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Security Project Initiation Document (PID)

Project Title:	Product X Fraud Reduction
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1. Background

1.1 *Project Aim*

The aim of this project is to support the migration of all branches to Horizon Online (HOL), primarily the cash verification exercise being carried out. It will identify and address the potential for fraud risk and subsequent losses incurred.

1.2 *Project Scope and Benefits*

The project will focus on the fraud risk elements of the migration plan including:

- Input to the cash verification check process.
- Input to the roll-out plans for HOL migration (understand number of checks, timescales, resource; skills & constraints)
- Analysis on the number of potential cash shortages likely to materialise.
- Identify suspicious M.I. activities in branches (pre, during and post migration).
- Mitigate for the potential impact of cash shortages within the network, from a fraud/contractual perspective.

2. Project Phases

Phase 1- Identification and measurement of fraud within HNGX

Phase 2- Mitigation options and recommendations

Phase 3- Mitigation implementation

Phase 4- Post implementation review

2.1 *Identification and measurement of fraud within HNGX*

- Report drafted and submitted to SLT and other Stakeholders.
- Basic analysis to ascertain likely impact of fraud cases.
- Ongoing monitoring/liaising during pilot migration.

2.2 *Mitigation options and recommendations*

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- All Stakeholders engaged and agreement secured on Security remits.
- The 15 x Investigators only call (where possible) on non investigation colleagues (from all Strands) to assist in support officer capacity.
- Support officers assist with other elements of the investigations e.g. tape transcripts, evidence gathering, witness statements, committals, etc.
- 2 Fraud Team Leaders, 2 Financial Investigators and 4 Fraud Risk Managers are PACE trained and can undertake enquiries.
- This increases the investigative resource by over 50%, though allowances would need to be made in respect of individuals BAU remits:
- Individuals in other Strands are PACE trained and could further alleviate pressures on the Fraud Team by undertaking investigations (with similar allowances made for BAU activities).
- Review current cases on hand (now/new year) and where appropriate close non urgent or less priority, completed cases. NB: there have been culls in recent years (ODR, BAU, previous reorganisations).
*Active case management is currently ongoing with the expectation of a further reduction by Feb 2010.
- * As at Dec09, fraud casework currently has 143 active cases on hand: running approximately 75% of capacity, with the ability to take on an additional circa 40+ cases across the two teams.
- In preparation for HOL migration, audit team activity will be minimal in December and January, further resulting in reduced fraud case files being raised.
- Triggers and timescales to be confirmed as agreed (see Appendix 1) – in a similar way that Audit/Contracts have a trigger for involvement/suspension.
- Cases to be 'stacked and packed' – there may be delays in that cases take longer to investigate, but dealt with in a priority order and as and when basis.
- Assistance from elsewhere within RMG or externally could be necessary if the volume of losses is higher and/or expectations materialise re investigations.

2.3 Mitigation Implementation

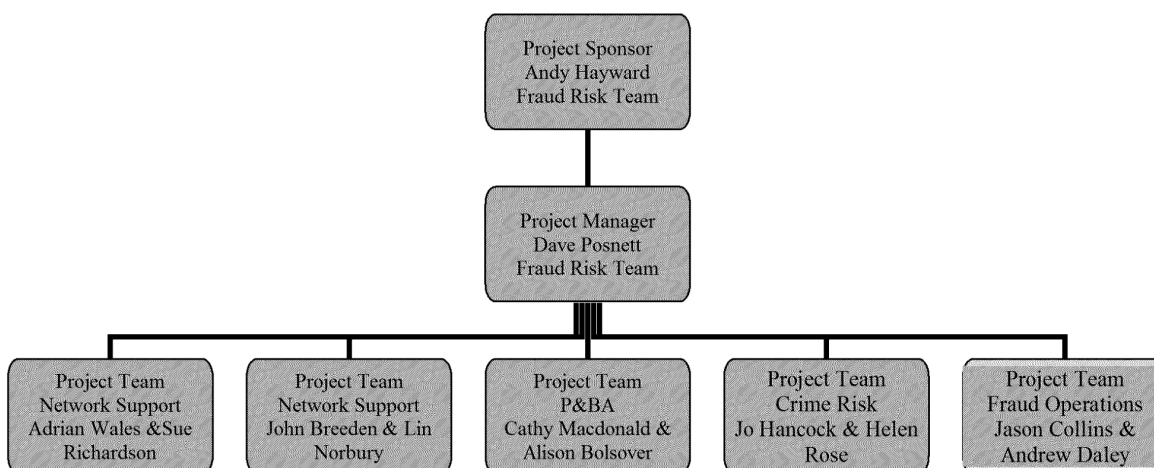
The Project Manager will be responsible for ensuring that agreed recommendations from phase 2.2 are successfully implemented. These will be considered and factored into implementation as and when the need arises.

2.4 Post Implementation review

Following phase 2.3, losses within HNGX will be monitored on a regular basis to assess the effectiveness and all results/outputs reported accordingly.

3. Project Organisation Structure

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3.1. Organisation Diagram**3.2. Roles and Responsibilities**

There are a number of individuals who will play an important role in ensuring the success of this Project:

Andy Hayward	Provide strategic direction and governance of the Project
Dave Posnett	Overall management of the Project
AW & SR	Report on issues/progress/findings, and engage
JB & LN	Discuss/deal with contracts – fraud/non fraud
CM & AB	Provide data and monitoring function re branch migrations
JH & HR	Provide strategic analysis (recommendations/concerns)
JC & AD	Deal with and discuss/agree on fraud resource/cases

4. Project Finances

The migration process will be conducted under Business As Usual. Within this T&S costs will increase, but costs in respect of the Security Team should be minimal, but dependent on the intervention undertaken.

- Current audit intervention realise shortages at 3-4% of visits. This would equate to circa 400 offices with shortages following migration.
- Of this total approximately one third result in a criminal investigation, potentially approximately 100-150 additional case files being raised. *(In 2008/09 253 cases were raised, handled by 15 fraud investigators).
- Audit deficiencies year to date amount to £613k, 89% of all casework raised. Although the cash verification exercise could increase the total of audit deficiencies, in mitigation given that branches will be informed

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- of cash verification prior to visit, a decrease will be expected.
- An average audit deficiency of £19.7k per case in 31 fraud cases raised ytd.
- Fraud Strand recoveries, from closed cases, 2008/09 were 63%.

5. Project Assumptions, Risks and Constraints

Whilst identified risks can to some extent be mitigated, the following represent certain areas that should be factored into the cash verification process;

- Consideration to attending Pluralist branches (i.e. to prevent the suppression of shortages).
- Effective return of excess cash agreed during migration to achieve maximum ONCH benefit.
- Additional fraud risk areas previously identified, hindering the progress of the cash verification process.
- Resource and level of knowledge and experience of individuals undertaking migration and cash verification.
- Resource of additional stakeholders able to manage the potential for increased workloads associated with the migration process and timescales.
- Financial recoveries on identified losses.
- Adverse impact on T&S as a result of management of increased losses.

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Annex: Project Timeline

Project time-line showing how long each phase will take to complete.

