

Area of Review	Fraud Risk Assessment
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Introduction

Every £1 that a local authority loses to fraud is £1 that it cannot spend on supporting the community. Fraud and corruption are a drain on local authority resources and can lead to reputational damage and the repercussions maybe far reaching. Fraudsters are constantly revising and sharpening their techniques and local authorities need to do the same. There is a clear need for a tough stance supported by elected members, chief executives and those charged with governance. This includes tackling cross-boundary and organised fraud and corruption attempts, as well as addressing new risks such as social care fraud and cyber issue.

The purpose of this assessment is to review the effectiveness of the internal control framework in place to prevent the risk of fraud and corruption. The review is based on the Fighting Fraud and Corruption Locally Strategy for the 2020s. This strategy reflects best practice for Local Government and was reviewed and relaunched in March 2020, the checklist produced in the strategy document has been used as the basis of this risk assessment. The review will identify any weaknesses that exist and, where it is felt improvements are required, agree actions to address the weakness.

Conclusions

Hart Council is not immune to the risk of Fraud. There is an awareness that frauds are taking place in Housing Benefit and Single Person discounts, however there are controls and mitigations in place to manage these risks.

Hart recognises that public funds need to be protected from the risk of fraud and we have established a reasonable control framework to achieve this. This includes:

- Dedicated Fraud Resource
- Fraud resource in the 5 Council Framework for Revenues and Benefits
- Active involvement in National Fraud Initiative (NFI)
- Adequate Separation of duties for financial transactions
- Internal Audit consider the risk of fraud in all reviews in particular financial reviews
- Raising awareness of fraud in officer and member training, newsletters and reminders in staff bulletins
- External Audit complete annual reviews – Fraud related areas include - Misstatements due to fraud or error and Risk of fraud in revenue and

expenditure recognition, through inappropriate capitalisation of revenue expenditure

However, there are some weakness that need to be addressed the key areas being:

- Individual Service Risk Registers need to be re-established and include an appropriate consideration of fraud risk
- Declarations of Interest need to be up to date and regularly reviewed
- The DBS framework needs to be fully reviewed, responsibilities defined and ensure that all roles requiring DBS checks have them and that they are up to date.

Post Covid-19 fraud checks need to be carried out and maintained going forward as part of the recovery plan

OPINION ON CONTROL FRAMEWORK

The overall level of opinion that can be provided on the internal control framework for this review is:

Levels of Assurance	
Substantial	Substantial assurance can be given where there is a sound system of controls in place which are applied consistently to enable achievement of the intended objective.
Satisfactory	Satisfactory assurance can be given when there is generally a sound system of internal control in place with only minor lapses, and in general objectives are being achieved.
Limited	Limited assurance is given where controls in place are not always applied and objectives may not be achieved, meaning the Council is exposed to the risk of financial loss, fraud or the loss of reputation.
None	No assurance is given where weaknesses in control has resulted if a failure to achieve objectives

	Risk/Issue	Responsible Officer	Action Taken	Target Date
1	That the Finance Portfolio Holder is not made aware of the Fraud Risk Assessment	Audit Manger	A copy of the assessment will be provided to the Portfolio Holder.	October 2020
2	That Managers are not identifying and accountable for the risks in their service areas	All Heads of Service	Fraud risk assessments to be added to risk register for each service and where appropriate to service plans. Audit Manager to engage with HOS commencing September 2020	October 2020
3	That fraud is not consistently considered in all new policies and procedures	All Heads of Service	Refresher training to be undertaken for HOS and Management team as part of the Fraud and Cyber Security 2020 training	December 2020
4	That HR policies relating to Fraud and Corruption are out of date and are not readily available	Head of Corporate Services	Review and refresh of HR policies taking place by 31/3/21	March 2021
5	That officers and contractors are not always aware of the corporate policies	All Heads of Service	This will need to be covered in the corporate fraud training	December 2020
6	That the members declarations of interest are not up to date.	Head of Corporate Services	Committee services has sent a reminder to all members (July 2020) about the requirement to keep these records up to date Declarations of Interest will be available on Modern.gov which is currently being implemented	Completed
7	That the Transparency code is not adhered to	Head of Corporate Services	Capita currently prepare the regulatory transparency reports on	In place

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**Appendix 1
Paper B**

			spend. We will need to take this back in house by 31/3/21	
8	That the manual book to record gifts and hospitality is inaccessible during lock down. An electronic version should be put in place.	Head of Corporate Services	Head of Corporate Services to Review this	September 2020
9	Officers and Members are not consistently recording gifts and hospitality	Head of Corporate Services	EF to review what is being recorded currently and report to Audit Committee Chair	October 2020
10	That recruitment checks in place do not meet employment law	Head of Corporate Services	In place- proof of right to work but a checklist needs to be produced and consistently utilised. To be reviewed in Payroll Audit 2020	Ongoing
11	The DBS framework needs to be reviewed	Head of Corporate Services	DBS framework will be reviewed, and a signatory appointed	December 2020
12	That there may be some training gaps in the some of the Internal Audit side of the team	Audit Manager	Will be reviewed as part of PDR process.	October 2020
13	Post Covid 19 fraud checks needs to be carried out and maintained going forward as part of the recovery plan	All Heads of Service	The Audit Manager will discuss risks with HOS as part of the Risk review. Training / Oversight to be looked in to by Audit team	Ongoing