

**AUDIT COMMITTEE  
18th January, 2012**

Present:- Councillor Sangster (in the Chair); Councillors Gilding, Kaye, License and Sims.

**P31. MINUTES OF THE PREVIOUS MEETING HELD ON 7TH DECEMBER, 2011**

Resolved:- That the minutes of the previous meeting held on 7<sup>th</sup> December, 2011 be agreed as a correct record.

Reference was made to Minute No. P26 (Internal Audit Plan) and whether these activities were scrutinised. It was suggested that the performance of the Internal Audit Service be included as part of the performance monitoring role of the relevant Select Commission.

**P32. ANTI FRAUD AND CORRUPTION ARRANGEMENTS**

The Chairman welcomed Steve Pearson, Audit Manager, to the meeting and invited him to give a presentation on Fraud.

The presentation drew specific attention to:-

- Fraud Awareness.
- CIPFA Definition of Fraud.
- Why Fraud was committed.
- The Fraud Triangle.
- Committers of Fraud.
- Fraudster Profiles.
- Protecting the Public Purse 2011.
- Fraud against Public Sector Organisations.
- Detection Rates in Local Government and Councils.
- Fraud Locally.
- Increase in Fraud.
- Helping to Fight Fraud.
- Strategy to Tackle Fraud Locally.
- Rotherham's Response to Fraud.

A discussion and answer session ensued and the following issues were raised and subsequently clarified:-

- Clarification of CIPFA and their role.
- Success rates in dealing with Fraud.
- Fraud detection levels.

Resolved:- That Steve Pearson be thanked for his presentation and the contents be noted.

**P33. PROTECTING THE PUBLIC PURSE, 2011 - FIGHTING FRAUD AGAINST LOCAL GOVERNMENT**

Consideration was given to a report presented by Colin Earl, Director of Governance and Asset Management, which made reference to a recent publication by the Audit Commission entitled 'Protecting the Public Purse 2011'.

The document highlighted current fraud risks relevant to local authorities and the steps Councils could (and should) take to minimise the risk of fraud. The report also included a self-assessment questionnaire to be completed by Local Authorities to help them assess their current arrangements.

Completion of the assessment confirmed the Council would continue to have robust arrangements in place for managing the risk of fraud.

Reference was made to the full document of the Audit Commission and whether this would be helpful for the Audit Committee to view.

Resolved:- (1) That the result of the Council's self assessment against the fraud checklist within the Audit Commission's 'Protecting the Public Purse' Report 2011 be noted.

(2) That a copy of the full document 'Protecting the Public Purse 2011' be circulated to Members of the Audit Committee.

**P34. ANTI-FRAUD AND CORRUPTION POLICY AND STRATEGY**

Consideration was given to a report presented by Steve Pearson, Internal Audit Manager, regarding the update to the Council's Anti Fraud and Corruption Policy and Strategy, which was being completed primarily to streamline the Policy and to ensure the Policy and Strategy were up-to-date with current best practice.

The report set out in detail the good progress made in implementing the Council's action plan for managing the risk of fraud and also a summary of proposals to further strengthen the Council's arrangements, following a self-assessment against the Audit Commission's checklist included in its document "Protecting the Public Purse".

Discussion ensued on the arrangements and their delivery in ensuring that the management of risk of fraud was kept to a minimum, the contents of which formed part of the Governance Statement annually.

Resolved:- (1) That the proposed revisions to the Council's Anti Fraud and Corruption Policy and Strategy be approved.

(2) That the proposals made to improve further the Council's arrangements to manage the risk of fraud be noted.

(3) That a further report be submitted to this Committee in six months time.

**P35. BRIBERY ACT, 2010**

Further to Minute No. 28 of the meeting of this Committee held on 7th December, 2011, consideration was given to the report presented by Colin Earl, Director of Governance and Asset Management, which set out details of the Bribery Act, 2010 introducing a corporate offence of failing to prevent a bribe, which meant that any Local Authority could be held partly liable if an offence occurred and the Local Authority had weak or non-existent procedures in place to prevent a bribe.

The Standards and Audit Committees supported the work being done by Internal Audit and Legal Services to refresh and update the Council's policies and procedures in light of the Bribery Act. Both reports presented also referred to guidance issued by the Secretary of State for Justice under the Act, which contained details of procedures an organisation could put in place to prevent bribing on their behalf.

The Council already had in place sound procedures for preventing fraud and corruption, including bribery. This report identified further steps that would be taken in light of the Bribery Act to further strengthen our arrangements and minimise any risk of the Council being challenged for failing to prevent bribery.

Discussion ensued on the action plans recommended to further strengthen arrangements and the need for these to be combined and monitored.

Resolved:- (1) That the Council's self assessment of its position on the Bribery Act 2010 when against guidance issued by the Secretary of State for Justice be noted.

(2) That the work being done by Internal Audit and Legal Services to refresh and update the Council's policies and procedures in light of the Bribery Act 2010 and associated guidance be supported.