

Agenda Item	7
Report No	AS/8/18

HIGHLAND COUNCIL

Committee: Audit and Scrutiny Committee

Date: 14 June 2018

Report Title: **Serious and Organised Crime Course, Learning Outcomes and Actions**

Report By: The Depute Chief Executive/Director of Corporate Resources

1. Purpose/Executive Summary

- 1.1 This report provides an overview of a Serious and Organised Crime Course delivered by Police Scotland and hosted by the Highland Council, Internal Audit Team on 3rd/4th May 2018 in Inverness and the learning outcomes and actions planned as a consequence.

2. Recommendations

2.1 Members are asked to:

- I. Note and comment on the content and key messages of the Serious and Organised Crime Course delivered on 3/4 May 2018.
- II. Consider and approved the recommended actions as a consequence of the course.

3. Introduction

3.1 The Highland Council, Internal Audit Team hosted a Serious and Organised Crime (SOC) Course on 3/4 May 2018 in the Council Chamber, Council Headquarters, Inverness. This enabled a wide range of people to engage with experienced police officers and consider the key components and impacts of SOC. The course was very well attended by Members, Council staff, 3rd Sector and Private Sector staff along with representatives from Police Scotland and the Scottish Fire & Rescue Service.

3.2 Police Scotland through their Serious and Organised Crime Strategy are actively promoting, in particular to the public sector, the ways in which SOC can either infiltrate or be unknowingly enabled by the public sector. The potential impacts include significant financial loss, the ICT fraud at Dundee City Council being an example of this as reported to last Audit and Scrutiny Committee.

4. Course content

4.1 Gaining an understanding of what is meant by SOC was an important element of the course and the SOC Strategy defines this as:

- Involves more than one person;
- Is organised meaning that it involves control, planning and use of specialist resources;
- Causes significant harm; and
- Involves benefit to the individuals concerned, particularly financial gain.

The course also recognised that the issues affecting local government go beyond SOC and include fraud and corruption.

4.2 An important message the course delivered was that SOC comes under a number of guises and is about generating wealth at the expense of other people, including our most vulnerable members of our communities. Police Scotland rely on communities and individuals to be aware and to report concerns 'If You See Something, Say Something' and make use of Police Scotland 101 number or CrimeStoppers 0800 555 111.

4.3 The main areas of SOC the course covered were:

- Human Trafficking;
- Cyber Crime threat to the public sector;
- Elicitation and bank mandate fraud;
- Procurement and contract management;
- Insider threats including Dundee City Council Case study;
- Money laundering and financial crime;
- Assessing organisation vulnerabilities;
- Integrity Model – sharing information and use of Integrity Groups by local authorities to manage associated policies, processes and cross-Service information sharing.

4.4 The course was presented by Police Officers able to speak in detail from practical experience and this significantly enhanced the course. This along with excellent contributions from and interaction with participants built knowledge and understanding of the issues being presented over the 2 day course. Police Scotland will continue to develop the course material using course feedback from this and previous events.

5. Learning Outcomes and Planned Actions

5.1 There were a number of key learning points and these are outlined below:

- Police Scotland recognise that public sector investigations are often complex, time consuming and difficult to get a commitment to prosecute and this suggests the better option is to prevent SOC from occurring;
- The importance of identifying and closing gaps and loopholes in policy and procedure to avoid replication of similar crime. This is important both within individual public sector organisations and through sharing intelligence across the sector and beyond;
- There is a role for the Single Point of Contact (SPOC) within local authorities to share information across the organisation and outward to Police Scotland and the SPOC network;
- While the focus is often on SOC there are also potential 'insider' threats within the organisation and these can result from a range of factors. These include the impact of staff reductions which can result in weaknesses in management and other controls and around review and monitoring processes. There has been evidence of this within reports to Audit & Scrutiny Committee and there were strong case study examples also provided during the course that indicate this is a national issue within local government;
- Staff induction is a crucial and needs to be timely and refreshed to highlight policies such as code of conduct; gifts, hospitality & gratuities; whistle blowing; staff register of interest; anti-bribery & corruption; procurement and social media;
- It is equally important that Councils identify 'at risk' groups of staff who are more likely to come under pressure from outside influence. Ensuring that awareness of Council policies is maintained, that there is support to protect staff from coercion.
- It is important that managers within 'at risk' departments are aware of their responsibilities towards the organisation and the staff they manage. Training is essential.
- Procurement and contract management is an area under particular threat from SOC and unscrupulous businesses.
- Recognising that human trafficking is more prevalent than might be anticipated across Scotland and the UK. It is also often happening in plain sight and is not just about the movement of people across borders into the UK but can involve UK citizens between towns in the UK. Exploitation of labour (modern slavery) within supply chains appears to be an emerging threat.

5.2 Recommended Actions:

As a starting point establishing a Council Integrity Group to develop and get agreement for an improvement plan based on the issues identified through the SOC course. The plan will aim to improve the Council's resilience to SOC, fraud and corruption through SOC Prevention measures. Early work is likely to include:

- Identify 'at risk' groups of staff and ensure that key policies are brought to their attention along with their role in SOC deterrence;
- Review relevant Council policies including code of conduct; gifts, hospitality & gratuities; whistle blowing; anti-bribery & corruption; procurement and social media;
- Consider the development of a staff register of interest that includes connected persons and secondary employment;
- Review of current staff vetting processes to ensure they are targeting identified at risk groups for enhanced checks;

- Review processes to ensure employment checks for both directly or indirectly employed are effective in relation to human trafficking and the Modern Slavery Act;
- Within the integrity group develop and share knowledge of the motivations behind corrupt behaviour and an ability to assess vulnerabilities;
- Develop preventative approaches which protect both Council resources and staff and improve communication on the issues especially to at risk staff groups.
- Develop a strong anti-fraud culture within the Council by raising awareness of the SOC agenda and all staff roles in prevention;
- Support cross-Service investigations into fraud and corruption.

5.3 The majority of the work outlined above will require cross-Service working including input from HR Staff, Trade Union Representatives and potentially Members and this will initially be co-ordinated by the Audit & Performance Team.

6. Implications

6.1 Resource – The focus of the report identifies activity such as reviewing key policies and processes for their effectiveness and this should be a routine part of policy management. Should other issues requiring additional resources be identified these will be reported to the relevant Strategic Committee.

Legal – The Council has a legal duty to protect staff and resources under its management.

Risk – The risks identified in relation to staff and resources need to be effectively managed in order to reduce the potential impacts of SOC, fraud and corruption outlined above.

Community (Equality, Poverty and Rural), Climate Change/Carbon Clever and Gaelic – There are no implications within this report.

Designation: The Depute Chief Executive/Director of Corporate Resources

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