

COUNTER FRAUD

Progress Report



November 2020

Contents

Key Messages	Page 1
Fraud Investigations 2020/21	Page 2-3
Referrals Outcomes	
Proactive Work 2020/21	Page 4-5
Pro-active Work Fraud Awareness	
Lincolnshire Counter Fraud Partnership	Page 6
Planning	Page 7
Strategic Response	Page 8
Appendices	Page 9-25
Appendix B - Counter Fraud Plan 2020/21 Appendix C & D - Fighting Fraud and Corruption Locally assessment checklist	

Lucy Pledge - Head of Audit and Risk
Lucy.pledge@lincolnshire.gov.uk

Dianne Downs – Audit Team Leader
Dianne.downs@lincolnshire.gov.uk

This report has been prepared solely for the use of Members and Management of Lincolnshire County Council. Details may be made available to specified external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

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

Introduction

Key Messages

We are making good progress despite the dramatic change in circumstances brought about by the Covid-19 pandemic. This has obviously brought about enormous change in everyday life and also raises the inherent risks of fraud so there has been impact on our work during 2020/21. We have had to make significant changes to our 2020/21 Counter Fraud Work Plan accordingly.

However, we have been able to readjust to plan and deliver several areas of proactive work including the submission of approximately 800,000 data records to the Cabinet Office to be matched and analysed within the 2020/21 National Fraud Initiative exercise. We have also successfully completed the annual review of the council's Fraud Risk Register taking into account the challenges and risks posed by Coronavirus.

We have continued to see high demand for fraud investigation work between April and September 2020 with 11 new fraud referrals made. 3 cases commenced in 2019/20 remain ongoing and 9 cases have been concluded during the 6 months to September 2020. Currently, we have 11 cases open at varying stages of completion.

Fraud recoveries have been limited to date although valuable work has been completed and is ongoing in several areas to be covered in the main body of this report. Our preventative work also identified and stopped a mandate fraud attempt valued at £60k.

11

**Fraud referrals
received
in 2020/21**

£3k

**Recovered from
investigation work
during 2020/21**

£60k

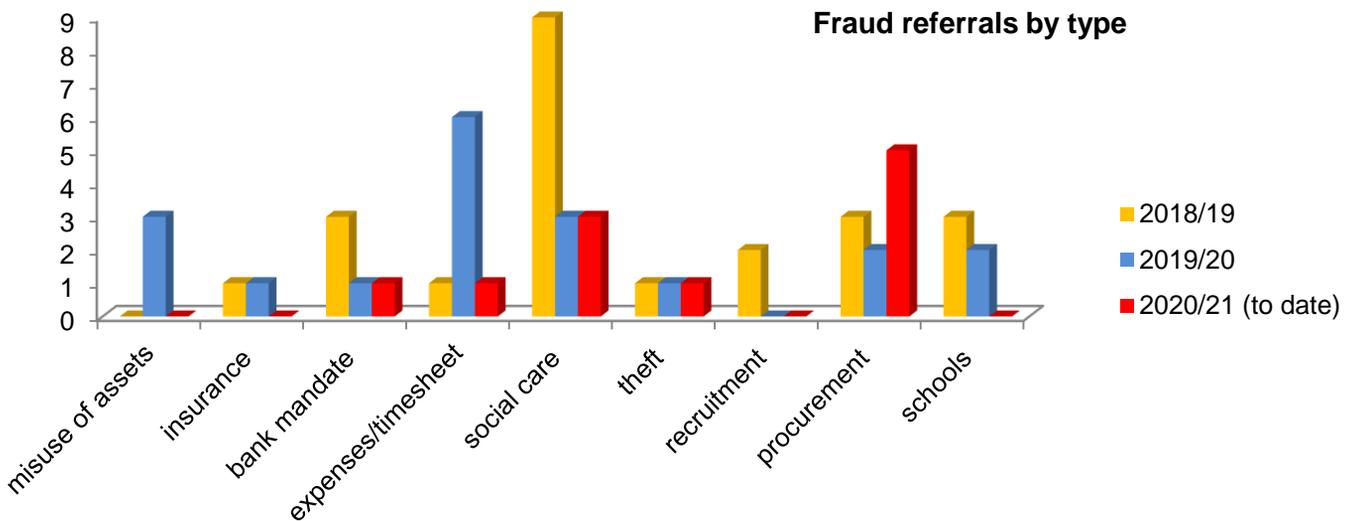
**Bank mandate fraud
stopped**

Fraud Referrals

We have received 11 fraud referrals in 2020/21 (6 months) so far in comparison to 15 reports at this stage in 2019/20. There has been a noticeable change in pattern from recent years in that while we have seen less cases referred, they are larger and more complex cases. The trend we had identified in 2018/19 and 2019/20 was there were higher numbers of less complicated cases. This is an interesting shift that we will continue to monitor and analyse.

The most prevalent fraud areas in 2020/21 so far have been Procurement – low level and high level cases being identified and also Social Care. These are both identified as Amber rated risks within the Fraud Risk Register.

Please see the analysis of referrals received in 2020/21 to date (by type).



Our long term and continued work to ensure awareness of mandate fraud has continued to help prevent the council becoming victim to fraud of this nature.

An approach was made by an alleged contractor requesting an early payment due to financial hardship. The Council's Finance team identified that the request seemed suspicious and the payment of £60k was consequently prevented.

We concluded an investigation in June 2020 relating to a timesheet fraud. The financial value involved prevented any police action being taken. However, we were able to pursue and secure the value of the fraud (£2.7k) through a deduction from their earnings.

This supports one of the main elements of LCC's Counter Fraud Policy in that we follow through maximum sanctions and pursue recovery of funds lost through fraud wherever possible.

Investigation Outcomes

We have been able to close down 9 cases during the year to date with 11 investigations currently ongoing. Where the circumstances warrant, we submit cases to Action Fraud (the UK's national reporting centre for fraud) or we refer them directly to Lincolnshire Police.

However, the value of loss or insufficient evidence can be a barrier to further action being taken. Sanctions and recoveries are key elements of the Council's Counter Fraud Policy so we do make all efforts to ensure we pursue fraudsters to ensure maximum sanctions are taken.

5

Cases with Police or Action Fraud

We currently have 5 cases at various stages of police investigation at this time.

2

Recoveries made

We have made 2 recoveries at value of £3k during 2020/21 to date.

1

Dismissal

1 employee has been dismissed following the disciplinary process so far this year. A further employee has received a Final Written Warning.

3

Management Action

1 employee was handed a warning following a case involving time recording irregularities.

3

Resignations

3 of our investigations resulted in the employee resigning. Depending on the issues involved we tend to continue investigations to ensure correct sanctions are applied.

Proactive Work

We have reviewed and re-prioritised our work plan to reflect revised risks, respond to pandemic circumstances and direct resources to complex investigations. This has allowed us to focus on emerging and high risk areas. However, we have been successful in completing some areas of work and will be continuing our 'post Covid-19' reviews during the remainder of 2020/21.

Fraud Risk Register

One of the key areas within our Work Plan is to complete the annual update of the Fraud Risk Register. Working closely with Risk Owners, we concluded that while inherent risks are definitely raised, the controls in place are mitigating the residual risks. To aid management of the fraud risks relating to Coronavirus, we have created a separate risk within the register to allow up to date intelligence to be gathered to ensure we can respond actively to the changing risks.

National Fraud Initiative 2020/21

We have submitted the necessary data to the Cabinet Office for the above exercise. This involved capture and preparation of over ¾ million records relating to pensions, payroll and creditors data to be used for data matching purposes. The reports will be released in January 2021 and these will be analysed at that time. This has proved a useful exercise in recent years with substantial overpayments identified and recovered.

Midland Fraud Group

We lead on this network of local authorities and it has been a valuable source of knowledge sharing and information during recent months. Group members have regularly updated throughout on relevant frauds and intelligence. We are hosting a virtual meeting of the group in November 2020.

Fighting Fraud Locally

The Local Government Fraud Strategy has been updated in 2020. Following on from our success in the 2019 Government Counter Fraud Awards, we were approached to develop material to be issued to schools to help them prevent and detect fraud. We have worked with Mazars to produce draft guidance. This is scheduled for national release later in 2020.

Data Analytics

In response to recent frauds involving the misuse of purchasing cards we now liaise with the Business Support Team to proactively review card transactions. This ongoing analysis has provided us with improved and knowledge in this area and has helped us identify a case that we are currently investigating.

Fraud Awareness

Fraudsters will seek to exploit the uncertainty created by major and unexpected events – the current Coronavirus issue is no exception. It is not surprising that much of our recent fraud awareness work has centred around Covid19. Obviously this was (and remains) an unprecedented and rapidly changing scenario. We received intelligence at the outset of lockdown, that scams and frauds around supply of PPE were prevalent – this enabled us to respond quickly and ensure Health and Wellbeing colleagues were aware of the potential risks.

As the pandemic progressed, there seemed to be a shift in focus towards cyber fraud as a prevalent fraud area including phishing attempts, spoofing and other forms of fraud based around use of technology. We liaised with Information Assurance colleagues to ensure that awareness of these frauds were heightened amongst employees and the public. We also ensured intelligence was forwarded to regional and Lincolnshire Counter Fraud Partnership (LCFP) colleagues.

Moving forwards, we have now updated our communications plan to ensure fraud messages continue to be disseminated to ensure a high level of awareness is maintained.

Key items within the plan are:

International Fraud Awareness Week

We have developed fraud messages and information to be promoted during IFAW (15-21 November 2020)

Targeted communications

We are working closely with specific services to develop key awareness relevant to their work. These include Children's Services and Business Support

Fraud Newsletter

We are working on a staff newsletter providing updates and information to staff to help promote awareness

Lincolnshire Counter Fraud Partnership

We continue to work with our partners to protect the Public Purse in Lincolnshire. The Partnership works to improve fraud resilience and fraud proofing across Lincolnshire by improving fraud intelligence, raising fraud awareness, sharing fraud intelligence, best practice and expertise. It does this by:

Sharing best practice for managing Covid 19 business grants to maximise fraud prevention and detection

Managing local and national intelligence sharing about emerging risks and threats

Refreshing the Fraud Awareness e-learning to reflect current fraud statistics and Covid-19 related fraud risks

Providing and managing a single point of contact across Lincolnshire for the Confidential Reporting Line

Raising fraud awareness by sharing pro-active fraud awareness campaigns: providing supplies of the updated fraud leaflet and poster and developing a Fraud Newsletter

Supporting District Councils to generate revenue from Council Tax fraud and error:

Due to unprecedented circumstances and other priorities (pandemic and devolution) it has been more difficult to progress proposals for generating revenue from Council Tax fraud and error - both the Single Person Discount [SPD] Bulk Review (scheduled April 2020) and the business case for a Continuous Rolling Review and referrals were placed on a temporary hold. Work is now on-going to re-schedule the planned work.

Planning

Key areas in the 2020/21 work plan

As reported to Committee within the update of the Fraud Risk Register, our planned work was understandably impacted by the pandemic. It was necessary to revise and review the priorities for our 2020/21.

The main areas identified for delivery during 2020/21 have been to ensure fraud awareness was promoted. Fraud risks are raised at this time and we have been required to respond quickly to ensure messages were issued to help understanding of potential frauds and scams. We have also been required to continue delivery of fraud investigations.

As we approach the second half of the year, we have adapted our plans to ensure 'post Covid-19 reviews' are carried out. The aim of these is to identify potential frauds and to provide assurance on controls. The main areas of focus are noted below.

Procurement
Fraud

Payment &
Creditor
Fraud

Cyber
Fraud

Payroll &
Employee
Fraud

The original Counter Fraud Work for 2020/21 Plan presented to the Audit Committee is included as Appendix to this report.

As noted above, it has not been possible to deliver work as originally planned. Where we have been able to make progress or complete against tasks these are endorsed within pages 9 to 15.

Strategic Response

A new national strategy: Fighting Fraud and Corruption Locally, A strategy for the 2020's, A response to economic crime and fraud.

(FFCL) (Published March 2020) <https://www.cipfa.org/services/counter-fraud-centre/fighting-fraud-and-corruption-locally>

The new national strategy is aimed at all those charged with governance in local authorities, including those on audit committees, council leaders, chief executives and finance directors and succeeds the previous strategies written in 2011 and 2016.

Key themes around 'Acknowledge', 'Prevent' and 'Pursue' have been continued, together with increased focus on arrangements to 'Govern' & 'Protect'.

The '**Govern**' strand recognises having a holistic approach to tackling fraud is part of good governance. It recommends having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.

The strategy provides self-assessment checklists for local authority Counter Fraud arrangements and recommended actions for senior stakeholders.

Our Response:

Compliance with the strategy and measurement against checklists are not mandatory, but FFCL provides a best practice framework for local authorities to deliver a robust response to threats of fraud and corruption.

Appendices 2 and 3 to this report reflect LCC's assessment against FFCL's expected roles and responsibilities and blueprint approach. We have recorded our current response and identified areas for future actions to be built into future Counter fraud work plans.

The assessment found that the council has many of the components for a strong counter fraud framework in place which already meets best practice. It has established essential elements of a strategic response to fraud in a policy framework which promotes a zero tolerance to fraud. The counter fraud strategy underpins the council's commitment to prevent and detect fraud.

Further consideration/ actions

The assessment identifies several suggestions for further improvements for LCC to be in line with current counter fraud best practice. Specific actions will enable the council to clearly define and embed its approach and improve its resilience to fraud and corruption. Key areas include:

- Governance and leadership
- Identifying fraud risks
- Counter fraud policy
- Partnership working and use of data

Specific step (from CIPFA Code of Practice)	Nature of work and Indicative Scope	Scheduling
CIPFA Code of Practice – Key Principle A : Acknowledge Responsibility		
A1 - Acknowledge the threat of fraud and corruption	Member Training and Audit Committee Support	Outstanding
A2 - Acknowledge the importance of a culture that is resilient to the threats of fraud and corruption	Counter Fraud Annual Plan and Progress Reports to Audit Committee	Completed – to date
A3 - Governing Body acknowledges its responsibility for the management of its fraud and corruption risks	Lincolnshire Counter Fraud Partnership Plan and Reports for Lincolnshire Finance Officers Group	Ongoing
A4 - Governing Body sets a specific goal of ensuring and maintaining its resilience to fraud and corruption	Corporate Leadership and Directorate Leadership Team training and liaison sessions	Outstanding
	Review of Terms of Reference for Lincolnshire Counter Fraud Partnership going forward	Outstanding
	<ul style="list-style-type: none"> • Training • Briefing Sessions • Engagement • Updates • Publications 	

25 Days (3%)

Specific step (from CIPFA Code of Practice)	Nature of work and Indicative Scope	Scheduling
---	-------------------------------------	------------

CIPFA Code of Practice – Key Principle B : Identify Risks

B1 - Fraud risks are routinely considered as part of risk management arrangements	Horizon Scanning Benchmarking Activity – CFACT Tracker (annual survey) and liaison with Midland Fraud Group colleagues	Ongoing Completed
B2 - The organisation identifies the risks of fraud and corruption	Review historic investigations – trend analysis purposes Research and develop fraud loss estimate system	Ongoing Outstanding
B3 - The organisation publishes estimates of fraud loss to aid evaluation of fraud risk exposures	Assurance Mapping process - Counter Fraud and Investigations, Audit and Risk teams Update of Fraud Risk Registers	Ongoing Completed
B4 – The organisation evaluates the harm to its aims and objectives	Fraud Risk Register – present report to Audit Committee Identify priority service areas for awareness training	Completed Completed
	Support for District partners on Fraud Risk Register update and development	Outstanding

32 Days (4%)

Specific step (from CIPFA Code of Practice)	Nature of work and Indicative Scope	Scheduling
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>Annual Counter Fraud Work Plan</p> <p>Strategy: Refresh Counter Fraud Strategy Counter Fraud Policy Fraud Response Plan</p> <p>Whistleblowing Policy</p> <p>Money Laundering Policy</p> <p>Refresh investigation practice notes</p> <p>Refresh Communications Strategy</p> <p>Feasibility study for establishment of a County wide data hub</p> <p>General horizon scanning</p> <p>Fighting Fraud and Corruption Locally - response</p>	<p>Completed</p> <p>Counter fraud policies currently under review. Updates due for internal consultation ahead of presentation to February /March Audit Committee</p> <p>Outstanding</p> <p>Ongoing</p> <p>Outstanding</p> <p>Ongoing</p> <p>Ongoing</p>

Specific step (from CIPFA Code of Practice)	Nature of work and Indicative Scope	Scheduling
---	-------------------------------------	------------

CIPFA Code of Practice – Key Principle C : Develop a Strategy

Proactive action:

- 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

Responsive action:

- Detecting fraud through data and intelligence analysis
- Implementing effective whistleblowing arrangements
- Investigating fraud referrals
- Applying sanctions and seeking redress

Specific step (from CIPFA Code of Practice)	Nature of work and 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	Lincolnshire Counter Fraud Partnership resource Cover the Whistleblowing facility – logging reports, referrals and follow up action LCC – Support and advice Engagement with national and regional best practice groups (including Midland Fraud Group) – sharing intelligence, CIPFA Standards and Fighting Fraud and Corruption Locally.	Completed Ongoing Ongoing Ongoing
D2 - The organisation utilises an appropriate mix of experienced and skilled staff	Enhance data analytic training and capability E-Learning	Outstanding Ongoing
D3 - The organisation grants counter fraud staff unhindered access to its employees		
D4 - The organisation has protocols in place to facilitate joint working and data and intelligence sharing		

100 Days (14%)

Specific step (from CIPFA Code of Practice)	Nature of work and 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	Promotion and Delivery of Communications Plan, Fraud Awareness sessions and Fraud Clinics Completion of work brought forward from 2019/20 plan National Fraud Initiative—Processing & Reporting	Ongoing Completed Completed
E2 - Plans and operations are aligned to the strategy	Proactive counter fraud exercises – driven by Fraud Risk Register priorities:	Counter Fraud Work Plan amended to reflect changed work priorities due to Covid-19
E3 - Making effective use of initiatives to detect and prevent fraud, such as data matching or intelligence sharing	<ul style="list-style-type: none"> • Support for due diligence audits • Social Care – Financial Abuse • Social Care – overstated care needs • Social Care – Financial Assessments • Schools and establishments • Cyber Fraud • Procurement and Contract Management • Payroll and Employees • Payments and Creditors 	
E4 - Providing for independent assurance over fraud risk management, strategy and activities	<ul style="list-style-type: none"> • False Accounting • Identity Fraud • Insurance 	
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		

Specific step (from CIPFA Code of Practice)	Nature of work and Indicative Scope	Scheduling
---	-------------------------------------	------------

CIPFA Code of Practice – Key Principle E : Take Action

* Note also Specific Step – C3		
--------------------------------	--	--

164 Days (23%)

320 days for Investigations (45%)

Specific step (from CIPFA Code of Practice)	Nature of work and Indicative Scope	Scheduling
---	-------------------------------------	------------

Contingency	Emerging risks	
-------------	----------------	--

73 Days (10%)

TOTAL – 726 DAYS

Appendix C – Fighting Fraud and Corruption Locally Assessment Checklist

What should senior stakeholders do?

Ref	FFCL 2020s strategy Requirements	Current response	Future plans/ further action required
Chief Exec	<ol style="list-style-type: none"> 1.Ensure that your authority is measuring itself against the checklist for FFCL 2. Is there a trained counter fraud resource in your organisation or do you have access to one? 3. Is the audit committee receiving regular reports on the work of those leading on fraud and is the external auditor aware of this? 	<p>Yes</p> <p>Yes – Counter Fraud & Investigations Team (CFIT)</p> <p>Yes – annual and interim Counter Fraud Progress reports to Audit Committee</p>	
S151	<ol style="list-style-type: none"> 1. Is there a portfolio holder who has fraud within their remit? 2. Is the head of internal audit or counter fraud assessing resources and capability? 3. Do they have sufficient internal unfettered access? 4. Do they produce a report on activity, success and future plans and are they measured on this? 	<p>Yes, named Counter Fraud Champion Cllr. Maughan</p> <p>Yes – dedicated Counter Fraud resources allocated to match risk areas, management monitoring in place</p> <p>Yes – right of access defined in Audit Charter Annual and interim Counter Fraud Reporting to Audit Committee</p>	
Monitoring Officer	<ol style="list-style-type: none"> 1. Are members, audit committees and portfolio leads aware of counter fraud activity and is training available to them? 2. Is the fraud team independent of process and does it produce reports to relevant committees that are scrutinised by members? 	<p>Yes – regular fraud training with Audit Committee. Fraud is covered in Members Handbook. Members induction arrangements to cover fraud (proposal in development)</p> <p>Yes – independence defined in Audit Charter. Annual and interim reporting of counter fraud</p>	Develop the reporting of counter fraud arrangements to the Executive, Members and senior managers
Audit Committee	<ol style="list-style-type: none"> 1.Should receive a report at least once a year on the counter fraud activity which includes proactive and reactive work 2. Should receive a report from the fraud leads on how resource is being allocated, whether it covers all areas of fraud risk and where those fraud risks are measured 3. Should be aware that the relevant portfolio holder is up to date and understands the activity being undertaken to counter fraud 4. Should support proactive counter fraud activity 5. Should challenge activity, be aware of what counter fraud activity can comprise and link with the various national reviews of public audit and accountability. 	<p>Receive annual and interim reports Annual Counter Fraud Work Plan and Fraud Risk Register update</p> <p>Yes – regular counter fraud liaison by CFIT Team Leader Yes Regular liaison</p>	
Portfolio Lead	<ol style="list-style-type: none"> 1. Receives a regular report that includes information, progress and barriers on: <ul style="list-style-type: none"> • The assessment against the FFCL checklist • Fraud risk assessment and horizon scanning. 	Covered in regular reporting to Audit Committee.	

LCC Counter Fraud arrangements

Ref	FFCL 2020s strategy Requirements	Current response	Future plans/ further action required
	The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.	Fraud risks register reviewed annually and reported to Audit Committee. Counter fraud Work Plan is aligned to high fraud risk areas.	
	The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.	Regular horizon scanning performed. Safer Lincolnshire Partnership Strategic Plan covers fraud against the public. Fraud sub-group tackles highest risks - current focus is scams.	
	There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.	Annual and interim Counter Fraud reports taken to Audit Committee. FFCL comparison included in audit committee report.	
	The relevant portfolio holder has been briefed on the fraud risks and mitigation	Regular liaison with Fraud Champion	
	The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources	Annual Counter Fraud Work Plan agreed with Audit Committee	

LCC Counter Fraud arrangements

Ref	FFCL 2020s strategy Requirements	Current response	Future plans/ further action required
	There is a counter fraud and corruption strategy applying to all aspects of the local authority’s business which has been communicated throughout the local authority and acknowledged by those charged with governance.	There is a Counter Fraud Policy in place which is being updated to take account of the latest national guidance.	Update the Counter Fraud Policy to reflect national guidance. The policy review will include raising awareness of it with staff and Members.
	The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	Business arrangements are underpinned with internal control requirements. Regular liaison between Internal Audit and CFIT.	
	The risks of fraud and corruption are specifically considered in the local authority’s overall risk management process.	LCC's overall risk management process considers fraud risks	
	Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.	Counter fraud staff review key policies and initiatives for counter fraud arrangements	
	Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	Annual Communication Plan includes publicising relevant fraud cases	

Appendix D – Fighting Fraud and Corruption Locally Assessment Checklist

LCC Counter Fraud arrangements

Ref	FFCL 2020s strategy Requirements	Current response	Future plans/ further action required
	<p>The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee</p>	<p>Dedicated specialist Counter Fraud team. Regular reporting to Audit Committee of results and progress. Delivered 87% of tasks in 2019/20 Work Plan. £114k fraud recovery in 2019/20 £1.56m fraud stopped. Peer review report on LCC counter fraud arrangements issued March 2019 – substantial assurance. Pro-active fraud awareness campaigns and initiatives. The effectiveness of counter fraud arrangements are measured by a combination of regular reporting to Audit Committee, participating in the annual fraud survey and benchmarking against good practice. The overall feedback from the review conveyed confidence in the counter fraud arrangements being delivered by the Audit & Risk Team.</p>	
	<p>The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:</p> <ul style="list-style-type: none"> – codes of conduct including behaviour for counter fraud, anti-bribery and corruption – register of interests – register of gifts and hospitality. 	<p>Codes of conduct set out counter fraud requirements. Established procedures covering register of interests, gifts and hospitality. Regular fraud awareness messages.</p>	

LCC Counter Fraud arrangements

Ref	FFCL 2020s strategy Requirements	Current response	Future plans/ further action required
	Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.	Procedures established for reporting of gifts and hospitality. Audit assurance rated limited (officers) and substantial (members).	
	There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.	Covered in annual Communications Plan and specific Campaign Plans to raise fraud awareness	
	There is an independent and up-to-date whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.	Whistleblowing Policy in place (reviewed 2018). Publicises the Council's confidential Whistleblowing facility to encourage referral of suspicious activity. Referrals handled independently by CFIT. Annual whistleblowing report to audit committee.	
	Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistleblowers.	Contracts touch on responsibilities of contractors and third parties for fraud.	Review the arrangements established with contractors and third parties for raising awareness of whistleblowing arrangements

LCC Counter Fraud arrangements

Ref	FFCL 2020s strategy Requirements	Current response	Future plans/ further action required
	Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.	Annual review performed by Audit & Risk Manager	
	There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.	Annual Counter Fraud Work Plan agreed by Audit Committee	
	Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.	Key counter fraud statistics maintained	
	Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.	Counter fraud staff have unrestricted access for the purpose of counter fraud investigation	
	The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2020 to prevent potentially dishonest employees from being appointed.	Recruitment checks established. Audit assurance rated as substantial. Identity fraud training delivered by the Police.	

LCC Counter Fraud arrangements

Ref	FFCL 2020s strategy Requirements	Current response	Future plans/ further action required
	There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council’s communications team.	Annual Counter Fraud Communication Plan covers key fraud cases. Communications team are involved with fraud campaigns	
	There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council’s communications team.	As above	
	All allegations of fraud and corruption are risk assessed	Strategy meeting considers risks and agrees the way forward for each case at the outset	
	The fraud and corruption response plan covers all areas of counter fraud work: prevention: detection: investigation: sanctions and redress.	Annual Counter Fraud Work Plan covers key areas	
	The fraud response plan is linked to the audit plan and is communicated to senior management and members.	Fraud Response Plan is based on regular liaison between audit and Counter Fraud teams. Audit planning documentation encourages auditors to liaise with CFIT on counter fraud. Audit process follows up implementation of management actions regularly	

Appendix D – Fighting Fraud and Corruption Locally Assessment Checklist

LCC Counter Fraud arrangements

Ref	FFCL 2020s strategy Requirements	Current response	Future plans/ further action required
	Asset recovery and civil recovery are considered in all cases.	Sanctions consider recovery options	
	There is a zero tolerance approach to fraud and corruption that is defined and monitored and which is always reported to committee.	Counter Fraud Policy states a zero tolerance to fraud	
	There is a programme of proactive counter fraud work which covers risks identified in assessment.	Annual Counter Fraud Work Plan agreed with Audit Committee	
	The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.	<p>Collaborative working with peers - (CFIT lead the Midland Fraud Group). Participate fully in the National Fraud Initiative and other relevant initiatives to detect fraud through data matching exercise. Referrals made to</p> <p>Action Fraud. Lincolnshire Counter Fraud Partnership provides a fraud focus with districts. Liaison with various groups: Safer Lincolnshire Partnership and represented on its fraud sub group. Represented on various multi-agency organisations focussed on organised crime. Part of FFCL working group.</p>	

LCC Counter Fraud arrangements

Ref	FFCL 2020s strategy Requirements	Current response	Future plans/ further action required
	The local authority shares data across its own departments and between other enforcement agencies.	Respond promptly to relevant alerts and issues and sharing information across the Council which relate to possible fraud / suspicious activity. Pro-active data reviews e.g. payroll. Established Lincolnshire Counter Fraud Partnership (LCFP) – promotes: raising awareness through various communications / counter fraud briefings fraud and leading on the development of fraud awareness e-learning	Work with relevant service areas to develop a more co-ordinated /joined up approach for collecting / sharing and responding to intelligence received across the council in response to the prevention and detection of crime e.g. scams.
	Prevention measures and projects are undertaken using data analytics where possible.	Internal Audit and CFIT carry out targeted analytical reviews of key systems and services using IDEA to identify indicators of fraudulent activity	
	The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.	CFIT are registered and review information.	
	The counter fraud team has access to the FFCL regional network.	CFIT Team Leader on FFCL Board working group	

LCC Counter Fraud arrangements

Ref	FFCL 2020s strategy Requirements	Current response	Future plans/ further action required
	There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.	LCC uses accredited counter fraud professionals. Regular training with auditors about counter fraud	
	The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.	Knowledgeable and experienced CFIT team	
	The counter fraud team has access (through partner-ship/ other local authorities/or funds to buy in) to specialist staff for: surveillance: computer forensics: asset recovery and financial investigations.	Depending on requirements	
	Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.	Supplementary issues covered in investigation reports and shared with audit. Learning points from investigations are considered and communicated as required.	