

**North East Derbyshire District Council**

**Audit and Corporate Governance Scrutiny Committee**

**21 April 2016**

<p><b><u>Internal Audit Consortium - Internal Audit Plan 2016/2017</u></b></p>
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**Purpose of the Report**

- To present to Members for consideration and agreement the Internal Audit Plan for 2016/17.

**1 Report Details**

- 1.1 A key requirement of the Public Sector Internal Audit Standards is that a periodic risk based plan should be prepared that is sufficiently flexible to reflect the changing risks and priorities of the organisation. The risk based plan should be fixed for a period of no longer than one year, should outline the assignments to be carried out, their respective priorities and the estimated resources needed.
- 1.2 The internal audit plan is linked to NEDDC's corporate plan objective to provide customers with an excellent service. Audit reviews report on the operation of controls in place and recommend improvements.
- 1.3 A note explaining the role, purpose and some of the terminology used in the internal audit plan is attached at Appendix 1.
- 1.4 An annual report summarising the outcome of the 2015/16 internal audit plan will be presented to this Committee after the year-end.
- 1.5 A summary of the internal audit plan for 2016/17 is shown below and the detailed plan is shown as Appendix 2.

## Internal Audit Plan 2016/17

Summary	Audit Days
Main Financial Systems	155
Other Operational Audits	72
Computer / IT Related	12
Fraud and Corruption	15
Corporate / Cross Cutting	75
Location / Regularity	5
Special Investigations & Contingency	40
Audit Committee / Client Liaison	15
Rykneld Homes	97
<b>Grand Total</b>	<b>486</b>

- 1.6 The plan has been prepared taking into account the following factors:-
- The organisational objectives and priorities;
  - Local and national issues and risks;
  - The requirement to produce an annual internal audit opinion;
  - The organisations assurance framework;
  - An update of the internal audit risk assessment exercise covering the financial control and other procedures subject to audit (See Appendix 1, Section 5 for further details);
  - The Fraud Risk Register (Appendix 3)
  - The Council's strategic risk register and
  - The views of the Executive Director Operations.
- 1.7 Resource availability has been based on the Consortium Business Plan for 2016/17. The plan allocates 486 days to North East Derbyshire District Council which is the same allocation as for 2015/16.
- 1.8 A copy of the audit plan is provided to the Council's external auditor to assist in co-ordination of work programmes.

## **2.0 Conclusions and Reasons for Recommendations**

- 2.1 To ensure that a risk based audit plan is adopted and to determine the internal audit work programme for 2016/17.
- 2.2 To comply with the Public Sector Internal Audit Standards.

### **3     Consultation and Equality Impact**

3.1     None.

### **4     Alternative Options and Reasons for Rejection**

4.1     Not Applicable.

### **5     Implications**

#### **5.1   Finance and Risk Implications**

5.1.1   Financial – the internal audit budget for 2016/17 has been approved by the Joint Board and includes a contingency to cover any unforeseen circumstances etc

5.1.2   Risk management issues – no formula exists that can be applied to determine internal audit coverage needs. However, as a guide the minimum level of coverage is that required to give an annual evidence-based opinion on internal controls. The level of coverage provided by the proposed 2016/17 internal audit plan will be sufficient upon which to base an opinion.

#### **5.2   Legal Implications including Data Protection**

5.2.1   None

#### **5.3   Human Resources Implications**

5.3.1   None

### **6     Recommendation**

6.1     That the Internal Audit Plan for 2016/17 be agreed.

### **7     Decision Information**

<b>Is the decision a Key Decision?</b> (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
<b>District Wards Affected</b>	N/A
<b>Links to Corporate Plan priorities or Policy Framework</b>	The report is linked to NEDDC's corporate plan objective to provide customers with an excellent service

## 8 Document Information

Appendix No	Title
1	Internal Audit Plan – Background Note
2	Draft Internal Audit Plan 2016/17
3	Fraud Risk Register
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report Author	Contact Number
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**INTERNAL AUDIT PLAN****BACKGROUND NOTE****1. Definition of Internal Audit**

Internal Audit is defined in the Public Sector Internal Audit Standards as:

“.. an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

**2. The Purpose of Internal Audit**

Internal audit is not a substitute for management. It is the purpose of internal audit to assist and support management by appraising the arrangements and procedures established.

There is also a statutory requirement for internal audit in local government contained in the Accounts and Audit Regulations 2015. These regulations require the authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account public sector internal auditing standards and guidance.

**3. The Difference Between Internal Audit and External Audit**

External audit is completely independent of the authority. The Council’s external Auditors are KPMG. Much of the external auditors’ work is determined by statutory responsibilities. Internal audit's terms of reference are determined and approved by management.

However, there is nevertheless considerable scope for co-operation to avoid duplication of work and to make maximum use of audit resources. By reviewing the work of internal audit, external audit will be in a position to determine whether reliance can be placed on the work concerned.

**4. The Scope of Internal Audit Work**

One of the essential elements for effective internal auditing is that the internal auditor should adequately plan, control and record their work.

To determine priorities and to assist in the direction and control of audit work the internal auditor will prepare a plan based on a risk assessment.

The audit plan is divided into the following sections: -

- **Main Financial Systems**

This covers the fundamental accounting and income collection systems of the authority such as payroll, creditor payments, council tax etc. Most of these

systems are reviewed on an annual basis due to their importance. External audit examines and places reliance on the work carried out.

- **Other Operational Audits**

Audits to be undertaken in services include a review of the controls and procedures in place for areas such as street cleaning and Section 106.

- **IT Related**

Topics in this area of the plan include a review of BACS and social media. Although only 12 days are specifically allocated to IT, IT issues are also covered within most of the areas examined.

- **Fraud and Corruption**

Audits specifically related to the prevention of fraud and corruption are covered in this area of the plan. An example is completion of the fraud modules in respect of the main financial systems. It should be noted that a significant number of other audits include an anti-fraud element e.g. income audits.

- **Cross Cutting Issues**

This area of the plan includes audit subjects that cover all services or are corporate Issues. Examples include work on risk management and emergency planning.

- **Special Investigations**

A contingency provision is included in the plan to cover the investigation of irregularities or cases of suspected fraud and other problems.

## 5. **Delivering the Internal Audit Service**

A three year strategic audit plan is compiled based on an internal audit risk assessment of auditable areas. This risk assessment takes into account the following factors:

- Materiality – the amount of funds passing through the system
- Control Environment / vulnerability – assessed level of control based on previous audit findings
- Sensitivity – profile of the system in relation to customer service
- Management concerns – any specific issues relating to the operation of the system e.g. Council's Strategic Risk Register

Using a scoring system, audits are then categorised as High, Medium or Low risk. This ranking is then used to compile the annual audit plan.

The areas of audit work set out in the agreed plan are split into individual audit assignments.

An audit assignment can involve:

- preparation of system notes and a review/analysis of system controls;
- extraction of background information;
- extraction and testing of sample transactions and controls;
- notes of interviews and meetings.

All work undertaken is recorded on detailed working papers. To ensure that all areas have been covered and appropriate conclusions reached, all working papers are independently reviewed.

A report on the findings and recommendations arising from the audit is sent to the appropriate Director and to the Executive Director of Operations (as Client Officer) at the conclusion of the audit. A response to the recommendations is requested within a set time.

A summary of internal audit reports issued each quarter is reported to the Audit and Governance Committee and an Annual Report is submitted after the end of the year detailing the outcome of the audits completed.

<b><u>INTERNAL AUDIT CONSORTIUM</u></b>					
<b><u>NORTH EAST DERBYSHIRE DISTRICT COUNCIL</u></b>					
<b><u>THREE YEAR INTERNAL AUDIT PLAN 2014/15 - 2016/17</u></b>					
		<b>Audit Days</b>			
	<b>Main Financial Systems</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>Priority</b>
	Main Accounting System	9	9	9	H
	Budgetary Control	8	8	8	H
	Capital Accounting and Fixed Asset Register	5	5	0	L
	Payroll	20	15	20	H
	Creditor Payments	20	20	15	H
	Debtors	15	15	15	H
	Treasury Management	10	15	10	H
	Cash and Banking	18	18	18	H
	Council Tax	10	10	20	H
	Non Domestic Rates	20	10	10	H
	Housing / Council Tax Benefit	22	22	22	H
	VAT	8		8	M
		<b>165</b>	<b>147</b>	<b>155</b>	
	<b>Other Operational Audits</b>				
	Ambition project/funding			8	M
	Asset Management Arrangements	15			M
	Business Centres		12		L
	Central Garage (Vehicles)			14	M
	Discretionary Housing Payments			5	L
	Dronfield Sports Centre		17		M
	Eckington Pool	10		10	M
	Environmental Health Miscellaneous Income	8			L
	Expenses and Allowances	10			L
	Final Accounts			5	M
	Grounds Maintenance	12			L
	Homelessness			10	L
	Industrial Property Rents/Periodic Income		15		L
	Insurance		10		M
	Planning Fees		10		M



		2014/15	2015/16	2016/17	Priority
	Refuse Collection		13		L
	Section 106	12	13	10	H
	Sharley Park Leisure Centre		13		M
	Street Cleaning			10	L
		67	103	72	
	<b>Rykneld Homes</b>	97	97	97	
	<b>IT Related</b>				
	Installation Review / Network Security / Disaster Recovery/PSN Compliance		16		M
	BACS			8	M
	Laptops/Removable Media	8			L
	Transfer to Civica	10			N/A
	Social Media			4	L
		18	16	12	
	<b>Fraud and Corruption</b>				
	Fraud Modules	10	10	10	H
	National Fraud Initiative		5	5	H
		10	15	15	
	<b>Corporate / Cross Cutting Issues</b>				
	Emergency Planning			10	L
	Corporate Targets	15		10	M
	Corporate / Annual Governance Statement	10	10	10	H
	Data Protection	14			M
	Financial Advice / Working Groups	10	10	10	M
	Health and Safety		8	8	H
	Procurement		20		M
	Recruitment and Selection	10	Follow up		M
	Risk Management	10		8	M
	Safeguarding			9	M
	Sickness Absence			10	M
		69	48	75	
	<b>Location / Regularity</b>				
	Cash Floats	5	5	5	

	<b>Special Investigations / Contingency</b>	<b>40</b>	<b>40</b>	<b>40</b>	
	<b>Audit Committee / Client Liaison</b>	<b>15</b>	<b>15</b>	<b>15</b>	
	<b>Grand Total</b>	<b>486</b>	<b>486</b>	<b>486</b>	

## NORTH EAST DERBYSHIRE DISTRICT COUNCIL FRAUD RISK REGISTER

Prepared By: Jenny Williams

Date/Version Ref: March 2016 V1

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
<b>Procurement/Contracts</b>  Contractor awarded contracts in return for gifts or financial incentives/bribery  Contracts let to friends/relatives by waiving tendering procedures  Cartels/price fixing  Specification favours a particular contractor  Improper award of contract  No formal contract in	Not achieving VFM  Fraud  Corruption  Bribery  Reputational Damage  Potential police involvement  Legal action  Financial Loss	<b>Possible / Moderate (3 x 3) = Score 9 Red</b>	Use of NHS procurement service and electronic tendering system  Compliance with standing orders  Training and Guidance for Officers  Procurement clinics	<b>Unlikely/ Moderate  (2 x 3) = Score 6 Yellow</b>			<b>Unlikely / Moderate  (2 x 3) = Score 6 Yellow</b>	Service Managers

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
place  Contract not delivered properly/ cost overrun			Whistle blowing policy, Anti Fraud Bribery and Corruption policies  Contracts register  Use of Frameworks  Credit checks  Separation of duties  Supervision, authorisation controls and management structures  Training					

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
			<p>Signed contracts Including KPI'S Budget monitoring controls</p> <p>Regular client/contractor meetings</p> <p>Internal Audit Reviews</p>					
<p><b>Corruption – Regeneration Development/planning consents and licences</b></p> <p>Developer awarded contracts in return for cash or other financial incentives</p> <p>Inducement for the grant of planning</p>	<p>Not achieving VFM</p> <p>Fraud</p> <p>Corruption</p> <p>Bribery</p> <p>Reputational Damage</p> <p>Potential police involvement</p>	<p><b>Possible / Moderate</b></p> <p><b>(3 x 3) =</b></p> <p><b>Score 9</b></p> <p><b>Red</b></p>	<p>Compliance with Financial Regulations</p> <p>Whistle blowing policy, Anti Fraud Bribery and Corruption policies – recently revised</p>	<p><b>Possible / Moderate</b></p> <p><b>(3 x 3) =</b></p> <p><b>Score 9</b></p> <p><b>Red</b></p>	<p>Monitoring and reporting of section 106 agreements and contributions due</p>		<p><b>Unlikely / Moderate</b></p> <p><b>(2 x 3) =</b></p> <p><b>Score 6</b></p> <p><b>Yellow</b></p>	<p>Assist Director Planning. Director of Operations</p>

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
consents/licences  Backhanders to reduce restraints on developer	Legal action  Financial Loss		Contracts register  Separation of duties  Supervision, authorisation controls and management structures  Training  Internal Audit Reviews					
<b>Creditor Payments/Cheque Control/Procurement Cards/bank mandate fraud</b>  Internal fraud through lack of separation of duties or collusion with	Not achieving VFM  Fraud  Corruption  Bribery  Reputational	<b>Possible / Moderate (3 x 3) = Score 9 Red</b>	Compliance with financial regulations  Separation of duties in relation to the	<b>Unlikely / Moderate (2 x 3) = Score 6 Yellow</b>			<b>Unlikely / Moderate (2 x 3) = Score 6 Yellow</b>	Service Managers

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
other officers or suppliers  Senior Officers circumventing internal controls  Invoices for goods not received/ inflated invoices/duplicate invoices  False request to change suppliers bank details  Fictitious creditors set up  Unauthorised use / abuse of procurement cards for personal gain  Use of stolen credit cards  Blank cheques are	Damage  Potential police involvement  Legal action  Financial Loss		ordering, receipting and payment of goods Management/ supervisory controls  Authorised signatories  Budget monitoring  Access controls to system  BACS processing controls  Bank reconciliations  Verification of					

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
<p>stolen</p> <p>Fraudulent alteration and encashment of cheque payments</p>			<p>change of bank details requests</p> <p>NFI Data matching</p> <p>Inbuilt input validation controls within the system</p> <p>Fraud awareness</p> <p>Compliance with purchasing card guidance</p> <p>Financial limits on procurement cards</p>					



CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
			Internal Audit Reviews					
<b>Stocks and Assets/Stores</b>  Loss of assets/stores through theft or misappropriation  Goods obtained for private use  Goods not supplied or inferior goods supplied  Theft of fuel/misuse of fuel cards  Inappropriate/unauthorised use of Council vehicles	Theft  Reputational Damage  Financial Loss  Police involvement	<b>Likely / Minor (4 x 2) = Score 8 Yellow</b>	Compliance with Financial Regulations/policies  Management/supervisory controls  Stock control/stock checks/physical controls  Authorisation of write offs and disposals  Ordering and payment controls  Monitoring of fuel	<b>Possible / Minor (2 x 2) = Score 4 Green</b>			<b>Possible / Minor (2 x2) = Score 4 Green</b>	Service Managers

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
			issues/spend on fuel cards  Budget Monitoring  Internal Audit Review  Whistleblowing Policy  Vehicle logs  Mileage records					
<b>Recruitment and Selection</b>  Identity fraud  Qualification fraud  False References  Favouritism	Fraud  Staff not qualified for the job  Legal proceedings  Police Involvement	<b>Possible / Moderate (3 x 3) = Score 9 Red</b>	Policy in place  Training in recruitment and selection process  Qualification	<b>Unlikely / Moderate (2*3) = Score 6 Yellow</b>			<b>Unlikely / Moderate (2 x 3) = Score 6 Yellow</b>	HR/Service Managers

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
<p>Non disclosure of a criminal record</p> <p>No right to work in the UK</p>	<p>Reputational damage</p> <p>Safeguarding issues</p>		<p>and reference checks</p> <p>Identity check</p> <p>Compliance with DBS policy</p> <p>Data matching</p> <p>NFI</p> <p>Internal Audit Reviews</p>					
<p><b>Attendance/performance</b></p> <p>Falsifying time management records</p> <p>Home working – not working</p>	<p>Fraud</p> <p>Reduced productivity</p>	<p><b>Likely / Minor</b></p> <p><b>(4 x 2) =</b></p> <p><b>Score 8</b></p> <p><b>Yellow</b></p>	<p>Sickness policy</p> <p>Training</p> <p>Management Supervision</p>	<p><b>Likely / Negligible</b></p> <p><b>(4 x 1) =</b></p> <p><b>Score 4</b></p> <p><b>Green</b></p>			<p><b>Likely / Negligible</b></p> <p><b>(4 x 1) =</b></p> <p><b>Score 4</b></p> <p><b>Green</b></p>	Service Managers

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
False sick claims  Working whilst on sick leave			Authorisation of flexi records etc  NFI  Whistle blowing policy					
<b>Payroll</b>  Payments to “ghost” employees  Unauthorised pay increases - Fraudster increases own pay/ payments to staff for hours not worked. falsified timesheets/overtime claims  Expenses paid that have not been incurred – mileage/subsistence	Fraud  Financial Loss  Reputational Damage  Police involvement	<b>likely / Minor (4 x 2) = Score 8 Yellow</b>	Compliance with financial regulations  Payroll access controls  Confirmation of establishment lists  Input checks on variations	<b>Unlikely / Minor (2 x 2) = Score 4 Green</b>			<b>Unlikely / Minor (2 x 2) = Score 4 Green</b>	Payroll/ Service Managers

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
<p>– falsified claims</p> <p>Payment continues after resignation</p>			<p>Payroll reconciliations</p> <p>Authorisation controls</p> <p>Error and exception reporting.</p> <p>Checks carried out prior to the monthly running of payrolls</p> <p>Budget Monitoring</p> <p>Management supervision</p> <p>Internal Audit Reviews</p>					
<b>Benefits/Council Tax</b>		<b>Very</b>		<b>Likely /</b>			<b>Likely /</b>	Housing

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
<b>Reduction</b>  Failure to notify change of circumstances  Income understated  Non dependants not declared  Multiple claims  Landlord claims for fictitious tenant  False claims by Council Officers	Fraud  Reputational Damage  Financial Loss	<b>Likely / Moderate (5 x 3) = Score 15 Red</b>	Staff training  Data Matching  Media coverage  Documentary evidence  Management checks/super vision  DWP investigations  Fraud hotline  Internal Audit Review	<b>Minor (4 x 2) = Score 8 Yellow</b>			<b>Minor (4 x 2) = Score 8 Yellow</b>	Benefits
<b>Council Tax/Business Rates</b>  Failure to declare	Fraud  Reputational	<b>Very Likely / Moderate</b>	Access controls	<b>Possible / Minor (3 x 2) =</b>			<b>Possible / Minor (3 x 2) =</b>	Council Tax

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
occupation  Exemptions/discounts claimed fraudulently  Fictitious refunds  Suppressing arrears	Damage  Financial Loss	<b>(5 x 3) =</b>  <b>Score 15</b>  <b>Red</b>	Management/ supervision  Separation of duties  Authorisation processes  Reconciliatio ns  NFI/Data matching  Review of suppressed recovery action  Checking empty properties  Internal Audit Reviews	<b>Score 6</b>  <b>Yellow</b>			<b>Score 6</b>  <b>Yellow</b>	

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
<b>Debt Management</b>  Failure to raise an account  Unauthorised amendments to account  Manipulation of credit balances  Improper write off of debt  Suppressing of recovery action  Falsifying refunds	Fraud  Corruption  Bribery  Loss of income  Police Involvement  Reputational Damage	<b>Likely / Minor (4 x 2) = Score 8 Yellow</b>	Compliance with Financial Regulations  Management supervision  Budget monitoring  Access controls to system  Performance monitoring  Separation of duties  Authorisation of write offs  Authorisation of refunds	<b>Unlikely / Minor (2 x 2) = Score 4 Green</b>			<b>Unlikely / Minor (2 x 2) = Score 4 Green</b>	Debtors/ Service Managers



CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
			Bank reconciliation  Internal Audit Reviews					
<b>Cash Income</b>  Delayed banking  Theft  Borrowing takings  Manipulation of records	Loss of income  Fraud  Reputational Damage  Police Involvement	<b>Highly Likely / Moderate (5 x 3) = Score 15 Yellow</b>	Compliance with Financial Regulations  Management supervision/a uthorisation  Separation of duties  Budget Monitoring  Insurance in place  Compliance	<b>Possible / Minor (3 x 2) = Score 6 Yellow</b>			<b>Possible / Minor (3 x 2) = Score 6 Yellow</b>	Cashier s/Service Managers

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
			<p>with safe insurance limits</p> <p>Cash collection service</p> <p>Independent reconciliation of cash collected, bankings, tickets</p> <p>Whistle blowing policy</p> <p>Internal Audit reviews</p>					
<b>Petty Cash</b> Abuse/misuse of petty	Theft	Very Likely / negligible	Compliance with financial regulations	Possible / negligible			Possible / negligible	Service Managers

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
cash facility	Financial Loss  Possible police involvement  Reputational Damage	<b>(5 x 1) =</b>  <b>Score 3</b>  <b>Green</b>	and petty cash guidance  Authorisation of transactions  Separation of duties  Management/ supervision controls  Reconciliation of account  Audit spot checks	<b>(3 x 1) =</b>  <b>Score 3</b>  <b>Green</b>			<b>(3 x 1) =</b>  <b>Score 3</b>  <b>Green</b>	
<b>Tenancy Fraud/ Right to Buy</b>  Sub letting of properties for personal gain	Fraud  Police involvement  Reputational	<b>Likely / Moderate</b> <b>(4 x 3) =</b> <b>Score 12</b>	Home visits  Tenants ID checked  Confirmation/ checks of	<b>Unlikely / Moderate</b> <b>(2 x 3) =</b> <b>Score 6</b>			<b>Unlikely / Moderate</b> <b>(2 x 3) =</b> <b>Score 6</b>	Rykneild Homes

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
Providing false information to gain a tenancy  Right to buy fraudulent application  False homelessness applications	Damage	Red	application information  Robust tenancy agreement  Eviction powers Audit Reviews	Yellow			Yellow	
<b>Information Technology/Data Protection</b>  Abuse of e mail, internet  Abuse/misuse of personal or corporate information  Theft/misuse of IT equipment  Theft of information	Financial loss  Contravention of Data Protection Act – fines  Police Involvement  Reputational Damage	Very Likely / <b>Moderate</b> (5 x 3) = <b>Score 15</b>  Red	Compliance with policies and Codes of Conduct  Compliance with Data Protection Act  Training  Penetration/vulnerability testing	<b>Possible / Moderate</b> (3 x 3) = <b>Score 9</b>  Yellow			<b>Possible / Moderate</b> (3 x 3) = <b>Score 9</b>  Yellow	Service Managers/IT

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
			PSN Compliance  Encryption of data transmissions  Access controls  Restricted access to internet sites  Inventory checks  Internal audit reviews					
Treasury		Possible/						Director

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
<b>Management</b>  Alterations of terms of agreement  Misappropriation of funds  Fraudulent investment/repayment of funds	Fraud  Reputational Damage  Financial Loss  Police Involvement	<b>Severe</b> <b>(3 x 4) =</b> <b>Score 12</b>  <b>Red</b>	Compliance with Financial Regulations and investment strategy and policies  Management supervision/authorisation  Reporting to Audit Committee  Access controls to system  Insurance in place  Separation of duties  Internal Audit	<b>Unlikely/Severe</b> <b>(2 x 4) =</b> <b>Score 8</b>  <b>Yellow</b>			<b>Unlikely/Severe</b> <b>(2 x 4) =</b> <b>Score 8</b>  <b>Yellow</b>	of Operations

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
			Review					
<b>Declaration of Interests/Gifts and Hospitality</b>  Failure to register interests  Failure to declare private work  Failure to declare offer or acceptance of gifts and hospitality	Corruption  Bribery  Reputational damage  Police involvement	<b>Likely/ Moderate (4 x 3) = Score 12 Red</b>	Compliance with employee and members Codes of Conduct  Management and Supervision  Policy in place  Whistleblowing Policy  Anti fraud bribery and corruption	<b>Possible/ Moderate (3 x 3) = Score 9 Yellow</b>			<b>Possible/ Moderate (3 x 3) = Score 9 Yellow</b>	Service Managers

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
			policy  Internal Audit checks					
<b>Money Laundering</b>  Use of the Council to hide improper transactions to launder money illegally	Criminal offence  Reputational Damage  Financial Loss  Police involvement	<b>Unlikely/ Severe (2 x 4) = Score 8 Yellow</b>	Money laundering policy  Training  Upper limit for cash transactions	<b>Highly Unlikely/ Severe (1 x 4) = Score 4 Green</b>			<b>Highly Unlikely/ Severe (1 x 4) = Score 4 Green</b>	Director of Operations
<b>Insurance</b>  Fraudulent Claims  Duplicate claims at other organisations	Fraud  Reputational Damage  Potential increased insurance	<b>Possible / Moderate (3 x 3) = Score 9 Yellow</b>	Insurance Officer checks claim  NFI  Internal Audit	<b>Unlikely / Moderate (2 x 3) = Score 6 Yellow</b>			<b>Unlikely / Moderate (3 x 3) = Score 9 Yellow</b>	Director of Operations



CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
Over claiming	premiums Financial Loss Police involvement		reviews					
<b>Telecommunications</b>  Phones are used to make private and inappropriate phone calls	Financial loss Productivity down	<b>Likely / Negligible</b> <b>(4 x 1) =</b> <b>Score 4</b> <b>Green</b>	Policy in place  System to identify personal calls  Checks on bills	<b>Possible / Negligible</b> <b>(3 x 1) =</b> <b>Score 3</b> <b>Green</b>			<b>Possible / Negligible</b> <b>(3 x 1) =</b> <b>Score 3</b> <b>Green</b>	Service Managers
<b>Grants</b>  Preferred treatment of approved grant applications  Misrepresentation by the applicant of their financial position  Collusion	Reputational damage Financial Loss Police involvement	<b>Likely / Medium</b> <b>(4 x 3) =</b> <b>Score 12</b> <b>Red</b>	Compliance with grant policies  Management/supervisory controls  Separation of duties	<b>Unlikely / Moderate</b> <b>(2 x 3) =</b> <b>Score 6</b> <b>Yellow</b>			<b>Unlikely / Moderate</b> <b>(2 x 3) =</b> <b>Score 6</b> <b>Yellow</b>	Service Managers

CAUSE / RISK	EFFECT	ORIGINAL RATING LIKELIHOOD / IMPACT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	LATEST RISK RATING DOT LIKELIHOOD / IMPACT	FURTHER ACTION REQUIRED/ DATE	TARGET DATE	TARGET RISK RATING DOT LIKELIHOOD / IMPACT	RISK LEAD
Over claiming for the value of work done/false claims  Claiming for property not owned or occupied			Physical verification by visits  Internal Audit Reviews					
<b>Elections</b>  Fraudulent voting  Fraudulent acts by canvassers  Fraudulent acts by poll clerks/officers/individuals	Elections become null and void  Reputational damage	<b>Possible / High (3 x 4) = Score 12 Red</b>	Registrations and applications vetted  Training  Supervisory roles at counts  Postal votes count supervised  Ballot box controls	<b>Unlikely / Severe (2 x 4) = Score 8 Yellow</b>			<b>Unlikely / Severe (2 x 4) = Score 8 Yellow</b>	Elections Officer

