



MALDON DISTRICT COUNCIL

INTERNAL AUDIT REPORT

FRAUD RISK ASSESSMENT
NOVEMBER 2021

IDEAS | PEOPLE | TRUST



EXECUTIVE SUMMARY	59
ACTION PLAN	62
STAFF INTERVIEWED	71
APPENDIX I - DEFINITIONS.....	72
APPENDIX II - TERMS OF REFERENCE	74
APPENDIX III - FRAUD RISK ASSESSMENT HEAT MAP.....	75
APPENDIX IV - A REVIEW OF FIRST 15 COUNCILLORS ALPHABETICALLY BY SURNAME	78

DISTRIBUTION

Name	Job Title
Chris Leslie	Director of Resources
Al Morrell	Resources Casework Manager
Annette Cardy	Resources Specialist Services Manager

REPORT STATUS LIST

Accredited Counter Fraud specialist:	Al Tottle
Dates work performed:	22/09/20 - 08/10/20
Draft report issued:	June 2021
Final report issued:	November 2021

EXECUTIVE SUMMARY

BACKGROUND

The CIFAS document 'Fighting Fraud and Corruption Locally 2020' defines a strategy for local government and provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities with the support of those at the top. It estimates that one in three of all crimes committed nationally is fraud based and fraudsters are always seeking new ways to take money. The strategy highlights that potential losses to fraud could run into billions of pounds across local authorities if appropriate preventative action is not taken.

We last assisted the Council in carrying out a fraud risk assessment in 2014/15 and therefore this was in need of updating to help inform and support the Council's counter fraud strategy.

SCOPE

The review considered the following fraud risk areas which are deemed to be some of the highest risk areas for fraud in Local Government:

- Procurement and contract management
- Identity fraud for employees and benefit claimants
- Disabled facility grants
- Members' interests and conflicts of interests
- Investment properties.

OVERALL RISK RATING SUMMARY

Our fraud risk assessment has used the methodology and definitions in Appendix 1 to determine a risk rating for a number of possible fraud risks within each of the above areas, taking account of the impact and likelihood of each risk. A traffic light system has been used to attach a priority for mitigating action to each risk level.

As this is an advisory review, no assurance opinion has been provided.

OVERALL RISK RATING SUMMARY						
Fraud Risk Category	RESIDUAL FRAUD RATING			PRIORITY		
	Low	Medium	High	Urgent	Important	Routine
1.0 PROCUREMENT & CONTRACT MANAGEMENT	12	4	0	0	4	12
2.0a EMPLOYEE IDENTITY	1	1	0	0	1	1
2.0b CLAIMANT IDENTITY	1	1	0	0	1	1
3.0 DISABLED FACILITY GRANTS	12	0	0	0	0	12
4.0 COUNCILLORS' INTERESTS	2	1	0	0	1	2
5.0 INVESTMENT PROPERTIES	0	2	0	0	2	0
	28	9	0	0	9	28

See Appendix 1 for the definitions.

SUMMARY OF FINDINGS

Following the Council's transformation exercise during 2019 and the consequent restructure, there are a number of new staff and officers in their roles. Even though they are experienced with Local Government processes, this can put the Council at some risk of new officers and staff understanding the controls and processes that the Council is operating whilst they embed into those roles. The additional complication of working from home due to the pandemic will also have an impact on this with less supervision, oversight etc.

In 2019/20, we undertook an internal audit of procurement which had a limited assurance opinion on the operational effectiveness of controls. We did not test controls as part of this fraud risk assessment, however, the Procurement Service has been brought back in house and the Council has employed a Lead Procurement Specialist who has instigated a number of processes and procedures to improve controls surrounding the procurement life cycle.

Our fraud risk assessment has identified no high risk fraud areas, nine medium fraud risks which generally relate to inherent risks in areas such as housing benefit claimants but also includes areas where actions have been suggested to assist with mitigating fraud risk. In addition, we identified 27 low risk areas. Again, there is always an inherent risk of fraud in these areas which is regarded as low but the Council has controls in place to manage and mitigate these risks.

We have developed an action plan, as set out on page 5, for the medium and important priority risk areas. This is summarised below:

Procurement and contract management

- The Lead Procurement Specialist is currently procuring some data analytics work which will review supplier spend. Additional data extracts to examine should include: contract and purchase order splitting, use of one time vendors
- The Finance Business should review actual contract spend against the contract value and report this as part of budget monitoring.
- Updating of the Anti-Bribery policy based on a review provided as part of this Fraud Risk Assessment and the Code of Conduct for Employees to ensure that it remains current.

Employee Identity

- Ensure that the Home Office's "Right to Work Checklist" is used for all employee identity checks
- Undertaking of employment documentation checks for all new starters by reviewing the physical documentation once staff are able to return to the Council offices, in-line with Government guidance.

Councillors' interest

- Removal of Councillors' signatures from the manually updated Declarations of Interests to reduce the risk of personal fraud against them
- All Declarations of Interest on the Council's webpage to show evidence of review by the Councillor on an annual basis, with dates recorded to reflect that this has been reviewed.

Investment properties

- Removal of Councillors' signatures from the manually updated Declarations of Interests to reduce the risk of personal fraud against them
- Development of an Anti-Money Laundering policy based on the research provided as part of this Fraud Risk Assessment.

National guidance and good practice documentation has been supplied to officers for the relevant areas where our discussions deemed this to be helpful.

GOOD PRACTICE NOTED

The following areas of good practice were noted. These help mitigate fraud risks, provided the internal control environment is maintained to an adequate level and is reviewed as necessary, for example when there are staffing changes.

Procurement

- A Lead Procurement Specialist (LPS) has been brought back in-house following covering of procurement by a neighbouring local authority
- The LPS brings many years of experience in working and providing consultation in procurement
- The LPS has been working to update forms and processes for the procurement lifecycle since commencing with the Council in April 2020 including
 - Writing specifications, Financial due diligence , Exemption procedures, Contract management checklist, Contract monitoring and performance
- Signing up to ConstructionLine so that certain contractors will have been pre-vetted following due diligence checks
- Using local and national procurement frameworks
- There are regular meetings of the Procurement Agency for Essex which is composed of Local Authority members that meet for advice, sharing of best practice and knowledge
- The LPS has produced procurement training presentations for staff and works closely with colleagues to ensure that they approach procurement for advice with a procurement reference being provided for all procurement exercises greater than £5k
- Single Tender Waivers forms are reviewed by the Strategy & Resources Committee

Employee Identity

- New starters are now having their identity confirmed by video call by holding up an identity document next to their face, which is in line with the Government COVID-19 right to work check guidance. Retrospective checks of new starters will be undertaken whilst home working arrangement are still ongoing.
- The Council's Safer Recruitment Policy & Procedure was last updated in April 2020 following the Council's restructure and implementation of new working practices.
- The Council has created a specific policy regarding COVID-19 working at home which was last updated 23/09/20 and is on version 7. For recruitment, this contains a specific section under 2.5 regarding safer recruitment policy & procedures.

Housing Benefit Claimant Identity

- Cross referencing and data matching to the Department of Work & Pensions database, Housing Benefits Data Matching Service and the National Fraud Initiative exercise is carried out
- Local data matching exercise conducted on a monthly basis across Essex councils

Disabled Facility Grants

- There has been a relaunch of the DFG team with experienced officers having been recruited to deal with claims
- Process notes have been revised in May 2020
- A procurement process to update the list of pre-vetted contractors has been undertaken
- The DFG Officers ensure that the work is carried out to specification and is complete with sign off by the applicant
- Contractors provide quotes for the work and the most appropriate quote is selected following a comparison of the quotes
- The Council pays the grants directly to the contractors carrying out the work rather than to the applicants

Councillors' Interests

- The Democratic Services team, Monitoring Officer and Deputy monitoring Officer provide Members with training in areas such as Members' interests, the Code of Conduct, and whistleblowing
- Democratic Services have a working knowledge of members' interests, which would help in highlighting any potential conflicts of interest.

ACTION PLAN

NB The ref number is not sequential as this relates to the Fraud Risk Assessment ref. Missing references relate to where no action is noted.

Ref	Key Risk	Fraud risk assessment	Priority	Actions	Management response	Responsible Officer & Implementation date
1 PROCUREMENT & CONTRACT MANAGEMENT						
1.1	Policies and procedures are not regularly reviewed and do not reflect current practice	The Lead Specialist Procurement has updated the Contract Procedure Rules and has also developed a number of procedures and training programmes to assist staff and officers involved in the procurement process	Routine	The copy of the Code of Conduct for Employees provided for the Fraud Risk Assessment was last updated in October and therefore requires a review.	Code of Conduct to be reviewed including new Hybrid ways of working.	Annette Cardy Dec 2021
1.2	Bribery & Kickbacks	The Council has asked for a review of their Anti-bribery Policy and Procedures	Routine	Undertake a review of the amendments made to the Anti-bribery Policy and Procedures and update accordingly.	Review policy	Al Morrell Dec 2021
1.4	Contract/order Splitting	Training has been provided by the Lead Specialist Procurement in relation to this area, the data analytics exercise that is awaiting authorisation will help to detect if this has been happening.	Important	When the data analytics are performed, contract / purchase order splitting should form part of the analysis.	Agreed	Complete These were identified in the analysis. The rules on disaggregation are in the toolkit. Projects with multiple elements/values are completed as one project, unless full

Ref	Key Risk	Fraud risk assessment	Priority	Actions	Management response	Responsible Officer & Implementation date
						justification can be evidenced and approved by Project Board.
1.10	Use of one time vendors (Source: London Public Sector CF Partnership - Procurement Fraud Themes and Control Measures)	The data analytics of the spend data will reveal any trends including significant use of one time vendors	Important	When the data analytics are performed, use of one time vendors should form part of the analysis.	Agreed	Complete Spend Analysis identified One Off Vendors. Action plan in place to provide new joint procurement at better value targeting the highest risk / spend as priority. Eg Amazon one off's, Agency Framework. Printing Contract.

Ref	Key Risk	Fraud risk assessment	Priority	Actions	Management response	Responsible Officer & Implementation date
1.13	Inadequate contract/ supplier management and monitoring arrangements (Source: London Public Sector CF Partnership - Procurement Fraud Themes and Control Measures)	The Lead Procurement Specialist has created a mandatory online training programme and various guides for staff to use during the procurement cycle including supplier / contract management. There is a template for supplier management "Monitoring & Performance" Schedule.	Important	An inherent risk remains that officers and staff do not manage suppliers and contracts effectively even if training is provided. The outcome of the data analytics exercise, when completed, will determine the extent as to which this has occurred.	Agreed	Complete All procurement related projects require a first project meeting or call for all new tender process and Procurement provide all the required documents and training guidance in relation to Contract Management and performance monitoring. These are also easily available as on line guidance for all managers
1.14	Contracts going beyond their authorised value or term (Source: London Public Sector CF Partnership - Procurement Fraud Themes and Control Measures)	A risk with any contract, spend is usually monitored as part of month end budgetary reporting but not necessarily against contract value	Important	The Finance Business Partners to review actual contractual spend against the contract value and report this as part of budget monitoring	Being reviewed as part of spend analysis with Finance and new budget monitoring process for 22.23	Debbie White & Lance Porteous March 2022

Ref	Key Risk	Fraud risk assessment	Priority	Actions	Management response	Responsible Officer & Implementation date
1.15	Lack of awareness of risks of fraud and corruption within the procurement lifecycle by staff involved with procuring goods or services (Source: MoH,C&LG Review into the risks of fraud and corruption in local government procurement)	The Lead Procurement Specialist has created a mandatory online training programme and various guides for staff to use during the procurement cycle.	Routine	The Lead Procurement Specialist to review the MoH, C&LG "Review into the Risk of Fraud and Corruption in Local Government Procurement" and the "Procurement Fraud Themes and Control Measures" documents	Agreed currently being reviewed	Complete Completed by Procurement Specialist Debbie White July 21
1.16	Lack of awareness of the Procurement Fraud and Corruption Risk matrix (Source: MoH,C&LG Review into the risks of fraud and corruption in local government procurement)	The Lead Procurement Specialist was not aware of this document.	Routine	The Lead Procurement Specialist to review the MoHC&LG document "Procurement Fraud and Corruption Risk matrix"	Agreed currently being reviewed	Complete Completed by Procurement Specialist Debbie White July 21

Ref	Key Risk	Fraud risk assessment	Priority	Actions	Management response	Responsible Officer & Implementation date
2a EMPLOYEE IDENTITY						
2a.1	False Identity and Immigration Status (Source: CO Government Digital Service - How to prove and verify someone's identity)	Current Government guidance is now being followed regarding the holding up of identity documentation during an online video call with retrospective checks to be undertaken of those new starters that this was not carried out for. Advised also to do retrospective checks on return to office for original ID	Important	The Home Office "Right to Work Checklist" to be used for all employee identity checks and to undertake retrospective checks on return to the office of original ID	The checklist is used for all new employees. The Government have not required retrospective checks to be made. Legislation is still in place to allow on line checks. If this is amended procedures will be changed in line with this	Complete
2b CLAIMANT IDENTITY						
2b.1	False Identity (Source: CO Government Digital Service - How to prove and verify someone's identity)	The majority of claims are referrals from the DWP and have gone through the DWP vetting and claimant ID checks; claims direct to the Council are cross checked to previous applications and to the DWP Searchlight database. Experienced members of the team help train staff, provide advice, sample checks and 100% checks are undertaken of assessment staff dependant on their experience.	Important	An inherent risk remains in this area due to a national increase in claimants as a result of the pandemic. The Council are using Government guidance in relation to processing Housing Benefit claims. The use of experienced and trained HB Officers will assist with identifying anomalies in documentation which can be followed up with the claimant. The Benefit Counter Fraud Policy provided was dated April 2013 with a review due in April 2016. Things may not have materially changed in the policy but it is best practice	Agreed - Policy to be reviewed	Michelle Le Marre & Al Morrell Dec 2021

Ref	Key Risk	Fraud risk assessment	Priority	Actions	Management response	Responsible Officer & Implementation date
		The Benefit Counter Fraud Policy that was provided was last reviewed in April 2013.		to review and recommunicate them on a cyclical basis.		
4 COUNCILLORS' INTERESTS						
4.1	Undeclared interests or a lack of monitoring of declared interests unknowingly influence decision making for personal gain (Source L DCLG Openness and transparency on personal interests - a guide for councillors)	<p>The Council's Constitution is reviewed annually and contains a number of sections in relation to Member's Conduct, Interests and the Nolan principles.</p> <p>There is a process to update Members interests every year which are recorded on ModGov on the Council's website. There will be a move to a new form being completed every year from the next elections rather than reviewing the currently form and recording no change. Members of the Democratic Services Team have a general awareness of Councillor's interests and attend meetings.</p> <p>The 2016-19 Fighting Fraud & Corruption Locally document states that "Local government is targeted by those who wish to corrupt local processes, such as housing or planning, for their own gain; and organised crime groups</p>	Important	<p>Continue with the work undertaken to train Councillors about conflicts of interest and continue to use "intelligence" to highlight any unreported potential conflicts.</p> <p>Remove Councillor's signatures of their Declarations of Interests.</p> <p>Even though there is no requirement to update the Councillor's Register of Interest form on an annual basis, a significant number of Councils are undertaking this exercise for all Councillors now on an annual basis even if they are continuing their term of office, as a completeness and transparency exercise.</p>	<p>Agreed signatures to not be placed on the website</p> <p>Already agreed to complete forms yearly from next year.</p>	<p>Complete</p> <p>Since 2019 the form hasn't had a signature option, so signatures haven't been published since then, The team have checked & removed any historic forms published.</p>

Ref	Key Risk	Fraud risk assessment	Priority	Actions	Management response	Responsible Officer & Implementation date
		are known to target local officials to consolidate their status in communities." There is no legal requirement for the personal signatures of councillors to be published online - "openness & transparency on personal interests - a guide for councillors DCLG 09/13) however, manual amendments to the Register of Interest forms are being countersigned by the Councillor and this document is published. There is an increased risk of identity fraud as the Councillor's web page also contains their home address, mobile and home number (see Appendix 4).				
4.2	Fraud awareness training for Councillors (Source: LGA A Councillor's workbook on bribery & fraud prevention)	The Democratic Services team provide Members training with the Monitoring Officer and includes code of conduct training, Members' interests, audit training from Director of Corporate Resources, whistleblowing, money laundering,	Routine	The Fighting Fraud & Corruption Locally (2016-19) document states that "Local government is targeted by those who wish to corrupt local processes, such as housing or planning, for their own gain; and organised crime groups are known to target local officials to consolidate their status in communities". Circulate the Local Government Association document "A Councillor's Workbook on bribery and fraud prevention" 2017 to Councillors.	Agreed document to be circulated to Members and added to induction for new Members	Complete Document circulated to Members on 5.8.21. Document added to Induction pack and process 6.8.21

Ref	Key Risk	Fraud risk assessment	Priority	Actions	Management response	Responsible Officer & Implementation date
5 INVESTMENT PROPERTIES						
5.1	Money laundering guidance is not up to date and staff have not been trained in the regulations	The Council does not currently have a Money Laundering policy	Important	BDO has prepared a paper on Money Laundering Policy requirements and included examples of money laundering policies from other Councils that were deemed to cover the elements required (See separate Appendix to this report).	Agreed - Policy to be reviewed	Al Morrell Dec 2021
5.2	Safeguards are not in place to protect the council from risk of money laundering when purchasing investment properties, and the undertaking of adequate due diligence checks on the vendor	Sale and purchase of commercial properties are some of the largest financial transactions that the Council will be involved with. There are indications that serious organised crime groups have created "shell companies" for use in money laundering transactions for the sale and purchase of commercial property. It is accepted that solicitors involved internally and externally have a duty of care regarding money laundering legislation to ensure that proper due diligence checks are carried out on purchasers of council property, however, care should be exercised that some solicitors may be linked with the criminal organisation and therefore will mask the true intent of the other party. The Council must be satisfied before proceeding with the procurement	Important	The Council to include reference to purchase and sale of properties within the Money Laundering policy.	Agreed - Policy to be reviewed	Al Morrell Dec 2021

Ref	Key Risk	Fraud risk assessment	Priority	Actions	Management response	Responsible Officer & Implementation date
		or sale of a commercial property that the full due diligence checks have been undertaken to a satisfactory standard and the Council is satisfied on who it is transacting with.				

STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Name	Job Title
<u>Procurement and contract management</u>	
Debbie White	Lead Specialist Procurement
<u>Disabled Facility Grants</u>	
John Swords	Senior Housing Specialist
Paul Duguid	DFG Officer
<u>Employee Identity</u>	
Sam Mott	Senior Specialist - HR
<u>Claimant Identity</u>	
Sue Green	Customer, Community and Casework Manager
Morag Mcakenzie	
<u>Councillors' Interests</u>	
Emma Holmes	Deputy Monitoring Officer, Senior Legal Specialist
<u>Investment Properties</u>	
Emma Holmes	Deputy Monitoring Officer, Senior Legal Specialist
Lance Porteous	Lead Specialist - Finance

APPENDIX I - DEFINITIONS

Likelihood

Level	Likelihood of the fraud occurring
5	Certain - will occur frequently, given existing controls
4	Likely - will probably occur, given existing controls
3	Possible - could occur, given existing controls
2	Unlikely - not expected to occur, given existing controls
1	Rare - not expected to occur, except for exceptional circumstances, given existing controls

Impact

Level	Grade	Impact on Service/Department (not an exhaustive list)	Impact on Service/Organisation/Reputation
1	None	Very minor fraud easily identifiable, good prevention, controls already in place	No service disruption Low financial value (<£100)
2	Minor	No harm to service disruption. Fraud identifies poor management practices. Good controls and systems identify fraud early	Litigation / financial loss of £100-£1,000 Reputation of service not jeopardised
3	Moderate	Fraud does get reported but not immediately. Fraud demonstrates key weaknesses in controls and / or management. If allowed to continue, fraud loss may have increased significantly	Litigation / financial loss of £1,000 - £20,000 Failure / disruption of support services. Moderate business interruption. Adverse local publicity
4	Major	Fraudulent behaviour goes unreported and / or unchallenged. Existing policies, procedures and protocols undermine likelihood of detection and / or successful prosecution	Litigation of £20,000 - £500,000 Adverse national publicity. Temporary service disruption. Underperformance against key targets. Reportable to External Agencies / Regulatory Bodies.
5	Catastrophic	Fraud results in severe harm to the service's reputation. Financial repercussions severely affect service provided.	Litigation / financial loss > £500,000 International adverse publicity. Severe loss of reputation. Significant overspend.

The matrix below is used to calculate the risk assessment rating for each area. A traffic light system indicates the level of risk identified, to which is attached a priority for mitigating action, where appropriate.

Fraud Risk (Impact x Likelihood)

Likelihood	Impact				
	1 - None	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
1 - Rare	Low	Low	Medium	Medium	High
2 - Unlikely	Low	Low	Medium	Medium	High
3 - Possible	Low	Low	Medium	High	High
4 - Likely	Medium	Medium	Medium	High	High
5 - Almost certain	Medium	Medium	Medium	High	High

Priority Grading

Level	Grade	Definition
1	Urgent	Fundamental control issue on which action should be taken immediately
2	Important	Control issue on which action should be taken at the earliest opportunity
3	Routine	Control issue on which action should be taken

APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of conducting an FRA is to identify areas of risk in key departments and develop strategies to mitigate these risks. The outcome of the FRA should be used to review and inform service and corporate risk registers.

This is an advisory project and therefore will not result in an assurance opinion.

SCOPE OF REVIEW:

The review will consider the following fraud risk areas which are deemed to be some of the highest risk areas for fraud in Local Government:

- Procurement and contract management
- Disabled facility grants
- Identity fraud for employees emailed again and benefit claimants
- Members' interests and conflicts of interests
- Investment properties

APPROACH:

Our approach will be to conduct interviews with key staff to identify fraud risks in each department and the current controls in place to mitigate these risks, such that areas of significant control weakness and fraud risk can be highlighted.

CRR REFERENCE:

No direct cross reference.

DATA ANALYTICS:

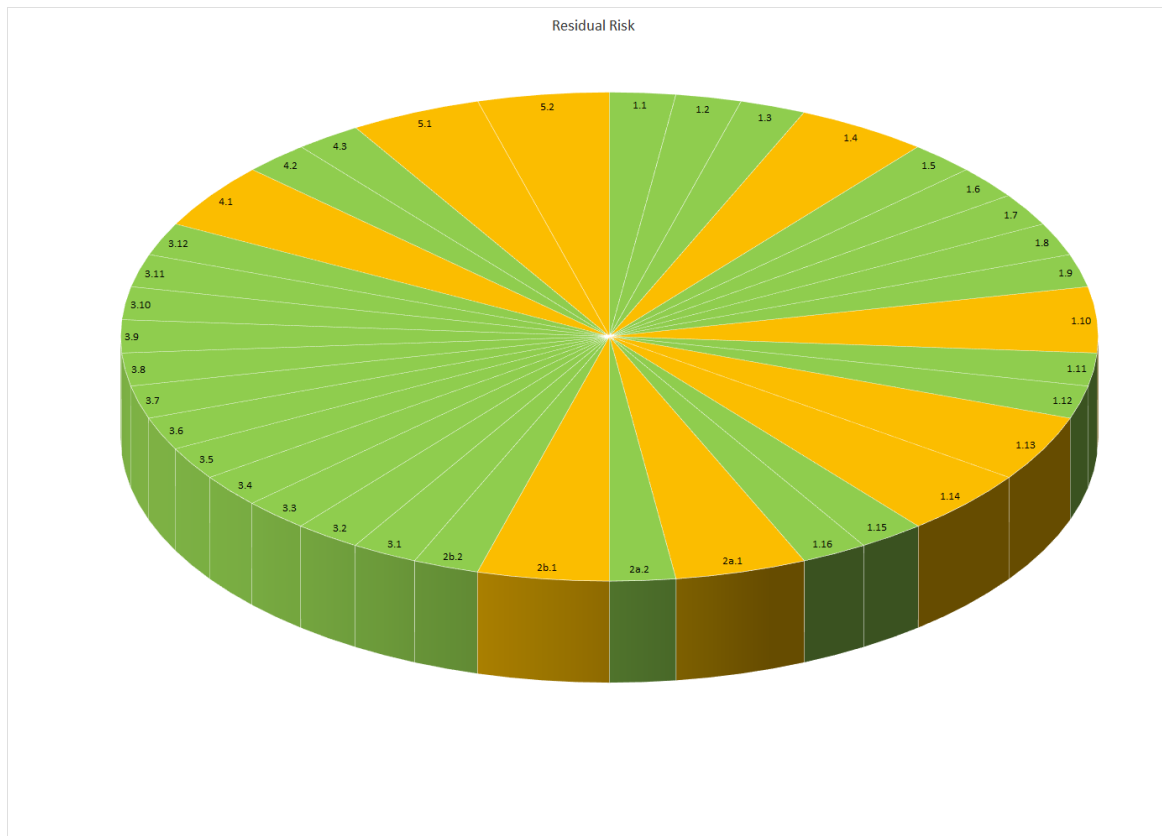
Data analytics will not be utilised as part of this review.

APPENDIX III - FRAUD RISK ASSESSMENT HEAT MAP



See Page 19 for references.

Pie chart of residual risk



See Page 19 for references.

References and areas reviewed

1.0 PROCUREMENT & CONTRACT MANAGEMENT		Ref	Likelihood	Impact	Consequence	Priority	RAG	Action raised
1.1	Policies and procedures are not regularly reviewed and do not reflect current practice	1.1	1	1	Low	Routine	1	Y
1.2	Bribery & Kickbacks	1.2	1	2	Low	Routine	1	Y
1.3	Conflicts of Interest	1.3	1	2	Low	Routine	1	
1.4	Contract/order Splitting	1.4	3	3	Medium	Important	2	Y
1.5	Adherence to the Scheme of Delegated Authority	1.5	1	2	Low	Routine	1	
1.6	Senior staff influencing junior staff involved in a selection process (Source: London Public Sector CF Partnership - Procurement Fraud Themes and Control	1.6	1	2	Low	Routine	1	
1.7	Procurement not involved in large contracts (Source: London Public Sector CF Partnership - Procurement Fraud Themes and Control Measures)	1.7	2	2	Low	Routine	1	
1.8	Contracts entered into by unauthorised officers (Source: London Public Sector CF Partnership - Procurement Fraud Themes and Control Measures)	1.8	2	2	Low	Routine	1	
1.9	Setting up of new suppliers (Source: London Public Sector CF Partnership - Procurement Fraud Themes and Control Measures)	1.9	1	2	Low	Routine	1	
1.10	Use of one time vendors (Source: London Public Sector CF Partnership - Procurement Fraud Themes and Control Measures)	1.1	3	3	Medium	Important	2	Y
1.11	Specifications not scoped effectively (Source: London Public Sector CF Partnership - Procurement Fraud Themes and Control Measures)	1.11	2	2	Low	Routine	1	
1.12	Inappropriate use of single tender waivers (Source: London Public Sector CF Partnership - Procurement Fraud Themes and Control Measures)	1.12	1	2	Low	Routine	1	
1.13	Inadequate contract/supplier management and monitoring arrangements (Source: London Public Sector CF Partnership - Procurement Fraud Themes and Control	1.13	3	3	Medium	Important	2	Y
1.14	Contracts going beyond their authorised value or term (Source: London Public Sector CF Partnership - Procurement Fraud Themes and Control Measures)	1.14	3	3	Medium	Important	2	Y
1.15	Lack of awareness of risks of fraud and corruption within the procurement lifecycle by staff involved with procuring goods or services (Source: MoH,C&LG Review	1.15	2	2	Low	Routine	1	Y
1.16	Lack of awareness of the Procurement Fraud and Corruption Risk matrix (Source: MoH,C&LG Review into the risks of fraud and corruption in local government	1.16	2	2	Low	Routine	1	Y
2.0a EMPLOYEE IDENTITY								
2a.1	False Identity and Immigration Status (Source: CO Government Digital Service - How to prove and verify someone's identity)	2a.1	3	3	Medium	Important	2	Y
2a.2	Failure to undertake pre-employment checks	2a.2	2	2	Low	Routine	1	
2.0b CLAIMANT IDENTITY								
2b.1	False Identity (Source: CO Government Digital Service - How to prove and verify someone's identity)	2b.1	3	3	Medium	Important	2	Y
2b.2	Other Council departments such as Council Tax, links to DWP are not consulted to triangulate applicant information (Source: DFG and other adaptations - external	2b.2	3	2	Low	Routine	1	
3.0 DISABLED FACILITY GRANTS								
3.1	Procedures and processes are not up to date and reflect current practice	3.1	1	1	Low	Routine	1	
3.2	Failure of the applicant to declare their complete financial circumstances for means testing (Source: DFG and other adaptations - external review report)	3.2	2	2	Low	Routine	1	
3.3	Applicants do not meet the requirements for a grant (Source: DFG and other adaptations - external review report)	3.3	2	2	Low	Routine	1	
3.4	Failure of the applicant to get the work undertaken and to the value of the grant	3.4	1	1	Low	Routine	1	
3.5	Failure to place a Local Land charge on the property (Source: DFG and other adaptations - external review report)	3.5	2	2	Low	Routine	1	
3.6	Other Council departments such as Council Tax and Housing Benefits are not consulted to triangulate applicant information (Source: DFG and other adaptations -	3.6	1	1	Low	Routine	1	
3.7	Application does show a fraud declaration and fair processing notice	3.7	1	1	Low	Routine	1	
3.8	the applicant does not sign a certificate of intention for the property being their main residence (Source: DFGs C&LG document)	3.8	1	1	Low	Routine	1	
3.9	Contractors are not on a framework to provide services	3.9	1	2	Low	Routine	1	
3.10	The applicant does not provide two written estimates for the work (Source: DFGs C&LG document)	3.1	1	1	Low	Routine	1	
3.11	The grant is paid before satisfactory completion of the works (Source: DFGs C&LG document)	3.11	2	2	Low	Routine	1	
3.12	Grants are paid for works or services carried out by the applicant or members of their family (Source: DFGs C&LG document)	3.12	1	1	Low	Routine	1	
4.0 COUNCILLORS' INTERESTS								
4.1	Undeclared interests or a lack of monitoring of declared interests unknowingly influence decision making for personal gain (Source L DCLG Openness and	4.1	3	3	Medium	Important	2	Y
4.2	Fraud awareness training for Councillors (Source: LGA A Councillor's workbook on bribery & fraud prevention)	4.2	1	2	Low	Routine	1	Y
4.3	Lack of sanctions against councillors for breaching (Source: Local Government Ethical Standards)	4.3	1	2	Low	Routine	1	
5.0 INVESTMENT PROPERTIES								
5.1	Money laundering guidance is not up to date and staff have not been trained in the regulations	5.1	3	3	Medium	Important	2	Y
5.2	Safeguards are not in place to protect the council from risk of money laundering when purchasing investment properties, and the undertaking of adequate due	5.2	3	3	Medium	Important	2	Y

APPENDIX IV - A REVIEW OF FIRST 15 COUNCILLORS ALPHABETICALLY BY SURNAME

First 15 Councillor's Declarations of Interests reviewed

Councillor	Date submitted	Manual update to form	Notes
Elaine L Bamford	24/05/2019		
Mark G Bassenger	24/05/2019		
Anne M Beale	17/07/2019		
Brian S Beale	17/07/2019	date submitted was the update date	Councillor's signature present on scanned copy of on line form
Vanessa J Bell	24/05/2019		
Robert G Boyce	24/05/2019	25/02/2020	Councillor's signature present on scanned copy of on line form
Penny A Channer	06/06/2019	13/02/2020	Councillor's signature present on scanned copy of on line form
Richard P F Dewick	31/05/2019		
Mark F L Durham	06/06/2019		
Michael R Edwards	21/05/2020		
Jane L Fleming	03/06/2019		
Adrian S Fluker	18/07/2019		
Mark S Heard	08/05/2019		
Michael W Helm	29/05/2019		
Anne L Hull	05/06/2019		

FOR MORE INFORMATION:

Greg Rubins

Greg.Rubins@bdo.co.uk

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

Copyright ©2021 BDO LLP. All rights reserved.