

BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

COMMITTEE: Joint Audit and Standards Committee	REPORT NUMBER: JAC/23/24
FROM: John Snell – Head of Service – Internal Audit	DATE OF MEETING: 25 th March 2024
OFFICER: John Snell – Head of Service – Internal Audit	KEY DECISION REF NO. N/A

MANAGING THE RISK OF FRAUD AND CORRUPTION ANNUAL REPORT 2023/24

1. PURPOSE OF REPORT

- 1.1 This report explains the current arrangements in place across both Councils to ensure there is a pro-active corporate approach to preventing fraud and corruption and creating a culture where fraud and corruption will not be tolerated. It also provides details of proactive work undertaken by Internal Audit to deter, prevent and detect fraud and corruption.
- 1.2 Internal audit has an important role to play in ensuring that management has effective systems in place to detect and prevent corrupt practices within the organisation. This is part of its normal role of supporting management along with the Joint Audit and Standards Committee oversight of risk management. However, it is not the job of internal audit directly to detect or prevent corrupt practices - this is the responsibility of management. Internal audit's role includes promoting anti-fraud and anti-bribery best practice, testing and monitoring systems and advising on change where it is needed.

2. RECOMMENDATIONS

- 2.1 That the contents of this report detailing the progress made in ensuring there are effective arrangements and measures in place across both Councils to minimise the risk of fraud and corruption be noted.

REASON FOR DECISION

Anti-fraud and corruption work form an important part of the Councils' corporate governance and internal control framework arrangements.

3. KEY INFORMATION

Please refer to Appendix A attached to this report for all Key Information.

4. LINKS TO CORPORATE PLAN

- 4.1 Work undertaken to reduce fraud and enhance the Councils' anti-fraud and corruption culture contributes to the delivery of all its aims and priorities.

5. FINANCIAL IMPLICATIONS

5.1 Whilst there are no direct implications arising from this report, if levels of reported/detected fraud increase then resources will need to be reviewed and discussed with senior management. Any implications arising from the need to introduce additional controls and mitigations will be addressed with management. The emphasis always will be to improve controls without increasing costs or jeopardising efficient and compliant service delivery.

6. LEGAL IMPLICATIONS

6.1 Ultimately, there are no laws requiring councils to have whistleblowing policies in place or to log and record the number of concerns raised. However, as an employer it's good practice to create an open, transparent and safe working environment where workers feel able to speak up. By having clear policies and procedures in place, councils demonstrate their commitment to listening to the concerns of employees and getting ahead of issues before they arise.

7. RISK MANAGEMENT

7.1 Key risks are set out below:

Key Risk Description	Likelihood 1- 4	Impact 1- 4	Key Mitigation Measures	Risk Register
BMSDC may fail to identify fraud, corruption and bribery	Unlikely 2	Bad 3	<p>The risk of fraud and corruption in relation to each Councils' activities is taken into consideration both as part of each Councils' approach to risk management and also in the development of the annual Internal Audit Plan. In practice, each Councils' mitigating controls include clear policies and procedures available to all staff and Councillors; Internal Audit who investigate potential areas of fraud and corruption; the bi-annual participation in the National Fraud Initiative; and a sound internal control environment – as demonstrated by internal and external audit opinions and the Annual Governance Statement.</p> <p>The production of an annual report helps mitigate its reputational risk by providing assurance to stakeholders on how the risks are managed.</p>	Refer to SRR020

8. CONSULTATIONS

8.1 During preparation this report has been shared with both Chairs of the Joint Audit and Standards Committee; the Interim Section 151 Officer, the Interim Monitoring Officer and Director - Customers, Digital Transformation & Improvement. Any comments received have been incorporated in the report.

9. EQUALITY ANALYSIS

9.1 An equality analysis has not been completed because the report content does not have any impact on the protected characteristics.

10. ENVIRONMENTAL IMPLICATIONS

10.1 There are no environmental implications arising from this report.

11. APPENDICES

Title	Location
(a) Appendix A - Overview of Counter Fraud and Corruption Work	Attached