City of Doncaster Council

Report

Date: 27th April 2023

To: The Chair and Members of the Audit Committee

**Report Title: Counter Fraud Activity Report**

EXECUTIVE SUMMARY

1. The attached report covers the Council's Counter Fraud Plan for 2023/24. This plan has been constructed in line with the Council's Anti-Fraud, Bribery and Corruption Framework (as approved by the Audit Committee in April 2021) and in line with the Fighting Fraud and Corruption Strategy 2020 for Local Government.

2. The attached report contains the following elements:

   - Horizon scanning for new fraud risks;

   - The assessment of current fraud risks for the Council;

   - Information on counter fraud resource levels; and

   - Presentation of the new Counter Fraud Plan for City of Doncaster Council and an assurance map mapping coverage of the plan and activities to the risks on the fraud risk register.

3. Risks for the Council remain well controlled and are managed and our proposed schedule of work is designed to ensure that these controls remain relevant and that new risk exposures are well managed.

4. The Counter Fraud Plan comprises activity across both the Council and St Leger Homes to manage the fraud risks for the City of Doncaster Council and includes approximately 1.2 full time equivalent employees worth of counter fraud work.

EXEMPT REPORT

5. This report is not exempt.

RECOMMENDATIONS

6. The Audit Committee is asked to support and approve the Counter Fraud Plan and the assurance map which maps all the proposed activities to fraud risks.
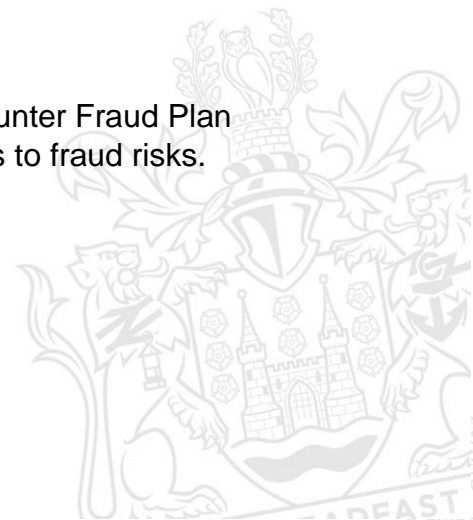
WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

7. Fraud and corrupt activity divert scarce resources away from Council and other public services. They cost the taxpayer money that could have been used for the benefit of local citizens. Maintaining a strong counter fraud stance helps to minimise fraud losses, maximise recovery and deter fraudulent activity. Typically, the most vulnerable in society bear the cost of most of the fraud as it limits council spending on those users that need our services the most.

BACKGROUND

8. A counter fraud strategy has been in place in the form of an Anti-Fraud, Bribery and Corruption Framework since 1999 and it has been through many iterations as counter fraud strategy across local government changes in response to the changing fraud landscape.

9. Counter fraud work is an expected element of every council's approach to fraud and is required under the Fighting Fraud and Corruption Strategy 2020.

OPTIONS CONSIDERED

10. Not applicable

REASONS FOR RECOMMENDED OPTION

11. Not applicable

12. Legal Implications [Officer Initials: SRF | Date: 11.04.23]

The Council is obliged to minimise the loss of resources resulting from fraud and corruption. It is also obliged to publish the data in this report under the requirements of the Government's Transparency Agenda which assists the Council in demonstrating it is delivering value for money. This transformation will be published on the Council's website.

13. Financial Implications [Officer Initials: SJT | Date: 12.04.23]

Failure to minimise and effectively deter and combat fraud and corruption detracts from Council funds and therefore Council service delivery at a time of increased budgetary pressure and service demands.

The financial benefits of effectively minimising fraud in this period can be found in the body of the report.

14. Human Resources Implications [Officer Initials: SH | Date: 11.04.2023]

Whilst there are no resource implications directly caused by this report, there are implications for Human Resources where employees undertake fraud, (or are alleged to have undertaken). In these cases, Human Resources are involved in all investigations to ensure that these are conducted properly, and appropriate and timely action is taken against the employee.

15. Technology Implications [Officer Initials: PW | Date: 12.04.23]

There are no direct technology implications of this report.

RISKS AND ASSUMPTIONS

16. Failure to address fraud and corruption risks cause:-
    - reputational damage to the Council from fraud and corrupt practices;
    - the diversion of scarce resources away from priority services to the detriment of our citizens.

CONSULTATION

17. Not applicable

BACKGROUND PAPERS

18. The Fighting Fraud and Corruption Locally Strategy 2020 is available on the CIPFA website.

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

19. All abbreviations and acronyms are written in full in the report with their abbreviations used only after the first instance. Items used are:
    - NFI – National Fraud Initiative
    - FTE – Full time equivalent employees
    - HMRC – HM Revenue and Customs

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Counter Fraud Activity Report

2023/24

Contents

1. Introduction

1.1. This report outlines the Council's approach to counter fraud activity within Doncaster Council and St Leger Homes for the 2023/24 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 was refreshed and was last approved by the Audit Committee in April 2021 and is based on the Local Government Fighting Fraud and Corruption Strategy 2020. This remains the most current and most applicable set of guiding principles for counter fraud work in local authorities.

1.2. In line with our current strategy, this plan continues to be separately identified within the annual audit plan (as recommended by the Fighting Fraud and Corruption Strategy). This plan and the identified work within it has been assembled on the following basis:

- A review of our strategy against the requirements of the Local Government Fighting Fraud and Corruption Strategy 2020 and the completion of an annual self-assessment against the requirements of this document (this assessment accompanies this report);

- A review of the lessons learned and the impact of the work completed under the 2022/23 Counter Fraud Plan (including the results of ongoing work under the National Fraud Initiative) to understand the impact of those findings on the Council's fraud risk landscape;

- A review of the issues identified in completed internal audit work to inform our work on the state of internal controls that are used to both manage the Council's operations and (where applicable) manage fraud risks;

- A review of the coverage of other counter fraud governance policies that manage specific fraud risks (such as insider fraud risks that are managed by the various internal HR policies and procedures – insider risks are those fraud risks where an internal employee rather than an external party is responsible for perpetrating the fraud);

- Horizon scanning looking at likely upcoming changes in technologies, government strategy and policy and the Council's own activities and direction of travel to examine how those changes (or possible changes) affect the fraud landscape in which we operate;

- Research on fraud trends and new emerging frauds and new areas that may be vulnerable to existing fraud types to inform our understanding of risks and the areas that may be exploited by fraudsters.

- Updating of the Council's fraud risk register and the fraud assurance maps taking into account the items above to identify areas of risk worthy of review

1.3. Annual publication of Counter Fraud Results, for both proactive and reactive work, is published in the annual Preventing and Detecting Fraud and Error report that is reported to the Audit Committee following the end of the reporting period (currently 30th 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. The Council's Anti-Fraud, Bribery and Corruption Framework

2.1. 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 was last approved by the Audit Committee in April 2021.

2.2. This report and the assessment of risks it contains, have been rated in line with the Council's Risk Management Policy and Procedure.

3. Horizon Scanning

3.1. 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. Fraud in the public sector is estimated by the Government to cost up to £52bn annually (Institute of Government and Public Policy 2023). 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.

3.2. Cyber enabled crime continues to rise. (This is any crime or fraud committed using technology). It is still one of the most difficult fraud types to stop as fraudsters continue

to find and exploit technology vulnerabilities and exploit human weaknesses and human behaviour. It is highly unlikely that this fraud risk will ever decrease, and it affects individuals, business and the council itself. Current fraud trends relating to ransomware and extortion after exploiting computer system vulnerabilities remain. The latest trends include the rise of so called "synthetic identities" – computer generated "people" with Facebook accounts and full back stories. These fake people are being used to befriend and scam individuals and businesses alike. Identity verification work on things like grants and insurance claims is, therefore, becoming more and more important.

3.3. Right to Buy fraud continues to be a significant fraud risk for the Council with discounts of up to 70% of the value of the property available to the tenant. The cost-of-living rises have had a breaking effect on the UK property market; however, this is unlikely to significantly affect the fraudsters trying to get hold of these properties. There were 76 applications for Right to Buy in 2023/24 and this is expected to remain steady.

3.4. Synthetic identity fraud is the latest fast growing fraud trend and is very hard to spot and combat. Traditional identity fraud involves cloning a person's identity using their financial and other personal information. Synthetic identify fraud however, often combines legitimate identify facts with fabricated ones or ones stolen from multiple different identities to create often called "Frankenstein" credentials. Synthetic identities (which can even be created by web based artificial intelligence products) are more dangerous than traditional stolen identities. In the traditional forms, the customer at some point notices the issue (usually as the result of credit refusals or debt collection activities for debt for which they have no knowledge). With synthetic Frankenstein identities, there is no individual to report the problem which allows fraudsters to use the identity for long periods and build up a history. Synthetic identities are a serious problem for online retailers and any industry that gives out lines of credit. The Council however, does not engage in these activities but this kind of fraud may affect Right to Buy applications and even potentially Business Rates collections going forwards as synthetic identities could be used to defraud business rates or be used to create people with succession rights to tenancies to enable fraudsters to gain access to properties. These frauds are new and evolving and will be watched closely to determine any other potential impacts.

3.5. Austerity measures, continue to influence 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 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 of fraud. Additional schools have been added to
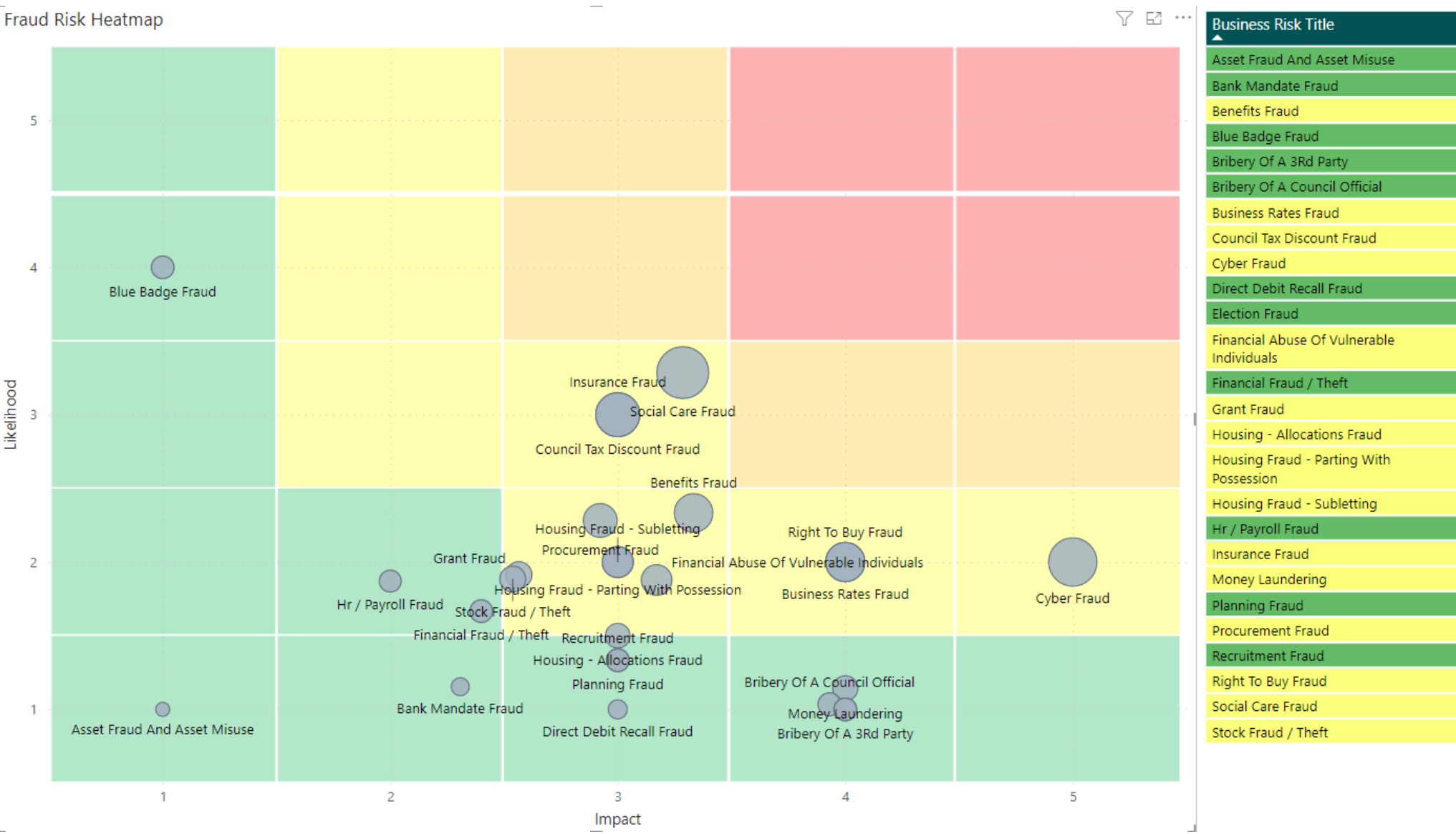
the Internal Audit Plan to address individual school weaknesses and agree actions for improvement. Lessons learnt from previous years' school audits have also been provided to schools and further work is being delivered to help govern schools and support their financial management arrangements.

3.6. The Social Care Cap was due to be introduced from October 2023 but has now been delayed until 2025. Under current proposals, individuals (whether they arrange and pay for their own care or have their care arranged by their local council) will start accruing costs towards their care cap and their care needs and care cap eligible expenditure will need to be tracked. This gives rise to a new form of social care fraud risk. There has always been a risk that, for social care users, income and assets may be hidden, misappropriated or misused to minimise costs or otherwise extract monies from the system. Whilst details of the scheme are not available to evaluate at the moment, these arrangements are likely to provide a new incentive to manipulate care costs to avoid care fees and therefore a new fraud risk from those arranging their own care that the Council has not been previously exposed to. As our understanding of this scheme and its associated risks develop, we will update our register and plan to provide the right counter fraud advice at the right time to minimise any potential implications for fraud.

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

4. Fraud Risks

4.1. 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.

4.2. 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 because 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 is the maximum level to which they can be controlled.

4.3. The fraud risk register has been amended this year to reflect the latest risks and some risks where the risk is not against the Council or where the risk is no longer relevant, have been removed from the assessment in this report. They are still logged and watched but this report has been re-focused to the current risks facing the organisation only. The main risks dropped from this report are those relating to COVID fraud risks which are no longer relevant to this assessment.

5. Fraud Risk Heat Map

Fraud Risk Heatmap

Business Risk Title

- Asset Fraud And Asset Misuse
- Bank Mandate Fraud
- Benefits Fraud
- Blue Badge Fraud
- Bribery Of A 3Rd Party
- Bribery Of A Council Official
- Business Rates Fraud
- Council Tax Discount Fraud
- Cyber Fraud
- Direct Debit Recall Fraud
- Election Fraud
- Financial Abuse Of Vulnerable Individuals
- Financial Fraud / Theft
- Grant Fraud
- Housing - Allocations Fraud
- Housing Fraud - Parting With Possession
- Housing Fraud - Subletting
- Hr / Payroll Fraud
- Insurance Fraud
- Money Laundering
- Planning Fraud
- Procurement Fraud
- Recruitment Fraud
- Right To Buy Fraud
- Social Care Fraud
- Stock Fraud / Theft

5.1. The risks shown on the heat map show residual risk exposures as they were assessed in March 2023. For ease of display, the accompanying list has been colour coded to show the risk level shown on the map. Explanations of these risks along with the expected direction of travel are shown in section 10.

6. Counter Fraud Resource Levels

6.1. The Counter Fraud Plan, shown later in this document, currently includes the equivalent of 1.2 Full Time Equivalent employees (FTEs) based on 160 working days per FTE per year after leave and overheads. This includes proactive, detective and reactive time (contingency elements for investigations) of the Counter Fraud Plan. It provides for minimal coverage only, however, the Head of Internal Audit will ensure adequate resources are in place to deliver counter fraud work as needed.

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 2023/24) giving clear visibility of proposed coverage and gaps. Full explanations of the risks can be found in the Fraud Risk Register at section 10.

7.2. The Counter Fraud Plan appears in the next section for scrutiny and approval. It should be noted that two jobs from the previous year's plan have been brought forward for completion in this financial year. The National Fraud Initiative, however, runs from October to September (the NFI reporting cycle) and so this work always crosses each financial year.

7.3. 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 relevant risks. Where there is assurance provided by someone other than Internal Audit, these have been shown on the map. Looking at fraud risks in this way gives clear visibility over the level of coverage against the identified risks and assess its adequacy.

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

8. The Counter Fraud Plan

Project Name	Audit Committee Brief	Fraud Strategy Alignment
Declarations of Gifts and Hospitality and Legacy Audit	This audit is looking at the arrangements in place for the submission and monitoring of declarations of gifts, hospitality and legacies and the arrangements in place to manage any potential conflicts of interest that could arise from them. This audit aims to add value by ensuring that key governance policies are being followed and can be relied on to help manage the risk of fraud and corruption.	Govern
Bank Mandate Fraud Arrangements	In 2022, the Council (along with a nursery service provider) fell victim to what is known as a bank mandate fraud (where a fraudster uses technology and social engineering to convince the parties to change the bank details to which payments are made). A full piece of work was undertaken at the time to ensure that there were no further exposures and this work did confirm this had been an isolated incident. However, there are other teams that use similar technologies to make payments and who handle their own counter fraud checks. This piece of work will look at these areas to ensure that checking procedures for all areas are robust and minimise the risk of bank mandate frauds occurring. This piece of work aims to add value by ensuring that counter fraud arrangements are as robust as possible in non-central payment areas.	Prevent
Safeguarding Personal Assets Team (SAPAT) - Counter Fraud Review	SAPAT (the Safeguarding Adults Personal Assets Team) was last subject to a review in 2017. The team manage the finances of vulnerable adults where they are listed as the persons appointee or deputy (in addition to some other duties). This review will look at the management of the finances of personal assets under the team's control from a counter fraud perspective to ensure that the finances of vulnerable people are being adequately safeguarded whilst still allowing them to live their lives to the full. This audit aims to add value by ensuring that the monies that we manage on behalf of vulnerable people are used properly and that their interests are being properly safeguarded.	Prevent

Project Name	Audit Committee Brief	Fraud Strategy Alignment
St Leger Homes - Right to Buy Management	This piece of work will look at the arrangements in place to follow Right to Buy legislation and will include a review of the processes and controls in place to ensure that it is done accurately and that assets are safeguarded from fraud as much as is possible. This review aims to add value by ensuring that fraud is minimised and that proper procedures are in place to mitigate fraud risks.	Prevent
Teachers Pensions Data Matching	This piece of work is a proactive data match that matches deceased persons information to teachers pensions as paid by City of Doncaster Council. The majority of teachers pensions are paid by an external party and have no risk to the Council. However, for a relatively small number of older historic pensions, an element of the pension (although not all of it) is paid by the Council. Whilst parties often do inform relevant parties about the death of a person in receipt of a pension, this information is not always passed on to the Council and has resulted in the past in significant overpayments / potential fraud. This piece of work aims to add value by trying to find at the earliest possible instance, teachers' pensions being paid directly by City of Doncaster Council that need to be stopped or investigated further - thereby minimising any potential losses to the Council.	Prevent
Direct Payments and Personal Budgets	This audit aims to review the processes in place to award and monitor Direct Payments and Personal Budgets as used by individuals to pay for their social care requirements. This review will specifically look at the arrangements to find and report fraud, suspected fraud and misuse of these payments as few reports of any fraudulent activity are received from these payments which are nationally recognised as a problem area. This review aims to add value by making sure that there are robust counter fraud and fraud reporting arrangements in place over these payments and that action is being taken where possible against anyone misusing the schemes.	Prevent

Project Name	Audit Committee Brief	Fraud Strategy Alignment
Doncaster Decarbonisation Grant Management	This audit looks at the robustness of the arrangements for administering the Doncaster Decarbonisation Grant in line with the funding conditions and the effectiveness of the anti-fraud controls in place, so that any learning points can be implemented in future grant scheme arrangements. The audit adds value by identifying improvement areas to be applied in future grant schemes.	Prevent
Cash Monitoring Analytics	Whilst the collection of cash from the public remains significantly reduced for the Council, collection is still possible (with schools being the areas with the highest cash collection levels). This piece of work will see the re-development of cash monitoring arrangements so that cash collection trends are monitored to find potential fraud and error. This piece of work will add value by enabling the constant monitoring of cash collection trends to find fraud and error.	Detect
National Fraud Initiative - Results Investigation	The piece of work looks at the investigation of results under the compulsory National Fraud Initiative as mandated by the Cabinet Office.	Detect
Counter Fraud - Payroll to Creditor Matching	This is a data matching piece of work undertaken year on year matching payroll and creditor information to detect fraud and manage conflicts of interest. This piece of work aims to add value by ensuring that conflicts of interest are properly managed and that potential frauds are avoided.	Detect
National Fraud Initiative 2023/24 Cycle	The piece of work looks at the investigation of results under the compulsory National Fraud Initiative as mandated by the Cabinet Office.	Detect

Project Name	Audit Committee Brief	Fraud Strategy Alignment
Procurement Fraud Checks	Procurement fraud is a difficult fraud to detect and investigate owing to the wide variety ways that this fraud can be perpetrated. Our creditor monitoring software, however, routinely checks for some type of procurement and invoicing fraud and for bank mandate fraud. This piece of work reviews those intelligence reports that they system generates to look for fraud and error. This review adds value by detecting possible procurement frauds and by providing assurance over payments made through the Accounts Payable function.	Detect

9. Counter Fraud Risk Assurance Map

Assurance Source	Asset Misuse	Bank Mandate Fraud	Benefits Fraud	Blue Badge Fraud	Bribery of a 3rd Party	Bribery of a Council Official	Business Rates Fraud	Council Tax Discount Fraud	Cyber Fraud	Direct Debit Recall Fraud	Election Fraud	Financial Abuse of Vulnerable Individuals	Financial Fraud / Theft	Grant Fraud	Housing Allocations Fraud	Housing Fraud - Parting with Possession	Housing Fraud - Subletting	HR / Payroll Fraud	Insurance Fraud	Money Laundering	Procurement Fraud	Recruitment Fraud	Right to Buy Fraud	S106 Fraud	Social Care Fraud	Stock Fraud / Theft
Audits to be completed in 2023/24																										
Bank Mandate Fraud Arrangements 2023/24		✓							✓																	
Cash Monitoring Analytics 2022/23													✓													
Counter Fraud - Payroll to Creditor Matching 2023/24																		✓								
Declarations of Gifts and Hospitality and Legacy Audit 2022/23					✓	✓							✓	✓	✓						✓					
Direct Payments and Personal Budgets 2022/23	✓																								✓	
Doncaster Decarbonisation Grant Management 2023/24														✓												
National Fraud Initiative - Results Investigation 2022/23		✓	✓					✓							✓	✓	✓	✓			✓		✓			
National Fraud Initiative 2023/24 Cycle		✓						✓				✓														
Procurement Fraud Checks 2023/24	✓																				✓					
Safeguarding Personal Assets Team (SAPAT) - Counter Fraud Review 2023/24									✓			✓	✓													
St Leger Homes - Right to Buy Management 2023/24																							✓			
Teachers Pensions Data Matching 2023/24																		✓								
Earlier Audit Year Coverage																										
2022/23					✓	✓		✓										✓		✓	✓					✓
Other Assurance Sources																										
External Insurance Inspection																			✓							
External sourced ICT Audits									✓																	
Car parking warden blue badge checks				✓																						
DWP and HMRC Realtime Matching Services			✓					✓																		
Public Services Network (PSN) Certification Checks									✓																	
Electoral Commission Inspections / Checks											✓															

10.   Fraud Risk Register

The direction of travel shown by the arrow shows whether the risk is expected to increase, decrease or stay the same over the coming year. All risk ratings are based on the assessment at the time it was undertaken (March 2023) and represent the risks assessed position according to the Risk Management Framework as agreed by the Council and the Audit Committee.   Whilst risks may be increasing as shown in the narrative, it does not necessarily mean that it has / will change risk rating (e.g. High, Medium low etc) as this is based on the wide criteria that is set in the Risk Management Framework.

Business Risk Title	Anticipated Direction of Future Travel	Current Assessment Notes
Asset Fraud and Asset Misuse	◄►	Asset frauds occur where assets owned by the Council are used or sold without the council's permission or knowledge leaving the Council to pick up the cost of the asset and its maintenance but depriving the Council of the use of it. Whilst any kind of asset can be misused, the risks mainly relate to bigger more expensive assets such as buildings / premises, vehicles and plant and computer equipment. Risks in this area are stable with generally good levels of internal controls over large assets. Vehicles are subject to tracking and monitoring and stock systems are in use over ICT assets.
Bank Mandate Fraud	◄►	Bank Mandate Fraud occurs where fraudsters try to change the stored bank details we have on file for our customers or suppliers with a view to trying to re-direct the monies fraudulently to themselves. This usually occurs through some form of telephone call, email or even by letter. Some attempts are made by spoofing contact details, others can be because of cyber-attack on the customer / supplier. This is a long-standing type of fraud and controls in this area are generally good. However, one such fraud did slip through in 2022/23 due to human error. Whilst this was an isolated incident ,an audit has been set up for 2023/24 to recheck the arrangements in other areas of the Council. Generally, this is a stable risk, but frauds are attempted every day.

Business Risk Title	Anticipated Direction of Future Travel	Current Assessment Notes
Benefits Fraud	▼	Benefits frauds for the Council mean Housing Benefit frauds rather than any of the other Department of Work and Pension based claimable social benefits. The number of people entitled to legacy benefits like Housing Benefit continues to fall and this is expected to continue, hence the predicted continual falling of the level of risk in this area. Real time matching initiatives by the Department of Work and Pensions are well established to highlight possible frauds. The investigation of frauds in this area, however, is the responsibility of the Single Fraud Investigation Service and not the Council who only administer the benefit on their behalf. Work in this area is always included on the National Fraud Initiative as mandated by the Government.
Blue Badge Fraud	◄►	Blue badge fraud occurs where someone applies for a disabled persons parking badge but isn't entitled to it, or where a legitimate blue badge is misused by a party or is used in circumstances in which they are not entitled to use it. Blue Badge Fraud is relatively low value fraud, essentially costing the Council the amount of money lost in parking revenue (where the parking for badge holders is free rather than charged). However, it has wider implications in terms of preventing legitimate users from accessing the wider, and often nearer, parking spaces. Parking remains at lower levels than pre-pandemic levels but is slowly rising. It is expected that this risk will remain relatively consistent in the short term.
Bribery Of A 3rd Party	◄►	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 crime can be committed by either an official bribing a 3rd party or by accepting a bribe. These two variations are relatively low risk for the Council and the only potential exposure here lies with attracting inward investment to the area. Controls are in place to mitigate these risks and are currently expected to remain at similar levels going forward.

Business Risk Title	Anticipated Direction of Future Travel	Current Assessment Notes
Bribery of a Council Official	◄►	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 crime can be committed by either an official bribing a 3rd party or by accepting a bribe. Risks for the Council here relate to property sales, right to buy housing sales, fines and income streams. Again, these are low risk and are anticipated to remain stable going forward.
Business Rates Fraud	◄►	Business rates frauds occur where business evade their business rates (a form of tax) by claiming properties are not in use, claiming fake charity statuses or try to transfer their liabilities to parties that are fake / do not exist etc. Times remain difficult for businesses, and this can increase the likelihood of a fraud occurring in this area. However, the number of businesses subject to business rates remains lower than pre-pandemic levels and potential business rate help for businesses remains a possibility whist the Government attempts to boost the economy. As a result, these will probably remain stable risks in the short term.
Council Tax Discount Fraud	▲	Council Tax Discount Fraud occurs where a person liable for Council Tax claims discounts or reductions to their liability where they have no legitimate claim to. This can be deliberately done or by not informing us of a change in their circumstances. Council tax frauds are quite common but are relatively small due to the limited size of Council Tax bills. Continuing pressure on personal finances caused by the current cost of living crisis, increases the temptation for individuals to not pass on information that can increase their tax liability. It is for this reason that the level of fraud in this area is expected to increase over the next 12 months. However, good controls and on-going rolling checks of discounts and reductions are in place (along with other fraud initiatives) to detect and deal with these frauds.

Business Risk Title	Anticipated Direction of Future Travel	Current Assessment Notes
Cyber Fraud	▲	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 3rd parties for electronic data theft or harvesting. Remote working globally has increased the reach of hackers and cyber criminals with increased targeting of individuals because of this global trend. Individuals are still the biggest weakness in arrangements to combat these types of attacks / crimes with ever more elaborate ways to phish for data and access. Whilst controls are in place and are constantly being developed and enhanced to combat this type of fraud, organisations are always playing catch-up to the fraudsters in this respect, and it is for this reason that cyber fraud is shown as an ever-increasing risk.
Direct Debit Recall Fraud	◀▶	Direct Debit Recall Fraud is a relatively rare type of fraud, in which fraudsters buy or obtain access to a bank 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. Incidents here at Doncaster, however, remain very low with minimal claims being made under the Direct Debit Guarantee Scheme.
Election Fraud	◀▶	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.

Business Risk Title	Anticipated Direction of Future Travel	Current Assessment Notes
Financial Abuse of Vulnerable Individuals	◄►	The financial abuse of vulnerable individuals is a risk for all councils. Long term care arrangements and guardianship orders (any arrangements where an 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.
Financial Fraud / Theft	◄►	Financial 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 choice). Schools are still the biggest risk in this respect although the number for which the authority is responsible (due to schools converting to academies), continues to gradually fall.
Grant Fraud	▲	The Council administers many grants, some temporary as a result of changes in the political landscape, and others that are more regular grants. Grants used by the Council are considered low risk but grants that are passed by the Council to members of the public are at risk of fraud and the level of risk is dependent on the nature of the grant and grant conditions. COVID grants and other expired grants have been removed from our risk assessments, but further grants are possible due to the current economic climate and environmental change agendas and these, in our opinion, are likely to attract further grant fraud risks going forward.

Business Risk Title	Anticipated Direction of Future Travel	Current Assessment Notes
Housing - Allocations Fraud	▲	Housing allocations fraud occurs where someone occupies a council property through deception and takes a property away from other users. This can happen through inappropriate claims to succeed the previous tenant at a property or where individuals lie to increase their chances of getting a property or a larger property than they need. Housing allocations frauds are an issue for any council for which the demand of low-cost social housing exceed the availability of such properties. The cost is often measured in terms of the cost of bed and breakfast accommodation that needs to be used to house homeless families in legitimate need. Many factors influence the risk here, including the level of difference between private and public sector rental costs, the cost of living, living standards and the state of the economy. Increases in private sector rents and the squeeze on the economy and individual's finances are increasing the risk here and this is likely to continue to increase (however, it still is lower than most city areas or those areas in Greater London). Robust checking of allocations and successions along with national data matching exercises help to mitigate this kind of fraud.
Housing Fraud - Parting with Possession	◀▶	Parting with possession is often termed "key selling" fraud. This is where a council tenant sells the keys to a property to a 3rd party to take over their tenancy. It is like subletting, with the exception that there is no long-term financial arrangement in place between the parties. This is a relatively rare fraud type, especially outside of the Greater London area. It has been judged as stable as there are no increases in risk associated with the current economic environment (this kind of fraud is more likely in more affluent economic times).
Housing Fraud - Subletting	▲	Subletting fraud happens where a Council tenant who no longer needs their property for some reason, chooses to let it out to a 3rd party for weekly / monthly income rather than return it to the council for re-letting. This is illegal and not only deprives a family in need of accommodation from using the property but creates unlawful profit for the council tenant letting it out. This kind of fraud increases as the difference between social and private rents increases (because the greater the difference, the great profit there is in it for the tenant and, therefore, the higher the temptation factor). Differences between private and public sector rents in the current climate are on the increase thereby increasing the likelihood that this kind of fraud will occur.

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HR / Payroll Fraud	◀▶	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. Risks in terms of time frauds and pay frauds (such as false overtime claims or misuse of company time) remain higher than pre-pandemic levels due to the continued significant amounts of remote working. However, they remain stable.
Insurance Fraud	▲	Insurance fraud occurs where individuals try to falsely claim monies from the Council for accidents or damage. Insurance claims are dealt with in house but are subject to review by the Council's external insurers. Fraudulent and exaggerated claims unfortunately have been around for a long time and are likely to be more tempting for low level fraudsters in the current economic climate.
Money Laundering	▲	Money laundering risks occur where monies from criminal activities are cleaned by using them to buy legitimate assets or pass through a business so that the funds look like legitimate transactions. The Council has a very low money laundering risk as it no longer operates large scale cash collection activities. However, in the sale of council houses under the Right to Buy Scheme, tenants are allowed to fund their purchase through cash. This single source is the Council's highest money laundering risk. Despite the economic slowdown, mid to late 2022/23 saw a rise in the number of attempts to buy properties with a significant amount of cash. This therefore presents a growing risk despite the economic climate. Full checks are undertaken before any sales are allowed and sales are refused where the source of the money cannot be traced to a legitimate source.

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Planning Fraud	◄►	Planning fraud occurs where developers, individuals or officials seek to further their own agendas by submitting false information, manipulating decisions or apply undue influence to the planning process. Planning rules and decisions are subject to scrutiny and challenge and information is put in the public domain for interested parties to view themselves. For this reason, this is judged as a low risk but stable to the Council.
Procurement Fraud	◄►	Procurement fraud occurs in many ways. It can range from deliberately duplicated invoices or inflated invoices to deliberate price fixing between rival suppliers. Duplicated invoices and inflated invoices can be controlled and detected by good internal controls over procurement related activities, but some other forms are much harder to spot. Procurement frauds are again a long-standing fraud type and are currently judged as being stable.
Recruitment Fraud	◄►	Recruitment fraud occurs when individuals recruited falsify their history or qualifications on seeking employment or where undue bias is used in selection processes to favour a specific applicant. Recruitment fraud risks are relatively low and good long standing internal controls can be applied to the checking / recruitment processes. This risk is judged to be stable.
Right To Buy Fraud	◄►	Right to Buy fraud occurs where individuals that are NOT entitled to buy a property under the scheme do so or where the tenant obtains more discount on their property sale than they are entitled to. Full checks are undertaken in this respect and are long established. Despite the increase in cash applications, the overall applications (76) remains comparable to the previous year and so this risk has been rated as stable.

Business Risk Title	Anticipated Direction of Future Travel	Current Assessment Notes
Social Care Fraud	▲	Social care fraud occurs where individuals (or their families) either use monies that they are paid under schemes like direct payment schemes for illegitimate expenditure OR where they make false statements and try to conceal their funds to prevent the use of them to fund their/ their family member's care costs. This is an emotive topic. There are relatively high levels of direct payments / personal budgets in place for care across Doncaster. The current economic downturn and pressure on household funds increases the temptation to misuse these types of funds and for this reason, the risks have been judged as increasing in this area.
Stock Fraud / Theft	◄►	Stock fraud / thefts are one of the easiest types of fraud to understand. The Council minimises its stocks to meet its operational needs. However, whilst there are stocks there will always be a risk that these are stolen or are the target for thieves and criminal gangs. Physical security and internal controls are strong and for this reason this risk is judged as stable.