

RSM Tenon

THURROCK COUNCIL

Corporate Anti-Fraud Services Annual Work plan for 2012/2013

CONFIDENTIAL

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1. EXECUTIVE SUMMARY

1.1. BACKGROUND

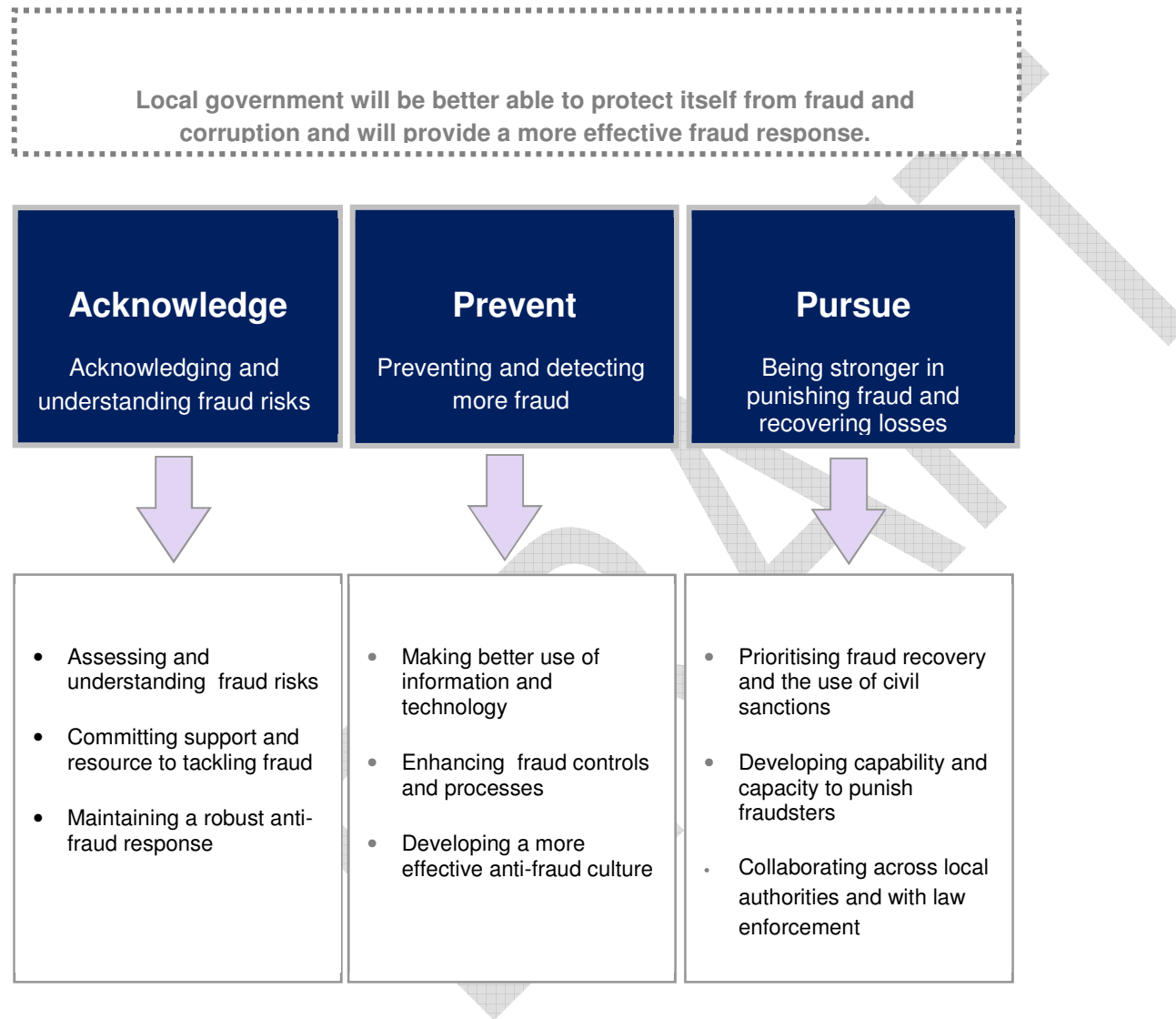
1.1.1 Each year the National Fraud Authority (NFA) produces the Annual Fraud Indicator (AFI) which provides an overview of the cost of fraud broken down by sector. The AFI for 2012 identified that in excess of £2 billion was lost to fraud across local government. This year the NFA has also published Fighting Fraud Locally: The Local Government Fraud Strategy, which is intended to help councils tackle and prevent these fraud losses and provides a blueprint to better equip local authorities to fight a range of frauds.

1.1.2 In line with the strategy for tackling fraud, a greater emphasis is now placed on preventing fraud from occurring in the first place, added with mechanisms and resources encouraged towards detecting occurrences of fraud. This is a shift from the traditional approach of tackling fraud, which was typically based around reactive methods such as conducting investigations. Whilst an effective investigative resource is an essential part of any strategy, it is considered more cost effective and less damaging to an organisation's reputation to prevent losses through fraud from occurring in the first place.

1.1.3 The workplan presented takes into consideration these range of best practice principles of effectively tackling fraud within Thurrock Council. The range of activities are categorised as:

- Acknowledge – acknowledging and understanding fraud risks
- Prevent – preventing and detecting more fraud
- Pursue – being stronger in punishing fraud and recovering losses

This plan is a corporate fraud plan and does not include coverage for Housing Benefit Fraud, or Housing Tenancy Fraud investigation, whilst the future remit of these areas is decided. The diagram overleaf describes the approach recommended by the NFA across local government.



- 1.1.4 This plan focuses on the type of work to be conducted during financial year 2012-13 and informs a proactive detection work programme across Thurrock Council over the coming financial year.
- 1.1.5 Outlined below are some areas which will form part of this programme over the coming three year cycle. These areas will be subject to on-going review, with changes made as required on the identification of emerging fraud risks or areas identified through proactive work undertaken, or reactive investigations root cause analysis work:
- Fraud within Procurement
 - Fraud within the Payroll System
 - Grant Fraud / Funding of Voluntary Organisations
 - Blue Badge Fraud
 - Education & Schools (including admissions)
 - Public Health Services
- 1.1.6 This plan has been constructed with consideration of objectives and incorporating best practice devised from:
- National Fraud Authority Fighting Fraud Locally: The Local Government Fraud Strategy (2012)
 - Thurrock Council's Anti-fraud Strategy
 - Department for Communities and Local Government publication 'Ten ways to tackle council fraud'
 - National Fraud Authority (NFA) 'Tackling fraud and error across the public sector 2011' document
 - Audit Commission – 'Protecting the Public Purse 2011' document
 - CIPFA Red Book 2 "Managing the Risk of Fraud" best practice document
 - Intelligence gained from RSM Tenon client base, specifically key risks identified of relevance to Thurrock Council
 - Liaison with Internal Audit relating to their work conducted during 2011/12 and planned for 2012/13
 - A review of a number of Audit Reports completed during 2011/12

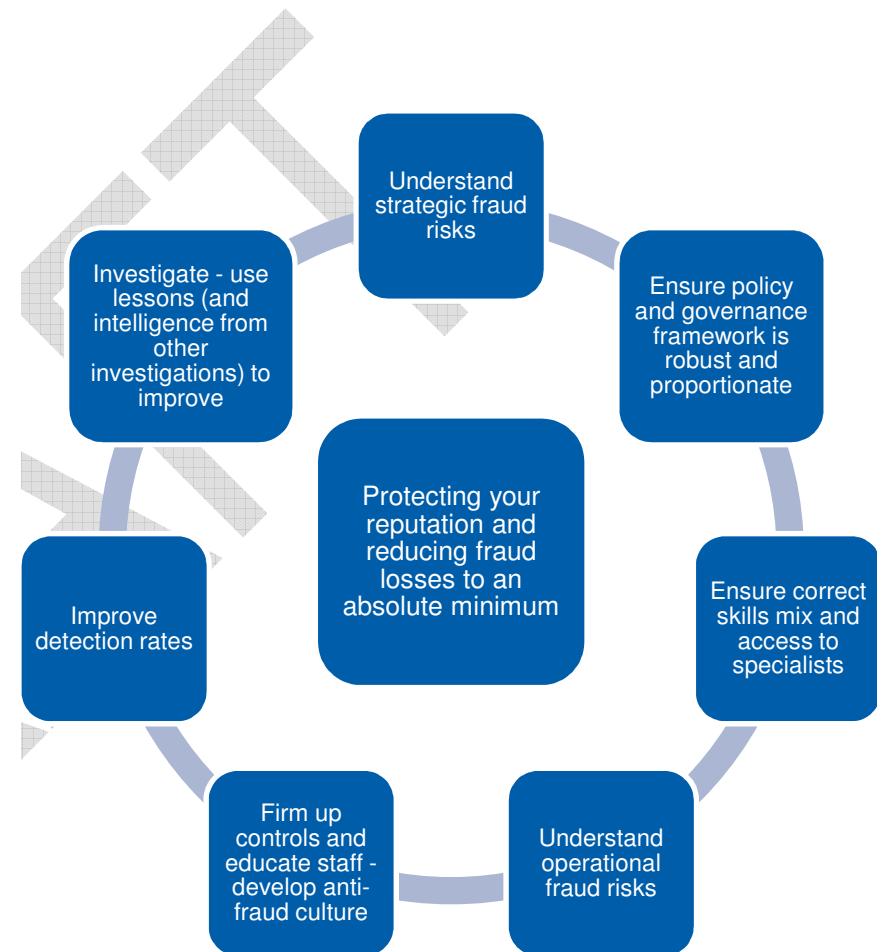
2. OUR METHODOLOGY

2.1 PROACTIVE APPROACH

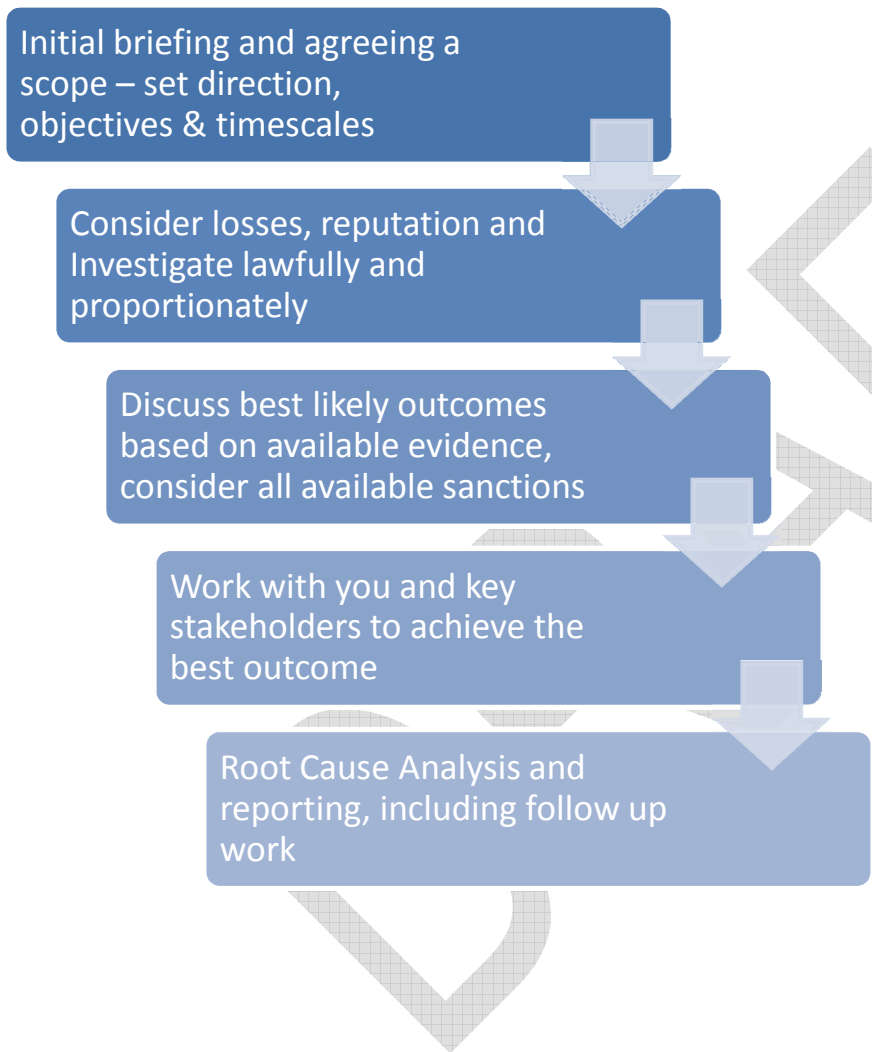
Our approach to delivering an effective proactive work plan is ensuring that it is part of a three year strategy, which is flexible and bespoke to your risks at any point in time.

During year one, we will ensure that we devise a work plan which covers areas deemed high risk, such as:

- Engagement with key stakeholders across the Council to raise awareness of RSM Tenon as the new anti-fraud provider, ensuring that confidence is built upon and levels of interaction are high;
- Implementation of a rolling fraud awareness programme, providing coverage across your areas of significant levels of expenditure, such as Finance, Procurement & Payroll;
- Engagement with those responsible for policy design and review across the Council;
- Maintaining a visible and responsive presence.



2.2 REACTIVE INVESTIGATIONS APPROACH

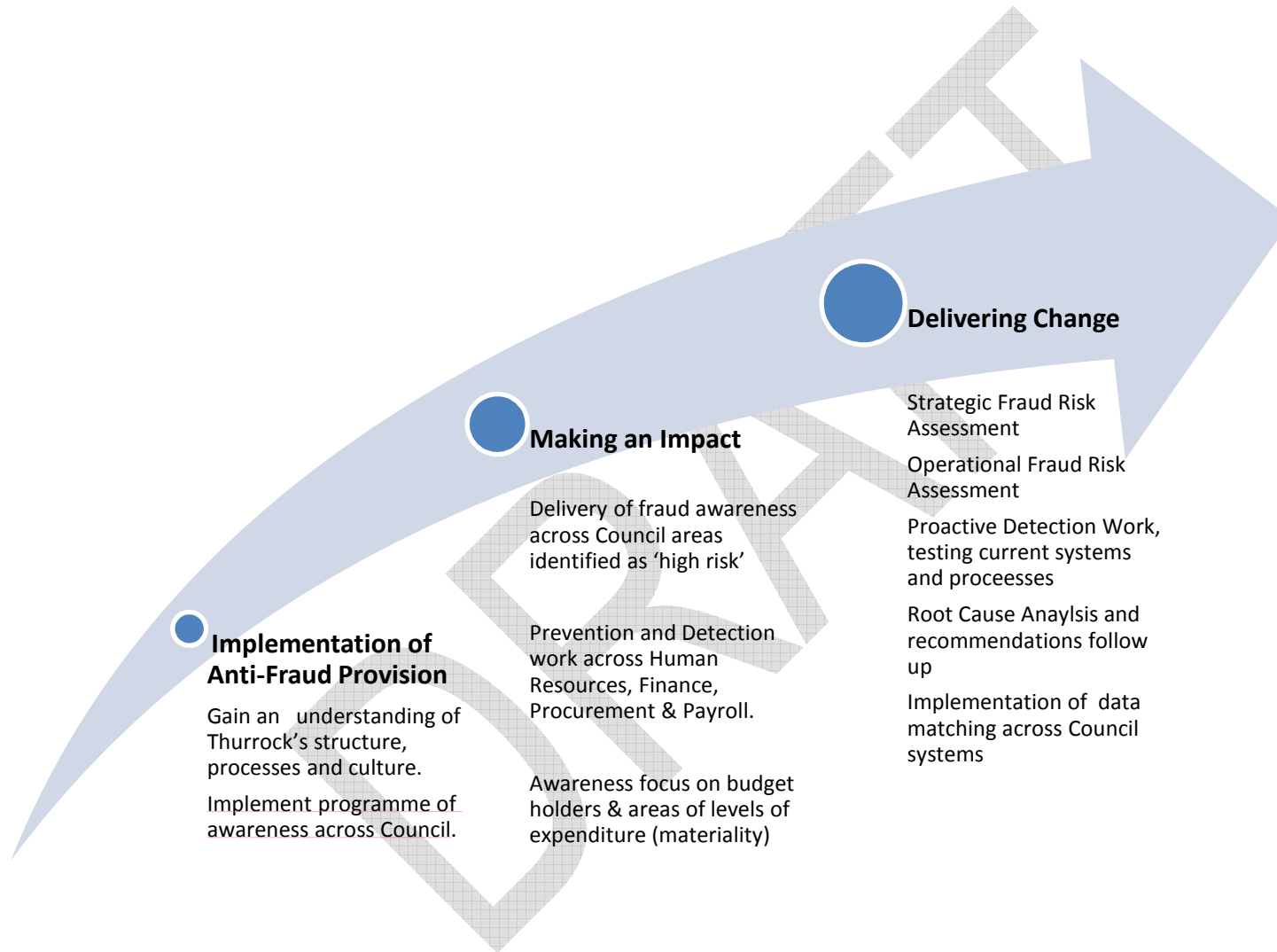


Investigations can be expensive and to ensure that your resources are spent in the most cost-efficient way, we will work with you to adopt a decision-making process based on a scorecard approach that takes into consideration levels of evidence, referral source and other intelligence that can help to decide whether to take investigations forward.

We will undertake investigations without undue delay and provide specialist support as required:

- Acknowledge and respond to investigations within a 24 hour period;
- Conduct an initial assessment to determine appropriate action;
- Progress investigations without any impact on the delivery of your proactive work;
- Investigations support via our Specialist Investigations Team where necessary, inclusive of support from Forensic Computing staff and ACAS trained investigators;
- Ensure a link between reactive work and the proactive plan, including close working with Internal Audit.

2.3 IMPLEMENTATION OF PROACTIVE PLAN



3. SUMMARY OF WORKPLAN AREAS AND RESOURCES ALLOCATION

| | Number of Days |
|------------------|--------------------|
| PROACTIVE | 104.75 |
| Acknowledge | 54 |
| Prevent | 50.75 |
| REACTIVE | As required |
| Pursue | As required |

The following tables detail the utilisation of the above days in more detail.

ACKNOWLEDGE

COMPLIANCE WITH CIPFA RED BOOK 2 “MANAGING THE RISK OF FRAUD”

RECOMMENDED TASK / OBJECTIVE

ANTI- FRAUD CULTURE

1a) Ensure that the Council has a clear programme of work attempting to create a real anti-fraud and corruption and zero tolerance culture

2a) Ensure there clear goals for this work (to maximise the percentage of staff and public who recognise their responsibilities to protect the organisation and its resources).

3a) Ensure this programme of work being effectively implemented.

4a) Ensure there arrangements in place to evaluate the extent to which a real anti-fraud and corruption culture exists or is developing throughout the Council.

5a) Ensure there are agreements in place with stakeholder representatives to work together to counter fraud and corruption.

6a) Ensure arrangements been made to ensure that stakeholder representatives benefit from successful counter fraud and corruption work.

AREAS OF WORK TO INCLUDE:

- Input to Induction process, inclusive of design & dissemination of new starter fraud pack as required, and delivery of training session. **6 days**
- Bespoke Fraud Awareness Training Workshop Sessions, inclusive of all fraud awareness material, design & dissemination. Evaluation of sessions and follow up work. Areas deemed high risk to be covered during Year 1: **16 days**
 - Human Resources & Recruitment
 - Finance Department
 - Procurement Department
 - Payroll Department
 - IM&T Department
- Work with Thurrock Council to implement a rolling programme of fraud awareness training for all budget holders / authorised signatories across the Council. **12 days**
- Communications Campaign, to increase level of fraud awareness – Internal & External **5 days**
 - Specific Topics TBC– Q3
 - Specific Topics TBC – Q4
- Engagement with key stakeholders, inclusive of contractor services providers, to ensure reporting lines are implemented and fraud risks are identified and fed into proactive plan of work; **8 days**

| ACKNOWLEDGE | | |
|---------------------------------------|--|-----------------|
| | <ul style="list-style-type: none"> ▪ Implementation of an Anti-Fraud Service & Communications Team strategy: <ul style="list-style-type: none"> - Outlining relationship, levels of interaction and reporting requirements, inclusive of meetings; - Establish use of communications tools to distribute fraud awareness across the Council, using email, text messaging, twitter and the introduction of a fraud blog. - Provision of a quarterly Thurrock Council Anti-Fraud Newsletter for dissemination across Council. | 3 days |
| | <ul style="list-style-type: none"> ▪ Review, update and maintain Thurrock Council's content of fraud material / section on the Intranet and Internet, inclusive of the provision of various items of fraud awareness and informative material. | 1.5 days |
| | <ul style="list-style-type: none"> ▪ Undertake an organisation survey across Thurrock Council to measure culture and identify areas of development for anti-fraud work. | 2.5 days |
| NUMBER OF DAYS TO BE DELIVERED | | 54 |

PREVENT

COMPLIANCE WITH CIPFA RED BOOK 2 “MANAGING THE RISK OF FRAUD”

RECOMMENDED TASK / OBJECTIVE

DETERRENCE/ PREVENTION/DETECTION

1b) Ensure Thurrock Council has a clear programme of work attempting to create a strong deterrent effect which publicises the:

- Hostility of the honest majority to fraud and corruption;
- effectiveness of preventative arrangements;
- sophistication of arrangements to detect fraud and corruption;
- professionalism of those investigating fraud and corruption and their ability to uncover evidence;
- likelihood of proportionate sanctions being applied; and
- likelihood of losses being recovered.

3b) Ensure that Thurrock Council successfully publicised work in this area.

4b) Ensure publicity been targeted at the areas of greatest fraud losses.

1c) Ensure Thurrock Council seeks to design fraud and corruption out of new policies and systems and to revise existing ones to remove apparent weaknesses.

2c) Ensure concluding reports on investigations include a specific section on identified policy and systems weaknesses that allowed the fraud and corruption to take

AREAS OF WORK TO INCLUDE:

- Delivery of Fraud Risk Assessment (FRA) across Thurrock, consisting of Strategic and Operational levels using RSM Tenon “Fraud Mapping Tool.” Inclusive of interviews of staff, drafting of report and implementation into proactive work plan and three year strategy. **18 days**
- Review / Implement Protocols & Strategies, consisting of: **2.5 days**
 - Human Resources & Anti-Fraud Service Protocol
 - Internal Audit & Anti-Fraud Service Protocol
 - Payroll Protocol.
- Develop and implement counter fraud in policy / system review, design & implementation cycle, to ensure that fraud risk is designed out of any Thurrock Council policy or procedure. **0.75 days**
- Undertake a Proactive Review of the following policies, ensuring compliance with Bribery Act 2010: **4.5 days**
 - Anti-Fraud Policy
 - Whistleblowing Policy
 - Other policies deemed ‘high risk’ such as Financial, Human Resource & Corporate Policies.
- Implement a Bribery Act Implementation Strategy Guidance Note for Thurrock, ensuring a programme of actions ensuring corporate compliance. **3 days**
- Submit and follow up intelligence bulletins, fraud alerts / notices received by organisation. **As required**

| PREVENT | |
|---|---|
| <p>place.</p> <p>3c) Ensure there a system for considering and prioritising action to remove these identified weaknesses.</p> <p>1d) Ensure there are effective ‘whistleblowing’ arrangements in place.</p> <p>2d) Ensure analytical intelligence techniques are used to identify potential fraud and corruption.</p> <p>3d) Ensure there are effective arrangements for collating, sharing and analysing intelligence.</p> <p>4d) Ensure there are arrangements in place to ensure that suspected cases of fraud or corruption are reported promptly to the Anti-Fraud Service for further investigation.</p> <p>5d) Ensure that identified potential cases are promptly and appropriately investigated</p> <p>6d) Ensure proactive exercises undertaken in key areas of fraud risk or known systems weaknesses.</p> | <ul style="list-style-type: none"> ▪ Testing and follow up of counter fraud recommendations made, on previous fraud work, including liaison with Internal Audit where required. 1.5 days ▪ Engagement and regular liaison with key law enforcement agencies, such as Police and UK Border Agency; 1.5 days ▪ Implement Thurrock Council Fraud Forum, increasing fraud team and engagement with business leads, inclusive of devising work plan and risk register updates; 1 day ▪ Undertake detection exercises with areas deemed as high fraud risk. Work will be conducted in collaboration with Internal Audit where necessary. 4 days <p>Areas for Year 1 to be as follows:</p> <ul style="list-style-type: none"> - Declaration of Interests / Gifts & Hospitality 14 days - Audit Commission's National Fraud Initiative (NFI) TBC - Housing Tenancy Data Matching Exercise TBC |
| NUMBER OF DAYS TO BE DELIVERED | |
| 50.75 | |

| PURSUE | |
|--|--|
| COMPLIANCE WITH CIPFA RED BOOK 2 “MANAGING THE RISK OF FRAUD” | RECOMMENDED TASK / OBJECTIVE |
| <p>INVESTIGATIONS/ SANCTIONS/REDRESS</p> <p>1d) Ensure ‘whistleblowing’ arrangements are in place.</p> <p>2d) & 3d) Ensure analytical intelligence techniques are used and there are effective arrangements for collating, sharing and analysing intelligence.</p> <p>4d) & 5d) All suspected cases are reported promptly to the appropriate person and all cases are promptly and appropriately investigated.</p> <p>6d) Are proactive exercises undertaken in key areas of fraud risk or known systems weaknesses.</p> <p>1f) & 2f) & 3f) Ensure there is a clear and consistent policy on the application of sanctions where fraud or corruption is proven to be present. All possible sanctions – disciplinary / regulatory, civil and criminal are considered. Consideration of appropriate sanctions takes place.</p> <p>1g) & 2g) & 4g) A clear policy on the recovery of losses. Ensure Thurrock Council is effective in recovering any losses utilising where appropriate criminal and civil law. Ensure the proceedings for the recovery of losses are monitored and identify Thurrock Council’s recovery rate.</p> | <p>AREAS OF WORK TO INCLUDE:</p> <ul style="list-style-type: none"> ▪ Ensure full compliance with legislative requirements and conduct investigations as required in line with liaison and input from key stakeholders across Thurrock Council; ▪ Entry and updating investigations data onto Thurrock Council’s Case Management System; ▪ Liaison with other local authorities, agencies and other external bodies relating to investigations work and suspect tracing; ▪ Respond to requests for assistance on referrals from external organisations; ▪ Consider all available sanctions with all investigations conducted, such as: <ul style="list-style-type: none"> - Criminal proceedings - Disciplinary proceedings - Civil Litigation ▪ Review and implement a robust mechanism across Thurrock Council for the identification of cases whereby financial investigation resource can be best utilised to ensure identification and recovery of monies lost to fraud; ▪ Follow up investigations resulting in matches derived from the Audit Commission’s National Fraud Initiative (NFI). |
| NUMBER OF DAYS TO BE DELIVERED | As Required |