

ANTI-BRIBERY COMPLIANCE UPDATE & ANNUAL RISK ASSESSMENT

Governance & Audit Committee

October 2022



Peter Davies, Deputy Chief Executive

Purpose & Recommendation

- To consider the Council's approach to Anti Bribery, Fraud & Corruption To outline proposed next steps
- That the Committee comment on and note current progress of the Council's compliance with Anti Bribery, Fraud and Corruption.

Objectives for today

- To refresh Governance & Audit Committee's understanding around its responsibilities and to provide a brief background to:
 - The current Anti-fraud, Bribery and Corruption policy
 - Internal Audit reviews and follow-ups undertaken
- To provide further update to confirm action taken to address outstanding recommendations
- To provide the annual risk assessment of the arrangements in place around anti-fraud, bribery and corruption
- To outline proposed next steps

- Anti-Fraud, Bribery and Corruption Policy statement approved by Cabinet in June 2017
- Purpose of policy:
 - To encourage a culture in the organisation that deters fraud, bribery and corruption
 - Provide a strong message that any allegations will be dealt with in a firm and consistent way
- The Council is one of the largest organisations in the County
- The Council controls millions of pounds of public money and takes very seriously the high expectations of the public and the degree of scrutiny to which the affairs of the Council are subject

- May 2017 Audit Committee – Limited opinion for audit of Compliance with Bribery act
- June 2017 Cabinet – updated and revised Anti-fraud, Bribery and Corruption policy approved
- May 2018 Audit Committee – follow up audit of Compliance with the Bribery Act results in second consecutive Limited assurance audit opinion
- July – September 2019 – follow up audit suggests controls are operating satisfactorily
- Sept 2019 Audit Committee – Anti Bribery update and first annual risk assessment
- Dec 2019 – 2nd follow up audit – Reasonable Assurance
- Oct 2020 – Audit Committee – progress on compliance with Anti Bribery, Fraud & Corruption
- Oct 2022 – Governance & Audit Committee – progress on compliance with Anti Bribery, Fraud & Corruption and risk assessment

- In summary, and aside from COVID, frauds to date continue to be low level benefits frauds (that are investigated by SBS and the DWP). Internal Audit have not had any other definitive cases confirmed in their work in the last year.
- However, against this backdrop there had been an increase in fraudulent activity, and especially in cyber crime, during the COVID-19 pandemic across the UK.
- Fraudulent payments had both been identified and prevented by MCC when administering business grants for WG; 25% of identified frauds recovered

- Risk is always present across a range of areas including:
 - Procurement activity
 - New suppliers – no history of FBC?
 - Lack of segregation of duties
 - Evidence of tender evaluations and awards
 - Lack of contract management – contract variation and extensions
 - Planning and licencing decisions
 - Bribery – and where pressure exists on income generation and contract awards
 - Where new starters are not being provided FBC training through corporate induction

- Mitigation of risks will involve:
 - Arranging for an ongoing annual follow-up review as part of the annual risk assessment needed and to ensure controls are not only in place but are operating effectively – with a specific focus on medium and high risk areas
 - Ensuring that any remaining or new audit recommendations are targeted and addressed accordingly
 - CIPFA – Fraud & Corruption Tracker National Report to be reviewed to reflect the likely impact for MCC

REF	ISSUE / RISK	MITIGATING ACTION	RESIDUAL RISK
1	Lack of ongoing evaluation of Anti-Fraud, Bribery and Corruption risks to ascertain likelihood or impact of potential bribery	Annual risk assessments being undertaken to highlight particular areas of risk and how these are being responded to.	LOW
2	New members of staff to receive corporate induction training and that includes training on fraud, bribery and corruption	<p>New starter information continues to be provided periodically by HR to Corporate Training. As a result of COVID induction has had to be quickly adapted and in turn condensed from the original two day course. Anti-fraud bribery and corruption training has not features as part of this and therefore the risk is heightened.</p> <p>A training module has been developed which needs to be made more widely available to all staff in order for it to be completed and accredited online.</p> <p>With the HR/Payroll cloud implementation and system development the onboarding and web recruitment module will be able to require new starters to complete the training as part of their induction.</p>	LOW
3	Staff are not unaware of the Bribery Act and their responsibilities to comply with it	A training module has been developed which needs to be made more widely available to all staff in order for it to be completed and accredited online.	LOW
4	Relevant declarations of interest were not always being completed by staff	Code of Conduct updated in late 2017. Staff are now reminded annually to make declarations of interests and in accordance with the updated Code of Conduct.	LOW

REF	ISSUE / RISK	MITIGATING ACTION	RESIDUAL RISK
5	Approval of purchases or awarding of contracts not always performed in accordance with authorised signatory lists	CPRs have been updated to include additional guidance. Strategic Procurement team maintain signatory lists and where procuring managers will need authorisation to advertise or award contracts. Updated guidance to be issued to procuring officers.	MEDIUM (AND REDUCING AS IMPLEMENTED)
6	Suppliers are not assessed for any history of bribery during procurement exercises	CPRs to be updated to include additional selection considerations that need to be included with regards to the Bribery Act for procurements between £75k and the OJEU threshold. Updated guidance being issued to procuring officers. Low risk identified for purchases of less than £75k though investigation to be undertaken on being able to vet new suppliers by using existing online anti-fraud and corruption checks.	MEDIUM (AND REDUCING AS IMPLEMENTED)

