



ADDING VALUE
THROUGH THE
PLUS FACTOR

See Hear and Speak Up

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1st October 2015

FRAUD PREVENTION

WHISTLEBLOWING SERVICE

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A+B®

A²+B LLP

**FRAUD
PREVENTION**

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Introduction

Introduction

Council
Re-Organisation

Insider Threat

Workplace Culture

Whistleblowing
Service

SeeHearSpeakUp



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Council Reorganisation?





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Really?



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The fraud triangle

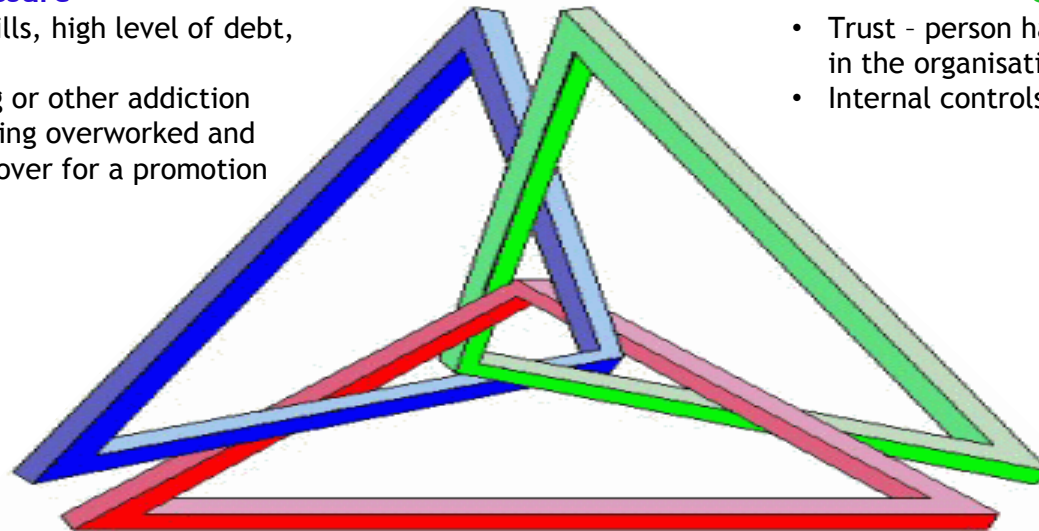
All three components must be present at the same time for someone to commit fraud

Pressure

- Financial - major bills, high level of debt, or simple greed
- Personal - gambling or other addiction
- Work-related - feeling overworked and underpaid; passed over for a promotion

Opportunity

- Trust - person has reached a certain level with in the organisation
- Internal controls - either weak or nonexistent



Rationalisation

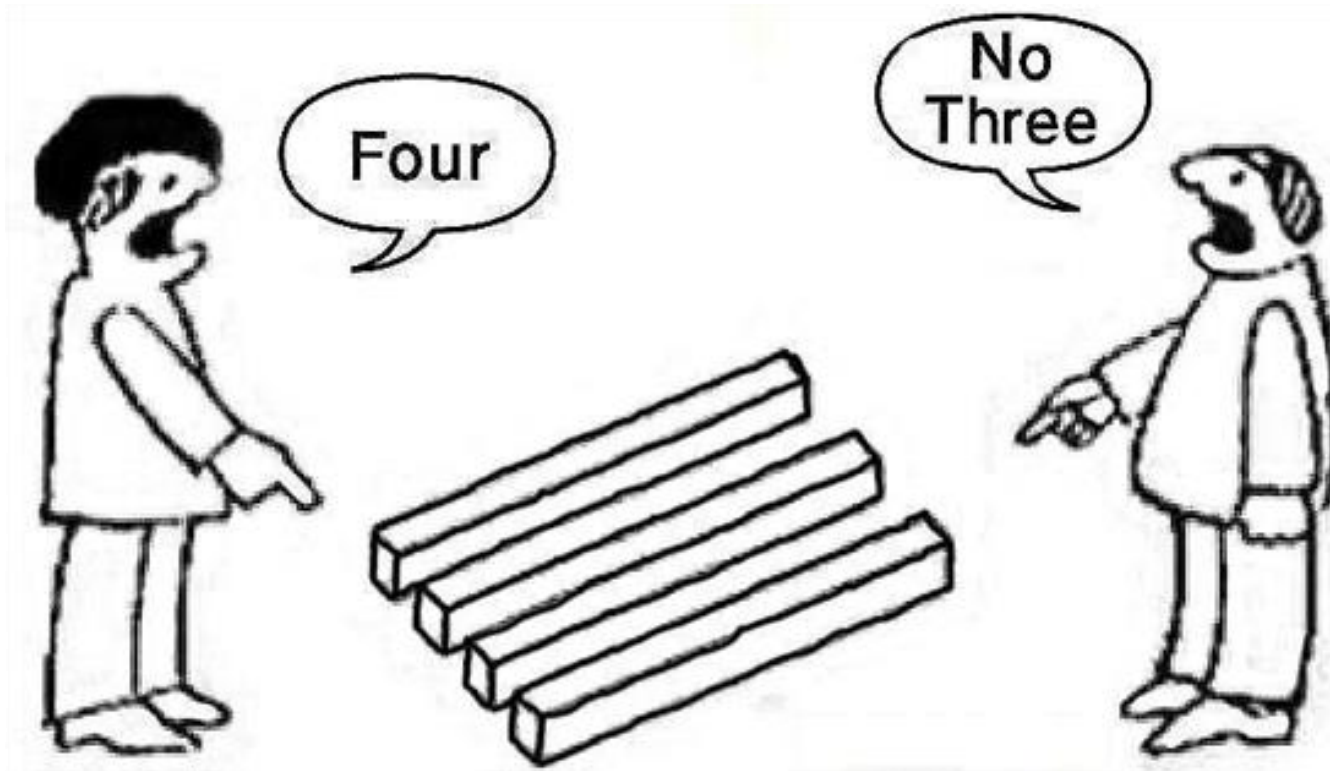
- Justification - "I'm only borrowing the money. I'll give it back when my financial situation improves."
- Lack of ethics - "Management isn't honest, so why should I be?"



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A different perspective.....





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$A^2 + B$

How heavy is your glass of tolerance?





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There's more to it than meets the eye!





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The Insider fraud threat

Trend of increasing levels of internal/occupational fraud

Global Fraud estimated at around 5% of annual revenues -
this would equate to £3.7 trillion of the Worlds Gross Product

(Source - ACFE)

UK businesses losing £98.6 billion to fraud every year

(Source - PFK LittleJohn and Portsmouth University)

85% is estimated to be perpetrated internally

(Source - Scottish Business Resilience Centre)

Increasing threat of Cyber Fraud

Internal Frauds have risen 18% in 2014 compared with the
previous year

(Source - CIFAS)



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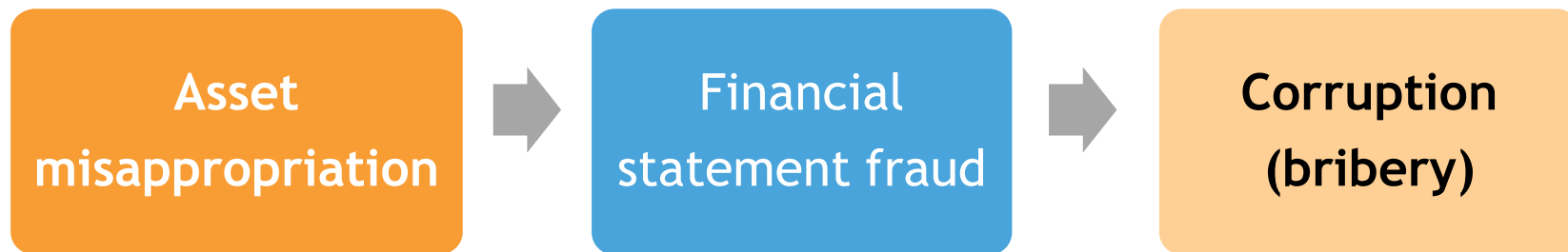
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Occupational or insider fraud definition and its types

“

The use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets

”





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Occupational or Insider fraud types

Asset misappropriation

Cash theft

Theft of cash receipts

Fraudulent
disbursements

Inventory and
other assets

Financial statement fraud

Asset overstatements

Asset understatements

Corruption

Bribery

Conflicts of interest

Illegal gratuities

Economic extortion



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Internal Fraud - Failure to Listen - Listen to Failure



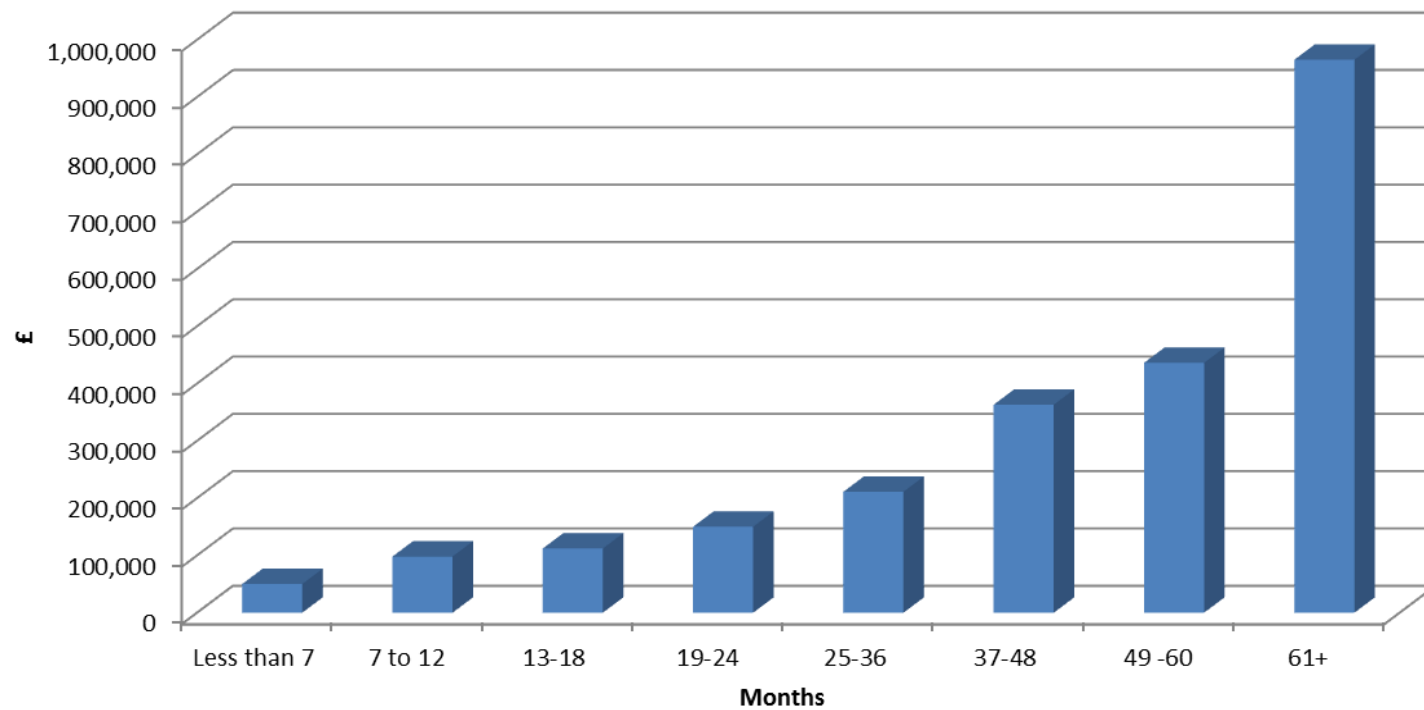


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Why whistleblowing and why is it vital to an organisation?

Duration of Fraud averages



ACFE - Origin

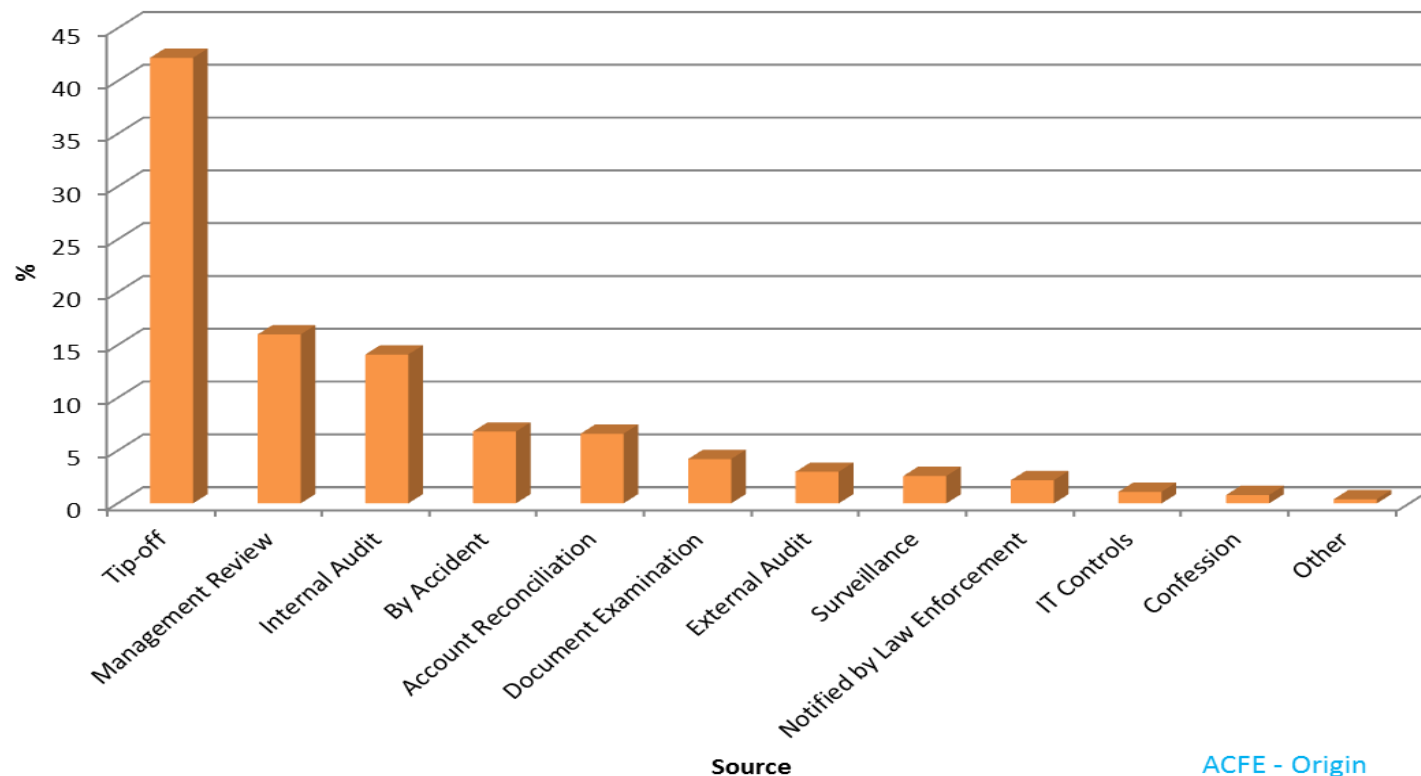


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Internal Fraud - Why whistleblowing and why is it vital to an organisation?

Detection source





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What is whistleblowing in the Local Government context?





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Why whistleblowing is vital to an organisation

An organization where the value of open whistleblowing is recognized will be better able to:

- + deter fraud and wrongdoing;
- + pick up problems/issues early;
- + enable critical information to get to right person;
- + be accountable;
- + reduce the risk of anonymous and malicious leaks;
- + minimize costs and compensation
- + maintain and enhance its reputation; and
- + to have all bases covered.



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Definition of Whistleblowing

Whistleblowing is when a 'worker' reports suspected wrongdoing at work. Officially this is called 'making a disclosure in the public interest.'

A worker can report things that aren't right, are illegal or if anyone at work is neglecting their duties including:

**Covering up
wrongdoing**

**Damage to the
environment**

**A criminal
offence**

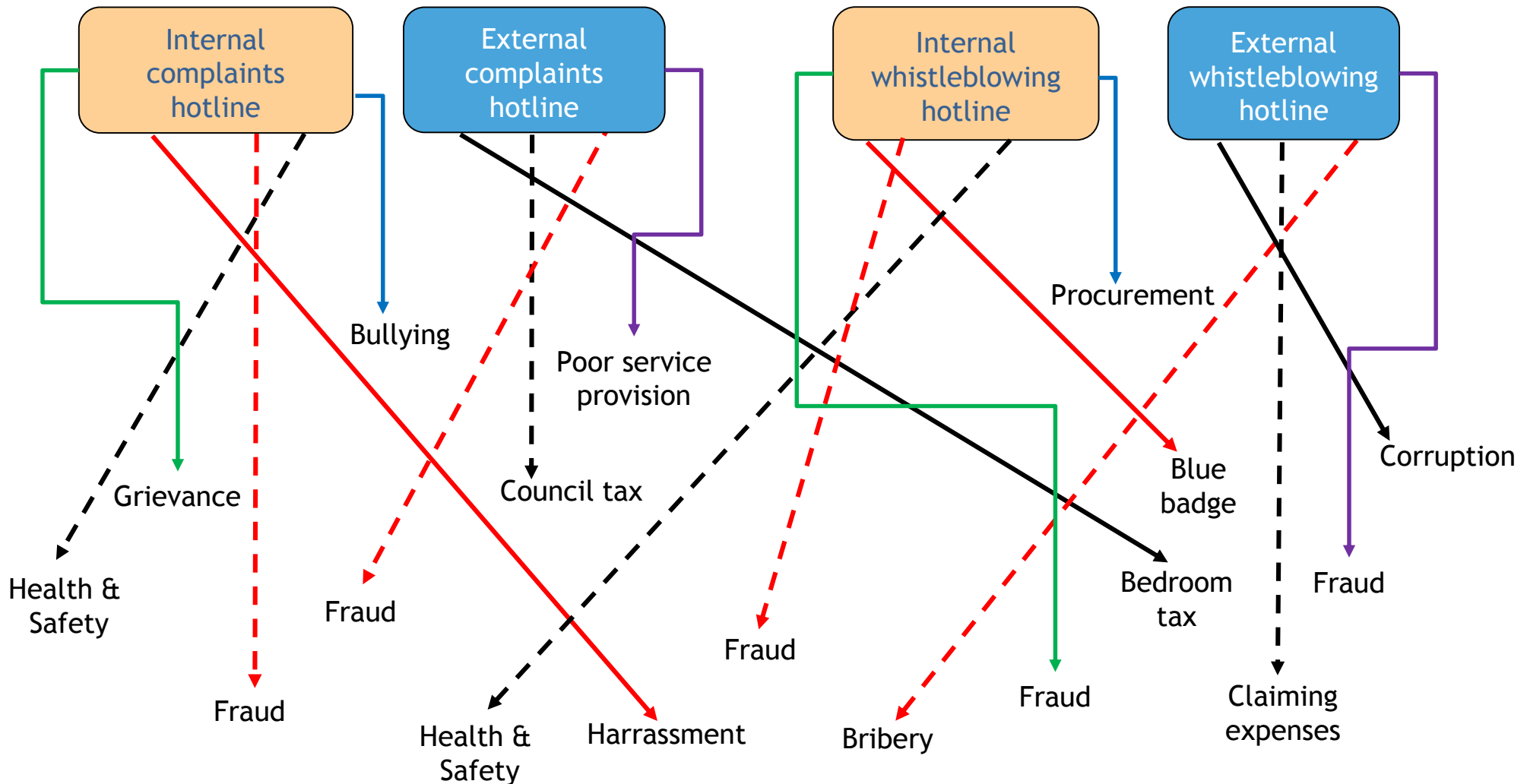
**Organisation
isn't obeying
the law**

**Health and
safety is in
danger**



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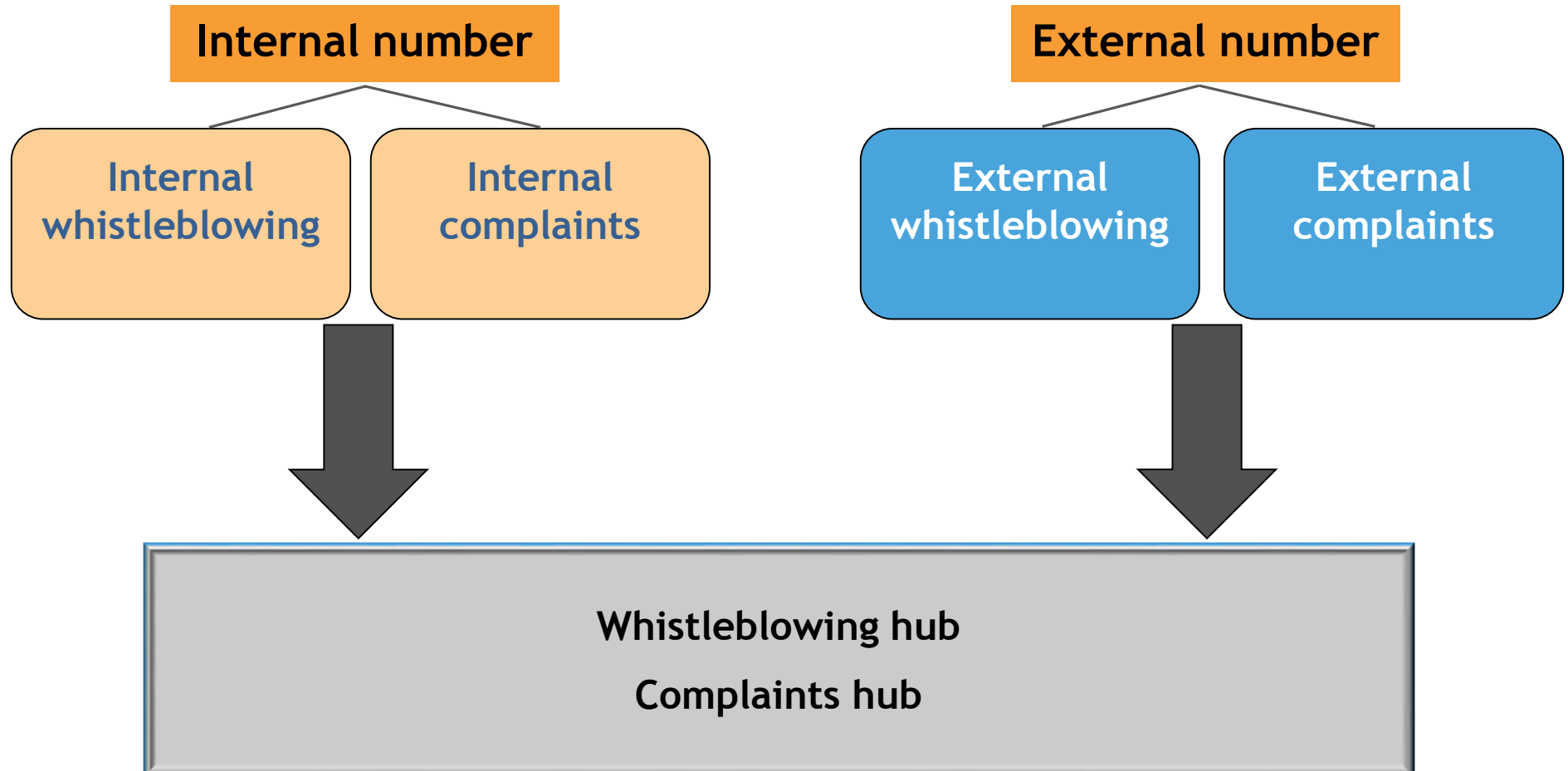
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Internal whistleblowing - are you protected?

A disclosure will 'qualify' for protection if, in the reasonable belief of the worker, the information is in the public interest and falls into one or more of the following categories of 'wrongdoing':

Criminal offence

**Failure to comply
with legal and
regulatory
obligations**

**Deliberate
concealment**

**Dangers to
health and safety**

**Dangers to the
environment**

**Miscarriages
of justice**



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Breaking down the subconscious reality



Fear of being stigmatised

Career prospects

Losing job

David v Goliath

Inadequate awareness

Perceived lack of protection
or support

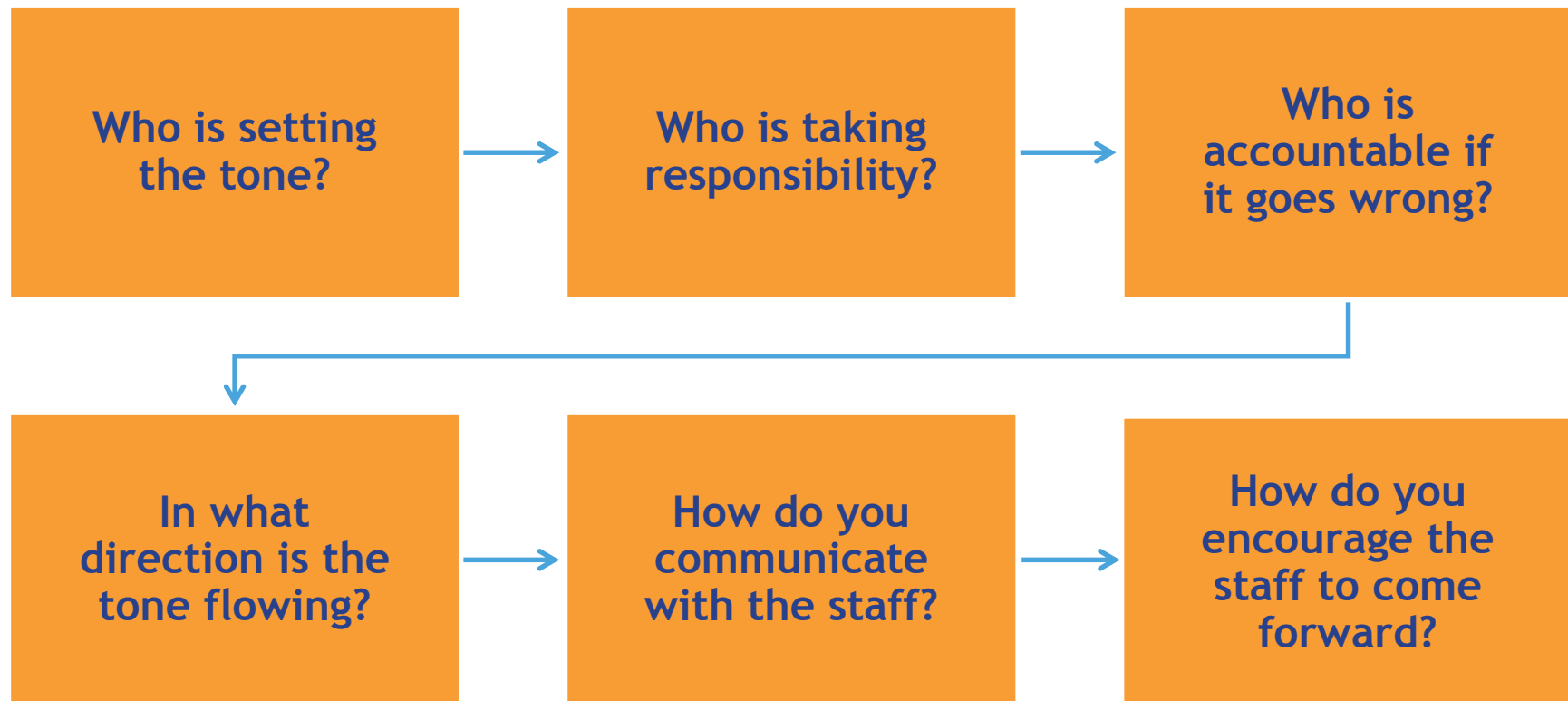
Fear of being called as a witness
to give evidence



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The cultural influence!

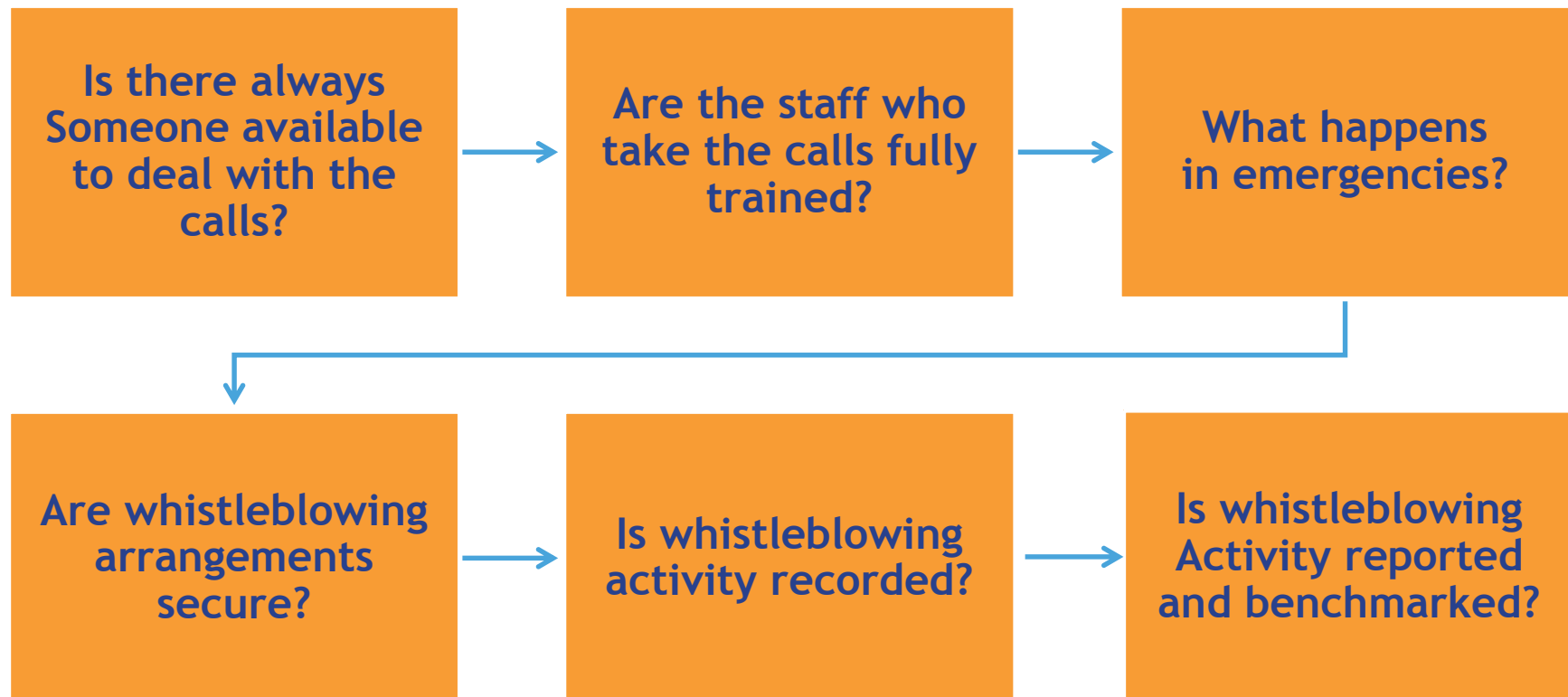




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Are your whistleblowing arrangements effective?





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Ask yourself the right questions

- ⊕ How does whistleblowing policy encourages staff to use your whistleblowing hotline? (Is it confidential?)
- ⊕ Do your staff get appropriate and regular training? (Disclosure/Public Interest)
- ⊕ How do your staff become aware of the threats of fraud to your organisation? (Internal and External)
- ⊕ What do we call whistleblowing in your organisation?
- ⊕ Is there one designated whistleblowing number?
- ⊕ Is the whistleblowing number widely publicised?
- ⊕ What action do you take to ensure that the fraud/malpractice does not occur again?
- ⊕ Do you have nominated officers who receive the allegations?



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More than just a tick box - Putting it right

- ⊕ Get Chief officer buy in
- ⊕ Make whistleblowing arrangements mandatory
- ⊕ Codes of conduct
- ⊕ Ensure policy and procedures are fit for purpose
- ⊕ Be clear in defining what whistleblowing is! (Internal & External)
- ⊕ Provide internal and external telephone lines
- ⊕ Benchmark against other 10 Councils



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Putting it right!

- + Ensure confidentiality
- + Serious Frauds and malpractice fast tracked
- + Ensure all whistleblowing activity is recorded (Risk Register)
- + Stakeholder communication
- + New staff should receive Induction training on whistleblowing
- + Make staff aware that they are protected under legislation to encourage reporting
- + Change the culture



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SeeHearSpeakUp - your whistleblowing solution

- + Complete Independence from your organisation
- + A link between you, your staff and top level management within your organisation
- + Available 24 hours a day/365 days a year
- + Complete anonymity
- + A layer of protection to detect and deter offences under the UK Bribery Act 2010



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SeeHearSpeakUp - your whistleblowing solution cont.

- ⊕ Secure online case management system
- ⊕ An essential tool for identifying and deterring fraud and wrongdoing
- ⊕ A corporate Fraud solution to enhance the gathering of vital information at the most crucial point of evidence gathering
- ⊕ The means to inform designated persons within Local Government of serious Frauds immediately
- ⊕ One all-inclusive cost effective fee (free calls to external whistleblowing line)



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...a whistleblowing solution