

ANNEX A TO THE ORGANISED CRIME PROCUREMENT PILOTS – FINAL REPORT

OFFICIAL

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.

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Serious and Organised Crime Checklist

| GOVERNANCE AND STRATEGY | | | | | |
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| 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 Serious and Organised Crime Strategy , the LGA's guide Tackling Serious and Organised Crime – A Local Response and DCLG's, Fighting Fraud and Corruption Locally Strategy ? | The CFEU Head of Service attends Management Team meetings at least every 6 months which raises awareness generally. SOC is included on the CFEU work plan which is reported to Audit and Governance Committee biannually when providing an update on all CFEU activity. SOC overview also formed part of member training / induction. Ongoing work around SOC is included within the CFEU work plan. FFCL strategy and checklist included within the CFEU Risk Strategy Document. | Good | Acceptable | 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? | The CFEU Head of Service was attending quarterly SOCSP meetings however these have been disbanded. Liaison and relationship with Glos Police is currently not effective. Police are not engaging at a local level across Glos. However, the CFEU officers do work with Glos Police where necessary on targeted operations. | Good | Acceptable | Needs improvement |
| c. | Do you have an Anti-Fraud and Corruption Strategy and how effective is it? | Strategy reviewed, updated and approved by Executive Committee on 16 October 2019. This was supported with refresher training for all staff. Over the last 18 months the profile and role of the CFEU has decreased within the council due to the Pandemic. Post Pandemic the CFEU are working to engage with employees and members at TBC and will be providing refresher training and/or new starter training. The Counter Fraud and Anti-Corruption Policy has been reviewed and is due to be presented to Audit and Governance / Executive Committees in July and August 2022. The CFEU has introduced a specific Fraud Risk Strategy, to be presented to Audit and Governance Committee in July 2022. There will be specific fraud risk registers for each service area | Good | Acceptable | Needs improvement |

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| | | completed following on from this, which will include SOC risk where appropriate. | | | |
| d. | Is your Code of Conduct compliant with the seven Nolan principles 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. | Good | 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. | Good | Acceptable | Needs improvement |
| f. | How well do you raise awareness of the threat that serious and organised crime poses to LAs and its services | Internal audit and the CFEU 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. There is also a full review of the Licensing service in progress with one of the work streams focussed on policy and governance. The CFEU provided all staff sessions relating to SOC and how the Council is affected and can mitigate the risks. Awareness training required for new staff however the profile will be raised significantly with the introduction of the fraud risk register which will be service specific and detail SOC risks. | Good | Acceptable | Needs improvement |
| 2. Risk Management | | | | | |
| a. | How far have the risks posed by serious and organised crime and corruption been reflected within relevant risk registers? | The CFEU are implementing a fraud risk register to identify service specific risks which will include any risks posed by SOC. The CFEU are currently implementing a Fraud Risk Strategy and will then roll out service specific fraud risk reviews and maintain a comprehensive fraud risk register to include the risk of SOC which will significantly raise awareness. | Good | Acceptable | Needs improvement |

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| | | Corporately, the risk is deemed low and therefore not recognised within the corporate risk register. A wider risk on fraud and corruption was previously reported within the risk register – this too was subsequently removed given the adequacy of arrangements in place. | | | |
| b. | How effectively do you mitigate and manage the serious and organised crime risks identified? | The work of internal audit and the CFEU contributes to mitigating and managing the risks e.g. recommendations relating to HR Recruitment and Vetting procedures, review of policies such as Whistleblowing, Counter Fraud and Anti-Corruption also provide assurance in this area. | Good | Acceptable | 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 meaning reputational risk would also be a consideration. Either way, a proactive communication strategy would aid recovery. CFEU and Internal Audit would manage investigation / disciplinary / prosecutions with Police and a review of any internal control breaches. | Good | Acceptable | Needs improvement |
| d. | How aware are your staff of the risks of cybercrime and that they know how to respond effectively to those risks. | Awareness of cybercrime has increased through the pandemic and recent local events. The ICT strategy approved in February 2020 included actions around improving the security of the network, for example, implementation and testing of a new firewall, review of disaster recovery procedures, undertake a new program of phishing awareness. This is an area which is high profile and is therefore being managed accordingly. Staff briefings have also taken place with cyber security featured. | Good | Acceptable | Needs improvement |
| 3. Communication and Information / Intelligence Sharing | | | | | |
| a. | How effective are your arrangements for both internal and external data sharing? | NFI – legislative. GDPR programme. The CFEU has a number of procedures and data sharing agreements in place. | Good | Acceptable | 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? | Disbanded, alternative yet to be arranged. | Good | Acceptable | Needs improvement |
| c. | How effective are your arrangements for sharing information and intelligence with your local police force? | Not very effective. | Good | 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? | No longer exists. | Good | Acceptable | Needs improvement |
| 4. Whistleblowing | | | | | |
| a. | How effective are your whistle-blowing arrangements? | An updated policy was approved by Executive Committee on 5 February 2020. Awareness sessions for staff have taken place and the Policy was publicised internally. Further reminders would be of benefit post-pandemic. | Good | Acceptable | 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. Flow chart summarising the process to be added to the intranet for more succinct instruction. Internal posters on who to contact are in the process of being produced. | Good | Acceptable | Needs improvement |
| 5. Assurance | | | | | |
| 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? | Assurance given through the work of Internal Audit and CFEU. This completed assessment is also a source of assurance. The service specific fraud risk register will also include SOC risk and this will be highlighted to Elected Members increasing the assurance significantly. | Good | Acceptable | Needs improvement |
| 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 CFEU. | Good | Acceptable | Needs improvement |
| Operational Controls | | | | | |
| 1. Licensing (alcohol, taxi and other) | | | | | |
| 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 /private hire driver licences have Disclosure Barring Service (DBS) checks for existing and previous convictions. All new and renewals are checked against the NR3 (National Register of Refusals and | Good | Acceptable | Needs improvement |

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| | | <p>Revocations) for information over and beyond a DBS check.</p> <p>All licences and policies are in keeping national guidance.</p> <p>Fraud risk register will include SOC risk and mitigation for this</p> | | | |
| 2. Planning / Development management | | | | | |
| 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. CFEU through their intelligence liaise with other agencies and have the potential to flag any issues. Fraud risk register will include SOC risk and mitigate for this. | Good | Acceptable | Needs improvement |
| 3. Social Housing | | | | | |
| 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 – TBC do not own stock however consideration of these risks will be included in the fraud risk register for Housing so staff are confident should they become concerned regarding these risks. | 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 – TBC do not own stock however consideration of these risks will be included in the fraud risk register for Housing so staff are confident should they become concerned regarding these risks. | Good | Acceptable | Needs improvement |
| 4. Procurement | | | | | |
| a. | Are all your procurement, contract management and due diligence procedures robust and fully implemented? Are they regularly reviewed? | Procurement strategy was reviewed and approved by Executive Committee in January 2022. The strategy is supported by established Financial Procedure Rules and Contract Procedure Rules. 2016. Due diligence includes company checks and request for references on larger procurements. Fraud risk register will include SOC risk and mitigate for this. | Good | Acceptable | Needs improvement |
| 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. | Good | Acceptable | Needs improvement |

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| 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. Fraud risk register will include SOC risk and mitigate for this. | Good | Acceptable | 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. Intelligence briefings from NAFN on supplier fraud are shared internally. Recent internal audit on supplier controls was positive. Post pandemic, the CFEU will undertake their own supplier checks. | Good | 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? | Updated Proceeds of Crime and Money Laundering Policy was approved by Executive Committee in September 2021 and a related procedure is being finalised and will be introduced with training for appropriate staff. The procedure will include the SOC risk and training will be given to staff in finance and procurement. | Good | Acceptable | Needs improvement |
| 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 CFEU web page details how to refer concerns internally which will lead to onward referrals to the appropriate bodies. | Good | Acceptable | Needs improvement |
| Insider Threat | | | | | |
| 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. Reference guide on HR Vetting and Recruitment Risk Report provided to HR recently detailing checks to mitigate for these risks. Fraud risk register will include SOC risk and mitigate further. Overall, risk deemed low. | Good | 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'? <ul style="list-style-type: none"> - Officer / Member vetting (on recruitment and at intervals thereafter) - Officer / Member external interests register | 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. Updated annually and recorded. | Good | Acceptable | Needs improvement |

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| | - Gifts and hospitality register | A g&h register is held centrally for all staff declarations. Awareness on declarations has been communicated to staff. | | | |
| c. | Is there clear and effective accountability for the correct operation of these processes? | Yes. | Good | 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 the Whistleblowing Policy, Counter Fraud and Anti-Corruption Policy, CFEU internal web page, complaints framework or even through the 'report it' system. | Good | Acceptable | Needs improvement |