and preparation for 'Deeper-dive' exercise in 2020/21 Quarterly liaison meetings with Information Governance Teams – proactive cyber security review Risk review and activity planning - fraud in Adult Social care Investigations arising from whistleblowing reports and frauds identified Production of management reports and action plans to aid organisational learning – investigation outcomes and learning points Applications of sanctions – civil, disciplinary and criminal Seeking redress where successful prosecutions are achieved Provision of advice on fraud risks and mitigating controls	Throughout 2019/20 Throughout 2019/20 Throughout 2019/20 Throughout 2019/20 Ongoing Ad-hoc Ongoing & ad-hoc
507 Days (23%) - including 322 days (40%) for investigations			

Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
Contingency	Emerging risks		N/A

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Specific step (from CIPFA Code of Practice)	Nature of work	Indicative Scope	Scheduling
84 Days (10%)			

Appendix B –STAFF CONTACTS

NAME	GRADE	TELEPHONE	EMAIL
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