

Counter Fraud 2023/24 Work Plan



Lincolnshire County Council
July 2023

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A – Draft Counter Fraud Plan

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The Planning Process

Introduction

This report sets out proposed work of the Counter Fraud and Investigation Team for 2023/24. 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 are being reviewed and updated to demonstrate 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 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.

Our annual Counter Fraud Report for 2022/23 delivered to the June 2023 Audit Committee,

highlighted staffing challenges in the Council's counter fraud service. Resources had been targeted towards reactive investigations, with less capacity to focus on proactive counter fraud and anti-corruption activities.

The risk of fraud against the public purse is ever present and a growing threat. We accepted that there was a clear need to boost our counter fraud arrangements, so that the Council remains able to effectively manage the risks of fraud and corruption at the Council.

Developing the plan

The Government has published a Local Government Counter Fraud and Corruption Strategy – 'Fighting Fraud and Corruption Locally' (FFCL). 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 being refreshed so that they continue to adhere to the principles and specific areas expected and identified in the CIPFA Code of Practice and response to recommendations from FFCL.

To ensure that the plan reflects key areas, we have aligned the 2023/24 Counter Fraud plan to the CIPFA Code's 5 key principles:

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

This includes early focus on setting the 'tone from the top', continued pro-active work to prevent and detect fraud, and resource for investigation when fraud is suspected.

Delivery and Focus

Delivering the Plan

We will focus on CIPFA Principles A-D during the first few months of our plan. This means we can establish a solid foundation so that future activity can be more effective and better targeted for maximum impact. Appendix A sets out a detailed work plan.

Strategic Aims

We have set out proposals to counter fraud and corruption:

- Deliver proactive fraud prevention and detection work across LCC whilst undertaking investigations in a timely and efficient manner.
- Develop effective communication with managers, keeping them appropriately informed of progress and areas of further review.
- Shift of focus from large investigation

towards value added and enhancing work.

- Intelligence gathering and sharing of fraud risks to feed into audits and wider risk management.

We intend to translate this into a short policy statement for the Council, that can be communicated widely.

Allocation of Counter Fraud Resources

It will be necessary to boost the Council’s resources available for Counter Fraud and Investigations, so that we can deliver these proposals set out in this plan. Current arrangements are set out at Figure 1. below. Limited investigator resource means that until further investigators are recruited, the Principal Auditor will continue to support with investigations.

We expect to increase investigation resource, and revised proposals are shown at Figure 2.

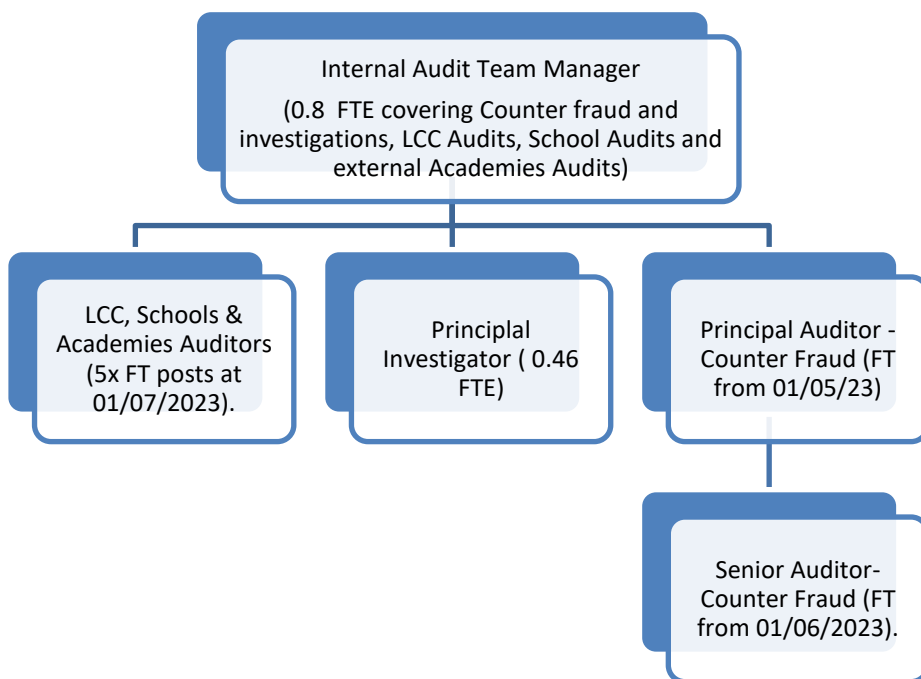


Figure 1 – structure on 01 July 2023.

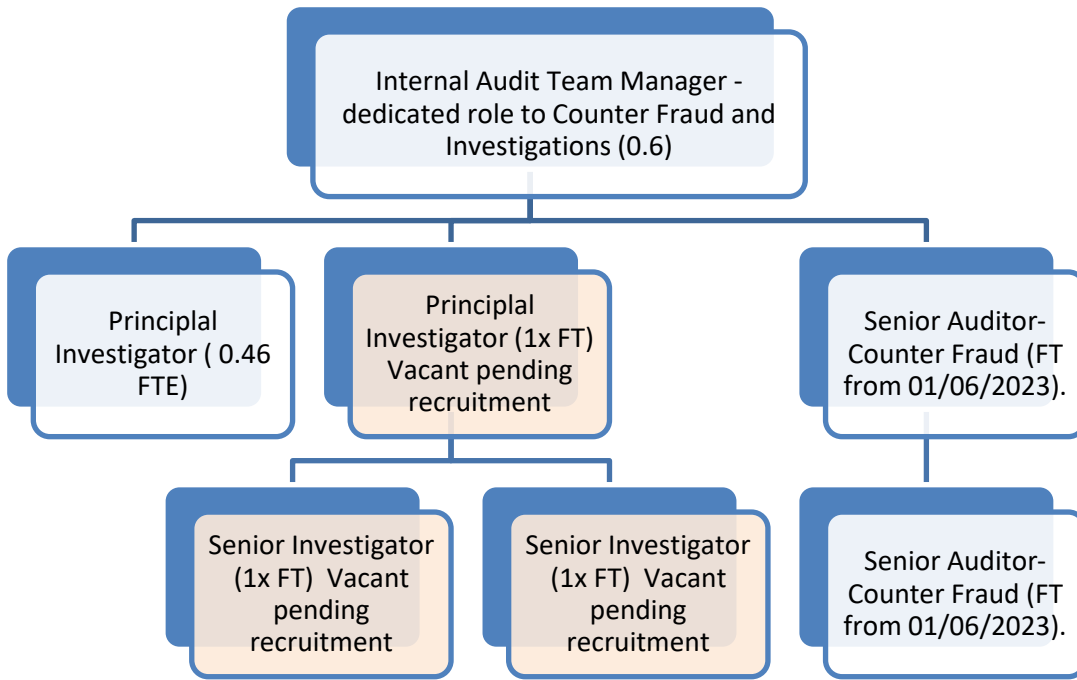


Figure 2 – proposed new structure – subject to successful recruitment campaigns.

Recruitment for the vacant posts is due to launch early July. Once new investigators are appointed and inducted, this will enable the Principal Auditor (Counter Fraud) to shift focus towards proactive activity. The work plan (Appendix A) will be re-reviewed and brought back to the November Audit Committee.

The November update will bring the Audit Committee more detail about proposals for actions. We anticipate this will include proactive reviews to prevent fraud and corruption. (CIPFA Principal E).

In addition to ongoing recruitment activity, other early priorities include:

- Induction and training the new Senior Auditor (Counter fraud)
- Review of whistleblowing processes and how we capture information about referrals received.
- Review of investigations processes – to assess whether steps can be streamlined for a quicker turnaround of investigations.
- Review of fraud risk registers to shape planning for proactive counter fraud work.

A: Acknowledge responsibility

CIPFA Code of Practice	Activities	Detail	Target
A1 - Acknowledge the threat of fraud and corruption	Establish clear 'Tone from the Top'	Consultation with Audit Committee Members and Corporate Leadership of the Council to develop short policy statement, with views on 'zero tolerance' to fraud, risk appetite and confirmation of support for approach.	30 September 2023
A2 - Acknowledge the importance of a culture that is resilient to the threats of fraud and corruption			

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<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>			

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B: Identify Risks

CIPFA Code of Practice	Activity	Detail	Target
B1 - Fraud risks are routinely considered as part of risk management arrangements	CARM engagement Audit team training.	Further develop use of risk intelligence across CARM and share fraud risks and intelligence gathered for integration into audit planning. Training about fraud red flags.	31 May 2025
B2 - The organisation identifies the risks of fraud and corruption	Fraud Risk register Fraud Risk register Horizon Scanning	Review and update of fraud risk register content. FRR report to Audit Committee for consideration Networking and intelligence gathering of national fraud landscape and emerging fraud risk areas.	31 October 2023 30 November 2023 31 March 2024 (continuous review)

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<p>B3 - The organisation publishes estimates of fraud loss to aid evaluation of fraud risk exposures</p>	<p>Annual Fraud Report</p>	<p>Refresh annual reporting template ready to include all mandatory transparency data for publication and newly developed KPI information.</p> <p>2023/24 Annual Report presented to Audit Committee</p>	<p>31 March 2024</p> <p>30 June 2024</p>
<p>B4 – The organisation evaluates the harm to its aims and objectives</p>	<p>Fraud Risk register</p>	<p>As above (B2).</p>	

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C: Develop Strategy

CIPFA Code of Practice	Activity	Detail	Target
C1 - Governing Body formally adopts a counter fraud and corruption strategy to address identified risks	Annual Work Plan Annual Strategy and Policy Review	Indicative work plan for 2023/24 presented to Audit Committee, Updated version to be confirmed a part of Audit Committee Counter Fraud Progress Report	31 July 2023 30 November 2023.
C2 - Strategy includes the organisation's use of joint working or partnership approaches	Lincolnshire Counter Fraud Partnership	Review of current partnership arrangements for effectiveness.	31 March 2024

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<p>C3 - The strategy includes both proactive and responsive approaches:</p> <p>C3 - The strategy includes both proactive and responsive approaches:</p>	<p>Training assessment</p> <p>Fraud Communications Strategy</p> <p>Planning for proactive exercises</p> <p>Whistle-blowing</p> <p>Prompt and efficient investigations</p>	<p>Identify priority areas for fraud awareness training for LCC employees and service areas. This will be linked to fraud risk assessments and will feed into activity planning and into a communications plan.</p> <p>Strategy developed to include internal messaging for LCC and partnership approach for external communications.</p> <p>Update to be provided as part of Committee progress report</p> <p>Review policy and process for confidential reporting and whistle-blowing. To include records maintenance review</p> <p>Review/ update investigation practice notes to support timely and efficient investigations and confirm process for manager updates.</p>	<p>31 October 2023</p> <p>31 March 2024</p> <p>30 November 2023.</p> <p>30 September 2023</p> <p>31 March 2024</p>
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		<p>This will drive improvements of investigations around planning, communications and timely delivery. To be linked to KPIs (E5).</p>	
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D: Provide resources

CIPFA Code of Practice	Activity	Detail	Target
D1 - Annual assessment whether level of resource invested to countering fraud and corruption is proportionate to the level of risk	Internal Audit of Counter Fraud Arrangements Annual Plans & Report to committee confirming resource proposals. Annual self-assessment	Peer review by NEL Council to provide independent assessment and provide assurance for Audit Committee. Included at C1 & C3 Self assessment against FFCL	31 July 2023 Annually July & November June 2024.

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<p>D2 - The organisation utilises an appropriate mix of experienced and skilled staff</p>	<p>Recruitment Training plans</p>	<p>Principal Auditor- Counter Fraud Senior Auditor – Counter Fraud Principal Investigator Senior Investigator x 2 To be include training for the team on : <ul style="list-style-type: none"> • Whistle-blowing • Anti-Money-Laundering • Best practice in Counter Fraud <p>Training plans will be developed further as part of appraisal and staff development processes.</p> </p>	<p>Recruited May 2023 Started 1 June 2023 30 September 2023 31 August 2023 31 March 2024</p>
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CIPFA Code of Practice	Activity	Detail	Target
D3 - The organisation grants counter fraud staff unhindered access to its employees	Audit Charter	Ensure Audit Charter grants appropriate access for Counter Fraud Staff to support proactive and reactive fraud reviews.	31 March 2024
D4 - The organisation has protocols in place to facilitate joint working and data and intelligence sharing	Lincolnshire Counter Fraud Partnership	See C2 (To include review of confidential reporting arrangements)	31 March 2024

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E: Take Action

CIPFA Code of Practice	Activity	Detail	Target
E1 - The organisation has put in place a policy framework which supports the implementation of the Counter Fraud Strategy	Activity Planning	Interim plan with initial focus on strategy. Detail of proactive reviews to be taken back to committee, once resources in place.	31 July 2023 30 November 2023
E2 - Plans and operations are aligned to the strategy	Activity planning	Detailed plan for pro-active to be drawn up - reviews on higher risk areas – to be planned linked to fraud risk assessment.	30 November 2023

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<p>E3 - Making effective use of initiatives to detect and prevent fraud, such as data matching or intelligence sharing</p>	<p>National Fraud Initiative (NFI) Counter Fraud Hub</p>	<p>Processing of data matches returned by Cabinet Office as part of 2-yearly NFI matching exercise.</p> <p>Regular updates and development of new content with internal promotion of Hub to staff. Including spotting red flags and how to report concerns.</p>	<p>31 March 2025. 31 March 2024</p>
<p>E4 - Providing for independent assurance over fraud risk management, strategy and activities</p>	<p>Internal Audit of Counter Fraud Arrangements</p>	<p>See D1</p>	<p>31 July 2023</p>
<p>CIPFA Code of Practice</p>	<p>Activity</p>	<p>Detail</p>	<p>Target</p>

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<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>Annual Report Develop KPIs</p>	<p>See B3 Review and develop KPIs for investigations and Counter Fraud delivery.</p>	<p>March 2024</p>
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