

BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

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| From: Corporate Manager – Internal Audit | Report Number: JAC77 |
| To: Joint Audit and Standards Committee | Date of meeting: 18 April 2016 |

MANAGING THE RISK OF FRAUD AND CORRUPTION – ANNUAL REPORT 2015/16

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.

2. Recommendations

- 2.1 That 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.
- 2.2 That compliance against the CIPFA Code of Practice – Managing the Risk of Fraud and Corruption (Appendix A) be noted.

3. Financial Implications

- 3.1 Whilst there are no direct implications arising from this report there are potential resource implications concerning anti-fraud and corruption issues. Any implications arising from the need to introduce additional controls and mitigations will be addressed with management. The emphasis at all times will be to improve controls without increasing costs or jeopardising efficient and compliant service delivery.

4. Legal Implications

- 4.1 There are no legal implications arising from these proposals.

5. Risk Management

- 5.1 The key risks are set out below:

| Risk Description | Likelihood | Impact | Mitigation Measures |
|--|------------|--------|---|
| If robust anti-fraud and corruption arrangements are not in place this could affect the achievement of the Councils' strategic aims and priorities, key projects, the delivery of services and its reputation. | Unlikely | Bad | The risk of fraud and corruption in relation to each Council's activities is taken into consideration both as part of each Council's approach to risk management and also in the development of the annual Internal Audit Plan. |

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| | | | In practice, each Council's 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. |
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6. Consultations

6.1 None.

7. Equality Analysis

7.1 There are no equality implications.

8. Shared Service / Partnership Implications

8.1 The overall approach has been to develop an alignment of relevant policies and procedures to provide a clear corporate framework to counter fraudulent and corrupt activity across the two councils.

9. Links to Joint Strategic Plan

9.1 The need to maintain effective counter fraud and corruption arrangements is fundamental to any Council as it endeavours to achieve its priorities.

10. Key Information

10.1 This report shows those responsible for governance how both Councils are looking to fight fraud more effectively. It brings together in one document a summary of the outcomes of our work to deter, prevent and detect fraud and corruption over the last 12 months.

10.2 Although both Councils have traditionally encountered low levels of fraud and corruption, the risk of such losses both internally and externally is fully recognised as part of each Council's operations that need to be managed proactively and effectively.

10.3 Each Council's expectation of propriety and accountability is that Councillors and staff, at all levels, will lead by example in ensuring adherence to legal requirements, policies, procedures and practices.

Key issues and drivers

10.4 In general terms local government are reviewing how local services are to be delivered. The change of emphasis from local government being a provider to a commissioner of services changes the risk profile of fraud, as well as the control environment in which risk is managed.

10.5 These changes are happening against a backdrop of reduced funding in which the general fraud risk tends to increase.

- 10.6 The scale of fraud committed against local government is large, but difficult to quantify with precision. The Protecting the English Public Purse 2015 – *Fighting fraud against English Councils* reports that in total, English councils detected fewer cases of fraud in 2014/15 compared with the previous year. However, their value increased by more than 11 per cent. Right to Buys and tenancy frauds still feature as areas of fraud risk for councils. Previous work in these areas has been undertaken by Internal Audit and as a result a number of ‘due diligence’ checks have been implemented to further strengthen the control environment. Fraud and corruption risks are identified as part of the annual planning process. Refer to paragraphs 10.21 – 10.24.

The Risk of Fraud

- 10.7 In practice, each Council’s mitigating controls include clear policies and procedures available to all staff; and a sound internal control environment, as demonstrated by internal and external audit opinions and the most recently published Annual Governance Statement.
- 10.8 However, whilst there are mitigating controls in place to manage the risk of fraud, this can never be expunged completely. Each Council’s Financial Regulations give the following responsibility to the Corporate Manager for Internal Audit: the development and maintenance of a Prevention of Financial Crime Policy and ensuring that Members and staff are aware of its contents. The Policy was approved by this Committee on 16 March 2015 (Paper JAC49) and disseminated to all Members and staff. A copy of the Policy is held on both Council’s websites.

Fraud Risk Register

- 10.9 Part of delivering good governance as defined by CIPFA/SOLACE is ensuring counter fraud arrangements are in place and operating effectively.
- 10.10 Internal Audit has produced a Fraud Risk Register, which contains a list of areas where Internal Audit and service managers believe the Councils are susceptible to fraud. This register will enable the Councils to focus on suitable internal controls to mitigate any subsequent risk. The register also influences the audit planning process.

Raising awareness and openness

- 10.11 Work continues on raising fraud awareness across both Councils and includes:
- Alerting staff of National Fraud Bulletins and ensuring that associated internal controls are robust;
 - Completion of national fraud and corruption surveys;
 - Attendance of the annual Fraud and Error conference. Speakers are invited from central and local government to talk about old and new techniques and approaches for tackling fraud and error. Topics include: the use of technology and data matching initiatives; potential benefits of collaborative working and pooling data intelligence; and
 - Both Councils have recently signed up to receive non-benefit threat alerts from the City of London Police.

10.12 On 1 April 2016 both Councils became members of the National Anti-Fraud Network (NAFN). We are required to join as a result of The Regulation of Investigatory Powers Act 2000 (RIPA). RIPA legislates for the use by Local Authorities of covert methods of surveillance and information gathering to assist in the detection and prevention of crime. If we wish to obtain communications data under RIPA we are now required to use NAFN. Membership also brings a number of benefits, namely:

- Acquisition of data legally, efficiently and effectively from a wide range of information providers;
- Acting as the hub for the collection, collation and circulation of intelligence alerts;
- Providing best practice examples of process, forms and procedures; and
- Compliance with the law and best practice: All data is acquired in full compliance with the law and best practice. NAFN report that their systems are secure and centrally maintained to the highest standards and are recognised as an expert provider of data services by the Interception of Communications Commissioner's Office, the Home Office, the DWP and the DVLA amongst others.

10.13 Both Councils are committed to being open and transparent. The published Communities and Local Authorities (CLG) Code of Recommended Practice for Local Authorities on Data Transparency has set out data publishing requirements on Local Authorities. This now includes publishing information on each Councils' counter fraud work.

Policies and Procedures

10.14 The Councils are committed to ensuring that the opportunity for fraud and corruption is minimised. It adopts a culture in which all of its staff and Councillors can help the organisations maintain a proactive attitude towards preventing fraud and corruption by reporting corrupt, dishonest or unethical behaviour. This is supported by the Prevention of Financial Crime Policy, which was approved by this Committee in January 2015 and the recently published Commissioning and Procurement guidelines.

CIPFA Code of Practice – Managing the Risk of Fraud and Corruption

10.15 The CIPFA Code of Practice was published in October 2014. The Code builds on CIPFA's previous guidance, Managing the Risk of Fraud, commonly known as the 'Red Book'. It is shorter and clearly sets out the importance of top level support from the governing body and leadership team.

10.16 Under the previous guidance, Internal Audit assessed the Councils as being compliant.

10.17 The new Code includes high level principles that set out counter fraud good practice, suitable across the public sector. It is of key interest to organisations looking to improve the effectiveness of their counter fraud arrangements.

10.18 There are five key principles that make up the code:

- Acknowledge the responsibility of the governing body for countering fraud and corruption;

- Identify the fraud and corruption risks;
- Develop an appropriate counter fraud and corruption strategy;
- Provide resources to implement the strategy; and
- Take action in response to fraud and corruption.

10.19 In December 2015, a further document was issued by CIPFA to assist organisations implement the code and specific guidance was issued for each of the key principles above. A self-assessment undertaken by Internal Audit showing compliance with the detailed requirements is attached at Appendix A.

10.20 Having considered all the principles, the Corporate Manager – Internal Audit is satisfied that the Councils have adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud. This same statement will also appear in the Councils' Annual Governance Statement 2015/16 as recommended by CIPFA.

Internal Audit

10.21 Fraud and corruption risks are identified as part of the annual planning process and contribute to the overall formation of audit coverage.

10.22 Whilst it is not a primary role of an internal audit function to detect fraud, it does have a role in providing an independent assurance on the effectiveness of the processes put in place by management to manage the risk of fraud.

10.23 Internal Audit can undertake additional work, but it must not be prejudicial to their primary role. Activities carried out include:

- Investigating the causes of fraud;
- Reviewing fraud prevention controls and detection processes put in place by management;
- Making recommendations to improve those processes;
- Using internal knowledge within the Internal Audit team, or bringing in any specialist knowledge and skills that may assist in fraud investigations, or leading investigations where appropriate and requested by management;
- Responding to whistleblowing allegations;
- Considering fraud risk in every audit; and
- Facilitating corporate learning.

10.24 The annual Audit Plan has an allowance for Internal Audit to undertake irregularity investigations, National Fraud Initiative related work, and proactive anti-fraud and corruption work. This is at a level deemed proportionate to the identified risk of fraud within the Councils, and is supported by senior management.

Benefit Fraud

- 10.25 The way Housing Benefit is investigated changed for our Councils on 1 May 2015 following a government initiative to create a single integrated fraud investigation service with statutory powers, which included the investigation and sanction of Housing Benefit offences. From 1 May 2015 all suspected Housing Benefit fraud cases have been referred to the DWP within a new team called the 'Single Fraud Investigation Service' (SFIS).

Fraud update from the Shared Revenues Partnership (SRP)

- 10.26 The SRP have secured further funding from the DWP under the Fraud and Error Reduction Incentive Scheme (FERIS) for 2016/17. The SRP will be running targeted campaigns to reduce fraud and error Housing Benefit cases.
- 10.27 The SRP apply a Risk Based Verification (RBV) approach to Housing Benefit claims. RBV assigns a risk rating to each claim which determines the level of verification required. It allows more intense verification activity to be targeted at those claims which are deemed to be at highest risk of involving fraud and/or error.
- 10.28 The SRP participated in the Suffolk wide Single Persons Discount (SPD) exercise during 2015/16 with Datatank, a company who assist local authorities to check entitlement to SPD. The Corporate Manager – Internal Audit is awaiting the results of the 2015/16 exercise from SRP. Funding has been secured from Suffolk County Council to continue with this exercise for 2016/17.

National Fraud Initiative (NFI)

- 10.29 Councils are required to participate in the biennial NFI, the Cabinet Office led exercise (previously run by the Audit Commission before its cessation) involving data matching of records nationally from public service databases.
- 10.30 Internal Audit take a leading role in co-ordinating this exercise across both Councils and with the Shared Revenues Partnership (SRP) working across a number of service areas to support staff in providing data and subsequently investigating and recording the results of matches.
- 10.31 The data requirements and data specifications for the 2014/15 NFI exercise were completed and successfully uploaded using the NFI's secure electronic upload facility.
- 10.32 A summary of the results of the data matches are detailed below. All recommended matches have either been processed or are under review.

Mid Suffolk DC

| Total matches identified | Matches processed | Matches cleared | Investigated | Fraud | Error | Total recovered £ | Reason for Error |
|--------------------------|-------------------|-----------------|--------------|-------|-------|-------------------|---|
| 724 | 261 | 259 | 23 | 0 | 2 | 9,508.95 | 1. Value £2,866.71 – overpayment of Council Tax – Widow entitled to Council Tax Reduction. 2. Value £6,642.24 – Contractor invoiced Council twice in error for installation of fire doors. Credit note received. |

Babergh DC

| Total matches identified | Matches processed | Matches cleared | Investigated | Fraud | Error | Total recovered £ | Reason for Error |
|--------------------------|-------------------|-----------------|--------------|-------|-------|-------------------|---|
| 692 | 287 | 283 | 53 | 0 | 4 | 11,291.40 | 1. Value £6,926.40 – Duplicate payment for temporary worker – Invoiced twice in error by SCC, and registered under two separate suppliers, SCC and SCC Temps. Amount refunded in full. 2. Value £4,365.00 – Duplicate payment – Invoiced twice in error by supplier in respect of IT security software. Invoice numbers different hence why not identified as a duplicate. Amount refunded in full. 3 & 4. Administration errors – National Insurance numbers recorded on the Housing system incorrectly. |

Reported Irregularities – 2015/16

10.33 Housing Tenancy Fraud cases – Since April 2015 Community Housing Officers have investigated seven cases of suspected housing related frauds (four in Babergh and three in Mid Suffolk). These have been as a result of anonymous complaints/whistleblowing, intelligence gathered by Community Housing Officers, and/or as part of matters that initially involved work undertaken by Tenant Services for example: welfare checks, missed gas servicing, empty or unkept properties.

10.34 The results of the investigations are summarised below:

- Two cases related to potential illegal subletting. One case was investigated with no further action and the other case is still ongoing;

- Three cases related to abandoning the properties. Two cases were investigated with no further action, and one property was recovered following agreement with the individual concerned to terminate the tenancy;
- One case was Housing Benefit related and referred to the DWP for investigation; and
- One case still being investigated relates to obtaining a social housing property by deception.

Looking ahead

10.35 Some areas where a focus can be expected for 2016/17 are as follows:

- Continue ongoing NFI exercise;
- Supporting both Councils to improve levels of awareness of fraud risks amongst staff; and
- Work with neighbouring councils to share knowledge and expertise on anti-fraud and corruption measures.

10.36 As we face reduced funding both Councils need to assess fraud risks effectively to target resources where they will produce most benefit. Namely:

- Maintain capacity to investigate non-benefit fraud;
- Be alert and reactive to national fraud concerns; and
- Ensure we have the right skills to investigate all types of fraud.

Conclusions

10.37 The Corporate Manager – Internal Audit currently considers that both Councils have sound anti-fraud and corruption arrangements in place and therefore no further action is required, commensurate with the risks, but the Councils must nevertheless remain vigilant.

11. Appendices

| Title | Location |
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| (a) CIPFA Code of Practice – Managing the Risk of Fraud and Corruption – Self-assessment against the detailed requirements. | Attached |

12. Background Documents

12.1 Prevention of Financial Crime Policy.

12.2 CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

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| Fraud self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption | | | | | |
|---|--|---|-------------------|---|--------------------|
| Ref | The five key principles of the Code are to: | Specific steps should include: | Compliance: Y/N/P | Evidence/Comments | Guidance reference |
| A | <p>Acknowledge Responsibility – The governing body should acknowledge its responsibility for ensuring that the risks associated with fraud and corruption are managed effectively across all parts of the organisation.</p> | <p>A1 – The organisation’s leadership team acknowledge the threats of fraud and corruption and the harm they can cause to the organisation, its aims and objectives and to its service users.</p> | Y | <p>The Councils’ have a ‘Prevention of Financial Crime Policy’ (previously called the Anti-Fraud and Corruption and Whistleblowing Policy), which was endorsed by the Joint Audit and Standards Committee in January 2015 (Report JAC45).</p> <p>The revised policy was discussed and approved with senior management including the Statutory Officers prior to Committee endorsement.</p> <p>Following Committee approval the policy was disseminated to all staff and both sets of Councillors and placed on the Councils’ internet and intranet.</p> <p>All fraud investigation reports are provided to senior management.</p> | Page 10 - 11 |
| | | <p>A2 – The organisation’s leadership team acknowledge the importance of a culture that is resilient to the threats of fraud and corruption and aligns to the principles of good governance.</p> | Y | <p>The Councils’ ‘Prevention of Financial Crime Policy’, was discussed and approved with senior management including the Statutory Officers prior to Committee endorsement.</p> | Page 11 |

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| | | | | <p>Fraud and Corruption risks are identified as part of the annual Internal Audit planning process and contribute to the overall formation of audit coverage.</p> <p>The principles of good governance is based on the CIPFA/SOLACE Framework, Delivering Good Governance. The Councils are assessed against these in the Annual Governance Statement.</p> | |
| | | A3 – The governing body acknowledges its responsibility for ensuring management of its fraud and corruption risks and will be accountable for the actions it takes through the governance reports. | Y | <p>The Councils' have a 'Prevention of Financial Crime Policy' (previously called the Anti-Fraud and Corruption and Whistleblowing Policy), which was endorsed by the Joint Audit and Standards Committee in January 2015 (Report JAC45).</p> <p>The Joint Audit and Standards Committee receive an annual report entitled 'Managing the Risk of Fraud and Corruption'.</p> | Page 11 - 12 |
| | | A4 – The governing body sets a specific goal of ensuring and maintaining its resilience to fraud and corruption and explores opportunities for financial savings from enhanced detection and prevention. | P | <p>The Councils firmly endorse a culture of integrity and honesty and takes robust approach to any signs of financial crime.</p> <p>Fraud and Corruption risks are identified as part of the annual Internal Audit planning process and contribute to the overall formation of audit coverage.</p> | Page 12 |

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| | | | | However, a separate programme of work is not in place specific to counter fraud work. | |
| B | Identify Risks – Fraud risk identification is essential to understand specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the organisation and its service users. | B1 – Fraud risks are routinely considered as part of the organisation’s risk management arrangements. | Y | <p>Fraud and Corruption risks are identified as part of the annual Internal Audit planning process and contribute to the overall formation of audit coverage. This includes having consideration to the annual publication entitled, ‘Protecting the Public Purse’.</p> <p>Managers are responsible for managing risks and ensuring that proper resilient systems are in place to mitigate their occurrence. All committee reports have to consider and assess the risks presented by the proposal contained in the report.</p> | Page 15 - 16 |
| | | B2 – The organisation identifies the risks of corruption and the importance of behaving with integrity in its governance framework. | Y | <p>The Councils have the following in place:</p> <ul style="list-style-type: none"> • Prevention of Financial Crime Policy • Commissioning and Procurement manual • Conduct Policies • Gifts and Hospitality Policy • Information security policy • Pecuniary interest and conflicts of interest policies | Page 16 - 17 |

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| | | B3 – The organisation uses published estimates of fraud loss, and where appropriate its own measurement exercises, to aid its evaluation of fraud risk exposures. | P | When formulating the Internal Audit Plan, Internal Audit consider national estimates contained in the ‘Protecting the Public Purse’ document. | Page 17 - 18 |
| | | B4 – The organisation evaluates the harm to its aims and objectives and service users that different fraud risks can cause. | Y | Internal Audit has developed a Fraud Risk Register with managers. <u>Purpose of the register:</u> Part of delivering good governance as defined by CIPFA/SOLACE is ensuring counter fraud arrangements are in place and operating effectively. The register contains a list of areas where internal audit believe the Councils are susceptible to fraud and focuses on the controls to mitigate the subsequent risk. The register is annually reviewed. | Page 18 |
| C | Develop Strategy – An organisation needs a counter fraud strategy setting out its approach to managing its risks and defining responsibilities for action. | C1 – The governing body formally adopts a counter fraud and corruption strategy to address the identified risks and align with the organisation’s acknowledged responsibilities and goals. | Y | See A1 | Page 20 - 21 |
| | | C2 – The strategy includes the organisation’s use of joint working or partnership approaches to managing its risks, where appropriate. | N | Partnership working would be used wherever practical to do so to assist with the investigation of fraud. | Page 21 |
| | | C3 – The strategy includes both proactive and responsive approaches that are best suited to the organisation’s fraud and corruption risks. Proactive and responsive components of a good practice response to fraud risk management are set out below: | Y | Aspects of this are covered in the Councils’ ‘Prevention of Financial Crime Policy’; and through the annual report entitled ‘Managing the Risk of Fraud and Corruption’ report to Councillors. | Page 22 - 23 |

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| | Proactive Developing a counter-fraud culture to increase resilience to fraud. | Y | Covered in the 'Prevention of Financial Crime Policy' and supported by the annual report to Councillors entitled, 'Managing the Risk of Fraud and Corruption'. | Page 22 - 23 |
| | Proactive Preventing fraud through the implementation of appropriate and robust internal controls and security measures. | Y | Covered in the 'Prevention of Financial Crime Policy' and supported by the annual report to Councillors entitled, 'Managing the Risk of Fraud and Corruption'. Fraud and Corruption risks are identified as part of the annual Internal Audit planning process and contribute to the overall formation of audit coverage. This includes having consideration to the annual publication entitled, 'Protecting the Public Purse'. | Page 22 - 23 |
| | Proactive Using techniques such as data matching to validate data. | Y | NFI mandatory participation. | Page 22 - 23 |
| | Proactive Deterring fraud attempts by publicising the organisation's anti-fraud and corruption stance and the actions it takes against fraudsters. | Y | Policy posted on both internet sites. In the past successful HB frauds have been publicised in the local newspaper. | Page 22 - 23 |
| | Responsive Detecting fraud through data and intelligence analysis. | P | NFI mandatory participation. | Page 22 - 23 |
| | Responsive Implementing effective whistleblowing arrangements. | Y | Covered in the 'Prevention of Financial Crime Policy'. | Page 22 - 23 |
| | Responsive Investigating fraud referrals. | | | |

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| | | Responsive Applying sanctions, including internal disciplinary, regulatory and criminal. | | | |
| | | Responsive Seeking redress, including the recovery of assets and money where possible. | | | |
| | | C4 – The strategy includes clear identification of responsibility and accountability for delivery of the strategy and for providing oversight. | Y | Covered in the 'Prevention of Financial Crime Policy'. | Page 22 - 23 |
| D | Provide Resources – The organisation should make arrangements for appropriate resources to support the counter fraud strategy. | D1 – An annual assessment of whether the level of resource invested to counter fraud and corruption is proportionate for the level of risk. | Y | The Internal Audit planning exercise matches resources to risk. | Page 26 |
| | | D2 – The organisation utilises an appropriate mix of experienced and skilled staff, including access to counter fraud staff with professional accreditation. | Y | Within the Internal Audit team there is one professionally accredited counter fraud member of staff and a mix of auditors with a wealth of experience and skills. | Page 26 - 28 |
| | | D3 – The organisation grants counter fraud staff unhindered access to its employees, information and other resources as required for investigation purposes. | Y | All Internal Audit staff have such access, in accordance with the Council's Financial Regulations. | Page 28 - 29 |
| | | D4 – The organisation has protocols in place to facilitate joint working and data intelligence sharing to support counter fraud activity. | Y | Mandatory participation in the NFI follows agreed protocols. The Suffolk Working Audit Partnership (SWAP) regularly meets and Fraud is a standing agenda item. | Page 29 |

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| E | Take Action – The organisation should put in place the policies and procedures to support the counter fraud and corruption strategy and take action to prevent, detect and investigate fraud. | E1 – The organisation has put in place a policy framework which supports the implementation of the counter fraud strategy. As a minimum the framework includes: Counter fraud policy Whistleblowing policy Anti-money laundering policy Anti-bribery policy Anti-corruption policy Gifts and hospitality policy and register Pecuniary interest and conflicts of interest policies and register Codes of conduct and ethics Information security policy Cyber security policy | Y | All the required documents are in place. | Page 33 - 35 |
| | | E2 – Plans and operations are aligned to the strategy and contribute to the achievement of the organisation’s overall goal of maintaining resilience to fraud and corruption. | Y | Systems are designed to minimise the risk of fraud. Internal Audit provides ongoing advice across the Councils when new systems or changes are being considered. A recent Assurance Mapping exercise has been undertaken by Internal Audit to help them and management identify gaps in assurance. This exercise assists the annual audit planning process. | Page 35 - 36 |
| | | E3 – Making effective use of national or sectoral initiatives to detect fraud or prevent fraud, such as data matching or intelligence sharing. | Y | From 1 st April 2016 Babergh and Mid Suffolk DCs will be members of NAFN Data and Intelligence Services which disseminates good practice and fraud alerts. NAFN also provides intelligence in terms of fraudsters/potential fraudsters who are already known in their database. | Page 36 |

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| | | | | Mandatory participation in the NFI. | |
| | | E4 – Providing for independent assurance over fraud risk management, strategy and activities. | Y | Assurance is provided to our External Auditors. Fraud survey completed annually. Fraud AF70 Returns completed for all frauds over £10k. Self-assessment undertaken of fraud work against good practice (CIPFA Red Book and now Code of Practice). No adverse feedback comments received from External Audit. | Page 37 |
| | | E5 – There is a report to the governing body at least annually on performance against the counter fraud strategy from the lead person(s) designated in the strategy. Conclusions are featured in the annual governance statement. | Y | Assurance is provided as part of the Annual Governance Statement. In addition, an annual report is presented to the Joint Audit and Standards Committee entitled, 'Managing the Risk of Fraud and Corruption'. This report explains the current arrangements in place across both Councils to ensure there is a proactive 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. | Page 37 |

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| | Applying the code in practice | <p>Where organisations are making a statement in an annual governance report about their adherence to this code, one of the following statements should be approved according to whether the organisation conforms with the code or needs to take further action. The statement should be approved by the governing body and signed by the person responsible for signing the annual governance report.</p> <p>Statement 1 Having considered all the principles, I am satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.</p> <p>Or</p> <p>Statement 2 Having considered all the principles, I am satisfied that, subject to the actions identified below, the organisation has adopted a response that is appropriate.</p> | Y | Internal Audit will be issuing Statement 1 within the annual report to Councillors entitled, 'Managing the Risk of Fraud and Corruption' and the AGS. | |
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