

ANNUAL ANTI-FRAUD BRIBARY AND CORRUPTION REPORT 2020-21**Report of the Deputy Chief Executive (and Section 151 Officer)****1. INTRODUCTION AND PURPOSE OF REPORT**

- 1.1 It is important to highlight that the risk and control environments (including areas around fraud prevention and detection) in the 2020/21 financial year have been considerably impacted by the Covid 19 pandemic and the subsequent shift in changes to the working environment at Stockport Council.
- 1.2 Key fraud risk areas have changed and external drivers such as increased reliance on digital and technology, the distribution of significant numbers and values of business and discretionary grant to Stockport stakeholders and the impact on the wider economy have all increase fraud risks facing the Council.
- 1.3 Although recent CIPFA guidance entitled “Guidance for Head of Internal Audit Annual Opinions 2020/21” suggests “Avoiding diversion of internal audit staff on to counter fraud work, or other non-core audit work, beyond that which is already accommodated within the plan”, resources have been increased over the past 12 months in this key area, particularly around the management, issue and control of business grants.
- 1.4 Like any organisation of significant size and complexity the Council is inherently vulnerable to risks of fraud and corruption. In response to these risks the Council has a range of mitigating controls including the Fraud and Irregularities Panel, specific and targeted audit work as directed by an annual fraud risk assessment of the Council’s activities and through policies such as the anti-fraud and corruption policy and whistleblowing policy.
- 1.5 Furthermore, CIPFA guidance on delivering good governance and the new Public Sector Internal Audit Standards place certain duties on public bodies to ensure that the arrangements that they have in place to manage fraud risk are robust and are subject to regular review.
- 1.6 The production of this Annual Fraud Report (appendix 4) will help the Council to demonstrate its commitment to identifying and managing fraud risk by outlining key activities, processes and findings from the previous year.
- 1.7 The purpose of this report is to present the work carried out during the past year to minimise the risk of fraud, bribery and corruption occurring in the Council. This supports the requirements of the Accounts and Audit Regulations (England) 2011, which state that the Council must have measures in place “to enable the prevention and detection of inaccuracies and fraud.” In this context, we have taken fraud also to refer to cases of bribery and corruption.
- 1.8 The report also sets out planned work for 2021/22, highlights some of the current areas of fraud risk and provides a conclusion on the effectiveness of controls in place to minimise the risk of fraud occurring in the Council.

- 1.9 Such a report will provide a summary on the outcome of proactive and reactive anti-fraud and investigation work during the previous year, with a particular focus on the work delivered by Internal Audit. It will further outline some of the areas of emerging fraud risk and the Council's strategic and operational arrangements for managing these risks.

2. CONCLUSIONS AND RECOMMENDATIONS

- 2.1 Audit Committee is asked to note the contents of the annual report

BACKGROUND PAPERS

"Guidance for Head of Internal Audit Annual Opinions 2020/21" – CIPFA.

Anyone wishing to inspect the above background papers or requiring further information should contact John Pearsall on telephone number Tel: 0161 474 4033 or alternatively email john.pearsall@stockport.gov.uk