

## LOCAL AUTHORITY SERIOUS AND ORGANISED CRIME CHECKLIST

### The Threat

Local Authority (LA) procurement is at risk of infiltration from serious and organised crime and organised crime groups could be benefitting from public sector contracts. In 2013 it was estimated that £2.1 billion of fraud was perpetrated against local government ([National Fraud Authority Annual Fraud Indicator 2013](#)).

Serious and organised crime is a threat to our national security and the Government's [Serious and Organised Crime Strategy](#) published in 2013 reported that it costs the UK more than £24 billion a year. Organised crime includes drug trafficking, human trafficking, child sexual exploitation, high value fraud and cyber-crime. Organised crime groups may seek to benefit from public services in different ways, including to raise money through fraudulent activity and to use businesses / services used by LAs to launder criminal proceeds. In this way public money can be lost to LAs and can ultimately fund other illegal activity.

### Responding to the Threat

Assessing the risk from serious and organised crime and corruption is essential in allowing you to identify areas of concern within your business, potential vulnerabilities and to take action to strengthen processes and structures that safeguard public money.

### How to use this Serious and Organised Crime Checklist

The checklist is intended to be used as an internal, self-assessment tool by the Chief Executive and the senior management team to provide a high level overview of the serious and organised crime risks that relate to your business. It can be carried out quickly with relevant heads of departments to make a high level, but balanced assessment of your exposure to the risks and in response develop an improvement plan for managing that risk, as well as capturing areas of good practice to replicate more widely across the LA and with neighbouring LAs.

## Serious and Organised Crime Checklist

GOVERNANCE AND STRATEGY					
1. Awareness, Strategy, Guidance and Training					
	Question	Response / Action taken	Assessment of current arrangements		
a.	How aware are the senior management team and Elected Members of the Government's 2013 <a href="#">Serious and Organised Crime Strategy</a> , the LGA's guide <a href="#">Tackling Serious and Organised Crime – A Local Response</a> and DCLG's, <a href="#">Fighting Fraud and Corruption Locally Strategy</a> ?	<p><del>Overview of serious crime provided to corporate management team by CFU manager in August 2018. Member seminar held October 2018 including cyber security presentation from Barclays representative. General fraud awareness training has been provided by the CFU to all staff. Checklist to be presented at Audit Committee.</del></p> <p><del>Specific work with Gloucestershire Constabulary which is SOC specific to be included within the 2018/2019 CFU plan and will subsequently be publicised.</del></p> <p><b>The CFU Manager attends corporate management team, Executive Committee/CLT and Audit and Governance Committee on a quarterly basis to update on all CFU activity. SOC overview also formed part of member induction. Ongoing work around SOC is included within the CFU work plan.</b></p>	Good	<b>Acceptable</b>	Needs improvement
b.	Do you have a dedicated serious and organised crime Single Point of Contact in place and are they able to liaise to good effect with local police?	Yes, the CFU Manager attends quarterly SOCSP meetings. Effectiveness of relationship is developing.	Good	<b>Acceptable</b>	Needs improvement
c.	Do you have an Anti-Fraud and Corruption Strategy and how effective is it?	<p><del>Strategy presented at Audit Committee and then approved by Executive Committee on 12 October 2016. Covered in fraud awareness training mentioned above.</del></p> <p><b>Strategy reviewed, updated and approved by Executive Committee on 16 October 2019. This has been supported with refresher training for all staff. Over the last 12 months the profile and role of the CFU has increased within the council.</b></p>	<b>Good</b>	<b>Acceptable</b>	Needs improvement

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d.	Is your Code of Conduct compliant with the <a href="#">seven Nolan principles</a> and how robust are arrangements to investigate all allegations of breaches?	The principles are listed in the Counter Fraud and Anti-Corruption Policy. Every two years all staff are required to sign a code of conduct. This also forms part of induction supported with regular reminders. All breaches investigated in line with policy.	<b>Good</b>	Acceptable	Needs improvement
e.	How effectively do you maintain your public register of Members pecuniary interests?	On the first working day of each month members are reminded via email of the need to ensure that their register of interests is up to date. Additionally a further annual reminder is sent individually to members attaching a copy of their current Register of Interests together with an amendment form to be completed should any changes be necessary.	<b>Good</b>	Acceptable	Needs improvement
f.	How well do you raise awareness of the threat that serious and organised crime poses to LAs and its services	<del>See 1a above. Internal audit and CFU will also undertake a review of the relevant internal control environment which is crucial to mitigating the risk of serious crime e.g recruitment, procurement</del> CFU Attend quarterly SOCSP meetings, onward communications to be improved.  <b>Internal audit and the CFU have undertaken work around the areas of audit activity suggested within the framework e.g. licensing, whistleblowing, HR. These have been reported to Audit and Governance Committee.</b>	<b>Good</b>	<b>Acceptable</b>	Needs improvement
<b>2. Risk Management</b>					
a.	How far have the risks posed by serious and organised crime and corruption been reflected within relevant risk registers?	<del>A new corporate risk register is in development. The risks posed by serious and organised crime are deemed to be low. As the register will be a live document this risk can be re-evaluated. The work of internal audit and CFU as identified within 1f. above will provide greater assurance than simply recording a risk within a risk register.</del>  <b>A new corporate risk register was implemented in December 2018. This did not reflect the SOC risk as this risk is deemed to be low. This assessment is a far better tool to manage and report the risk.</b>	Good	<b>Acceptable</b>	Needs improvement

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b.	How effectively do you mitigate and manage the serious and organised crime risks identified?	<p><del>Difficult to engage effectiveness at the present time. The outcome of the proposed internal audit/CFU work will provide assurance. As stated, current conclusion is that risk to TBC is low.</del></p> <p><b>The work of internal audit and the CFU contributes to mitigating and managing the risk e.g. recommendations relating to vetting procedures, review of policies such as whistleblowing, anti-fraud and corruption.</b></p>	Good	<b>Acceptable</b>	Needs improvement
c.	How confident are you that you could deal with / recover from a scenario involving loss or reputational harm as a result of serious and organised crime?	May depend upon the nature of the loss e.g. was it an external perpetrator or internal e.g. if it was an employee this may have more of an impact regarding morale and the risk may have been within our control. Either way, proactive communication strategy would aid recovery. Counter Fraud Unit would manage investigation / disciplinary / prosecutions with Police.	Good	<b>Acceptable</b>	Needs improvement
d.	How aware are your staff of the risks of cybercrime and that they know how to respond effectively to those risks.	<p><del>Cyber security session formed part of recent staff briefings. Facilitated by Barclays Bank, this was very positively received. ICT services over the past 12 months have also undertaken phishing exercises which have raised awareness throughout the council. A cyber security action plan is also being developed to strengthen arrangements.</del></p> <p><b>Awareness to cyber security has continued during 19/20 and will continue to do so. A new ICT strategy was approved in February 2020 which includes actions around improving the security of the network, for example, implementation and testing of a new firewall, and to undertake a new program of phishing awareness.</b></p>	<b>Good</b>	Acceptable	Needs improvement
<b>3. Communication and Information / Intelligence Sharing</b>					
a.	How effective are your arrangements for both internal and external data sharing?	<p>NFI – legislative GDPR programme The Counter Fraud Unit has a number of procedures and data sharing agreements in place.</p>	Good	<b>Acceptable</b>	Needs improvement

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b.	Do you and / or your serious and organised crime Single Point of Contact have regular meetings with the local police to discuss the sharing of information / intelligence? How constructive are these meetings?	No but specifics would be easily sought. This could also be raised at the quarterly SOCSP meetings.	Good	<b>Acceptable</b>	Needs improvement
c.	How effective are your arrangements for sharing information and intelligence with your local police force?	Excellent SPOC in Gloucestershire.	<b>Good</b>	Acceptable	Needs improvement
d.	How active a participant are you in the local serious and organised crime multi-agency partnership and do you attend / contribute regularly?	<del>CFU attend quarterly meetings, permanently supporting. Direct work provision to Gloucestershire Constabulary within the 2018/2019 work plan.</del>  <b>This work is a permanent feature within the CFU work plan.</b>	Good	<b>Acceptable</b>	Needs improvement
<b>4. Whistleblowing</b>					
a.	How effective are your whistle-blowing arrangements?	<del>There is an approved Whistleblowing Policy. Training undertaken by the CFU included a section on whistleblowing. To date, no whistleblowing allegations have been received though this in itself does not demonstrate effectiveness. More promotion could be done.</del>  <b>An updated policy was approved by Executive Committee on 5 February 2020. Awareness sessions for staff have taken place with an additional session programmed. The policy has been communicated internally via the intranet and staff e-newsletter.</b>	Good	<b>Acceptable</b>	Needs improvement
b.	Is guidance on reporting easily accessible for staff and is it straight-forward to follow?	Reporting procedure is clear within the policy.	<b>Good</b>	Acceptable	Needs improvement
<b>5. Assurance</b>					
a.	How confident are you that you are able to provide assurance to your Elected Members that you and your management team are aware of, and are managing, the risks posed by serious and organised crime?	<del>The CMT awareness session together with the member seminar and the completion of this self-assessment is a good starting point. Implementation of any actions arising will enhance</del>	<b>Good</b>	<b>Acceptable</b>	Needs improvement

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		<del>this as will the proposed work of IA. This will be supported with reporting to Audit Committee.</del>			
		<b>Assurance given through the work of internal audit and CFU. This completed assessment is also a source of assurance.</b>			
b.	Do your Internal and External Audit teams play an appropriate and useful role in this assurance process?	Both are able to provide assurance but only if their work is targeted at the specific risks posed by serious crime. Quarterly meetings are held between internal audit and CFU.	Good	<b>Acceptable</b>	Needs improvement
<b>Operational Controls</b>					
<b>1. Licensing (alcohol, taxi and other)</b>					
a.	How confident are you that your LA has not granted a licence to an individual or organisation linked to serious and organised crime in the last 12 months? On what basis have you reached this conclusion?	Taxi licenses have Disclosure Barring Service (DBS) checks for existing and previous convictions. All licenses and policies are in keeping national guidance.	<b>Good</b>	Acceptable	Needs improvement
<b>2. Planning / Development management</b>					
a.	How confident are you that no planning or development management decision made by your LA over the last 12 months has been exploited by organisations with links to organised criminals? On what basis have you reached this conclusion?	All planning decisions are made in accordance with statutory regulation guidance. CFU through their intelligence liaise with other agencies have the potential to flag any issues.	Good	<b>Acceptable</b>	Needs improvement
<b>3. Social Housing</b>					
a.	How confident are you that no property used for social housing is being used by, or sub-let to, an individual or organisation with links to serious and organised crime (e.g. drugs, prostitution, sub-letting, people trafficking, counterfeiting)?	n/a	Good	Acceptable	Needs improvement
b.	How confident are you able to be that those providing maintenance and repair services for social housing have no links to serious and organised crime?	n/a	Good	Acceptable	Needs improvement
<b>4. Procurement</b>					
a.	Are all your procurement, contract management and due diligence procedures robust and fully implemented? Are they regularly reviewed?	Procurement strategy and documentation as well as Contract Procedure Rules reviewed regularly and fully updated in 2016. Comprehensive	<b>Good</b>	Acceptable	Needs improvement

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		documentation and support in place to ensure compliance. Due diligence includes company checks and request for references on larger procurements.			
b.	Are effective policies or protocols in place to ensure that supplier checks are carried out in higher risk supplier sectors during procurement?	Due diligence checks are consistent throughout the buying sectors. The council also uses a number of frameworks for its purchasing where supplier checks are undertaken by the framework holder.	<b>Good</b>	Acceptable	Needs improvement
c.	How confident are you that your LA is not at risk of purchasing goods or services from organisations with links to serious and organised crime? How have you reached this conclusion?	Limited procurement in areas of high risk and use of frameworks for high value procurement limit the council's potential exposure.  <b>Procurement audit currently being undertaken by CFU – outcome to be reported by the end of the calendar year.</b>	Good	<b>Acceptable</b>	Needs improvement
d.	Are your records of supplier details reliably maintained and are they checked and verified sufficiently?	Finance system is central point for supplier records and finance team have robust processes in place for verifying details.  <b>Internal audit undertake reviews on a cyclical basis. Opinion is always positive.</b>	<b>Good</b>	Acceptable	Needs improvement
e.	Are you confident that your staff with purchasing responsibilities are aware of the risks of transacting with an organisation linked to serious and organised crime?	Limited. SOC awareness is limited with purchasing officers and further training and awareness is required.	Good	Acceptable	<b>Needs improvement</b>
f.	Are you confident that staff with purchasing responsibilities know how to raise any potential concerns about organisations with which your LA transacts?	Fraud awareness training for all staff included arrangements for referral. Internal web page being developed.	<b>Good</b>	Acceptable	Needs improvement
<b>Insider Threat</b>					
a.	How far do you think your LA could be at risk from employees who have links to serious and organised crime?	Employment checks carried out in accordance with legislation and where appropriate DBS checks undertaken for specific roles	<b>Good</b>	Acceptable	Needs improvement
b.	How confident are you that you have effective and fully publicised processes in place for the following mechanisms aimed at minimising the 'Insider threat'? - Officer / Member vetting (on recruitment and at intervals thereafter)	Members are elected – there are RPA disqualification criteria but they are not vetted.  Members external interests are recorded as required by the Localism Act 2011.	<b>Good</b>	Acceptable	Needs improvement

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	<ul style="list-style-type: none"> <li>- Officer / Member external interests register</li> <li>- Gifts and hospitality register</li> </ul>	<p>Updated annually and recorded.</p> <p>Policy in place.</p> <p><b>Gifts and hospitality policy currently under review by CFU.</b></p>			
c.	Is there clear and effective accountability for the correct operation of these processes?	Yes.	<b>Good</b>	Acceptable	Needs improvement
d.	How easily can a member of your staff, or another LA stakeholder (e.g. member of the public, supplier, etc.) report suspected or alleged malpractice to you? Are reporting processes clearly set out and publically available?	Can be reported in accordance with Whistleblowing policy, anti fraud & corruption, complaints framework or even through the 'report it' system.	Good	<b>Acceptable</b>	Needs improvement