INTERNAL AUDIT SERVICE

SELF ASSESSMENT – CIPFA CODE OF PRACTICE ON MANAGING THE RISK OF FRAUD AND CORRUPTION

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A. 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.

Reference	Score (Yes, Partial or No)	How was this achieved	Action Required	Responsible Officer(s)	Action Date
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	The Council has an Anti-fraud, Bribery and Corruption Policy that is available to all members of staff. It is also referenced in the Constitution and in many of the Council's policies and procedures including the Code of Conduct, Anti-money Laundering Policy and Whistleblowing Policy.	The Anti-Fraud, Bribery and Corruption and Anti-Money Laundering Policies are due for review, revision (where necessary) and approval by A&G. Additionally, a Fraud Response Plan is required and will be developed to complement the Anti-Fraud, Bribery and Corruption Policy.	BT/BS/IAM BT/IAM	31/10/19 31/10/19
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.	Y	As A1. Additionally, the Financial Regulations (2016) clearly state the Councils position in terms of preventing fraud and corruption and the Chief Finance Officer (Borough Treasurer) has the responsibility of developing, maintaining and promoting the Anti-fraud, Bribery and Corruption policy and Anti-money Laundering Policy, and ensuring that all irregularities are reported and investigated	As A1	N/A	N/A

Reference	Score (Yes, Partial or No)	How was this achieved	Action Required	Responsible Officer(s)	Action Date
		appropriately.

Additional awareness measures should be introduced to complement the policies and procedures in place. | Consideration should be given for fraud prevention and awareness training to be provided to relevant members of staff. | CMT | 01/04/20 |
| **A3** The governing body acknowledges its responsibility for ensuring the management of its fraud and corruption risks and will be accountable for the actions it takes through its governance reports. | Y | The Audit & Governance Committee's Terms of Reference specifically mention responsibly for Fraud and Corruption activities – "*To monitor the effectiveness of the Councils policies in relation to its Anti-fraud and Corruption Strategy and complaints process.*"

Specific roles and responsibilities are recorded in the Council Constitution for relevant members and officers (e.g. Chair of A&G and Section 151 Officer).

The Annual Governance Statement mentions fraud and corruption activities. Now that a compliance check has been undertaken in accordance with CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption an appropriate statement as | Additional information in respect of the Council's compliance with "*CIPFA Code of Practice for Managing the Risk of Fraud and Corruption*" should be recorded in the Annual Governance Statement 2019/20. | BT | 31/05/20 |

Reference	Score (Yes, Partial or No)	How was this achieved	Action Required	Responsible Officer(s)	Action Date
		recommended by CIPFA should be included in the Annual Governance Statement.			
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 fraud detection and prevention.	Y	Fraud and corruption risks are identified as part of the Internal Audit annual planning process and provision is made within the Internal Audit Annual Plan for Anti-fraud activities. The council's Anti-Fraud, Bribery and Corruption Policy clearly states "We are committed to the prevention, deterrence and detection of bribery and have zero tolerance towards it".	N/A	N/A	N/A

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.

Reference	Score (Yes, Partial or No)	How was this achieved	Action Required	Responsible Officer(s)	Action Date
B1 Fraud risks are routinely considered as part of the organisation's risk management arrangements.	Y	Managers are responsible for managing risks and ensuring that systems are in place with appropriate internal controls to mitigate their occurrence. Individual Fraud Risk Assessments were completed by CMT members' during 2018/19 and will be undertaken during 2019/20. All council committee reports contain a section "Risk Assessment" where the author of the report must consider and assess the risks to the Council by any recommendations being made in their report. Fraud and corruption risks are considered as part of the Internal Audit annual planning process and the overall formation of audit coverage.	Fraud risk assessments for each member of CMT will be undertaken in 2019/20.	CMT/IAM	31/03/20
B2 The organisation identifies the	Y	The Council has appropriate	N/A	N/A	N/A

Reference	Score (Yes, Partial or No)	How was this achieved	Action Required	Responsible Officer(s)	Action Date
risks of corruption and the importance of behaving with integrity in its governance framework.		policies and procedures in place such as: - Code of Conduct for Officers, - Code of Conduct for Members; - Anti-Fraud, Bribery and Corruption Policy; - Anti-Money Laundering Policy; - Management and Employee Core Expected Behavioural Standards; - Contract Procedure Rules; - Financial Regulations; - Whistleblowing Code.			
B3 The organisation uses published estimates of fraud loss, and where appropriate its own measurement exercises, to aid its evaluation of fraud risk exposures.	N	There is no formal framework in place at this time.	New Audit and Governance Committee reporting arrangements will be introduced whereby information will include any fraudulent investigations undertaken and information from the National Fraud Initiative exercise.	BT/IAM	May 2020
B4 The organisation evaluates the harm to its aims and objectives and service users that different fraud risks can cause.	P	As part of the Audit planning process the risk of fraud and corruption is assessed and considered when developing the annual and strategic audit plans. Information is also detailed in the Internal Audit Annual Report. At present there is no corporate	A corporate fraud risk should be assessed, recorded on the Council's risk management system (Pentana) and if necessary included on the key risk register.	IAM	31/01/20

Reference	Score (Yes, Partial or No)	How was this achieved	Action Required	Responsible Officer(s)	Action Date
		assessment of the risk of fraud to the Council's aims and objectives recorded in the Council's Risk Management system.			

C. Develop a Strategy

An organisation needs a counter fraud strategy setting out its approach to managing its risks and defining responsibilities for action.

Reference	Score (Yes, Partial or No)	How was this achieved	Action Required	Responsible Officer(s)	Action Date
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.	P	See A1	See A1.	See A1.	See A1.
C2 The strategy includes the organisation's use of joint working or partnership approaches to managing its risks, where appropriate.	Y	The Anti-fraud, Bribery and Corruption Policy includes a section on Joint Working.	N/A	N/A	N/A
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. **Proactive** Developing a counter-fraud culture to increase resilience to fraud.	Y	See A1 Details are covered in the Anti-fraud, bribery and Corruption Policy, which is available on the Council's intranet and internet	See A1.	See A1.	See A1.

Reference	Score (Yes, Partial or No)	How was this achieved	Action Required	Responsible Officer(s)	Action Date
Preventing fraud through the implementation of appropriate and robust internal controls and security measures. Using techniques such as data matching to validate data. Deterring fraud attempts by publicising the organisation's anti-fraud and corruption stance and the actions it takes against fraudsters. **Responsive** Detecting fraud through data and intelligence analysis. Implementing effective whistleblowing arrangements. Investigating fraud referrals.		website. Fraud and corruption risks are considered as part of the annual internal audit planning process and the overall formation of audit coverage. The Council takes part in the mandatory National Fraud Initiative. Any successful investigation cases would be published in local press outlets and Council social media accounts. The Council takes part in the mandatory National Fraud Initiative. An up to date Whistleblowing code is in place and available to all members of staff. Any fraud referrals received would be fully investigated by Internal			

Reference	Score (Yes, Partial or No)	How was this achieved	Action Required	Responsible Officer(s)	Action Date
Applying sanctions, including internal disciplinary, regulatory and criminal. Seeking redress, including the recovery of assets and money where possible.		Audit and a report produced for action. Where relevant, disciplinary policies and procedures would be followed. Appropriate sanctions are applied as per Council policies and procedures, and referrals will be made to external agencies (i.e. Police, Action Fraud) where required. The Anti-fraud, Bribery and Corruption Policy clearly states that the Council will seek to recover assets and money where possible.			
C4 The strategy includes clear identification of responsibility and accountability for delivery of the strategy and for providing oversight.	P	See A1.	See A1.	See A1.	See A1.

D. Provide Resources

The organisation should make arrangements for appropriate resources to support the counter fraud strategy.

Reference	Score (Yes, Partial or No)	How was this achieved	Action Required	Responsible Officer(s)	Action Date
D1 An annual assessment of whether the level of resource invested to counter fraud and corruption is proportionate for the level of risk.	Y	This is considered as part of the Annual Internal Audit Planning process and reported to Audit and Governance Committee for approval.	N/A	N/A	N/A
D2 The organisation utilises an appropriate mix of experienced and skilled staff, including access to counter fraud staff with professional accreditation.	Y	There are no counter fraud staff with professional accreditation in the Council, however, the Internal Audit Team have a varied mix of qualifications and Risk and Audit experience. If required, external counter fraud services could be procured by the Council. The Internal Audit Manager has experience of performing fraud investigations and is professionally qualified.			
D3 The organisation grants counter fraud staff unhindered access to its employees, information and other resources as required for investigation purposes.	Y	All members of the Internal Audit Team have unhindered access to Council records, buildings and staff as prescribed in the Council Constitution and Financial Regulations.	N/A	N/A	N/A
D4 The organisation has protocols in	Y	The Council participates in the	N/A	N/A	N/A

Reference	Score (Yes, Partial or No)	How was this achieved	Action Required	Responsible Officer(s)	Action Date
place to facilitate joint working and data and intelligence sharing to support counter fraud activity.		mandatory data matching exercise – National Fraud Initiative (NFI). The Internal Audit Manager meets regularly with other Lancashire Heads of Internal Audit and Counter Fraud is a standing item on the agenda.			

E. Take Action

The organisation should put into place the policies and procedures to support the counter fraud and corruption strategy and take action to prevent, detect and investigate fraud.

Reference	Score (Yes, Partial or No)	How was this achieved	Action Required	Responsible Officer(s)	Action Date
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	A policy framework is in place and includes the following Policies available to all officers and members. - Anti-fraud, bribery and corruption policy - Whistleblowing policy - Anti-money laundering policy - Gifts and hospitality policy and register - Conflicts of interest policy - Code of conduct for officers and members - Information security policy (maintained by BTLS)			
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.	P	Whilst there is an Anti-Fraud, Bribery and Corruption Policy, there is no specific Fraud Response Plan in place.	Arrangements would be enhanced by a separate Fraud Response Plan being developed and implemented.	BT/IAM	30/10/19

Reference	Score (Yes, Partial or No)	How was this achieved	Action Required	Responsible Officer(s)	Action Date
E3 Making effective use of national or sectoral initiatives to detect fraud or prevent fraud, such as data matching or intelligence sharing.	Y	The Council takes part in the National Fraud Initiative which is a mandatory national data matching exercise that has the prime objective of identifying fraud.	N/A	N/A	N/A
E4 Providing for independent assurance over fraud risk management, strategy and activities.	N	This sub-principle can only be achieved when other actions in this self-assessment have been implemented.	Actions in this document must be addressed as required. An independent assessment of the work to manage fraud and corruption during 2019/20 must be undertaken by internal audit at the end of the audit year and be reported to the Audit and Governance Committee.	BT/IAM IAM	31/05/20 31/05/20
E5 There is a report to the governing body at least annually on performance against the counter fraud strategy and the effectiveness of the strategy from the lead person(s) designated in the strategy. Conclusions are featured in the annual governance report.	Y	The last review was undertaken during 2018/19 by the previous Internal Audit Manager and reported to Audit and Governance accordingly.	Conclusions from the annual review 2019/20 will be shared with the BT as part of the Corporate Governance process and details will be recorded in the Annual Governance Statement.	BT/IAM	31/05/20