



COUNTER FRAUD FRAMEWORK REPORT

22 May 2024



Annex 1

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INTRODUCTION

- 1 Fraud has become the most common offence in the UK, accounting for 41% of all crime¹. It is a significant risk to the public sector. Fraud threats continue to evolve with new tools and techniques being used. It is also increasingly originating from national and international actors, as opposed to being a locally occurring issue.
- 2 The government estimated that between £33 and £58 billion of public expenditure was lost to fraud in 2020/21². At a local level, fraud can impact the ability of local authorities to support public services and it can cause reputational damage.
- 3 To provide an effective response to fraud the council needs to have a robust counter fraud framework in place that helps prevent, detect, and deter fraud. Fraudsters continually develop their approach to exploit systems and obtain funds. Counter fraud work therefore needs to develop at least as quickly as the techniques used by criminals seeking to defraud the council.
- 4 The purpose of this report is to present the findings from the counter fraud team's annual review of the counter fraud framework. It also sets out some of the current developments in counter fraud nationally and locally.



NATIONAL DEVELOPMENTS

- 5 The Public Sector Fraud Authority (PSFA) was launched in August 2022. The formation of the PSFA represents a potentially significant step in the government's efforts to modernise its counter fraud response. In the past year the PSFA has received increased investment and continues to develop functional standards to support counter fraud professionals across government. These functional standards, alongside best practice guidance and the Government Counter Fraud Profession, help set standards for the training and development of counter fraud professionals. The work of the PSFA increasingly influences the training and development of new and existing members of the counter fraud team.
- 6 The PSFA is responsible for the delivery of the National Fraud Initiative (NFI) to public sector bodies including local authorities. The exercise matches data within and between public and private sector bodies to prevent and detect fraud. All local authorities are required to take part. Sitting within the National Counter Fraud Data Analytics Service, the NFI is likely to benefit from the PSFA's investment in new technology, including artificial intelligence, which will increase the quality of datamatching and amount of fraud detected.

¹ [Progress combatting fraud \(Forty-Third Report of Session 2022-23\)](#), Public Accounts Committee, House of Commons

² [Tackling fraud and corruption against government \(Sixty-Ninth Report of Session 2022-23\)](#), Public Accounts Committee, House of Commons

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- 7 The government has introduced new legislation that aims to hold organisations to account where they profit from employees committing fraud. The Economic Crime and Corporate Transparency Act, amongst a range of reforms to tackle financial crime, proposes a new offence of Failure to Prevent Fraud. The Act became law in October 2023, but the offence of Failure to Prevent Fraud isn't expected to come into force until late 2024 or 2025. It will require companies, in the public and private sector, to have strong policies in place to prevent fraud. Failure to do so could result in unlimited fines. The counter fraud team will review requirements imposed by the legislation, examine guidance that is due to be published this year and advise on any updates needed to policy.



LOCAL PICTURE

- 8 Substantial numbers of referrals of potential fraud continue to be received by the counter fraud team. These referrals cover a range of different fraud types and value. In 2023/24 there was a 20% increase in the number of referrals received (386) from the previous year. The counter fraud team will undertake a range of approaches to investigation depending on the seriousness, value and length of a suspected fraud. To ensure we provide most value, full criminal investigations are only undertaken when it is in the economic interests of the council. Many lower value referrals relate to benefits and council tax discounts. The counter fraud team will be piloting a new compliance system to ensure appropriate action is taken in these cases. The aim is to stop fraud occurring at an early stage.
- 9 Following the Covid-19 pandemic, there has been an increased emphasis on managing fraud risks in government funded grant schemes. Local authorities must now more formally consider the local arrangements in place to mitigate and address fraud when distributing central government funds. The counter fraud team has recently supported the council to assess fraud risks and develop a fraud management plan for the Home Upgrade Grant scheme. This was a requirement of funding by the Department for Energy Security and Net Zero. There is an expectation that many government grants will require similar input in future.



COUNTER FRAUD FRAMEWORK

- 9 The council has a robust counter fraud framework which includes a counter fraud policy, a fraud risk assessment, and a number of related policies (eg whistleblowing and anti-money laundering). A review of the framework is conducted annually.
- 10 No updates to the overarching counter fraud policy are currently required. However, we have identified the need to develop a new approach to the counter fraud strategy. Updated arrangements are set out below, along with a revised fraud risk assessment. We've also identified a need to update the whistleblowing policy. This policy was last updated in 2019. The law and guidance around whistleblowing has not significantly changed since then, however the policy would benefit from updating some of the language and terminology used to reflect current requirements and

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practices. We will undertake consultation on updates to the whistleblowing policy later this year.

- 11 The council's last Counter Fraud and Corruption Strategy 2020-2023 was approved by the Audit and Governance committee in February 2021. It's principles and objectives were in line with Fighting Fraud and Corruption Locally: A strategy for the 2020s. This national strategy was written by the Fighting Fraud and Corruption Locally (FFCL) board with the support of local government counter fraud professionals and the Local Government Association.
- 12 In the past, the council's counter fraud strategy was designed to span multiple years to run parallel with the national strategy and was supported by an annual strategy action plan. However, the FFCL board do not at this time intend to make any updates to the national strategy. A change of approach is therefore required. Going forward, Veritau will produce an annual counter fraud development plan which sets priorities for counter fraud development work each year. The 2024/25 Counter Fraud and Corruption Development Plan is contained in appendix A of this report. Objectives for this year include:
- piloting a new compliance system for lower value fraud referrals
 - producing an updated whistleblowing policy for the council and rolling out new whistleblowing e-learning packages to council employees
 - engaging with HR and managers to ensure that the issue of 'polygamous working' is well known within the organisation and that concerns are acted upon
 - building expertise around new grant requirements within the counter fraud team to support the council.



FRAUD RISK ASSESSMENT

- 13 Veritau completes an annual Fraud Risk Assessment, designed to identify areas of fraud that present the greatest risk to the council. The risk assessment is informed by national and regional reports of fraud affecting local authorities, fraud reported to and investigated by the counter fraud team, and changes in process and the operating environment. The results of the assessment are used to:
- develop or strengthen existing fraud prevention and detection measures
 - revise the counter fraud policy framework
 - focus future counter fraud and audit work.
- 14 The risk assessment is included at appendix B. It shows both the inherent and residual risks associated with risk areas relevant to the council. Inherent risk ratings show the risk to the council if no controls to prevent fraud were in place. The residual risk rating indicates the potential risk level after current controls are taken into account.

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- 15 We have intentionally avoided defining 'high', 'medium', and 'low' risk. This is because the purpose of the assessment is to give an illustration of the relative risk of each area and to demonstrate how counter fraud and internal audit resource is prioritised to help the council combat fraud. However, in arriving at a high, medium or low assessment, we have considered the potential value of losses due to fraud (impact) and the likelihood of the fraud taking place.
- 16 It is important to stress that this risk assessment has been carried out internally, within Veritau, based on our collective understanding of fraud risk in the sector and of the council's fraud risk controls. It should not be confused with the council's own risk assessment process which is carried out by officers and is set out in the council's Risk Management Policy and Strategy.
- 17 Changes to the risk assessment this year include:
- the addition of grant schemes. Government departments are increasingly requesting that local authorities develop a fraud management plan for grant schemes they are asked to administer. The plans set out measures in place to prevent, detect, and investigate fraud. Failure to document and implement these measures could result in council requests for grant funding being denied, loss of public funds if fraudulent applications succeed, and the potential for the council to become liable for irrecoverable payments made incorrectly.
 - an update to employment fraud to reference the emerging issue of 'polygamous working'.
- 18 The updated risk assessment is contained in appendix B, below.

APPENDIX A

Counter Fraud and Corruption Development Plan 2024/25

Veritau are responsible for maintaining, reviewing, and strengthening counter fraud arrangements at the council. An annual review of priorities for developing counter fraud arrangements is undertaken. The Counter Fraud and Corruption Development Plan sets out the key goals and objectives of the counter fraud team over the course of the financial year. It reflects national and local developments as well as the FFCL national strategy for local government.

Actions to be taken over the next year are set out below.

Development activity:

| Ref | Action Required | Target Date | Responsibility | Notes |
|-----|---|----------------|--------------------|---|
| 1 | Implement compliance processes to address lower value fraud <ul style="list-style-type: none"> • consultation with relevant teams • development of new processes and letter templates within the counter fraud team • reconfiguration of the team's case management system • implement monitoring arrangements to | September 2024 | Veritau / Revenues | A pilot compliance scheme for benefit and council tax discounts is planned for 2024/25. |

| Ref | Action Required | Target Date | Responsibility | Notes |
|-----|---|----------------|----------------|---|
| | review results and help refine the approach. | | | |
| 2 | Rollout whistleblowing e-learning courses for employees and managers <ul style="list-style-type: none"> platform for the courses to be confirmed training packages to be incorporated into chosen platform new courses to be promoted amongst employees and take up monitored. | September 2024 | Veritau | Two new whistleblowing e-learning packages have been created. Training to be made available to council employees. |
| 3 | Update whistleblowing policy <ul style="list-style-type: none"> Veritau to draft updated policy consultation with relevant stakeholders, eg HR department, unions draft policy taken to committee for approval | January 2025 | Veritau | An updated whistleblowing policy will be written, consulted upon, and presented for approval. |

| Ref | Action Required | Target Date | Responsibility | Notes |
|-----|---|-------------|----------------|---|
| | <ul style="list-style-type: none"> update intranet and publicise new policy. | | | |
| 4 | <p>Develop expertise and arrangements for supporting the council with new government grant requirements relating to fraud risks</p> <ul style="list-style-type: none"> gather best practice using recent grant exercises, and available guidance from a range of government departments that provide grants assign specialist officer within counter fraud team evaluate any relevant training to build knowledge internally publicise support offered by counter fraud team. | March 2025 | Veritau | If appropriate we will also consider developing guidance and standard templates that can be used to support arrangements. |

| Ref | Action Required | Target Date | Responsibility | Notes |
|-----|--|--------------|----------------|--|
| 5 | <p>Increase awareness of the emerging threat of 'polygamous working' within the council</p> <ul style="list-style-type: none"> • discuss issue with Human Resources department • develop publicity material and case studies • alert managers to the issue including signs of it occurring and what to do if suspected. | August 2024 | Veritau | Instances of employees working for multiple organisations have been reported nationally and detected locally. While the levels of this type of fraud are low it is important to raise awareness. |
| 6 | <p>Refine annual fraud risk assessment to include comments and views from across the council</p> <ul style="list-style-type: none"> • identification of fraud risk owners within the council • discussion of fraud risk and logging comments and concerns | January 2025 | Veritau | A more robust fraud risk assessment process will produce a stronger assessment and feed into development of counter fraud service. |

| Ref | Action Required | Target Date | Responsibility | Notes |
|-----|--|-------------|----------------|-------|
| | <ul style="list-style-type: none"><li data-bbox="304 304 674 408">inclusion of views in the next annual fraud risk assessment. | | | |

Appendix B: Fraud Risk Assessment (May 2024)

| Risk Area | Risk Description | Inherent Risk | Risk Controls | Residual Risk | Priorities for IA / CFT |
|-------------------------|---|---------------|---|---------------|---|
| Adult Social Care Fraud | <p>Losses can occur through deprivation or non-declaration of capital. For example, the transfer or disguise of property and assets in order to avoid paying for residential or domestic care provision. Fraud can also occur through the misuse of the Direct Payment scheme. For example, where money allocated to meet a customer's assessed needs are not used to procure appropriate services.</p> <p>In cases where fraud or error is identified, the average loss is £22k (based on the outcomes of investigations by the counter fraud team over the past six years). Losses in individual cases can be much higher, especially if they are not detected at an early stage.</p> | High | <p>Applications for care funding are carefully assessed to ensure that recipients meet the eligibility criteria and that any financial contribution for care by the customer is correctly calculated.</p> <p>Use of Direct Payments is monitored by council officers who check for possible false claims and overstated needs.</p> <p>The financial assessment team have access to credit checking to help identify undeclared assets.</p> <p>The residual risk of Adult Social Care fraud is still considered to be high. This is due to the scale of losses and the speed at which they can be accrued. It is also a reflection of the difficulty all councils have in detecting assets when people are determined to keep them hidden.</p> | High | <p>Veritau has established relationships with senior management and officers responsible for the provision of adult social care; concerns of fraud are regularly reported to the counter fraud team (CFT) for investigation. Internal audit (IA) periodically conducts audits in higher risk areas, eg Direct Payments.</p> <p>CFT continue to deliver a rolling programme of fraud awareness to staff with responsibilities for assessment and payments.</p> <p>Investigation of fraud in this area provides a deterrent to those considering committing it and can assist the council to recover losses through the court system.</p> |

| Risk Area | Risk Description | Inherent Risk | Risk Controls | Residual Risk | Priorities for IA / CFT |
|----------------|---|---------------|---|---------------|--|
| Creditor Fraud | <p>Fraud against creditor payment systems has increased in terms of volume and sophistication over the past three years. The mandatory publication of payment data makes councils particularly vulnerable to attack. Attacks are often the work of organised criminal groups who operate from abroad. Individual losses due to fraud can be extremely large (in excess of £1 million). The likelihood of recovery is low once a fraud has been successfully committed.</p> <p>The most common issue is mandate fraud (payment diversion fraud) where fraudsters impersonate legitimate suppliers and attempt to divert payments by requesting changes in bank details. Other types of fraud include whaling, where senior members of the council are targeted and impersonated in</p> | High | <p>The council has strong controls in place to identify fraudulent attempts to divert payments from genuine suppliers and to validate any requests to change supplier details.</p> <p>Segregation of duties exist between the ordering, invoicing and payments processes.</p> <p>The residual risk of creditor fraud is still considered to be high due to potentially high levels of loss, the frequency of attacks on public organisations, and the council's reliance on staff working for both the council and its suppliers to follow processes. Human error is a factor in many successful mandate fraud attacks.</p> | High | <p>Veritau regularly provide support and advice to the Creditors Team relating to processes.</p> <p>IA regularly perform audits of the ordering and creditor payment processes, eg segregation of duties and controls to prevent mandate fraud. An audit on the above areas is scheduled for 2024/25. IA also undertake duplicate payment checks on a quarterly basis.</p> <p>CFT undertake fraud awareness training for payments staff. Increased awareness provides a greater chance to stop fraudulent attempts before losses occur.</p> <p>All instances of whaling fraud reported to CFT are reported to the relevant agencies, such as the National Cyber Security Centre, as well as directly to the email provider from which false emails originated.</p> |

| Risk Area | Risk Description | Inherent Risk | Risk Controls | Residual Risk | Priorities for IA / CFT |
|------------|---|---------------|---|---------------|---|
| | <p>order to obtain fraudulent payments.</p> <p>In recent years there have been increased instances nationally and regionally of hackers gaining direct access to email accounts of suppliers and using these to attempt to commit mandate fraud. These attempts can be much more difficult to detect and prevent.</p> <p>Increased remote working has resulted in greater opportunities for fraudsters to impersonate budget holders or suppliers in electronic communications to divert funds.</p> | | | | <p>The counter fraud team share intelligence alerts relating to attempted fraud occurring nationally with relevant council officers to help prevent losses.</p> <p>As part of any investigation of attempted fraud in this area, the CFT will advise on improvements that will strengthen controls.</p> |
| Cybercrime | Cybercrime is an evolving area where criminals are continually refining their techniques in order to overcome controls, to obtain unauthorised access and information, and to frustrate systems. | High | The council has a highly skilled ICT department which helps mitigate the threat of cybercrime. The ICT department reviews threat levels and controls (eg password requirements for staff) on a routine basis. | High | IA undertakes a risk assessment of key IT risks facing the council and routinely includes IT audits in the annual work programme. In 2024/25 there are four audits planned in this area, including cybersecurity (user awareness) and ICT disaster recovery. |

| Risk Area | Risk Description | Inherent Risk | Risk Controls | Residual Risk | Priorities for IA / CFT |
|-----------|--|---------------|--|---------------|---|
| | <p>Types of cybercrime experienced by local authorities include ransomware, phishing, whaling, hacking, and denial of service attacks. Attacks can lead to loss of funds or systems access/data which could impact service delivery to residents.</p> <p>There have been a number of high profile cyber-attacks on public and private sector organisations in recent years. Attacks stemming from the hacking of software or IT service providers have become more prevalent. These are known as supply chain attacks and are used by hackers to target the end users of the software created by the organisations targeted.</p> | | <p>The ICT department use filters to block communications from known fraudulent servers and they encourage staff to raise concerns about any communications they do receive that may be part of an attempt to circumvent cybersecurity controls.</p> <p>Despite strong controls being in place, cybercrime remains a high residual risk for the council. Human error was found to be a factor in 82% of cyber breaches according to a recent study³. Council systems could be exposed by as yet unknown weaknesses in software. Suppliers of software or IT services could also be compromised which may allow criminals access to council systems believed to be secure.</p> | | <p>Raising awareness with staff can be crucial in helping to prevent successful cyberattacks. The CFT works with ICT to support activities on raising awareness. A campaign to mark cybersecurity awareness month is undertaken annually.</p> |

³ [2022 Data Breach Investigations Report](#), Verizon

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|--|--|---------------|---|---------------|--|
| Council Tax & Business Rates Frauds (discounts and exemptions) | <p>Council Tax discount fraud is a common occurrence. CIFAS conducted a survey in 2022 in which 10% of UK adults said they knew someone who had recently committed single person discount fraud. In addition, 8% of people thought falsely claiming a single person discount was a reasonable thing to do. Individual cases of fraud in this area are of relatively low value but cumulatively can represent a large loss to the council.</p> <p>Business Rates fraud can also involve falsely claiming discounts that a business is not entitled to, eg small business rate relief. Business Rate fraud is less prevalent than Council Tax fraud but can lead to higher losses in individual cases.</p> | High | <p>The council employs a number of methods to help ensure only valid applications are accepted. This includes requiring relevant information be provided on application forms, and visits to properties are undertaken where needed, to verify information. Messages appear on annual bills issued by the council reminding residents and businesses to update their circumstances when necessary.</p> <p>The council routinely takes part in the National Fraud Initiative, and periodically undertakes reviews of single person discounts with companies who undertake data matching exercises.</p> | Medium | <p>CFT deliver periodic fraud awareness training to staff in revenues and customer services teams about frauds affecting Council Tax and Business Rates.</p> <p>IA routinely reviews the administration of Council Tax and Business Rates as one of the council's key financial systems.</p> <p>CFT provide a deterrent to fraud in this area through the investigation of potential fraud which can, in serious cases, lead to prosecution.</p> |
| Council Tax Support Fraud | Council Tax Support (CTS) is a council funded reduction in liability for Council Tax. It is | High | The council undertakes eligibility checks on those who apply for support. | Medium | CFT routinely raise awareness of fraud with teams involved in processing claims for CTS. |

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|-----------|--|---------------|---|---------------|--|
| | <p>resourced through council funds. Fraud and error in this area is of relatively low value on a case-by-case basis but cumulatively fraud in this area could amount to a substantial loss.</p> <p>CTS fraud can involve applicants failing to declare their total assets or income. Those receiving support are also required to notify relevant authorities when they have a change in circumstances that may affect their entitlement to support.</p> <p>Most CTS claims are linked to state benefits (eg Universal Credit) which are administered by the Department for Work and Pensions (DWP). The council has limited influence on DWP decision making which makes it harder to address fraud in this area.</p> | | <p>The DWP use data from HMRC on claimants' incomes which is then passed through to council systems. This mitigates the risk of claimant's not updating the council with income details.</p> <p>There are established lines of communication with the DWP where claims for support are linked to externally funded benefits.</p> <p>The council reports suspected fraud to the DWP but this does not always give the council control over resolving false claims for CTS.</p> | | <p>CFT provide a deterrent to fraud in this area through the investigation of potential fraud which can, in serious cases, lead to prosecution.</p> <p>Concerns of fraud are routinely reported to CFT by the public and members of staff. If fraud cannot be addressed by the council directly it is reported to the DWP.</p> <p>CFT engage with the DWP at a senior level to foster joint working wherever possible.</p> |

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|-----------------------|---|---------------|---|---------------|--|
| Housing related Fraud | Council properties represent a significant asset to the council. Housing fraud can deprive the council of these assets through false applications for Right to Buy. Tenants who sublet or falsely obtain council properties remove a property from a person or family in true need of housing and can negatively affect the council financially if people are in temporary accommodation and are waiting for a suitable property to become available. | High | <p>The council has strong controls in place to prevent false applications for housing.</p> <p>The housing department engages with tenants regularly to ensure properties are not being misused. They also conduct identification and money laundering checks on applications for Right to Buy.</p> | Medium | <p>CFT provide a deterrent to fraud in this area through the investigation of any suspected subletting of council properties using powers under the Prevention of Social Housing Fraud Act. Offenders face criminal prosecution and repossession of their council properties.</p> <p>CFT undertake verification exercises on Right to Buy applications that are likely to proceed.</p> |
| Procurement Fraud | <p>Procurement fraud, by its nature, is difficult to detect but can result in large scale loss of public funds over long periods of time. The Competition and Markets Authority (CMA) estimates that having a cartel within a supply chain can raise prices by 30% or more.</p> <p>In 2020 CIPFA reported losses of £1.5m for local authorities,</p> | High | The council has established Contract Procedure Rules. The rules are reviewed regularly and ensure the requirement for a competitive process (where required) through an e-tender system. A team of procurement professionals provide guidance and advice to ensure procurement processes are carried out correctly. The team also has a dedicated procurement | Medium | <p>Continued vigilance by relevant staff is key to identifying and tackling procurement fraud. CFT provide training to raise awareness of fraud risks and investigate any suspicions of fraud referred.</p> <p>CFT and IA monitor guidance on fraud detection issued by the Competition and Markets Authority and other relevant bodies.</p> |

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|----------------|---|---------------|---|---------------|--|
| | <p>due to procurement fraud. It found that 8% of fraud detected in this area involved 'insider fraud'.</p> | | <p>compliance officer who proactively looks for potential issues in this area.</p> <p>A tendering and evaluation framework is in operation to help prevent fraud. It also sets out the requirements for declarations of interest to be made.</p> | | <p>IA regularly undertake procurement themed audits which help to ensure processes are effective and being followed correctly. An audit is scheduled relating to the council's preparedness for the new procurement act which comes into force on 1st October. IA also regularly reviews key council contracts as part of the audit programme.</p> |
| Internal Fraud | <p>Fraud committed by employees is a risk to all organisations. Internal fraud within the council occurs infrequently and usually results in low levels of loss. However, if fraud or corruption occurred at a senior level there is the potential for a greater level of financial loss and reputational damage to the council.</p> <p>There are a range of potential employee frauds including theft, corruption, falsifying timesheets</p> | Medium | <p>In the past two years the council has introduced new whistleblowing and anti-bribery policies. Campaigns are held annually to promote the policies and to remind staff how to report any concerns.</p> <p>The council has checks and balances in place to prevent individual members of staff being able to circumvent financial controls, eg segregation of duties.</p> | Medium | <p>Veritau regularly liaises with senior management on internal fraud issues. Instance of internal fraud are analysed by both IA and CFT to determine if control weaknesses exist and can be addressed.</p> <p>CFT provide training to HR officers on internal fraud issues. It also provides training to all staff on whistleblowing and how to report concerns.</p> <p>CFT investigates any suspicions of fraud or corruption. Serious cases</p> |

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|-------------------|--|---------------|--|---------------|---|
| | <p>and expense claims, abusing flexitime or annual leave systems, undertaking alternative work while sick, or working for a third party on council time. Some staff have access to equipment and material that may be misused for private purposes.</p> <p>Payroll related fraud can involve the setting up of 'ghost' employees in order to divert salary payments to others.</p> | | <p>Controls are also in place surrounding flexitime, annual leave and sickness absence.</p> | | <p>of fraud will be reported to the police. CFT supports any disciplinary action taken by the council relating to internal fraud issues.</p> <p>IA undertake work to ensure that appropriate checks and balances are in place to help prevent and detect internal fraud and corruption.</p> |
| Recruitment Fraud | <p>Recruitment fraud can affect all organisations. Applicants can provide false or misleading information in order to gain employment such as bogus employment history and qualifications or providing false identification documents to demonstrate the right to work in the UK.</p> <p>Recently there has been increased detection of</p> | Medium | <p>The council has controls in place to mitigate the risk of fraud in this area. DBS checks are undertaken where necessary.</p> <p>Additional checks are made on applications for roles involving children and vulnerable adults.</p> <p>References are taken from previous employers and there are processes to ensure qualifications provided are genuine.</p> | Medium | <p>Where there is a suspicion that someone has provided false information to gain employment, CFT will be consulted on possible criminal action in tandem with any disciplinary action that may be taken.</p> <p>Fraud alerts relating to employees working at multiple organisations are shared with the Human Resources department. A wider</p> |

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|---------------------|--|---------------|---|---------------|---|
| | <p>'polygamous working' where one person works for multiple local authorities or other organisations at the same time. Increased home and hybrid working seems to have enabled small numbers of workers to apply for and maintain jobs for different employers at the same time.</p> <p>There is particular danger for the council if recruitment fraud leads to the wrong people occupying positions of trust and responsibility.</p> | | <p>The National Fraud Initiative will identify instances of an employee working for other organisations who participate in the exercise.</p> | | <p>awareness exercise will be undertaken.</p> |
| Treasury Management | <p>Treasury Management involves the management and safeguarding of the council's cash flow, its banking, and money market and capital market transactions. The impact of fraud in this area could be significant.</p> | High | <p>Treasury Management systems are subject to a range of internal controls, legislation, and codes of practice which protect council funds.</p> <p>The council can only invest with approved institutions on the Approved Lending List which reviewed annually.</p> | Low | <p>IA conduct periodic work in this area to ensure controls are strong and fit for purpose. Internal audit completed an audit into Treasury Management arrangements, arriving at an opinion of Substantial Assurance.</p> |

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|-----------------------------|--|---------------|--|---------------|---|
| | | | <p>The council employees third party consultancy firms to provide specialist treasury and market advice.</p> <p>Only pre-approved members of staff can undertake transactions in this area and they work within pre-set limits.</p> | | |
| Fraudulent Insurance Claims | The council may receive exaggerated or fabricated insurance claims. If false claims continued unchecked this would negatively effect the council in terms of the annual premiums it pays. | Medium | While insurance fraud is common, the burden of risk is currently shouldered by the council's insurers who have established fraud investigation systems. | Low | N/A |
| Grant schemes | <p>The council takes on the responsibility for disbursing government funded grant schemes to local residents, businesses, and other organisations.</p> <p>Fraud in this area can include applicants supplying incorrect information to obtain grant payments or grant funded works</p> | Medium | <p>The council will complete any required fraud management plan which will consider fraud risks, and mechanisms for preventing and detecting fraud.</p> <p>When awarding payments or agreeing works, the council (or their contractor) will complete</p> | Low | <p>CFT and IA will support the development of fraud management plans, and associated controls, as appropriate.</p> <p>CFT can undertake investigations in cases of suspected fraud.</p> |

| Risk Area | Risk Description | Inherent Risk | Risk Controls | Residual Risk | Priorities for IA / CFT |
|-----------------|---|---------------|--|---------------|--|
| | <p>(for example where grant funds are paid to a third party supplier). Suppliers undertaking work may overcharge or not complete work to agreed standards.</p> <p>The council could become liable for recovery of any incorrectly paid government funding. This can create a loss to the council and may affect access to future grant schemes.</p> | | checks to confirm applicants' eligibility. | | CFT to build expertise and develop arrangements for supporting the council. |
| Theft of Assets | <p>The theft of assets can cause financial loss and reputational damage. It can also negatively impact on employee morale and disrupt the delivery of services. The council owns a large amount of portable, desirable physical assets such as IT equipment, vehicles and tools that are at higher risk of theft.</p> | Medium | <p>Specific registers of physical assets (eg capital items, property, and ICT equipment) are maintained.</p> <p>The council operates CCTV systems covering key premises and locations where high value items are stored.</p> <p>Entrance to council buildings are regulated and controlled via different access methods.</p> | Low | Thefts are reported to Veritau and the police. Instances of theft are investigated by CFT where appropriate. |

| Risk Area | Risk Description | Inherent Risk | Risk Controls | Residual Risk | Priorities for IA / CFT |
|----------------------------|--|---------------|--|---------------|---|
| | | | The council's whistleblowing arrangements provide an outlet for reporting concerns of theft. | | |
| Blue Badge & Parking Fraud | <p>Blue Badge fraud carries low financial risk to the authority but can affect the quality of life for disabled residents and visitors. There is a risk of reputational damage to the council if abuse of this scheme is not addressed.</p> <p>Other low level parking fraud is relatively common. For example, misuse of residential permits to avoid commercial parking charges.</p> | Low | <p>Measures are in place to control the issue of blue badges, to ensure that only eligible applicants receive badges. Checks are made to ensure that commercial businesses don't inappropriately access residential parking permits.</p> <p>The council participates in the National Fraud Initiative which flags badges issued to deceased users, and badge holders who have obtained a blue badge from more than one authority, enabling their recovery to prevent misuse.</p> | Low | <p>Periodic proactive days of action between CFT and the council's enforcement team are used to raise awareness and act as a deterrent to blue badge misuse.</p> <p>CFT and Parking Enforcement work closely together to identify, deter and investigate parking fraud. Warnings are regularly issued to people who misuse parking permits and blue badges. Serious cases are considered for prosecution.</p> |