

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	12 December 2018
Subject:	Local Authority Serious and Organised Crime Checklist
Report of:	Head of Corporate Services
Corporate Lead:	Chief Executive
Lead Member:	Lead Member for Finance and Asset Management
Number of Appendices:	3

Executive Summary:

The Government's Serious and Organised Crime Strategy published in 2013 reported the threat that serious and organised crime poses to national security and that it costs the UK more than £24 billion a year. Examples of this type of crime include drug trafficking, human trafficking, child sexual exploitation, high value fraud and cyber-crime. In response to this, the Home Office undertook some pilot work on the threat that serious and organised crime poses to publicly procured services in local authorities and how to respond to that threat. A subsequent report estimated that, of the £2.1 billion of local government fraud in 2013, £876 million related to procurement fraud. In relation to procurement, the pilot indicates that the areas most at risk were waste services, taxi/transport services and low value spending (generally payments in the hundreds of pounds and in schools for property maintenance services). Local authority taxi contracts were identified as being at particular risk. The main focus of those contracts is to provide transport for some of the most vulnerable members of society, and criminal groups can use taxis to gain access to the vulnerable.

One of the recommendations arising from the pilot work is for authorities to liaise with the Police as well as other multi-agency partnership groups in order to identify the greatest areas of risk. The Gloucestershire County Fraud Unit (CFU) provides this strategic liaison on behalf the council, supported by the Head of Community. As part of the report, the Home Office also produced a Serious and Organised Crime Checklist that enables local authorities to assess their serious and organised crime risks within their organisation. The checklist for Tewkesbury Borough Council was completed by senior officers across various services and the Gloucestershire CFU. The checklist was considered by Corporate Management Team and approved as a balanced assessment of the Council's control environment. The checklist is generic, used across all authorities and therefore the completion of the checklist is a proportionate response given the size of the council and the activities it undertakes. On this basis and given that the risk areas identified in the pilot are not direct activities undertaken by this Council then in terms of being susceptible to such crime, the Council is considered low risk. However, the Council needs to remain vigilant and an action plan has been developed to maintain awareness to any potential threat.

Recommendation:

To CONSIDER the completed Serious and Organised Crime Checklist and the action plan arising from the checklist.

Reasons for Recommendation:

As a Committee tasked with assurance, it is important the arrangements to ensure the Council's control environment are reported and that there is confidence in those arrangements to mitigate any detrimental impact on the Council's activities.

Resource Implications:

None arising directly from this report.

Legal Implications:

None arising directly from this report.

Risk Management Implications:

If the Council's internal control environment is not robust, there is a risk that the Council could be susceptible to serious and organised crime leading to a significant financial and reputational impact.

Performance Management Follow-up:

Assurance as to the robustness of the Council's internal control environment will be provided to the Audit Committee through the work of Internal Audit and the Gloucestershire Counter Fraud Unit.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

- 1.1** Local authority procurement is at risk of infiltration from serious and organised crime groups. The National Crime Agency (NCA) warns of the attractions of public procurement systems to organised criminals. Public sector procurement is vulnerable because there are multiple opportunities to exploit it fraudulently. In order to better understand the nature and scale of the threat in England, joint pilot work was undertaken by local authorities and police forces in seven areas to examine the threat and strengthen protective measures.
- 1.2** Ten links between publically procured services and organised crime were identified by the pilot areas. These links indicated that the sectors most at risk were waste, taxi/transport and lower level spend. The work in the pilot areas produced a range of relatively simple and resource light actions that can help tackle this threat and reduce vulnerability. These include:
- Using the serious and organised crime checklist.
 - Conducting a serious and organised crime audit.
 - Collaborative action between local authorities, police and local multi-agency partnerships.

2.0 SERIOUS AND ORGANISED CRIME CHECKLIST

- 2.1** The checklist enables local authorities to assess the serious and organised crime risks within their organisation. The checklist for Tewkesbury Borough Council was completed by senior officers across various services and the Gloucestershire Counter Fraud Unit. The checklist was considered by Corporate Leadership Team and approved as a balanced assessment of the Council's control environment. The checklist is generic, used across all authorities, and therefore the completion of the checklist is a proportionate response given the size of the Council and the activities it undertakes.
- 2.2** The checklist is broken down across five themes with each theme underpinned by a number of questions. Each question is assessed as either 'good', 'acceptable' or 'needs improvement'. The five themes are:
- Awareness, strategy, guidance and training.
 - Risk management.
 - Communication and information/intelligence sharing.
 - Whistleblowing.
 - Assurance.
- 2.3** The risk areas identified in the pilot are not direct activities undertaken by this Council, therefore, in terms of being susceptible to such crime, the Council is considered low risk. However, the Council needs to remain vigilant and an action plan has been developed to maintain awareness to any potential threat. Only one area has been assessed as 'needs improvement' - this relates to general awareness training for those staff involved in purchasing. The action plan does, however, look to strengthen other areas. The checklist can be found at Appendix 1 and the action plan at Appendix 2.

3.0 SERIOUS AND ORGANISED CRIME AUDIT

- 3.1** A suggested framework provides the methodology that allows internal audit teams to identify potential vulnerabilities in relation to serious and organised crime. The framework provides overarching questions that form the basis of any audit. The questions cover activities such as:
- Strategy and awareness.
 - Procurement.
 - Human Resources.
 - Gifts and Hospitality.
 - Whistleblowing.
 - Licensing.

The Internal Audit team and the Counter Fraud Unit will review these activities and days have been allocated within their respective work plans to commence this work. Agreement on which team is carrying out the individual audits will be agreed in advance so as to avoid duplication. As with all audit work, findings will be reported to Audit Committee. This will give assurance as to whether controls are working effectively and will also quality assure the integrity of the checklist. The audit framework can be found in Appendix 3.

4.0 OTHER OPTIONS CONSIDERED

- 4.1** None.

5.0 CONSULTATION

5.1 Completion of the checklist was undertaken by various senior officers and the Counter Fraud Unit and considered by the Corporate Leadership Team.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

6.1 Anti-Fraud and Corruption Policy.
Whistleblowing Policy.

7.0 RELEVANT GOVERNMENT POLICIES

7.1 None.

8.0 RESOURCE IMPLICATIONS (Human/Property)

8.1 None.

9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

9.1 None.

10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

10.1 Internal Audit contributes to value for money through its improvement work.

11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

11 .1 None.

Background Papers: None

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Appendices: Appendix 1 – Serious and Organised Crime Checklist
Appendix 2 – Action Plan arising from checklist
Appendix 3 – Serious and Organised Crime Audit Framework