NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

Newark & Sherwood District Council

NEWARK & SHERWOOD DISTRICT COUNCIL

Assurance LINCOLNSHIRE
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Fraud Risk Assessment – February 2020

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

LIKELIHOOD		1 Negligible	2 Minor	3 Major	4 Critical	
	4 Almost certain					Occurs several times per year – it will happen
	3 Probable	Employment Fraud : Payment	Housing Benefit Council Tax Support Council Tax Procurement Fraud : Contracts & Payments Cyber Fraud			It has happened before – and could happen again
	2 Possible	Insurance Fraud Council Assets (fraudulent use) Bank Fraud	Assets : Land and Property Assets : Equipment Development Management Housing Fraud	NNDR		It may happen but it would be unusual
	1 Hardly ever	Credit Income & Refunds Money Laundering Employment Fraud : Recruitment	Electoral Fraud– Elections Electoral Fraud–Registration Economic & Third Sector fraud	Investment Fraud		Never heard of it occurring – we cannot imagine it occurring
		1 Negligible	2 Minor	3 Major	4 Critical	
			IMPACT			

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

CROSS CUTTING ACTIONS IDENTIFIED – FEBRUARY 2020
Counter Fraud awareness sessions for employees
Regular Page Tiger surveys on fraud themes
Update of policy documents
Develop a communications plan around the updated policies

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	HOUSING BENEFIT FRAUD
Risk Owner	Business Manager – Revenues and Benefits
FRAUD TYPES	• False applications • False documents • Failing to notify change
CONTROLS	• Housing Benefit Anti-Fraud Strategy • Annual participation in National Fraud Initiative • Other data matching initiatives in place – real time information reviewed frequently (pensions, earnings & employment records (against universal credit etc) • HBMS – Government housing benefit matching scheme • DWP (FES) use prosecution, caution & admin penalties – NSDC no longer have powers • Key controls in the housing benefit application process – prevention & detection • Authorised officer powers – access to employers, landlords, banks & building societies • Daily ATLAS updates (including UC) notifications/updates to system • Fraud awareness training & ad hoc communication to social landlords • Financial Regulations • Experienced benefits staff • Combined database with revenues • Only accept original documents in support of claims • Subscription to National Anti-Fraud Network • DWP led Housing Benefit review • Communications & publicity • Internal Audit reviews • Whistleblowing Policy • Counter-fraud page on website detailing how public can report fraud • Council Tax and Housing teams sharing intelligence to identify potential fraud
AGREED ACTIONS	• **Collaborative working with other areas of the council** • **Consider taking part in DWP Accuracy Initiative (October 2020)**

RISK EXPOSURE	• Since December 2016 :
	32 cases confirmed as fraud & sanctioned
	(Other cases still being investigated)
	• Value:
	   ○ £160,381 (HB)
	   ○ £29,816 (CTS)
	• Housing Benefit bill for 2019/20 : £20.8m
	• Forecast for 2020/21 - £17.5m
	• National Fraud Authority potential annual fraud losses = 0.7% or £122k

CURRENT RISK SCORE	AMBER
TARGET RISK SCORE	GREEN

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

TARGET RISK	CURRENT RISK

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	COUNCIL TAX SUPPORT SCHEME
Risk Owner	**Business Manager – Revenues and Benefits**
FRAUD TYPES	• False applications • Failure to notify change in circumstances
CONTROLS	• Most controls are the same as Housing Benefits • Anti-Fraud & Corruption Strategy • Council Tax Support policy • Counter-fraud page on website detailing how public can report fraud • Financial Regulations • Whistleblowing Policy • LCTS included in National Fraud Initiative (data matching) from October 2016 • Closer working – Council Tax and Housing share intelligence and identify potential fraud opportunities (sharing intelligence – informal arrangement)
AGREED ACTIONS	**Need to consider use of sanction powers for LCTS – under Local Government Finance Act 1992**
RISK EXPOSURE	• 1 confirmed fraud case since December 2016 (joint case with DWP) • Annual level of council tax support paid : £6.4m • Forecast for 2019/20 - £6.6m • National Fraud Authority potential annual fraud losses = 0.7% or £46k
CURRENT RISK SCORE	AMBER
TARGET RISK SCORE	GREEN

TARGET RISK					CURRENT RISK			
						X		
X								

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	COUNCIL TAX FRAUD
Risk Owner	**Business Manager – Revenues and Benefits**
FRAUD TYPES	- Single person discount - Avoidance of liability through any other fraudulent claim for council tax discount or exemption - New properties not on the list: - built without planning permission - No notification of properties built and occupied - Or built and substantially complete
CONTROLS	- Financial Regulations - Anti-Fraud & Corruption Strategy - National Fraud Initiative – data matching - Monthly monitoring of council tax base - Liaising with the university – access to student lists & annual review of students continued attendance on course - Application checks - Check electoral register - Information from planning re Developments where full planning not required - Checks on documentary evidence for exemptions - Visual inspection - Internal Audit reviews - Whistleblowing Policy - Separation of duties - Counter-fraud page on website detailing how public can report fraud - County-wide Second Person Discount review completed
AGREED ACTIONS	**Closer working – Council Tax and Housing to share intelligence and identify potential fraud opportunities**
RISK EXPOSURE	- Annual Council Tax Income collected : approximately £73m - National Fraud Authority potential annual fraud losses : 4% or £2.924m (NSDC share = £290k) - Value of SPD fraud confirmed since December 2018 : £72,341 (233 fraud cases and 41 errors)
CURRENT RISK SCORE	AMBER
TARGET RISK SCORE	GREEN

TARGET RISK

amber	amber	red	red
green	amber	amber	red
green **X**	green	amber	red
green	green	green	amber

CURRENT RISK

amber	amber	red	red
green	amber **X**	amber	red
green	green	amber	red
green	green	green	amber

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	NNDR FRAUD
Risk Owner	**Business Manager – Revenues and Benefits**
FRAUD TYPES	• Failure to declare occupation • Payment using false bank details • Companies going into liquidation then setting up as new companies • Avoidance of liability through fraudulent claim for discount or exemption • Empty rate avoidance
CONTROLS	• Financial Regulations • Anti-Fraud & Corruption Strategy • Ensure liable person identified for each assessment on the list • Information sharing with other Business Units • Inspections of occupied properties • Checking empty properties • Information from Landlords or letting agents • Public complaints – reports to valuation office • Internal Audit reviews • Whistleblowing Policy • Separation of duties • Register of Gifts & Hospitality/Register of Interests • Supporting evidence requested • Counter-fraud page on website detailing how public can report fraud • Use of Analyse Local to monitor threats • Shared inspection resource – NDR along with other Notts Districts employ shared resource to check empty properties, quality assurance for existing properties and identify new and additional properties • More staff involved – eyes on NDR
AGREED ACTIONS	**Proactive NNDR review - Use analytical approach to target main business rate payers (20-30 in number that make up 90% of IRRV) in line with best practice**
RISK EXPOSURE	• Annual NNDR income collected - approx. £41m • National Fraud Authority potential annual fraud losses : 3.76% or NSDC share £154.1k
CURRENT RISK SCORE	AMBER
TARGET RISK SCORE	GREEN

TARGET RISK					CURRENT RISK			
orange	orange	red	red		orange	orange	red	red
green	orange	orange	red		green	orange	orange **X**	red
green	green **X**	orange	orange		green	green	orange	orange
green	green	green	orange		green	green	green	orange

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	CREDIT INCOME AND REFUND FRAUD
Risk Owner	**Business Manager – Revenues and Benefits**
FRAUD TYPES	**Council tax/NNDR/Rents** • Suppression of notification of debt to be raised • Improper write-off • Failing to institute recovery proceedings • Switching or transferring arrears • manipulation of credit balances • Payment using false / fraudulent instrument then re-claim of refund • Employee based; false payment then request for refund
CONTROLS	• Financial Regulations • Anti-Fraud & Corruption Strategy • Debit/credit card payments monitoring • Review of unusual activity • Refund to original card/bank account where appropriate • Authorisation procedures & levels • Checking against other accounts (Council Tax etc.) to ensure no other money owed to NSDC • Staff counter-fraud training • Audit trail/personal logins • Reconciliations • Budgetary controls • Write off policy • Debt recovery procedures • Supervisory controls • Review of credit balances and suspense items • Internal Audit reviews • Whistleblowing Policy • Counter-fraud page on website detailing how public can report fraud • Counter Fraud details on intranet • Cashless system • Cash limits in place • Follow up payment sources
AGREED ACTIONS	• **Revenue and Benefits Team to discuss if any fraud risks in this area** • **'joined up' refund process review across services**
RISK EXPOSURE	• Total value of refunds made in 2019/20 : £2.82m • Total value of write-offs in 2019/20 : £390,032 (Refunds and write-offs relating to NDR and Council Tax)
CURRENT RISK SCORE	GREEN
TARGET RISK SCORE	GREEN

TARGET RISK				CURRENT RISK			
🟧	🟧	🟥	🟥	🟧	🟧	🟥	🟥
🟩	🟧	🟧	🟥	🟩	🟧	🟧	🟥
🟩	🟩	🟧	🟧	🟩	🟩	🟧	🟧
X	🟩	🟧	🟧	**X**	🟩	🟧	🟧

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	PROCUREMENT & CONTRACT FRAUD (CONTRACTS)
Risk Owner	**Business Manager – Financial Services**
FRAUD TYPES	• Bid rigging & cartels – including cover pricing • Bribery of officers or Members involved in contract award • Collusion between officers and contractors involved in tendering • Violation of procedures • Manipulation of accounts • Failure to supply • Failure to supply to contractual standard • Inflating performance information to attract greater payments
CONTROLS	• NAFN & fraud alerts • Contract procedure rules • Financial Regulations • Contract management • Contract Terms & Conditions • Equifax check on accounts • Finance team check on accounts for large contracts • Evaluation teams for award of contracts - individual scoring • Code of Conduct • Whistleblowing policy • OJEU regulations • Register of Gifts & Hospitality/Register of Interests • Secure receipt and storage of tenders • Anti-Fraud & Corruption Strategy • Staff counter-fraud training • Internal Audit reviews • Separation of duties • Contract management training • Advertisement of contract opportunities • Transparency Code 2014 and Transparency agenda • Counter-fraud page on website detailing how public can report fraud • Counter Fraud section on new intranet • CIPFA guidance – Managing the Risk of Procurement Fraud • Procurement guidance on Contract Management on intranet • Invoice reconciliation procedures for key utility bills (gas/electricity) in Admin Services BU • Housing capital expenditure is now channelled through the Council's e-tendering platform
AGREED ACTIONS	• **Annual review of contract management performance of a selection of key contracts. Deployment of Procontract system including controls and full audit trail** • **All procurements should be logged on Procontract** • **Ensure Contract Policy & Procedure Rules (CPPRs) are up to date** • **Spot checks to ensure CPPRs compliance** • **Actions against lessons learned**
RISK EXPOSURE	• Total annual supplier spend 2018/19 – approx. £33.3m. • National Fraud Authority - potential annual fraud losses (1% or £333k)
CURRENT RISK SCORE	AMBER
TARGET RISK	GREEN

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

SCORE	

TARGET RISK	CURRENT RISK

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	PROCUREMENT AND CONTRACT FRAUD (PAYMENTS)	
Risk Owner	**Business Manager – Financial Services**	
FRAUD TYPES	- Credit cards & procurement cards - False invoices & claims - Duplicate payments (false submission) - Senior executive fraud - BACS fraud - fraudulent change of bank details - Mandate fraud - Fake details for internet payments - Claiming petty cash for personal items - Records or methods of payment	
CONTROLS	- Financial Regulations - Anti-Fraud & Corruption Strategy - National Fraud Initiative - Whistleblowing Policy - Payment authorisation process - Reconciliations - Audit Trail/personal logins - Segregation of duties - Check/approval on changes to creditor details (to prevent mandate fraud) - Budgetary control - Card security features - Ownership for cards identified - Staff counter-fraud training - NAFN fraud alerts - Experienced staff - Internal Audit reviews - Transparency reporting - Counter-fraud page on website detailing how public can report fraud - Counter Fraud section on intranet - Financial Regulations training for all appropriate staff - Future housing capital expenditure, previously managed by Newark and Sherwood Homes, to be channelled through the Council's Proactis e-tendering platform	
AGREED ACTIONS	**Review 'off contract' spend – suggest use of transparency data (over £500) as a source or top 50 contracts by value** **Proactive reviews of Interests, Gifts and Hospitality Registers**	
RISK EXPOSURE	- Total annual supplier spend 2018/19 – approx. £33.3m. This value can fluctuate depending on construction projects at the time - National Fraud Authority-potential annual fraud losses (1% or £333k)	
CURRENT RISK SCORE	AMBER	
TARGET RISK SCORE	GREEN	
	TARGET RISK	CURRENT RISK

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

					X		
	X						

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	BANK FRAUD
Risk Owner	**Business Manager – Financial Services**
FRAUD TYPES	- False instruments - Misuse of cheques - Alteration of existing cheques - Bank Mandate fraud - Direct Debit, Standing Order fraud on Council's bank account - Theft of customer card data
CONTROLS	- Up to date Financial Regulations (and training) - Up to date Anti-Fraud & Corruption Strategy - Bank reconciliation - Control accounts - Cheque signatories – authorisation - Letter from banking/ID to withdraw cash - Audit trail/personal logins - Verify changes of bank account details using original contact information & audit trail - Security checks on standing orders - Staff counter-fraud training - Internal Audit reviews - Whistleblowing Policy - Separation of duties - Register of Gifts & Hospitality/Register of Interests - NAFN fraud alerts - Counter-fraud page on website detailing how public can report fraud - Counter Fraud section on intranet
AGREED ACTIONS	**Issue bank mandated fraud guidance to relevant staff**
RISK EXPOSURE	2018/19 - processed by bank: 9639 debit transactions 81182 credit transactions
CURRENT RISK SCORE	GREEN
TARGET RISK SCORE	GREEN

TARGET RISK

orange	orange	red	red
green	orange	orange	red
green	green	orange	orange
X (green)	green	orange	orange

CURRENT RISK

orange	orange	red	red
green	orange	orange	red
X (green)	green	orange	orange
green	green	orange	orange

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	INVESTMENT FRAUD
Risk Owner	Business Manager – Financial Services
FRAUD TYPES	• Fraudulent misappropriation of assets • Loss through breach of procedures • False instruments
CONTROLS	• Treasury Management Strategy • Investment procedures • Authorisation procedures for investments & loans • Treasury Management advisers • Suitability checks on investments • Segregation of duties • Regular independent supervision • Audit trail of investments & personal logins • Staff counter-fraud training • Financial Regulations (and training) • Anti-Fraud & Corruption Strategy • Internal Audit reviews • Whistleblowing Policy • Separation of duties • Register of Gifts & Hospitality & Register of Interests
ACTIONS	n/a
RISK EXPOSURE	Average level of investment for 2018/19 approx. £32m (average)
CURRENT RISK SCORE	GREEN
TARGET RISK SCORE	GREEN

TARGET RISK					CURRENT RISK			
🟧	🟧	🟥	🟥		🟧	🟧	🟥	🟥
🟩	🟧	🟧	🟥		🟩	🟧	🟧	🟥
🟩	🟩	🟧	🟧		🟩	🟩	🟧	🟧
🟩	🟩	X	🟧		🟩	🟩	X	🟧

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	ASSETS (LAND AND PROPERTY)
	• **Business Manager - Asset Management** • **HRA Director - Safety** • **Business Manager - Strategic Housing** • **Business Manager – Financial Services**
FRAUD TYPES	• Selling asset for less than market value • Collusion between staff and purchaser – may include provision of insider knowledge (e.g. planning, leases & covenants)
CONTROLS	• Asset Management Plan • Asset register • Segregation of duties • Independent valuation or auction • Committee scrutiny and authorisation • Financial Regulations • Anti-Fraud & Corruption Strategy • Staff counter-fraud training • Internal Audit reviews • Whistleblowing Policy • Register of Gifts & Hospitality/Register of Interests • Credit checks on potential purchasers • Counter-fraud page on website detailing how public can report fraud • Counter Fraud section on intranet • Spot checks of council housing HRA Development and disposal programme
AGREED ACTIONS	**n/a**
RISK EXPOSURE	• Net book value of Land & Buildings (not including Council Houses) : approx. £74.2m • ICT equipment value - £1.035m • Net book value of Council Dwellings £267.7m
CURRENT RISK SCORE	GREEN
TARGET RISK SCORE	GREEN

TARGET RISK				CURRENT RISK			

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	ASSETS (EQUIPMENT)
Risk Owner	**Business Manager - ICT**
FRAUD TYPES	• Selling asset for less than market value • Collusion between staff and purchaser • Disposal of assets no longer required by the council
CONTROLS	• Asset Disposal policy • Asset register • Financial Regulations • Anti-Fraud & Corruption Strategy • Staff counter-fraud training • Segregation of duties – includes systems administration, raising and authorising of financial procurements • Internal Audit reviews • Whistleblowing Policy • Register of Gifts & Hospitality & Register of Interests • Counter-fraud page on website detailing how public can report fraud • Counter Fraud section on intranet • Financial Regulations training for all appropriate staff • Verification of Right To Buy valuations
ACTIONS	**n/a**
RISK EXPOSURE	Net book value of vehicles, plant and equipment = approx. £4.8m
CURRENT RISK SCORE	GREEN
TARGET RISK SCORE	GREEN

TARGET RISK					CURRENT RISK			
🟧	🟧	🟥	🟥		🟧	🟧	🟥	🟥
🟩	🟧	🟧	🟥		🟩	🟧	🟧	🟥
🟩	**X**	🟧	🟧		🟩	**X**	🟧	🟧
🟩	🟩	🟩	🟧		🟩	🟩	🟩	🟧

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	EMPLOYMENT (RECRUITMENT FRAUD)
Risk Owner	**Business Manager – HR & Legal**
FRAUD TYPES	• False identity • Immigration (no right to work or reside) • False qualifications • Failing to disclose previous convictions
CONTROLS	• National Fraud Initiative • Code of Conduct • HR policies –recruitment and selection policy incorporating DBS Code of practice and safeguarding requirements where appropriate. • Pre-employment checks by HR including identity verification and medical screening
AGREED ACTIONS	• **Review of processes around agency workers (claims etc) to ensure robust** • **Extend pre-employment checks to reduce risks around possible employment of those that have been subject to people trafficking**
RISK EXPOSURE	n/a
CURRENT RISK SCORE	GREEN
TARGET RISK SCORE	GREEN

TARGET RISK	CURRENT RISK

FRAUD RISK	EMPLOYMENT (PAYMENT FRAUD)
Risk Owner	**Business Manager – HR & Legal**
FRAUD TYPES	• Creation of non-existent employees (ghost) • Unauthorised changes to payroll • Redirection or manipulation of payments
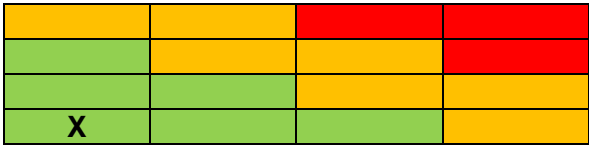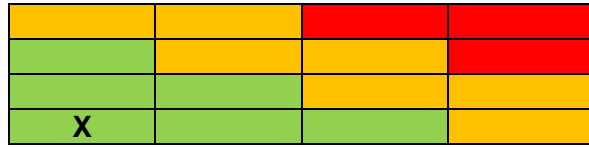
	- False sickness claims - Not working required hours or undertaking required duties - Working for multiple employers (without informing manager) - False declarations of mileage - False supporting documentation - Breaches of authorisation and payment procedures - Abuse of time - Inappropriate acceptance of gifts or hospitality - Non-declaration of interests
CONTROLS	- HR policies – sickness, Appraisals, disciplinary capability and flexi time scheme. - Financial Regulations - Anti-Fraud & Corruption Strategy - Separation of duties between HR, Payroll & Business Managers - Contracts - Access controls - Management supervision & authorisation of claims - Budgetary control - Exception reports produced and reviewed - Audit trail/personal logins - Any employee changes signed off by HR Manager - Reconciliation of payroll to BACS payments - Probation periods - Register of Gifts & Hospitality/ Register of Interests - Medical certification for sickness - Request forms to request permission to undertake additional employment and secondary employment register - Training for managers on disciplinary process - Staff counter-fraud training - Internal Audit reviews - Whistleblowing Policy - Counter-fraud page on website detailing how public can report fraud - Counter Fraud section on intranet
AGREED ACTIONS	**Data analysis of payroll information and costs e.g. claims to detect and prevent fraud**
RISK EXPOSURE	- Total cost of payroll including expenses payments 2017/18 = £11.3m - National Fraud Authority potential annual fraud losses = 0.2% or £22k - Average number of employees paid monthly – 422
CURRENT RISK SCORE	GREEN
TARGET RISK SCORE	GREEN

TARGET RISK				CURRENT RISK			
				X			
X							

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	INSURANCE FRAUD
Risk Owner	**Business Manager – Financial Services**
FRAUD TYPES	• False insurance claims • Duplicate or serial claims
CONTROLS	• Financial Regulations • Anti-Fraud & Corruption Strategy • Claims Handlers • Experienced staff • Alerts on current national trends to insurance team • Prior year information on data base to match to previous claims • Staff counter-fraud training • Internal Audit reviews • Whistleblowing Policy • Counter-fraud page on website detailing how public can report fraud • Financial Regulations training for all appropriate staff – completed
AGREED ACTIONS	**n/a**
RISK EXPOSURE	• Number of claims received 2018/19 = 29 • Total value of claims settled 2018/19 = £3931
CURRENT RISK SCORE	GREEN
TARGET RISK SCORE	GREEN

TARGET RISK				CURRENT RISK			
X				X			

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	MONEY LAUNDERING
Risk Owner	**Business Manager – Financial Services**
FRAUD TYPES	• Using the Council to hide improper transactions – possible links to organized crime
CONTROLS	• Staff Awareness • Money Laundering policy • Financial Regulations • Training of officers • Upper limit for cash transactions : £5,000 • Whistleblowing Policy • Cashless offices • Legal checks on Right to Buy purchases • Additional controls over NNDR and Council Tax refunds (check payment sources)
AGREED ACTIONS	• **Update of Money Laundering Policy** • **Communications and potential training to embed updated policy**
RISK EXPOSURE	n/a
CURRENT RISK SCORE	GREEN
TARGET RISK SCORE	GREEN

TARGET RISK				CURRENT RISK			
X				X			

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	ELECTORAL FRAUD (ELECTIONS)
Risk Owner	**Business Manager – Democratic Services**
FRAUD TYPES	• Fraudulent voting • Fraudulent acts by poll clerks & presiding officers at polling stations • Fraudulent acts by postal vote opening staff • Fraudulent acts by verification / count staff
CONTROLS	• Integrity Plan (Registrations and Elections) • Anti-Fraud & Corruption Strategy • Supervisory roles identified at counts and senior staff appointed to these • Postal votes opening sessions are supervised with controls in place to oversee process • More focus on preventing false applications • Access controls at polling stations & counts • Ballot box controls • Ballot paper accounts checked as part of verification process • Insurance in place • Pre-employment checks • Supervisory checks • Staff application forms scrutinised before processing • Whistleblowing Policy • Counter-fraud page on website detailing how public can report fraud • Dedicated SPOC at Nottinghamshire Police who would be informed of possible issues with fraud
AGREED ACTIONS	**Ongoing monitoring of potential risks**
RISK EXPOSURE	Any incidents would be raised with the Police via their Single Point of Contact
CURRENT RISK SCORE	GREEN
TARGET RISK SCORE	GREEN

TARGET RISK	CURRENT RISK

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	**ELECTORAL FRAUD (ELECTORAL REGISTRATION)**
Risk Owner	**Business Manager – Financial Services**
FRAUD TYPES	• Fraudulent applications for individual electoral registration (IER) • Fraudulent application for absent voting (postal & proxy) • Fraudulent acts by staff employed as canvassers
CONTROLS	• Integrity Plan in place for electoral registrations • Anti-Fraud & Corruption Strategy • Verification process through the IER digital service • Supervisory checks on verification failures • Request for evidence letters sent • Application forms scrutinised before processing • Confirmation letters sent to successful applicants
AGREED ACTIONS	**Ongoing monitoring for potential risks of fraud**
RISK EXPOSURE	Any incidents would be raised with the Police via their Single Point of Contact
CURRENT RISK SCORE	GREEN
TARGET RISK SCORE	GREEN

TARGET RISK	CURRENT RISK

		X					X	

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	DEVELOPMENT MANAGEMENT
Risk Owner	**Business Manager – Development Management**
FRAUD TYPES	Corruption and collusion including: - Inducements - Conflict of interest/bribery - Planning - S106, affordability and other areas where officers are checking compliance & fines issued etc - Using Planning Process to increase land values - False representation
CONTROLS	- Supervisory checks by Team Leaders/Manager on planning applications - One to one discussion with all case officers - Open & visible process all cases open to Team leaders & peers (due to past issues and high profile) - Planning Committee and Public scrutiny - Pre application advice - Report for all applications and pre-application advice with explanation of grant or refusal - Sign off of completion by Business Manager Development or Senior Planner and Ombudsman (3rd party scrutiny) - planning appeal system - Reconciliation of planning fees - Separation of duties in the fee procedure (receipting, banking, planning application) - System flag for duplicated applications - Audit trail on fee income - Significant enforcement action-reporting & sign off - Section 106 – separation of duties, legal agreement, triggers for payment monitored, monitoring group, reconciliation - Constitution including Members conduct re planning - Register of Gifts & Hospitality/Register of Interests - Financial Regulations - Anti-Fraud & Corruption Strategy - Staff counter-fraud training - Code of Conduct (officers & Members) - Internal Audit reviews - Whistleblowing Policy - Counter-fraud page on website detailing how public can report fraud - Counter Fraud section on intranet
ACTIONS	**Review of fraud controls to ensure robust**
RISK EXPOSURE	n/a
CURRENT RISK SCORE	GREEN
TARGET RISK SCORE	GREEN

TARGET RISK	CURRENT RISK

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

	X					X		

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	ECONOMIC & THIRD SECTOR FRAUD
Risk Owner	**Deputy Chief Executive**

FRAUD TYPES	Any fraud that involves the false payment of grants, loans or any financial support to any private individual or company, charity, or non-governmental organization:
	   o Fake applications
	   o Collusion
	   o Misuse of funds
	   o Failure to deliver agreed service

CONTROLS	• Substantiate authenticity of application • Regular monitoring of delivery • Check & authorisation of grant & loan claims • Separation of duties between grant or loan approval & sign off • Regular review of loan processes takes place • Grant criteria • Quotes for work • Grant assessment • Financial Regulations • Anti-Fraud & Corruption Strategy • Staff counter-fraud training • Internal Audit reviews • Whistleblowing Policy • External legal advice • Retentions based on performance • Counter-fraud page on website detailing how public can report fraud • Counter Fraud section on intranet
ACTIONS	**n/a**
RISK EXPOSURE	• National Fraud Authority potential annual fraud losses : 1% or £9k • Total Think BIG loans amount outstanding to March 2019 - £514k • Total Think BIG loans granted - £1.637m • Total Disabled Facilities Grants awarded 2017/18 : £549k • Total grants awarded to voluntary sector 2016/17 = £147k
CURRENT RISK SCORE	GREEN
TARGET RISK SCORE	GREEN

TARGET RISK				CURRENT RISK			
	X				X		

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	HOUSING FRAUD
Risk Owner	• **Director – Housing, Health and Wellbeing** • **Business Manager - Strategic Housing** • **Business Manager - Housing Options**
FRAUD TYPES	• Fraudulent application - false information • False homelessness applications - false information • Key selling • Fraudulent succession • Unlawful sub-letting • Using property as second home • Right to Buy - fraudulent application, valuation, etc.
CONTROLS	• Council Approach to Tenancy Fraud document • National Fraud Initiative • Form of identification required from applicants • Proof of residency required • Documents obtained to support claim • Checks on information provided • Summary check at allocation stage • Declaration and future changes signed by applicant • Confirmation of all information e.g. previous tenancies • Robust tenancy agreement and sign up info to tenant re rules • Tenancy audit process • Using and sharing intelligence – across council • Publicity of impact and consequences • Eviction powers • Home visits • Photographs • Acting on hearsay evidence & information from other bodies (eg police) • Staff counter-fraud training • Internal Audit reviews • Whistleblowing Policy • Separation of duties • Register of Gifts & Hospitality/Register of Interests • Counter-fraud page on website detailing how public can report fraud • Counter Fraud section on new intranet • Robust Allocation Scheme
ACTIONS	• **Develop relationship with between Housing & Council Tax – e.g. single person accounts, to enhance sharing of information in order to have a collaborative approach to fraud detection** • **Housing Options to reviews SLA's in place to ensure 'counter fraud' is incorporated into these** • **Inclusion of the annual number of tenancy fraud cases in the Council's approved performance monitoring framework**
RISK EXPOSURE	• Sub-letting tenancy fraud cases in 2018/19 - 0 • Sub-letting tenancy fraud cases in 2019/20 - 1 • No of Council houses approximately - 5530 • Annual rent income approximately - £22.7m

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

CURRENT RISK SCORE	GREEN							
TARGET RISK SCORE	GREEN							
TARGET RISK				**CURRENT RISK**			

					X		
	X						

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	FRAUDULENT USE OF COUNCIL ASSETS
Risk Owner	**All Directors and Business Managers**
FRAUD TYPES	• Theft of assets and equipment • Sale of assets and equipment
CONTROLS	• Financial Regulations • Anti-Fraud & Corruption Strategy • Guidance for Dealing with Irregularities • Management controls • Induction process • Security policy • User reports e.g. internet, telephone (procurement team monitor usage of ICT assets for potential abuse) • Internet use policy • Access controls • Software audit facility • Code of conduct • Inventory checks • Complex passwords • Separation of duties – eFinancials account set up • Staff counter-fraud training • Internal Audit reviews • Whistleblowing Policy • Counter Fraud section on intranet
ACTIONS	**Spot checks to inventory records**
RISK EXPOSURE	n/a
CURRENT RISK SCORE	GREEN
TARGET RISK SCORE	GREEN

TARGET RISK	CURRENT RISK
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NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (FEBRUARY 2020)

FRAUD RISK	CYBER FRAUD
Risk Owner	**Business Manager - ICT**
FRAUD TYPES	- Risk of ransomware attack - Systems unavailability leading to: - Reputation loss - Service delivery loss including inability to process BACS
CONTROLS	- IPS/IDS implemented, along with Geo location blocking - Firewalls, email & internet detection software in place - Education programme for all staff with regular reminders - Quarterly scans performed on network - Incident Response Plan in place - Mobile Device Management - NCSC Webcheck / NCSC mail check - Secure e mail protocols
ACTIONS	**Gain Cyber Essentials accreditation** **Benchmark against National Cyber Security Centre – 10 Steps to Cyber Security**
RISK EXPOSURE	This area remains emerging and rapidly evolving risks – difficult to assess exposure
CURRENT RISK SCORE	GREEN
TARGET RISK SCORE	GREEN

TARGET RISK					CURRENT RISK			
						X		
	X							