

# Counter Fraud Activity Report

2021/22



## PROTECTING ITSELF AND ITS RESIDENTS

*Recognising the harm that fraud can cause in the community.  
Protecting itself and its' residents from fraud.*

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Please note that Appendix 1 has been supplied as a separate document due to its size.

## 1. Introduction

- 1.1. This report outlines the Council's approach to counter fraud activity within Doncaster Council and St Leger Homes for the 2021/22 financial year. The Council's overall approach and strategy is contained within the Anti-Fraud, Bribery and Corruption Framework that is approved by Audit Committee. This framework has been refreshed and now accompanies this report.
- 1.2. The Council's approach is based on the Local Government Fighting Fraud and Corruption Strategy 2020, implementation being delayed at Doncaster Council due to the Covid-19 pandemic.
- 1.3. This latest strategy requires greater clarity for those charged with the oversight and challenge of the counter fraud function, which has led directly to the creation of this report and its subsequent appendices. Whilst the counter fraud function itself remains largely unchanged, except for the additional clarity and transparency that this report brings, embedding this new strategy has required the following changes:
  - Updates to the Anti-Fraud Bribery and Corruption Framework;
  - The maintenance of a separate audit plan for counter fraud – The Counter Fraud Plan, in order to improve transparency and accountability;
  - The sharing of the Fraud Risk Register with the Audit Committee that enables the mapping of risks to the Counter Fraud Plan, showing coverage against the risks and any gaps in coverage;
  - Clarity over counter fraud resources;
  - An annual self-assessment of the Counter Fraud Function that is shared with the Audit Committee.
- 1.4. The strategy still requires the annual publication of Counter Fraud Results, for both proactive and reactive work. For Doncaster Council, this is the annual Preventing and Detecting Fraud and Error report that is reported to the Audit Committee following the end of the reporting period (currently 30<sup>th</sup> of September). This date is set to coincide with the close down / results phase of the largest piece of fraud work on the Counter Fraud Plan, the National Fraud Initiative.

## **2. Fighting Fraud Locally – Self Assessment**

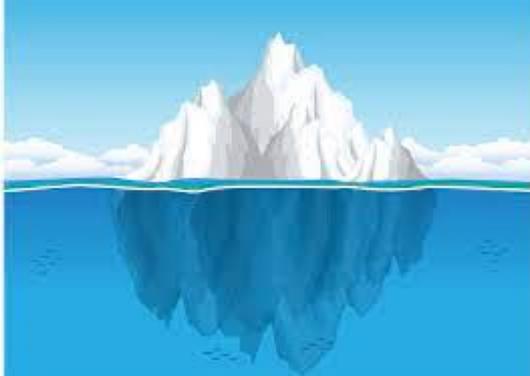
- 2.1. A self-assessment with the Fighting Fraud and Corruption Locally Strategy 2020 has been completed and is attached to this report as Appendix 2.
- 2.2. This assessment finds that the Council's Counter Fraud Function is, in the main, compliant with the new strategy. Some improvements were identified and have been actioned in the creation of this report. Where actions were identified they have been clearly identified in the self-assessment, where appropriate, actions have been identified and included for improvement.
- 2.3. One item of non-compliance was noted and it is proposed not to change the current arrangements. The Fighting Fraud and Corruption Locally Strategy 2020, recommends a dedicated Portfolio Holder for fraud and counter fraud work. Doncaster Council does not have this in place. Instead this remit is discharged by the Audit Committee collectively. Changing this responsibility, is not felt to add any real value over and above current arrangements, so it is proposed to keep this responsibility with the Audit Committee instead.

## **3. The Council's Anti-Fraud, Bribery and Corruption Framework**

- 3.1. The Council's Anti-Fraud, Bribery and Corruption Framework, contains the Council's policy and strategy for dealing with fraud, both within the Council and against it. This framework has been updated to compliment the latest Fighting Fraud Locally Strategy.
- 3.2. On review, it was found that the Framework remains fit for purpose and the changes made are largely cosmetic or are changes in terminology with a move from the older "Acknowledge, Prevent, Pursue" model to the newer "Govern, Acknowledge, Prevent, Pursue and Protect" model. The Framework and the Counter Fraud Plan are both now reflective of this new model and show how they link to this strategy.
- 3.3. After digesting the new strategy, it was decided that the Prosecutions and Sanctions Policy within the Anti-Fraud and Corruption Framework needed amendment so that the policy has greater transparency and shows clearly the public interest decisions process surrounding decisions the prosecution of any cases.
- 3.4. The revised Anti-Fraud, Bribery and Corruption Framework accompanies this report as Appendix 1 and is put forwards for approval by the Audit Committee.

## 4. Horizon Scanning

- 4.1. The fraud landscape changes constantly, with fraudsters constantly developing their techniques and exploiting new areas of weakness. Councils and other public bodies are constantly playing catch up with limited resources. Whilst there are no recent studies of fraud across the public sector, the last available report from 2017 placed the



cost of fraud against the public sector in the UK at £40.4bn, that figure however, can only grow. Detected fraud however, represents only a small proportion of the overall size of the problem. Like the proverbial iceberg, it's the undetected element that no one can see that remains the biggest risk.

- 4.2. The 2020/21 financial year has been a bumper year for fraudsters, with a plethora of new fraud opportunities brought about by the Covid-19 pandemic. Grants have been awarded in many areas of life from individual payments for Covid isolation grants to self-employed and business rates grants. The fast pace of change and the speed of roll out of these measures, with little initial government guidance and financial and grant controls developing on the fly, created a unique environment in which fraudsters found it easier to undertake their nefarious activities.
- 4.3. Looking forward for the year, we are seeing further grants and reliefs being issued by the government targeting support at businesses or specific sectors that are being adversely impacted by the pandemic.

- 4.4. Controls for Business Rates Grants have been developed and are now significantly more robust than they were at the outset. Whilst time was always invested from the outset, in checking and verifying claims for these grants, more checks and



controls have developed as the subsequent grant windows were released, with those early grants representing the highest risk exposures in terms of fraud. However, this does not mean that subsequent claim windows for this type of grant are now “safe”. These grants have been included in data matching activities (the National Fraud Initiative) with a view to detecting more of the fraudulent activity. Time is also being invested from the Counter Fraud Plan to continue work and checking in this area to detect and, where possible, recover fraud losses.

- 4.5. Whilst other major forms of grant are unknown at this stage, it is highly likely that further



business support grants, some sector specific grants and other economy boosting incentives will be released in 2021/22. One in question will be the Restart Grant enabling non-essential retail and other sectors to reopen with assistance. A provision of time for work on new grants has also been included in the

Counter Fraud Plan, with a preference to involvement during the grant set up to ensure that it is robustly controlled and minimises fraud as much as possible, whilst still ensuring that those grants reach their recipients expediently.

- 4.6. Cyber-enabled crime continues to rise. (This is any crime or fraud committed using technology). This is also partly fuelled by the Covid-19 pandemic. The closure of premises and restrictions in terms of social distancing, has seen many services that previously dealt with face-to-face clients, move to online services and digitise most remaining



services. Industry experts believe that identity fraud continues to rise. This has a negative impact on the citizens of Doncaster (in terms of their financial health) and a negative impact on the Council as these stolen identities are often used to commit other forms of economic crime such as Covid-19 grant fraud.

- 4.7. The move to more digitised services in response to Covid-19 also weakens some existing control environments having impacts on fraud risks such as Right to Buy Fraud. With discounts of up to 70% of the value of a property (with a maximum exposure of £84,600), Right to Buy Fraud is a lucrative opportunity for fraudsters and represents an



opportunity for criminal elements to launder money into legitimate assets. From June 2019 to March 2020, 176 applications were received with 83 properties sold with increasing numbers year on year. In-person checks on right-to-buy applications have been suspended in favour of Covid-19 safe practices. This makes it harder to know who you are dealing with, and whether this is the tenant or not. Evidence that would normally be seen in person and in its original form, is now seen electronically from scanned images or in the form of electronic documents such as bank statements. Whilst it was always possible to forge evidence, digital forgeries are significantly easier with many of the tell-tale signs of manipulation masked. Enhanced checking is needed

to minimise both Right to Buy Fraud and Money Laundering. (It should be noted that money laundering in terms of property sales like Right to Buy sales, are the only significant money laundering risk that the Council is exposed to). This risk is effectively managed on behalf of the Council by St Leger Homes, although the risk exposure in terms of losses remains firmly with the Council. This risk is covered on their audit plan and advice and counter fraud checks are undertaken by Internal Audit fraud staff to mitigate these risks.

- 4.8. Austerity measures, continue to have an effect on fraud risks, particularly financial fraud



risks that involve cash or the misappropriation of income.

Whilst most areas of the Council have little involvement with cash, schools in particular remain at risk. Austerity measures have seen back office and administrative based activities cut hardest over the last five years. Most schools, particularly smaller primary schools, having only two or three office staff supporting their income and banking activities. These cuts minimise the opportunity for traditional segregation of duty based financial controls, with many schools having just one person regularly involved in cash handling and banking with little opportunity for other involvement. This weakening of the controls places the cash collection processes in these schools at heightened risk. Risks can be minimised by the use of electronic school meals payment systems, however, they have also been used to perpetrate fraud and extort money from educational establishments. In addition, these office cuts put schools at heightened risk of procurement or invoice fraud, with limited staff resources available for checking, fraudulent and fake invoices may slip through these weakened control environments. Two significant frauds have been uncovered in schools run by the Council in the last three years, one of which remains in progress at the date of this report. Most schools have not been audited in eight to ten years (please note that academies are not the responsibility of the local authority). Two schools are included in the linked Internal Audit Plan but further work is likely needed in this area to ensure that control environments in place are suitable to protect these establishments.

- 4.9. Whilst there are other risks on the horizon, the above remain the dominant risks for the year ahead.

## 5. Fraud Risks

- 5.1. Fraud risks are routinely mapped and their assessments updated in line with the ever changing face of fraud, both nationally and locally. Fraud risks are mapped against every department and activity within the Council with a collective aggregated score for

each risk type on the register. This aggregated score, makes up the Strategic Fraud Risk Register.

5.2. Fraud risks are rated using the standard Doncaster Council Risk Management Framework with financial, legislative and reputational impacts all used to rate the overall level of risk exposure. The colouring of the heat map however, does differ from the standard Doncaster model. This is due to the fact that very high impact frauds that are rated as very unlikely to occur would show as AMBER on the Doncaster register, requiring further mitigation. However, in terms of fraud risks, very unlikely represents the maximum level to which they can be controlled.

5.3. The fraud risk register maps risks that may be committed against the Council and some which may be carried out by Council staff or with the use of Council ID cards or information and are informed by our assessments and horizon scanning. Visually our risk map is as follows in the next page.

# Risk Heatmap



5.4. The risks shown on the heat map are a mixture of inherent and residual risk exposures. Where work has been undertaken on these risks, the results have been used to inform the current risk level. Explanations of these risks along with the anticipated direction of travel are shown in Appendix 3.

## **6. Counter Fraud Resource Levels**

6.1. Counter fraud work has been previously shown in the Internal Audit Plan, however, this is not in keeping with the above strategy and makes comparison to other local authorities who have separate counter fraud functions more difficult. Work on items specifically designed to counter fraud and corruption or to look at counter fraud controls, internal data matching and ongoing responsive work can all be found on the Counter Fraud Plan. Work looking at general internal control environments and standard sample based assurance work, can all be found on the audit plan.

6.2. There remains a link between the two, with issues uncovered during audits feeding into the fraud risk assessments and issues uncovered during responsive investigations fed into the audit risk assessments to inform further audits in areas where issues were noted. Time allocated for contingencies continues to be shown on the Internal Audit plan, this is because this time may or may not be used for actual fraud investigation; it may also be used for internal non-fraud related investigations.

6.3. The Counter Fraud Plan for the Internal Audit Service, shown later in this document, currently comprises the equivalent 1.73 Full Time Equivalent employees (FTEs). Further contingency time usage on fraud investigations is likely to bring this close to 2 FTEs, with a minimum of 6.4FTEs on the Internal Audit Plan (more if contingencies for fraud investigation are used on general audit responsive work).

6.4. The Head of Internal Audit will ensure adequate resources are in place to deliver counter fraud work as required.

## **7. Assurance Mapping and the Counter Fraud Plan**

7.1. The Counter Fraud Plan has been constructed from the Fraud Risk Register and horizon scanning and can be mapped directly to risks as required in the Fighting Fraud and Corruption Strategy. An assurance map has been created that has mapped all risks to our coverage of them (including audits as included on the proposed Counter Fraud Plan for 2021/22) giving clear visibility of proposed coverage and gaps. Full explanations of the risks can be found in the Fraud Risk Register at Appendix 3.

7.2. It should be noted, that some of the data matching initiatives are listed without a topic. This is to protect the integrity of the work and avoid publicising the matches planned and giving fraudsters awareness of controls that they need to avoid. This however, is not necessary where the match is a repeat of something done previously or is already a national match that is undertaken under the National Fraud Initiative and therefore is already published in the public arena.

7.3. The Counter Fraud Plan appears in the next section for scrutiny and approval. Following the plan, is an assurance map that maps all of the proposed activity to fraud risks, clearly showing the mapping of activity to the 4 Lines of Defence model. This model, in simple terms, shows the assurance activities on which we are placing reliance.

- The first line is always the service department that is responsible for administering or carrying out the function. It is their responsibility to design controls that are sufficient to protect the service and the public purse.
- The second line of defence is any non-audit internal department that performs checking on the activities or any form of compliance assessment. This can be electronic or manual. Most services however, do not have a compliance function, with the exception of areas such as Direct Payments.
- The third line of defence is Internal Audit or the Counter Fraud Function and their checking, either in the form of audits, compliance work or data matching initiatives. The third line of defence map therefore maps Counter Fraud activity to these risks.
- The final fourth line of defence is essentially any external body (such as the external auditor) or regulatory body that also undertakes audits, inspections or compliance checks on the fraud risk.

7.4. Looking at fraud risks in this way gives clear visibility over the level of coverage against the identified risks and assess its adequacy.

7.5. The Audit Committee is asked to support and approve the Counter Fraud Plan.

## 8. The Counter Fraud Plan

Response Area	Audit Project	Audit Scope	Value Added	Quarter
<b>Govern – 4 Days - 1.3% of the Counter Fraud Plan</b>				
Govern	Audit Committee Anti-Fraud Training	Training of the Audit Committee will be undertaken during 2021/22 to raise awareness of their responsibilities in combatting fraud and corruption and give an overview of activity being undertaken.	Anti-fraud cultures are important in public services and the tone starts from the top. This piece of work aims to educate and inform to strengthen the counter fraud / anti-fraud culture at Doncaster Council.	Q1
<b>Prevent– 117 Days - 39.4% of the Counter Fraud Plan</b>				
Prevent	Counter fraud and money laundering training	Re-development and relaunch of corporate e-learning for anti-fraud and money laundering in line with new changes to the Anti-Fraud and Corruption Framework.	Ensuring adequate training is a substantial part of the development and maintenance of a robust anti-fraud culture and the maintenance of an “adequate procedures” defence under the Bribery Act.	Q2 to Q3
Prevent	Declarations of Interest (Officers and Members).	This audit will look at the Council's arrangements to register member and officer interests and to subsequently manage those interests to enhance transparency and prevent fraud and similar accusations.	This review aims to add value by ensuring that preventative counter fraud controls in this area are operating effectively and are being properly complied with by both members and officers	Q3
Prevent	Continual Analytics - System Changes	New reports from iTrent, the Council's payroll system, were made available during 2020/21. These are processed using internal data matching techniques for investigation. This project will integrate the new reports into our data matching solution in order to recommence internal data matching on Payroll and Creditor information for both ourselves and St Leger Homes.	This piece of work is necessary in order to continue our continual analytics program for fraud prevention and detection.	Q1
Prevent	Continual Analytics - Payroll to Creditor Matching	Data matching of payroll and creditor information to detect fraud and manage conflicts of interest.	This work adds value by identifying possible fraud or collusion and ensuring that conflicts of interest identified are being properly managed. It also helps to check that IR35 (a tax rule about off payroll payments to persons who may be classed as employees) is being properly applied.	Q2 to Q4

Response Area	Audit Project	Audit Scope	Value Added	Quarter
Prevent	Data Matching	<p>Internal data matching initiatives aim to match internal data sets in order to identify anomalies or issues for review. This may be using existing software looking at creditor payments or by using internal software to compare other data sets to identified anomalies, fraud and error. All data is matched using provisions under the Data Protection Act 2018 and privacy notices are published on the Council's website. Privacy impact assessments are carried out before any matching is undertaken.</p>	<p>These pieces of work add value firstly by detecting issues that need to be investigated and identifying errors for recovery, and secondly by providing assurance over large amounts of data that transactions are correct.</p>	Q1 to Q4
Prevent	Teachers Pensions Data Matching	<p>Internal data matching of Teachers Pensions information to deceased persons data. This matching is a repeat of national matching exercises, but on a local level. Top up pensions are in place for some historic pensions. Whilst the Teachers' Pension Scheme is administered outside the Council, the top up payments are made by the Council. Historically, there have been cases where the Teachers' Pension Scheme has been notified of a death, but this information is not passed on to the Council and payments have continued, in some cases for up to 3 years. This piece of work is intended to create a rolling electronic match to local registrars' data in order to prevent further overpayment / fraud in this area.</p>	<p>These pieces of work add value firstly by detecting issues that need to be investigated and identifying errors for recovery, and secondly by providing assurance over teachers top up payments and preventing overpayments / frauds in this area.</p>	Q3

Response Area	Audit Project	Audit Scope	Value Added	Quarter
Prevent	Non-Business Rates Covid Grants	<p>Covid-19 pandemic grants have been a significant feature of the 2020/21 financial year. These are released with little prior warning due to the fluid nature of the response.</p> <p>Further grants will be released throughout 2021/22. A risk assessment is made upon receipt of funding received and this determines the further work required to gain assurance over the proper use of these monies. This time will give advice on the set up of appropriate grant controls. This work complements the above work set out in the Internal Audit Plan for 2021/22 and is a continuation of the work commenced in 2020/21.</p>	<p>This responsive time will add value by strengthening fraud prevention and detection controls on new grants, thereby protecting public funds during pay out.</p>	Q1 to Q4
<b>Detect – 132 Days – 44.4% of the Counter Fraud Plan</b>				
Detect	National Fraud Initiative	<p>Participation as required by the Cabinet Office in the National Fraud Initiative. This time is required to submit, co-ordinate, investigate, administer and report on the data matches as required.</p>	<p>The investigation of anomalies uncovered by the data matching, helps deter and identify fraud and error for recovery. It provides assurance over our financial transactions and helps to protect the public purse.</p>	Q1 to Q4
Detect	AP Forensics Checks	<p>Our internal AP Forensics Software monitors creditor payments and analyses trends and invoices in order to identify potential problems with suppliers and assist with the detection of procurement fraud. These counter fraud elements of this software are not routinely used and the intelligence that is available is not investigated. (Please note that the Accounts Payable Teams do use the software to detect and prevent duplicate payments, but the fraud side of the software is not in current use). Having this information available and not used, is wasteful. Matches from the system will be looked at on a risk basis and investigated to provide assurance over procurement fraud risks and detect and prevent frauds.</p>	<p>These pieces of work add value firstly by detecting issues that need to be investigated and identifying errors for recovery, and secondly by providing assurance over large amounts of data that transactions are correct.</p>	Q2 to Q4

Response Area	Audit Project	Audit Scope	Value Added	Quarter
Detect	Business Rates COVID Grants	Business Rate Grants to help businesses cope with the pandemic have been issued throughout 2020/2021. This work will focus on post assurance grant checks to ensure validity and legitimacy of payment and look to attempt any recovery where possible. Support with fraud risk assessments and regular assurance reporting to Government will also be required throughout the year.	This project adds value by ensuring that payments already made are free from fraud and error and by attempting recovery of identified fraud and error.	Q1 to Q4
Detect	Non-Business Rates Covid Grants	Covid-19 pandemic grants have been a significant feature of the 2020/21 financial year. These are released with little prior warning due to the fluid nature of the response. Further grants will be released throughout 2021/22. This element of the plan will look at the payments made and review payments for compliance, fraud and error	This responsive time adds value by detecting fraud on new grants that are released during the year. Where fraud is not detected, this provides assurance that the payments are accurate and free from error. Please note that it is likely that government based data matching will also be required throughout the year on new grants, as it has on some of the existing grants.	Q1 to Q4
Detect	Cash Trend Monitoring	Cash is the most easily transported and stolen asset. Whilst cash is avoided as much as possible, it is still collected in some establishments, particularly in schools. This piece of work uses cash and banking information to monitor the regularity / frequency of banking and the amounts being banked to provide an early warning of potential fraud. This is followed up by testing to investigate any anomalies identified.	This piece of work aims to add value by preventing and detecting fraud and error. Whilst it cannot completely prevent fraud, it provides actionable intelligence to target resources to areas where there may be an issue.	Q1 to Q4
Detect	BEIS and HMRC Data matching and Investigation Results	BEIS are Department for Business Energy and Industrial Strategy. They have requested information (due for submission sometime in April), on Covid Business Grants. Their intention is to match these to HM Revenue and Customs data to detect fraud and error. It is likely that the majority of the work will fall to HMRC, however, liaison and investigation of some cases will be required. This provision of time allows for this. If necessary it will be extended.	This piece of work aims to add value to the wider public purse through joined up cross government collaboration on fraud detection.	Q1 to Q4

Response Area	Audit Project	Audit Scope	Value Added	Quarter
<b>Pursue – 32 Days – 10.8% of the Counter Fraud Plan</b>				
Pursue	Right to Buy and Tenancy Fraud Advice	Advice on the handling of, and investigation of, suspected cases of Tenancy Fraud and Right to Buy Fraud	Upfront checking and investigation prevents sales and provides the evidence needed to commence sanctions	Q1 to Q4
Pursue	Liaison with the Police	A provision of time for liaison with and referrals to the Police on active cases that are being referred through for criminal action.	Referrals to the Police on suitable cases ensures the prosecution of offenders and acts as a deterrent to future fraudsters. Referrals for prosecution are made in line with the Prosecutions and Sanctions Policy from the Anti-Fraud Bribery and Corruption Framework.	Q1 to Q4
<b>Protect – 12 Days – 4% of the Counter Fraud Plan</b>				
Protect	Fraud Awareness Week	Internal Fraud Awareness Week happens in November 2021. To coincide with the event, a fraud awareness event is planned. This event will be aimed at raising fraud awareness in staff and in the citizens of Doncaster, many of whom may fall victim to fraud or cybercrime themselves. It is intended to publish on the website or other media that is suitable, information that staff and citizens can use to spot and avoid frauds and scams.	This piece of work aims to add value to the wider Doncaster community by raising awareness of fraud and the social harm that it can do to help to educate and reduce the level of fraud and the severity of the impact on individuals. Whilst this is essentially aimed at private individuals and communities protecting themselves from fraud and corruption, this forms part of the Council's wider aims.	Q2 to Q3

9. Counter Fraud Risk Assurance Map

	Service Controls and Checking (1st Line)	Independent non audit checking (2nd Line)	External Checking (4th Line)	Counter Fraud Plan Coverage (3rd Line of Defence)									
<i>FFCL Mapping</i>				<i>Prevent</i>	<i>Prevent</i>	<i>Prevent</i>	<i>Prevent</i>	<i>Prevent</i>	<i>Detect</i>	<i>Detect</i>	<i>Detect</i>	<i>Detect</i>	<i>Detect</i>
Fraud Risk	Responsible Service	Responsible Service	Responsible Party	Declarations of Interest (Officers and Members).	Continual Analytics - Payroll to Creditor Matching	Data Matching	Teachers Pensions Data Matching	Other Covid Grants	National Fraud Initiative	AP Forensics Checks	Business Rates COVID Grants	BEIS and HMRC Data matching and Investigation Results	Cash Trend Monitoring
Benefits Fraud	Housing Benefits		Department of Work and Pensions and HMRC – Real Time Matching Services.			To be confirmed			✓				
Blue Badge Fraud	Parking Enforcement / Customer Services (for applications)					To be confirmed			✓				
Bribery	Line management in all areas, but no one specific area is responsible for controlling this risk			✓		To be confirmed		✓		✓	✓	✓	
COVID Business Grants Fraud	Business Rates			✓		To be confirmed		✓	✓		✓		
Cyber Fraud	ICT		External network security scans are undertaken by the Public Services Network and vulnerabilities identified for improvement	No planned coverage, reliance being placed on external security scans.									
Direct Debit Recall Fraud				No planned coverage – Very low risk for Doncaster Council									
Educational Fraud	School Admissions / Early Years Teams			No planned coverage.									

	Service Controls and Checking (1st Line)	Independent non audit checking (2nd Line)	External Checking (4th Line)	Counter Fraud Plan Coverage (3rd Line of Defence)									
<i>FFCL Mapping</i>				<i>Prevent</i>	<i>Prevent</i>	<i>Prevent</i>	<i>Prevent</i>	<i>Prevent</i>	<i>Detect</i>	<i>Detect</i>	<i>Detect</i>	<i>Detect</i>	<i>Detect</i>
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Election Fraud	Elections Team		Electoral Commission	No planned coverage – Reliance placed on external coverage.									
Financial abuse of vulnerable individuals	All areas that work with vulnerable individuals are responsible for this and this is covered under the Code of Conduct.		Where Guardianship Orders are in place for the finances of vulnerable people that are managed by the Council, the Court of Protection requires annual reporting and scrutinises activity and expenditure.	✓									
Financial Fraud / Theft	Schools and establishments	Financial Management – however this is very limited as it only monitors that monies that the establishment says have been banked, have been received.				To be confirmed							✓
Grant Fraud (excluding business rates)	Various areas who administer grant payments			✓		To be confirmed		✓					
Housing Fraud	St Leger Homes / Housing Options / Right to Buy Team					To be confirmed			✓				

	Service Controls and Checking (1st Line)	Independent non audit checking (2nd Line)	External Checking (4th Line)	Counter Fraud Plan Coverage (3rd Line of Defence)									
<i>FFCL Mapping</i>				<i>Prevent</i>	<i>Prevent</i>	<i>Prevent</i>	<i>Prevent</i>	<i>Prevent</i>	<i>Detect</i>	<i>Detect</i>	<i>Detect</i>	<i>Detect</i>	<i>Detect</i>
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HR / Payroll Fraud	All areas	HR Shared Payroll exception report checking, but this would likely only identify error or large issues.		✓	✓	To be confirmed	✓		✓				
Impersonation Frauds	Facilities Management / All Areas			No planned coverage – this risk was looked at in 2020/21 as part of leaver management processes and the management of ID cards.									
Insurance Fraud	Insurance Team		The Council's Insurers oversee and audit claims handling at the Council and undertakes inspections.	No planned coverage, reliance being placed on the Council's Insurer and their audit of activities.									
Licensing Fraud	Licensing Team	Food Safety and Trading Standards		No planned coverage. The work of the Trading Standards and Food Safety Teams was subject to audit and review in 2019/20.									
Money Laundering	Finance / Right to Buy Team (St Leger Homes)	<i>Advice is routinely provided by Internal Audit on suspected cases.</i>				To be confirmed			✓				
No recourse to Public Funds	St Leger Homes / Housing Options / Homeless Accommodation					To be confirmed			✓				
Planning Fraud	Planning	Significant and controversial decisions are taken by the Planning Committee	Planning Appeals Processes.	No planned coverage – Audit work in this area was last undertaken in 2019/20.									

	Service Controls and Checking (1st Line)	Independent non audit checking (2nd Line)	External Checking (4th Line)	Counter Fraud Plan Coverage (3rd Line of Defence)									
<i>FFCL Mapping</i>				<i>Prevent</i>	<i>Prevent</i>	<i>Prevent</i>	<i>Prevent</i>	<i>Prevent</i>	<i>Detect</i>	<i>Detect</i>	<i>Detect</i>	<i>Detect</i>	<i>Detect</i>
Fraud Risk	Responsible Service	Responsible Service	Responsible Party	Declarations of Interest (Officers and Members).	Continual Analytics - Payroll to Creditor Matching	Data Matching	Teachers Pensions Data Matching	Other Covid Grants	National Fraud Initiative	AP Forensics Checks	Business Rates COVID Grants	BEIS and HMRC Data matching and Investigation Results	Cash Trend Monitoring
Procurement Fraud	Procurement Team and all teams involved in commissioning or procurement			✓	✓	To be confirmed			✓	✓			
Recruitment Fraud	HR Shared Payroll Service	Compliance checking on documentation and completed checks is undertaken by the HR Shared Service and all application and interview packs are sent to them for compliance testing.		No planned counter fraud activity, however, a general audit is due in 2021/22 on the Internal Audit Plan which will look at the overall arrangements for recruitment and provide assurance over the quality of the compliance checking under the Shared Service Agreement.									
Social Care Fraud (including direct payments)	Financial Assessments / Direct Payments Teams	Direct Payments are subject to compliance reviews by an independent team. Others are not.		✓		To be confirmed			Suspended by NFI (awaiting clearance to restart)				
Stock Fraud / Theft	All areas holding stock		Limited scrutiny by the External Auditor over stock valuations at year end.	No proposed coverage. Routine audits on North Bridge Stores, PPE (personal protective equipment stores) and the Home Alarms service have all been undertaken in the last 2 years and provide coverage major stock holdings.									
Tax Frauds	Council Tax / Business Rates, HR Shared Payroll Service / Treasury Management		HMRC has the ability to audit for VAT compliance but this is rare. HMRC data matching over PAYE payments however is in place.			To be confirmed			✓			✓	✓

## 10. Appendix 2 - Fighting Fraud and Corruption Locally Self-Assessment

FFCL Evaluation Point	RAG Rating	Self-Assessment Evaluation	Actions required.	Target Date
The Chief Executive should ensure that the authority is measuring itself against the checklist for FFCL.	<b>G</b>	This assessment discharges this responsibility.		
Is there a trained counter fraud resource in your organisation or do you have access to one?	<b>G</b>	<p>Yes. The Internal Audit Manager is responsible for the management of the St Leger Homes and Fraud / Counter Fraud audit plans and the associated work under them. This person is CCIP trained and has extensive experience. The team also has a Senior Auditor that works on both the Audit and Counter Fraud plans who holds the same qualification. Each audit area (counter fraud included), has an assigned responsible Principal Auditor, whilst this person does not hold a fraud qualification, on the job training is being provided to impart the necessary skills.</p> <p>The Head of Internal Audit is also CCIP qualified and is available whenever required.</p>		
Is the Audit Committee receiving regular reports on the work of those leading on fraud and is the external auditor aware of this?	<b>G</b>	<p>The Audit Committee has previously received the Preventing and Detecting Fraud and Error report annually. This report runs from the 1st of October annually to the 30th of September. It is produced for the first available audit committee after the cut-off date. This report is timed to coincide with the major National Fraud Initiative dates as each cycle of activity ends on the 30th of September with data gathering commencing in October for the new cycle. This report contains all of the actual work undertaken on counter fraud work and investigations.</p> <p>Counter fraud work, has previously featured in the Annual Audit Plan, however, transparency and accountability for its delivery when merged with all audit work items is poor. Accordingly, the Counter Fraud plan has been shown as a defined plan as part of the Annual Audit Plan. In doing so the work of those leading on fraud is clearer and more accountable with clear visibility of the issues being tackled and coverage of those risks.</p>	Produce a separate Counter Fraud Plan for clarity on the work in this area.	Complete

FFCL Evaluation Point	RAG Rating	Self-Assessment Evaluation	Actions required.	Target Date
Is there a portfolio holder who has fraud within their remit?	<b>G</b>	<p>There is a specific portfolio holder for Internal Audit. The Audit Committee has responsibility for the following specific functions in relation to fraud:</p> <p>To monitor counter-fraud strategy, actions and resources.</p> <p>To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption.</p>		
Is the Head of Internal Audit or Head of Counter Fraud assessing resources and capability?	<b>A</b>	<p>Counter Fraud resources are assessed at audit planning stage.</p> <p>The level of counter fraud resources employed differs from council to council. Current resource levels, as given on the accompanying plan, represent 1.73 full time equivalent persons</p> <p>Audit resources are being assessed currently although there is sufficient capability and experience in the team as previously described. The requirements of the counter fraud plan will help inform that assessment</p>	Investment in counter fraud activities needs to be maintained and not further eroded.	Ongoing
Do they have sufficient internal unfettered access?	<b>G</b>	<p>Access internally to information, persons and systems is covered under the Internal Audit Charter that is approved regularly at Audit Committee and there are no concerns in this respect. For St Leger Homes, a similar Internal Audit Charter is in place.</p> <p>Investigative powers and memberships of investigative collaborative bodies such as the National Anti-Fraud Network, are also used to maximise the effectiveness of investigations.</p>		

FFCL Evaluation Point	RAG Rating	Self-Assessment Evaluation	Actions required.	Target Date
Do they produce a report on activity, success and future plans and are they measured on this?	G	<p>An annual Preventing and Detecting Fraud and Error report is produced for Audit Committee challenge / reporting and it contains the results of all completed counter fraud work and investigations.</p> <p>Counter fraud activity was included in the Internal Audit Plan and subsequent update reports. There was no clear reporting of whether the Counter Fraud plan had actually been achieved (as it was part of a larger entity) or how the activities undertaken shaped future work. For this reason, a separate plan has been produced in 2021/22 to enable this measurement and transparency. Ideally, the Counter Fraud plan should run alongside the annual Preventing and Detecting Fraud and error report which runs from October to September, however, this is not possible as currently those working on the Counter fraud Plan, also work on the Internal Audit Plan, e.g. there is no separate fraud team. This makes it extremely difficult to create the plan at a different time to the Internal Audit Plan.</p>	Produce a separate Counter Fraud Plan for clarity on the work in this area and transparency of monitoring.	Completed
Are members, audit committees and portfolio leads aware of counter fraud activity and is training available to them?	G	<p>The Audit Committee is aware of its responsibilities in respect of counter fraud activity, training is planned in June / July as a refresher.</p> <p>General training for non-audit committee members is not available but will be developed and rolled out via e-learning. General training is will also be refreshed and relaunched.</p> <p>Whilst these are listed as actions, both are already shown on the Counter Fraud Plan.</p>	<p>Undertake training for the Audit Committee on fraud risks and counter fraud activity.</p> <p>Refreshed and relaunch general counter fraud training on e-learning</p>	<p>July, 2021</p> <p>March, 2021</p>
The Audit Committee should receive a report at least once a year on the counter fraud activity which includes proactive and reactive work.	G	<p>An annual Preventing and Detecting Fraud and Error report is produced in October each year to report the activity in the previous 12 months.</p> <p>A report on the counter fraud plan and Fighting Fraud Self-Assessment will be produced annually, which will give an update on the completed activities of the previous plan. Whilst progress updates are available in year, gaps in completed activities need to be transparent so as to inform future plans.</p>	Action completed by this report	Complete

FFCL Evaluation Point	RAG Rating	Self-Assessment Evaluation	Actions required.	Target Date
Is the fraud team independent of the process and does it produce reports to relevant committees that are scrutinised by members?	G	This report, and the annual Preventing and Detecting Fraud and Error report, discharge this responsibility. Showing the counter fraud proactive activity separately within the Internal Audit Plan, improves transparency and clarity for members and allows members to scrutinise gaps in the counter fraud activity and assess the level of resources being assigned to the activity.	Action completed by this report	Complete
The Audit Committee should receive a report from the fraud lead on how resource is being allocated, whether it covers all areas of fraud risk and where those fraud risks are measured.	G	Completion of this report and the information within it aids the Audit Committee in discharging its responsibilities and to aid transparency and accountability for counter fraud work.	Action completed by this report	Complete
The Audit Committee should be aware that the relevant portfolio holder is up to date and understands the activity being undertaken to counter fraud.	-	Not applicable. Doncaster has chosen to discharge portfolio holder responsibility through the Audit Committee. It is not proposed to change this.		
The Audit Committee should support counter fraud activity.	G	The Counter Fraud Plan is being presented to Audit Committee and their approval is being sought through this report.		
The Audit Committee should challenge activity, be aware of what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.	G	By reviewing the Council's Counter Fraud Plan, Anti-Fraud, Bribery and Corruption Framework and challenging actual results through the annual Preventing and Detecting Fraud and Error report the Audit Committee provides challenge to counter fraud activity. Where new guidance is available assessments, like this assessment against the Fighting Fraud and Corruption Locally strategy, will be provided to the Audit Committee.		

FFCL Evaluation Point	RAG Rating	Self-Assessment Evaluation	Actions required.	Target Date
<p>The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior board and its members.</p>	G	<p>A fraud risk register exists for the Council and has done for several years. Risk assessments are updated at least annually and whenever horizon scanning reveals changes in risks (whether this is a result of new fraud opportunities like those presented through Covid grants, or as a result of new kinds of fraud detected either locally or nationally).</p>		
<p>The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. The assessment includes the understanding of harm that fraud may do in the community.</p>	G	<p>These risk assessments accompany the Counter Fraud Plan, which itself forms the basis of audits and proactive investigative work.</p> <p>The assessment of fraud risks, uses the Council's Risk Management Policy. Fraud risks are rated based on their financial impact, regulatory impact, reputational impact and in terms of social or financial harm to individuals or communities.</p> <p>Actions resulting from any counter fraud work undertaken are tracked as part of the normal Internal Audit action tracking system.</p>		
<p>There is an annual report to the Audit Committee or equivalent detailed assessment, to compare against the FFCL 2020 and this checklist.</p>	G	<p>The FFCL assessment will be included in the Counter Fraud Plan report to Audit Committee going forwards (as it has been this time).</p>	<p>Action completed by this report</p>	<p>Complete</p>
<p>The relevant portfolio holder has been briefed on the fraud risks and mitigation.</p>	G	<p>Portfolio holder requirements are being discharged by the Audit Committee for Doncaster Council and this report discharges this responsibility</p>	<p>Action completed by this report</p>	<p>Completed</p>

FFCL Evaluation Point	RAG Rating	Self-Assessment Evaluation	Actions required.	Target Date
<p>The Audit Committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risks and resources.</p>	G	<p>The Audit Committee has always supported counter fraud work as part of the Internal Audit Plan and has previously challenged audit resources overall, again as part of the overall Internal Audit Plan. However, counter fraud activity was unclear, as was the level of resource being invested in counter fraud activity (and transparency in its completion). The production of this report, and subsequent reports in future years, allow the Audit Committee to challenge activity and resources and to compare the level of invested resources to other similar local authorities.</p>	<p>Action completed by this report</p>	<p>Completed</p>
<p>There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated through the local authority and acknowledged by those charged with governance.</p>	G	<p>An Anti-Fraud, Bribery and Corruption Framework is in place and is regularly refreshed and brought to the Audit Committee for approval. An updated version accompanies this report. This framework is subject to review on a 5 year cycle, except where new guidance is released that needs to be taken into account or there are significant changes to processes or responsibilities.</p>		
<p>The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.</p>	G	<p>The design of controls in the business environment is the responsibility of service management. Audits on anti-fraud controls are undertaken (as is detective work) as part of the Counter Fraud Plan. General audits of controls are undertaken as part of the Internal Audit Plan and where necessary, recommendations for improvement are made. Progress against these is tracked and reported to the Audit Committee.</p> <p>It should be noted that this assessment cannot rate the status of each control and there will be controls out there that require improvement. This assessment is about the overall assessment, which in the main, would be green.</p>		
<p>The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.</p>	G	<p>The Risk Management framework at Doncaster Council includes assessments of financial risk, reputational risk and legislative risk, as well as community harm. These are sufficient to cover the effects of fraud risks.</p>		

FFCL Evaluation Point	RAG Rating	Self-Assessment Evaluation	Actions required.	Target Date
Counter fraud staff are consulted to fraud proof new policies, strategies and initiatives across departments and this is reported to Audit Committee.	G	This is normal practice. This may be done by audit general staff where there are no specific fraud risks and the policy is general, and where the risk is higher, this is done by counter fraud trained staff.		
Successful cases of proven fraud / corruption are routinely publicised to raise awareness.	G	<p>A decision is made after every case as to whether it is in the public interest to prosecute a case (this is done wherever it is appropriate). Where there are successful prosecutions, press statements will be released. Where internal action is taken or where the case is not deemed to be in the public interest to prosecute (in line with the Anti-Fraud Bribery and Corruption Framework), these are published in the annual Preventing and Detecting Fraud and Error reports.</p> <p>A new section has been included in the Anti-Fraud Bribery and Corruption Framework that accompanies this report for approval, which clarifies these decisions and the public interest test to be applied.</p>		
The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.	G	Preventative internal controls in services are the responsibility of service management to design and implement. Advice is available from audit / counter fraud staff where needed. As the fraud landscape is constantly changing, preventive and detective controls will also keep changing. Keeping up with fraudsters is difficult and is a constant game of cat and mouse. Counter fraud audits, advice and data matching to detect fraud and error is our current strategy. Ensuring that data matching work is completed and where successful embedded into business as usual activities, is key to the improvement of detective controls.	Ensure the delivery of the counter fraud plan	Ongoing

FFCL Evaluation Point	RAG Rating	Self-Assessment Evaluation	Actions required.	Target Date
<p>The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:</p> <ul style="list-style-type: none"> <li>• Codes of conduct including behaviour for counter fraud, anti-bribery and corruption</li> <li>• register of interests</li> <li>• register of gifts and hospitality.</li> </ul>	G	<p>All of these items are in place and are regularly reviewed and subject to audit on a regular basis.</p>		
<p>The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the recommended checks in FFCL 2020 to prevent potentially dishonest employees from being appointed.</p>	G	<p>Recruitment policies and procedures are in place and compliance with them is checked by the Joint Payroll service commissioned with Rotherham. References are requested for all posts and are followed up. DBS checks are undertaken where there is an identified need.</p>		

FFCL Evaluation Point	RAG Rating	Self-Assessment Evaluation	Actions required.	Target Date
<p>Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.</p>	<b>A</b>	<p>Annual declaration of interest processes are in place and are adhered to. Interest registers are automatic for staff and automatically remind individuals to complete them and escalate non-compliance. An audit of member's declarations is scheduled on the 2021/22 Counter Fraud Plan.</p> <p>It is the responsibility of the employing manager to monitor and manage conflicts of interest with advice available from Internal Audit where appropriate. Registers are used when investigations take place or during audit reviews. Data matching checks between Payroll and Creditors (part of the Counter Fraud Plan) check and identify undeclared conflicts of interest internally and action is taken against these to improve controls or mitigate risks. Action from this is reported to committee, but there is no routine reporting of compliance with the declarations programmes.</p>	<p>Compliance with declaration programmes will be included in the annual Preventing and Detecting Fraud and Error report.</p>	<p>31st October, 2021</p>
<p>There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.</p>	<b>G</b>	<p>A Counter Fraud Plan exists and is reported to and its completion monitored, by Audit Committee. It includes all elements as prescribed under the Fighting Fraud and Corruption Locally Strategy 2020.</p>		
<p>There is an independent and up to date whistleblowing policy which is monitored for take up and can show that suspicions have been acted upon without internal pressure</p>	<b>G</b>	<p>A Whistleblowing policy is in place and is communicated to all staff. It was last approved in October 2020. There is annual reporting against it to the Audit Committee.</p>		
<p>Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistleblowers.</p>		<p>Whistleblowing and fraud are covered in tendering documents and contracts as appropriate.</p>		

FFCL Evaluation Point	RAG Rating	Self-Assessment Evaluation	Actions required.	Target Date
<p>Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.</p>	<p style="text-align: center; font-size: 2em;"><b>A</b></p>	<p>See previous comments on the level of resources.</p>	<p>Maintain investment in counter fraud work and not just reactive work. Complete the Counter Fraud Plan</p>	<p>Ongoing</p>
<p>There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.</p>	<p style="text-align: center; font-size: 2em;"><b>G</b></p>	<p>The Counter Fraud Plan has been separated to increase accountability and transparency. Showing it as a separate plan, allows the plan to be mapped clearly to risks and the Fighting Fraud and Corruption Locally Stagey so that those charged with governance can clearly see the value of the work and understand the risks should it not go ahead.</p> <p>The plan includes some counter fraud activities at St Leger Homes on Right To Buy Fraud and Tenancy Fraud, although these activities are funded from the St Leger Homes Audit Plan. These risks remain the responsibility of Doncaster Council, despite the management of these risks by St Leger Homes.</p>	<p>Action completed by this report</p>	<p>Completed</p>
<p>Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.</p>	<p style="text-align: center; font-size: 2em;"><b>G</b></p>	<p>Statistics and outcomes are reported annually in the Preventing and Detecting Fraud and Error report sent to Audit Committee.</p>		
<p>Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.</p>	<p style="text-align: center; font-size: 2em;"><b>G</b></p>	<p>As stated previously, this is covered by the Internal Audit Charter and those working on counter fraud activities have access to all areas and documents that they need to do their jobs.</p>		

FFCL Evaluation Point	RAG Rating	Self-Assessment Evaluation	Actions required.	Target Date
There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communications team.	G	See <i>Successful cases of proven fraud / corruption are routinely publicised to raise awareness.</i>		
All allegations of fraud and corruption are risk assessed.	G	All allegations received are risk assessed. This is not a formal document risk assessment, like those used in Trading Standards or enforcement activities. Background assessments to attempt to verify or contradict the allegations are completed before any formal investigation starts. All investigations are done on a risk basis.		
The fraud and corruption response plan covers all areas of counter fraud work (prevention, detection, investigation, sanctions and redress).	G	All areas are addressed in the Counter Fraud Plan and have been labelled as Prevent, Detect, Pursue (which includes investigation, sanctions and redress). This terminology has been used as it is commensurate with the Fighting Fraud Locally Strategy.		
The fraud response plan is linked to the audit plan and is communicated to senior management and members.	G	The Counter Fraud Plan is now an integral part of the internal audit plan and is informed by work that is undertaken on the audit plan. Both plans are being presented in April to Audit Committee to enable transparency and comparison of the resource levels on both plans. Where counter fraud work or responsive fraud investigation identifies issues, normal audit jobs are included to ensure that the issues are isolated and are not endemic. For example, issues uncovered at a school after investigation, have been reflected in the audit plan so as to determine whether the control failures are isolated or whether there are weakening controls across schools that represent increasing levels of risk.		
Asset recovery and civil recovery are considered in all cases	G	Sanctions and redress are considered in all cases and are pursued where it is possible and in the public interest to do so. This is covered in the Anti-Fraud Bribery and corruption framework.		

FFCL Evaluation Point	RAG Rating	Self-Assessment Evaluation	Actions required.	Target Date
There is a zero tolerance approach to fraud and corruption that is defined and monitored and which is always reported to the committee.	G	The term "zero tolerance" is an out dated term that, while intended to reflect that council's will do everything reasonable to prevent, detect and investigate fraud and corruption, is neither realistic nor proportionate. This authority, like most, uses a risk based approach to ensuring that resources are targeted against the highest risks and that the investigation of issues is proportionate and cost effective. Fraud and counter fraud resources are finite. All cases are investigated proportionately and on a risk basis.		
There is a programme of proactive counter fraud work which covers risks identified in the assessment.	G	The Counter Fraud Plan is prepared from the fraud risk assessment and has been mapped to fraud risks so that our work is accountable and transparent. Whilst previous Audit Plans did include counter fraud elements linkage was not clear and it was not clear whether all risks were being properly considered or reflected.	Action completed by this report	Completed
The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity	G	Joint working is promoted wherever possible. The Internal Audit Manager who has responsibility for both the Counter Fraud and St Leger Homes plans (and therefore covers fraud at both locations with support from other staff), actively works with other fraud teams across Yorkshire and Humberside on fraud collaborations and sharing best practice. Where possible and cross border issues have arisen, the team works with other agencies on cases.		
The authority shares data across its own departments and between other enforcement agencies.	G	Data and intelligence is shared wherever appropriate and permissible under the Data Protection Act.		
Prevention measures and projects are undertaken using data analytics where possible.	A	Data analytics work has been undertaken for approximately 5 years at Doncaster Council, however, many planned pieces of work have not been able to be progressed due to the prioritisation of other work. This programme of preventative and detective work sets out a plan for its delivery going forwards.	Ensure the delivery of the counter fraud plan	Ongoing

FFCL Evaluation Point	RAG Rating	Self-Assessment Evaluation	Actions required.	Target Date
The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.	G	This resource is accessed and used where appropriate. It is used to share good practice and tools.		
The counter fraud team has access to the Fighting Fraud and Corruption Locally regional network	G	The Internal Audit Manager, who is responsible for the Counter Fraud Plan and St Leger Homes Plan is part of working groups on the development of investigative powers for social care frauds and develop agreed frameworks for costing and applying values to detected fraud issues. The team works with other local authorities across the Yorkshire and Humberside region on a regular basis.		
There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work, they too must be trained in this area.	G	There are 2 accredited investigators working on the Council Fraud Plan. A trained Data Analyst is available to assist with data analytics work. A Principal Auditor also works on the Counter Fraud Plan, who is receiving on the job counter fraud training. All work on counter fraud or responsive fraud investigation, is supervised by a trained individual. The Head of Internal Audit is also trained and could assist if needed.		
The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.	G	All of the staff working on these areas are experienced and have worked with the authority for a minimum of 5 years. They are familiar with their respective areas. The Internal Audit Manager that oversees this work, has 16 years' experience of auditing and fraud investigation across the council. Where a member of staff working on an area is unfamiliar with it, or needs assistance, further supervision is administered as required to ensure that the work is accurate and of a good standard.  Should the need arise, the Head of Internal Audit also has substantial experience in this area.		

FFCL Evaluation Point	RAG Rating	Self-Assessment Evaluation	Actions required.	Target Date
<p>The counter fraud team has access (through partnership / other local authorities / or funds to buy in) to specialist staff for surveillance, computer forensics, asset recovery and financial investigations.</p>	G	<p>Access to specialist services is available where the need arises. Resources would likely be externally sourced through contacts within the National Anti-Fraud Network.</p>		
<p>Weaknesses revealed by instances of prove fraud and corruption are scrutinised carefully and fed back to departments to fraud proof systems.</p>	G	<p>This is standard audit practice and is prescribed by the UK Public Sector Internal Audit Standards. Where appropriate, the Counter Fraud Plan reflects this activity.</p>		

## 11. Appendix 3 – Fraud Risk Register

Fraud Risk	Current Risk and Direction of Travel	Explanations
<b>Benefits Fraud</b>	Medium / High	New Housing Benefits claims are only available to those of state pension age or those in temporary accommodation. It is not possible to prevent benefits fraud and whilst the control environment is good and real time data matching initiatives detect fraud, it remains a common fraud with a high impact.
<b>Blue Badge Fraud</b>	Medium 	Blue badge fraud has decreased significantly in likelihood due to the Covid-19 pandemic and the impact of social distancing and shop closures. This has set the risk on a temporary downward trend. The impact financially remains low, but reputational impact and the emotive nature of this risk means that it remains a medium risk.
<b>Bribery</b>	Medium	Bribery risks, where someone is bribed to deliberately do something that they know is wrong, carry a prison sentence and there are implications for the Council itself should it fail to take adequate steps to prevent bribery (these can include fines or jail sentences for senior officers). The overall likelihood of issues in this area are low and declarations of interest are in place to minimise this risk, however, work is still required in order to maintain anti-bribery adequate procedures.
<b>COVID Business Grants</b>	Medium 	COVID Business rates grants have provided grants to businesses of up to £25k for each claim period (as defined by the Government). Whilst there are checks in place and there are verification measures in place to check payments / claims, the nature of business registration means that it is impossible to stop this type of fraud completely. This risk continues to increase with new editions of these grants and with restart grants in the pipeline.
<b>Cyber Fraud</b>	Medium 	<p>Cyber fraud is any cyber enabled crime, but in this case is used to refer to the extortion of funds from Doncaster Council via malware or Trojans, denial of service attacks (where council systems are repeatedly bombarded with traffic to crash them or stall them), phishing, and criminal access to internal systems by 3<sup>rd</sup> parties or electronic data theft or harvesting.</p> <p>Remote working globally has increased the reach of hackers and cyber criminals with increased targeting of individuals as a result of this global trend. Individuals remain the biggest weakness in arrangements to combat these types of attacks / crimes with ever more elaborate ways to phish for data and access.</p>
<b>Direct Debit Recall Fraud</b>	Low 	Direct Debit Recall Fraud is a relatively rare type of fraud, in which fraudsters buy or obtain access to an account and use the Direct Debit guarantee to challenge and recover monies paid by Direct Debit. This type of fraud is more common in the greater London area and for authorities that use signatureless direct debit set up methods. There have been few instances seen of this in northern England.
<b>Education Fraud</b>	Medium	School admissions fraud (falsely claiming to live in a school's catchment area) and fraudulent claims from nurseries for education placements are a well know kind of long standing fraud. School admissions fraud has mainly a reputational impact. Whilst it has an impact on schools, its emotive nature means reputational risks are higher than the financial impact.

Fraud Risk	Current Risk and Direction of Travel	Explanations
		Nursery placement provisions are subject to audit by an internal independent team (not by Internal Audit) and are mainly financial in nature. Risk levels here, are relatively stable.
Election Fraud	Low 	The illegal interference with general or local elections is a crime. Whilst it has a very high impact, it is very unlikely with controls over voter registration, vote casting and at all stages in the process. This risk is currently assessed as stable.
Financial abuse of vulnerable individuals	Medium 	The financial abuse of vulnerable individuals is a risk for all councils. Long term care arrangements and guardianship orders, where the individual is reliant on any individual, may be exploited by individuals for their own purposes. The Council manages care for some vulnerable residents and for a small number of clients administers their financial affairs. Whilst it is unlikely that any Council employee working in these areas would exploit their clients, it remains a risk to be managed and monitored through appropriate internal controls and reporting. This risk is considered a static / stable risk and has significantly reduced since the majority of care establishments were transferred to the private sector.
Financial Fraud / Theft	Medium 	Financially fraud / thefts essentially relate to the risks associated with cash and the processing of cash and cash equivalents. Whilst the cash handling activities are now minimised across the Council (with electronic payment methods the preferred option). Schools remain the biggest risk in this respect currently (with most other establishments such as the museums, cafes and tourist information centre, closed or on limited capacity due to Covid restrictions). As outlined in the horizon scanning section, risks in this area are increasing with increased workloads and decreased office staff available in schools to handle and safeguard such monies.
Grant Fraud (excluding business rates)	Medium 	The Council administers many grants, some temporary and as a result of Covid, and others more business as usual. Most of the grants is administers are low value, although some grants have higher reputational impact than others. Most grants fall into the low risk category, but there are some, particularly Covid based grants (none business rates related) are higher risk, leading to the current rating.
Housing Fraud	Medium High 	Housing fraud includes tenancy fraud and subletting and Right to Buy fraud. Tenancy fraud, especially subletting, is rare in Doncaster (the higher the difference between social and private rent values the higher the risk, which is why this is more common in city areas). Right to Buy fraud however, with heightened levels of discounts and changes to the control environment remains higher risk with risk levels increasing. Right to Buy application rates reduced during the last year due to the pandemic, but are rising again leading to increases in workload.
HR and Payroll Fraud	Medium 	<p>HR Payroll frauds are essentially time, pay or expenses frauds. They are by far the most common of all frauds and are faced by any business. They are almost impossible to properly prevent with the cost of control usually outweighing the cost of the fraud.</p> <p>Risks in terms of time frauds and pay frauds (such as false overtime claims) have increased over the past year to the advent of significant amounts of remote working. Expenses fraud risks have significantly decreased with significantly less claims for mileage and expenses as a direct consequence of the Covid-19 pandemic.</p>

Fraud Risk	Current Risk and Direction of Travel	Explanations
<b>Impersonation Frauds</b>	Medium 	Impersonation frauds, in terms of this risk assessment, are where Council ID or purports to be from the Council and uses that to gain the trust of vulnerable persons or access to properties. It is not a fraud against the Council but would affect the reputation of the Council and trust in it. It is rated as medium due to its reputational impact although it is unlikely. This risk is static with care being taken over the recovery of IDs and the use of uniforms.
<b>Insurance Fraud</b>	Medium 	Insurance fraud is essentially where someone attempts to make fraudulent, inflated or fictitious claims against the Council and their insurance. These have a financial impact on the Council and are a common fraud kind worldwide. The Insurance Team handles the claims and this is overseen by the Council's Insurer. This kind of fraud is currently judged to be stable, although as more traffic and activity returns to the roads, this risk may increase.
<b>Licensing Fraud</b>	Medium 	Licensing fraud is essentially where business or individuals who require licenses to trade, trade illegally without a license or deal in counterfeit or illegal goods. This is a fraud that is typically looked at by Food Standards and Trading Standards. This kind of fraud is looked at by the National Fraud Initiative, although the majority of the work is done in Trading Standards. This fraud is judged based on the harm that it can do to the economy and to the citizens of Doncaster. It is currently judged to be stable, although all risk assessments are subjective.
<b>Money Laundering</b>	Medium 	<p>Normally Money Laundering Risks for the Council are rated as low as there are limited opportunities for laundering money using the Council. However, this risk assessment also encompasses St Leger Homes who do have a medium level money laundering risk due to their involvement in Right to Buy sales which can involve partial cash payments.</p> <p>Money laundering is where cash from criminal activities or criminal gangs are cleaned by using them to purchase legitimate assets such as property or make it look like they have come from a legitimate source, e.g., the Council.</p> <p>Right to Buy applications are increasing again after the slowdown caused by the Covid-19 pandemic, however, they are anticipated to stabilise at pre-covid levels.</p>
<b>No recourse to Public Funds</b>	Medium 	<p>No recourse to public funds frauds are an unusual fraud and are more prevalent in the South of England. Where someone is an immigrant, legal or otherwise and has no leave to remain or access to government support, they have "no recourse to public funds". This fraud occurs where, due to circumstances, someone with no entitlement to help receives it. Council exposure for these frauds is low, but homelessness accommodation as managed by St Leger Homes is exposed to these kinds of risk as the need to house and safeguard individuals (particularly during the Covid-19 pandemic) outweighs the resources needed to undertake the checks. These frauds cost the public purse directly and the likelihood of any recovery of monies is very low as the individual does not access to any form of legitimate funds with which to pay.</p> <p>These frauds are currently, at the time of this report, judged as stable. It was however, higher during lockdown phases of the pandemic.</p>
<b>Planning Fraud</b>	Low 	Planning Fraud is essentially a bribery risk, however, being unique to local authorities and emotive to those involved, it has been listed independently on the Council's risk register.

Fraud Risk	Current Risk and Direction of Travel	Explanations
		<p>Planning decisions are subject to scrutiny and challenge by independent committees and with an appeals process in place for those unhappy with their decisions. This kind of fraud is rare and is judged as stable.</p>
<b>Procurement Fraud</b>	Medium 	<p>Procurement fraud comprises numerous sub types. Inflated or fictitious invoices, fake suppliers set up to extort payments, price fixing amongst suppliers etc.</p> <p>Procurement fraud is one of the hardest types of fraud to detect, especially price fixing. It is currently judged as medium risk but increasing. Fraudsters are using the confusion caused by many individuals and businesses moving to digital methods due to Covid, or are targeting busy establishments like schools in an attempt to push through fraudulent invoices. Nationally, the National Anti-Fraud Network has seen increases in the amount of fraudulent attempts in this respect, especially in terms of schools.</p>
<b>Recruitment Fraud</b>	Low 	<p>Recruitment fraud is essentially where prospective employees lie about qualifications, experience or their history or previous salaries in order to gain employment. Once a fraudulent person is brought into the Council, it is much more likely that they will commit further frauds. Recruitment checks are undertaken by managers and compliance checking on the recruitment checks is undertaken by the Shared HR Payroll Service.</p> <p>This kind of fraud is currently judged to be stable.</p>
<b>Social Care Fraud</b>	Medium High 	<p>Social care fraud happens where an individual lies about their income or expenditure on a care assessment to deliberately attempt to minimise or avoid having to continue to their own care bills, leaving the cost to be paid by the Council or fail to meet their share of agreed social care costs. Social care fraud can also happen where monies given to an individual in the form of a personal budget or direct payment are misused for illegitimate purposes. This fraud can be committed by the individual themselves or by their family where they are also abusing their vulnerable relative.</p> <p>Currently the Council has limited powers to investigate this kind of fraud, but additional powers are being sought through national working groups.</p> <p>This kind of fraud is nationally on the increase as budgets are tightened and care users are offered more choice and control over their care.</p>
<b>Stock Fraud / Theft</b>	Medium 	<p>Stock fraud is essentially fraud or theft involving goods and stocks. They are usually quite simple frauds with goods been used for person benefit or being sold on. These frauds can be committed internally or externally via break-ins and cover everything from repair items for council houses to vehicles and PPE equipment.</p> <p>This kind of fraud is a long standing and traditional fraud and is considered to be a stable risk.</p>
<b>Tax Frauds</b>	Medium High 	<p>This kind of fraud covers a multitude of different taxes. The Council collects taxes in the form of PAYE from payroll, VAT from sales, Council Tax from citizens and Business Rates from businesses.</p> <p>In terms of PAYE and VAT the Council has a low risk exposure but Council Tax Fraud and Business Rates exemptions, reliefs and grants frauds are rated much higher. Whilst Council Tax frauds (the claiming of single persons and other discounts) are relatively small in value, collectively they form a significant fraud risk. Higher still are the costs of business rates frauds, which due to the nature of the business rates system are difficult to</p>

<b>Fraud Risk</b>	<b>Current Risk and Direction of Travel</b>	<b>Explanations</b>
		spot and stop with phoenix companies being set up to avoid rates or wipe out arrears a national issue. Risk rates are considered stable however. Covid grant risks in terms of Business Rates have been given their own risk.