

AUDIT COMMITTEE

**Venue: Town Hall, Moorgate
Street, Rotherham. S60
2TH**

**Date: Wednesday, 18 January
2012**

Time: 4.00 p.m.

A G E N D A

1. To determine if the following matters are to be considered under the categories suggested in accordance with the Local Government Act 1972.
2. To determine any item which the Chairman is of the opinion should be considered as a matter of urgency.
3. Minutes of the previous meeting held on 7th December, 2011 (herewith) (Pages 1 - 6)
4. Anti Fraud and Corruption Arrangements (Presentation by Steve Pearson, Audit Manager)
5. Protecting the Public Purse, 2011 - Fighting Fraud against Local Government (report herewith) (Pages 7 - 18)
6. Anti-Fraud and Corruption Policy and Strategy (report herewith) (Pages 19 - 49)
7. Bribery Act, 2010 (report herewith) (Pages 50 - 57)

**AUDIT COMMITTEE
7th December, 2011**

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

Also in attendance were Mrs. A. Bingham (Vice-Chair of the Standards Committee) and Steve Clark and Rashpal Khangura (KPMG)

An apology for absence was received from Councillor License.

P25. MINUTES OF THE PREVIOUS MEETING HELD ON 19TH OCTOBER, 2011

Resolved:- That the minutes of the previous meeting held on 19th October, 2011 be agreed as a correct record.

P26. REVIEW OF PROGRESS AGAINST THE INTERNAL AUDIT PLAN FOR SEVEN MONTHS ENDING 31ST OCTOBER, 2011

Consideration was given to a report presented by Marc Bicknell, Internal Audit Manager, which summarised the Internal Audit's work and performance for the seven months ending 31st October 2011. The service has achieved good performance in the period, exceeding most of its stretch targets.

The audit work completed to date has confirmed the Council has a robust overall control environment.

The report summarised the main activities of the Internal Audit service for the first seven months of 2011/12. including :

- performance against key service benchmarks
- planned audit reports issued during the period, highlighting the overall conclusion for each audit
- the number of high priority recommendations made
- the proportion of recommendations agreed / not agreed
- a summary of responsive work undertaken
- revisions to the Audit Plan required at this point in the year
- an analysis of use of audit resources
- a summary of key service developments during the period.

Members asked questions on a number of items and were provided with answers.

Resolved:- (1) That the performance of the Internal Audit Service during the period be noted.

(2) That the key issues arising from the work done in the period be noted.

(3) That the revisions made to the Audit Plan be noted.

P27. ANNUAL AUDIT LETTER 2010/11

Colin Earl, Director of Audit and Governance, presented the submitted report, together with the very positive Annual Audit Letter 2010/11 which summarised the external audit work in relation to the 2010/11 Audit Plan and highlighted the findings in relation to the following:-

- Audit of Accounts 2010/11
- Value for Money Conclusion
- Other Reviews completed

The Annual Audit Letter (AAL) 2010/11 was KPMG's summary of audit work for the 2010/11 year.

This year's AAL highlighted the work completed in relation to the audit plan and the presentation of **all** external audit recommendations previously reported through to Management and/or Members. We have confirmed with KPMG that there was no recommendation that they considered to be significant and of such priority that Management needed to draw it to Members attention. Such confirmation was a reflection of the **very positive** audit assessment for the 2010/11 year. It also showed the Council's Financial Services function (part of the Council's Resources Directorate) to be in a strong position to proactively support the Council in meeting the significant financial challenges facing the local government sector.

In summary the main headlines from the AAL were:

- The Council's Accounts were given an **Unqualified audit opinion** and officers received significant praise from KPMG LLP with regard to their **proactive approach, dedication and commitment** to restating our Financial Statements in response to the International Financial Reporting Standards; and
- The Council had put in place proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness in the use of its finite resources.

Steve Clark (KPMG) confirmed the positive nature of, and highlights from, the Annual Audit Letter 2010/11.

Resolved:- (1) That the sustained positive Annual Audit Letter, presented to the Council by its external auditors, KPMG, be noted.

(2) That a note on the process and the relationship with KPMG be included in the next Annual Audit Letter.

P28. BRIBERY ACT 2010

Colin Earl, Director of Audit and Governance, presented the submitted report which referred to the Bribery Act 2010, which came into force on 1st July 2011 and consolidated the law on bribery. It covers offences of –

- offering, promising or giving of a bribe (active bribery) and the requesting, agreeing to receive or accepting of a bribe (passive bribery);
- bribery of foreign public officials; and
- failure to prevent a bribe being paid on an organisation's behalf.

Failure to prevent a bribe is a new offence which could be committed by commercial organisations, which included for this purpose a local authority. An organisation had a defence however if it could prove on the balance of probability that despite an incident of bribery it had adequate procedures in place to prevent persons associated with it from bribing.

The Council had a number of measures in place designed to prevent incidents of bribery. Internal Audit colleagues were currently updating the Council's Anti-fraud Strategy & Corruption Policy to reflect the requirements of the Act and would be making certain recommendations to the Audit Committee shortly. In addition to the anti-fraud policy, there were a number of other council documents that would require updating, for example Standing Orders, Financial Regulations, the Code of Official Conduct and model contract clauses.

It was noted that this report had been considered by the Standards Committee.

Members sought information on a number of issues.

Having properly documented policies and procedures to guard against bribery reduced the risk of the Council being found to have failed to prevent bribery.

Resolved:- (1) That the main provisions of the Bribery Act 2010 be noted.

(2) That the work done by Legal Services and Internal Audit to refresh and update the Council's documents and procedures in light of the Bribery Act 2010 and guidance on the Act published by the Secretary of State for Justice be supported.

(3) That a report on the implementation of the Act be submitted to a future meeting of this Committee.

P29. AUDIT COMMITTEE UPDATE ISSUE 6 - PARTNERSHIPS' GOVERNANCE

Colin Earl, Director of Audit and Governance, presented the submitted report which provided for briefings to be presented to the Committee on any significant publications issued on any areas covered by the Committee's terms of reference.

The Better Governance Forum had recently issued the sixth Audit Committee Briefing Paper. The purpose of the publication was to provide Members with direct access to relevant and topical information that would support them in their role. The briefing provided information on partnerships' arrangements and the extent of scrutiny on such arrangements by audit committees.

The briefing suggested audit committees should adopt a more proactive role in assuring themselves that sound governance arrangements are in place, including:

- Ensuring there was appropriate consideration of partnership arrangements within the process for producing the Annual Governance Statement.
- Reviewing Internal Audit reports on partnership arrangements and key partnerships
- Ensuring there were appropriate risk management arrangements for partnerships and that risk registers existed
- Obtaining assurance that there were robust arrangements for in place for whistleblowing and managing the risk of fraud.

The briefing highlights actions required in 2 key areas. These are repeated below along with comments on current arrangements at Rotherham Council:

Key Questions	Comments
<p>Assurance on partnerships Does the assurance framework underpinning the Annual Governance Statement adequately cover partnerships? What conclusions on partnership working were made in the Annual Governance Statement? Are there any actions you should be monitoring? Are risk management arrangements in place to cover partnership risks? Are they effective? What other existing assurances do you have on partnerships, for example the internal audit annual report? Has the organisation identified all its significant partnerships? Is the list up to date?</p>	<p>Partnerships' arrangements are integrated into the Council's governance framework and have been reviewed annually as part of the process for producing the Annual Governance Statement.</p> <p>The arrangements in place were found to be satisfactory, with some improvement actions noted.</p> <p>The Council's risk management arrangements cover partnerships and partnerships have been encouraged to produce their own risk registers.</p> <p>Internal Audit considers partnerships for coverage in its audit plan as part of the annual audit planning process. Any coverage is based on an assessment of risks.</p> <p>The Council's list of significant partnerships is kept up to date on a regular basis.</p>

<p>Supporting good governance in partnerships What advice or policy is available to cover partnership governance arrangements? For example, many have a 'protocol' or handbook that sets out who is responsible and what should be put in place. Find out what the audit committees of partner organisations do in relation to the partnership. Perhaps there are opportunities to work together? Consider whether decision making in partnerships is transparent and whether accountability is clear. Consider whether the initiatives that your organisation takes to improve governance should also be developed within the partnership. For example if you undertake ethical awareness training, could that be extended to the partnership?</p>	<p>The Council has a governance framework for partnerships, which is supported by more detailed guidance. The Council and partner organisations discuss partnership issues at the 'Rotherham Audit Committee'. Other services have agreed to adopt Rotherham's governance framework and the PCT has adopted the Council risk register template. The governance framework covers decision making, performance management, financial management and ethical arrangements. Joint development issues can be considered through the Rotherham Audit Committee.</p>
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The Council had done more work and was better placed than most in this area. The briefing paper included Rotherham's arrangements as a case study of good practice.

The Audit Committee had a key role to play in supporting the application of good governance principles. The information and guidance contained within this briefing would help Members to perform their roles in a positive way.

Resolved:- That the Better Governance Forum briefing paper be noted and in particular the positive reference made to Rotherham's arrangements in relation to partnerships' governance.

P30. AUDIT COMMITTEE SELF ASSESSMENT

Marc Bicknell, Internal Audit Manager, presented the submitted report which referred to the 2011 self-assessment by the Audit Committee of its current arrangements relative to the standards contained in CIPFA document 'A Toolkit for Local Authority Audit Committees'. Other published standards for audit committees had been reviewed and found to be consistent with the expectations of the CIPFA toolkit to the extent that if the Committee could satisfy the CIPFA expectations, it was likely also to be able to comply with broader good practice.

The assessment showed that the Council's Audit Committee substantially applied with current best practice. Only 2 issues were raised for discussion; induction arrangements and assessment of development needs.

Rotherham was regarded as having strong audit committee arrangements. In order to maintain its position the Audit Committee should continue to re-consider appropriate arrangements and compare them with best practice.

Resolved:- (1) That the answers to questions in the Audit Committee self assessment checklist be noted.

(2) That the further actions required to enable the Committee to further strengthen its arrangements be supported.

ROTHERHAM BOROUGH COUNCIL – REPORT TO AUDIT COMMITTEE
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1	Meeting:	Audit Committee
2	Date:	18 th January, 2012
3	Title:	Protecting the Public Purse, 2011 Fighting fraud against Local Government
4	Directorate:	Resources

5 Summary

This report refers to a recent publication by the Audit Commission's entitled 'Protecting the Public Purse 2011'.

The document highlights current fraud risks relevant to local authorities and the steps councils can (and should) take to minimise the risk of fraud. The report includes a self-assessment questionnaire to be completed by authorities to help them assess their current arrangements.

Completion of the assessment confirms the Council continues to have robust arrangements in place for managing the risk of fraud.

6 Recommendations

The Audit Committee is asked:

- To note the result of the RMBC self assessment against the fraud checklist within the Audit Commission's 'Protecting the Public Purse' report 2011.

7. Proposals and Details

The Audit Commission's Protecting the Public Purse 2011 (PPP 2011) focuses on fighting fraud against local government. It is written for councillors and senior officers responsible for governance. In addition, government departments, other national organisations and counter-fraud specialists will find this report is relevant to them.

PPP 2011 follows the completion of the Audit Commission's annual fraud survey, which is still the sole source of evidence about the levels of detected fraud in local government and related bodies. The survey results, and PPP publications, focus on local government and can help councils and other local public bodies by providing the data and information they need to tackle fraud effectively.

The 2011 survey has shown that fraud continues to be a significant problem. It affects everyone in the UK. The survey shows that:

- councils detected more than £185 million worth of fraud, involving 121,000 cases;
- the total value of detected fraud losses for 2010/11 increased by 37 per cent compared with 2009/10, with the number of fraud cases also increasing; and
- councils recovered nearly 1,800 homes from tenancy fraudsters. These homes had a total replacement value of over £266 million.

More broadly, the National Fraud Authority (NFA) estimated in 2011 that:

- each year public, private and third sector organisations, as well as individuals, lose over £38 billion to fraud;
- fraud costs every adult in the country £765 a year; and
- fraud against public sector organisations costs £21.2 billion, with fraud against councils costing more than £2 billion a year.

PPP 2011 also includes a "Checklist for those responsible for governance". Internal Audit have completed this fraud self-assessment, on behalf of RMBC, and this shows we have in place robust procedures for preventing fraud and corruption.

Internal Audit has completed an assessment of the Council's position against the fraud checklist within the PPP 2011 document, this is shown in **Appendix A**.

Overall, the assessment shows the Council is already well placed to minimise the risk of fraud and corruption. In particular the Council can show:

- It has effective and up-to-date counter-fraud strategies, policies and plans, which have just been revised
- It employs dedicated, experienced and qualified counter-fraud staff
- An established risk based approach exists to reviewing anti-fraud and corruption arrangements, extending this to include Bribery Act considerations.

- Good working arrangements with other organisations.
- Commitment to fully exploring data matching initiatives, including the National Fraud Initiative which the Audit Commission commended our results.
- Internal Audit are pro-actively addressing new emerging risks.

The appendix also shows the actions proposed to further strengthen our arrangements. These include:

- Enhancing our communication, awareness raising and training on anti-fraud and corruption.
- Continuing to reassess fraud risks since the change in current financial climate, including those risks highlighted in PPP 2011.

Actions identified in Appendix A will be completed during 2012.

8. Finance

There are no direct financial implications arising from this report.

9. Risks and Uncertainties

Failure to maintain robust arrangements for the prevention and detection of fraud and corruption increases the risk of loss to the Council from fraudulent activity. Additionally, the Council could be given an unlimited fine if adequate procedures are not in place to prevent bribery, and suffer reputational damage.

10. Policy and Performance Agenda Implications

Guarding against incidents of bribery safeguards the use of public funds and accords with the Council's Corporate Plan and Community Strategy.

11. Background Papers and Consultation

Protecting the Public Purse 2011, Audit Commission

Contact Names:

Colin Earl, Director of Audit and Asset Management, Ext 22033

Steve Pearson, Audit Manager, Ext 23293

Appendices:

Appendix A - RMBC self-assessment against the PPP 2011 Fraud Checklist

Specific area	Yes	No	Comment and 2011/12 Action Points
General			
1. Do we have a zero-tolerance policy towards fraud?	Yes		This is clearly stated in RMBC Anti-Fraud & Corruption Strategy & Policy documents.
2. Do we have the right approach, and effective counter-fraud strategies, policies and plans? Have we aligned our strategy with <i>Fighting Fraud Locally</i> ?	Yes		The following exist: An Anti-Fraud & Corruption Strategy and Policy, an Anti-Fraud Action Plan, and an Internal Audit [IA] Plan showing planned anti-fraud work. The Government's ' <i>Fighting Fraud Locally</i> ' strategy document has not been published at this current time, despite being promised for 3rd December, 2011.
3. Do we have dedicated counter-fraud staff ?	Yes		This largely comprises a Benefits Fraud Team and an Internal Audit Division with fraud training. All Benefits fraud staff are qualified for investigating fraud. All IA staff are professionally qualified or hold the accounting technician qualification, and fraud modules are included in these qualifications. A member of IA has recently gained the CIPFA Certificate in Investigative Practice. Further counter-fraud work is performed by the Blue Badge Enforcement Team and the Trading Standards Unit.

Specific area	Yes	No	Comment and 2011/12 Action Points
4. Do counter-fraud staff review all the work of our organisation?	Yes		Benefits fraud staff review benefits fraud only, whilst IA staff review fraud within the rest of the organisation. The IA Plan is a risk -based plan covering all Council activities. Within this a specific fraud module exists and is subject to a rolling review, incorporating emerging risks.
5. Do we receive regular reports on fraud risks, carrying out plans and outcomes?	Yes		IA produce such reports regularly to the Audit Committee and Standards Committee. The IA Plan shows planned work and risks and the IA Quarterly Review, IA Annual Report and IA Annual Fraud Report show outcomes.
6. Have we assessed our management of counter-fraud work against good practice?	Yes		This is achieved in 2 ways: <ul style="list-style-type: none"> - assessment against the CIPFA Better Governance Forum: "Managing the Risk of Fraud"; and - assessment against the checklist in this document.
7. Do we raise awareness of fraud risks with: <ul style="list-style-type: none"> • New staff (including agency staff); • Existing staff; • Elected members; and • Our contractors? 	Partial		Various methods have been employed: <ul style="list-style-type: none"> - Manager Briefings - Presentations to staff - E-learning modules Action Point: The above will continue, incorporating new legislation, and methods will include:

Specific area	Yes	No	Comment and 2011/12 Action Points
			<ul style="list-style-type: none"> - risk workshops - publicity material - an updated E-learning module
<p>8. Do we work appropriately with national, regional and local networks and partnerships to ensure we know about current fraud risks and issues.</p>	<p>Yes</p>		<p>IA attend the South and West Yorkshire [SWY] regional Chief Auditor and Fraud groups where fraud is discussed.</p> <p>The SWY Fraud group meets quarterly to discuss fraud issues. Regular contact is also made via members where advice about a current issue is required.</p> <p>IA receive electronic bulletins from various sources e.g. National Anti Fraud Network [NAFN], and the Audit Commission's National Fraud Initiative [NFI].</p> <p>Regular pro-active fraud intelligence gathering from various sources exists e.g. CIPFA, including a new CIPFA on-line fraud discussion forum.</p> <p>IA and Benefits fraud staff regularly attend specialist fraud seminars.</p>
<p>9. Do we work well with other organisations to ensure we effectively share knowledge and data about fraud and fraudsters?</p>	<p>Yes</p>		<p>IA share knowledge and data through the SWY Fraud group.</p> <p>The Council participate in the NFI.</p>

APPENDIX A Audit Commission "Protecting the Public Purse" - Checklist for those responsible for governance

Specific area	Yes	No	Comment and 2011/12 Action Points
<p>10. Do we identify areas where our internal controls may not be performing as well as intend ?</p> <p>How quickly do we then take action?</p>	Yes		<p>This is shown in the specific IA reports and all areas with inadequate control are summarised annually in the IA Annual Report and Annual Governance Statement.</p> <p>IA reports are issued promptly to management containing an agreed Action Plan with timescales for compliance.</p>
General			
<p>11. Do we maximise the benefit of our participation in the Audit Commission NFI and receive reports on the matches investigated ?</p>	Yes		<p>IA were formally commended for participation in the NFI 2009/10 exercise. Over £250k savings were identified.</p> <p>IA regularly monitor the on-line progress reports to ensure all relevant matches are investigated.</p>
<p>12. Do we have arrangements in place that encourage our staff to raise their concerns about money laundering?</p>	Yes		<p>A 'Financial Regulations Guidance Note' exists for money laundering. This explains to staff what to do when fraud is suspected.</p> <p>IA have issued a Manager's Briefing Note in this area.</p>
<p>13. Do we have effective whistle blowing arrangements?</p>	Yes		<p>An effective whistle blowing policy exists which is readily accessible by staff. There are nominated Senior officers to lead in whistle blowing cases.</p>

Specific area	Yes	No	Comment and 2011/12 Action Points
14. Do we have effective fidelity insurance arrangements?	Yes		All staff are covered to the value of £15m. This is in line with other comparable Local Authorities.
Fighting fraud with reduced resources			
15. Have we reassessed our fraud risks since the change in the current financial climate?	Partial		IA revise the IA Plan every 6 months as a minimum. Emerging risks are recorded for potential inclusion in the IA Plan and IA take account of important fraud publications e.g. the Audit Commission's 'Protecting the Public Purse'. IA are currently performing an exercise to evaluate areas of deteriorating internal control following spending cuts. A fraud workshop is planned in 2011/12 to produce a Corporate fraud risk register. A separate Action Plan exists to address risks arising from recent Bribery legislation.
16. Have we amended our counter-fraud action plan as a result?	Yes		The IA Plan will be revised where necessary.

Specific area	Yes	No	Comment and 2011/12 Action Points
17. Have we reallocated staff as a result?		No	Not necessary, as adequately trained and qualified staff exist within IA and the Benefits Fraud team.
Current risks and issues			
Housing tenancy			
18. Do we take effective action to ensure that social housing is allocated only to those who are eligible?	Yes		The Council reviews the relevant NFI matches in this area. The 2011/12 IA Plan includes this area. A dedicated whistle blowing 'hotline' for suspected tenancy fraud exists. Cases are investigated by Neighbourhoods staff.
19. Do we ensure that social housing is occupied by those to whom it is allocated?	Partial		The Council reviews the relevant NFI matches in this area. The 2011/12 IA Plan includes this area. A dedicated whistle blowing 'hotline' for suspected tenancy fraud exists. Cases are investigated by Neighbourhoods staff. IA are currently considering working with Fujitsu to perform a data matching exercise in this area.
Procurement			
20. Are we satisfied our procurement controls are working as intended?	Yes		Recent IA review concluded controls were adequate. This area is reviewed annually by IA.

Specific area	Yes	No	Comment and 2011/12 Action Points
21. Have we reviewed our contract letting procedures since the investigations by the OFT into cartels and compared them with best practice?	Yes		Contract terms and conditions were amended in EDS to take account of this.
Current risks and issues			
Recruitment			
22. Are we satisfied our recruitment procedures achieve the following: <ul style="list-style-type: none"> • Do they prevent the employment of people working under false identities; • Do they confirm employment references effectively; • Do they ensure applicants are eligible to work in the UK; and • Do they ensure agencies supplying us with staff to undertake the checks that we require? 	Yes		Robust procedures are now in place and have recently been audited. The use of agency workers is diminishing significantly. The NFI matches concerning eligibility to work in the UK are always reviewed.

Specific area	Yes	No	Comment and 2011/12 Action Points
Personal budgets			
23. Where we are expanding the use of personal budgets for social care, in particular direct payments. have we introduced proper safeguarding arrangements proportionate to risk and in line with recommended good practice?	Partial		This area is included in the 2011/12 IA Plan.
24. Have we updated our whistle blowing arrangements, for both staff and citizens, so that they may raise concerns about the financial abuse of personal budgets ?	Partial		<p>This area is included in the 2011/12 IA Plan.</p> <p>Suspected abuse is reported via a single point of contact, Rothercare Direct, and by direct contact with local authority staff. Where service users employ their own staff they are assisted to do so by Action for Employment (A4E), and the necessary checks are made to establish the suitability of the candidate including ID check, references, ability to work in the UK and CRB.</p> <p>An awareness campaign is running on local Radio to alert the general public to issues of abuse and the mechanisms for reporting suspected abuse.</p>

Specific area	Yes	No	Comment and 2011/12 Action Points
Council tax			
25. Are we effectively controlling the discounts and allowances we give to council taxpayers?	Yes		<p>The Council reviews the relevant NFI matches and volunteered to be a 'pilot' in this specific area as part of the NFI 2009/10 exercise, resulting in significant savings.</p> <p>For 2012/13 the Council is planning to work with Experian to assist in this area.</p>
Housing and council tax benefits			
<p>26. When we tackle housing and council tax benefit fraud do we make full use of:</p> <ul style="list-style-type: none"> • The National Fraud Initiative [NFI]; • Department for Work and Pensions; Housing Benefit Matching Service; • Internal data matching; and • Private sector data matching? 	Partial		<p>We fully utilise the NFI and the Benefits Fraud Team make full use of the Housing Benefit Matching Service.</p> <p>IA also performs a degree of internal data matching.</p> <p>Further data matching is planned in 2012 in the following areas:</p> <ul style="list-style-type: none"> • Council Tax Discounts • Housing tenancies. <p>There may be scope for further data matching.</p>

ROTHERHAM BOROUGH COUNCIL – REPORT TO AUDIT COMMITTEE

1.	Meeting:	Audit Committee
2.	Date:	18 January 2012
3.	Title:	Anti Fraud and Corruption Policy and Strategy
4.	Directorate:	Resources

5. Summary

This report refers to a proposed update to the Council's Anti Fraud and Corruption Policy and Strategy. The update is being completed primarily to streamline the Policy and to ensure the Policy and Strategy are up to date with current best practice.

The report shows the good progress made in implementing the Council's action plan for managing the risk of fraud. It also provides 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".

6. Recommendations

The Audit Committee is asked to:

- Support the proposed revisions to the Council's Anti Fraud and Corruption Policy and Strategy
- Support the proposals made to improve further the Council's the Council's arrangements to manage the risk of fraud.

7. Proposals and Details

The Council's last full revision of its Anti-Fraud and Corruption Policy and Strategy was completed in 2009. It has subsequently been updated to reflect developments since then. A fuller revision is now proposed to reflect further changes resulting from national and local developments.

The Council's revised Policy is attached at **Appendix A** and its revised Strategy is included at **Appendix B**.

The main changes to the previous versions are as follows:

- The Policy has been streamlined to contain just general principles, the local policy context and the policy statement itself. A number of other areas covered by the Policy were repeated in the strategy and so have been removed from the Policy. Other items have been moved from the Policy to the Strategy (i.e. the procedures for reporting and investigating suspected fraud and corruption and the housing and council tax benefit prosecution policy)
- References to the now obsolete Use of Resources have been removed.
- The revised Policy and Strategy reflect the revised Corporate Plan objectives and to show the way the Council's anti fraud work supports these objectives.
- Both documents have been updated to reflect the requirements of the implementation of the Bribery Act 2010.
- Update contact details to take into account restructuring within the Council.

Attached at **Appendix C** is an update to the Council's action plan for managing the risk of fraud. A progress report on the completion of the action plan was provided to the Audit Committee in January 2011. This showed the action plan originally prepared in 2010 was fully completed but added 3 new actions to be completed during 2011/12:

- To ensure our fraud and corruption arrangements remain robust and relevant to current risks by refreshing the assessment of our arrangements against current best practice
- To promote and facilitate awareness and management of fraud risk within the Council's overall risk management arrangements
- To provide further training to staff on the prevention and detection of fraud and corruption.

Although we have made good progress, it is important that we continue to keep our arrangements under review and update them where

necessary to ensure scarce resources are not diverted from Council priorities due to fraud. To ensure we continue to minimise the risk of fraud, we will carry out the following actions during 2012/13:

- Promote revisions to the Anti Fraud and Corruption Policy and Strategy and remind managers of their responsibilities relating to fraud.
- Work with operational managers to produce and up-to-date Corporate Fraud Risk register which takes into account current risks and changes across the Council.
- Embed arrangements to comply with the Bribery Act 2010.
- Communicate the outcomes of fraud work to act as a deterrent
- Refresh and re-launch training, where relevant
- Review the Council's whistle blowing arrangements and promote the arrangements taking into account any revisions made

Delivery of these initiatives should help ensure our arrangements for managing the risk of fraud continue to comply with best current practice and keep the number and cost of frauds to a minimum.

8. Finance.

There are no direct financial implications arising from this report.

9. Risks and Uncertainties

Failure to refresh the anti fraud and corruption initiatives could expose the Council to increased risks of fraud & corruption as new and emerging risks appear.

10. Policy and Performance Agenda Implications

Implementation of the Anti- Fraud & Corruption Strategy will contribute towards good governance.

11. Background Papers and Consultation

Audit Commission – 'Protecting the Public Purse'
CIPFA's Fraud Risk Assessment Tool FRED

Contact Names:

Colin Earl, Director of Audit and Asset Management, ext 22033

Steve Pearson, Internal Audit Manager, ext 23293

Appendices:

Appendix A	Anti Fraud and Corruption Policy [revised]
Appendix B	Anti Fraud and Corruption Strategy [revised]
Appendix C	Anti Fraud and Strategy Action Plan

**ROTHERHAM
METROPOLITAN
BOROUGH COUNCIL**

**ANTI FRAUD AND CORRUPTION
POLICY**

1. Background – Principles of Public Life

1.1 The Nolan Report relating to the Principles of Public Life published in 1997 defined seven general principles that should underpin public life. These were subsequently incorporated by the Government into the “Relevant Authorities (General Principles) Order 2001”. The Council expects both members and employees to follow these principles when carrying out their roles and responsibilities:-

- **Selflessness.** Holders of public office take decisions in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families, or their friends.
- **Integrity.** Holders of public office should not place themselves under any financial or other obligations to outside individuals or organisations that might influence them in the performance of their official duties.
- **Objectivity.** In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- **Accountability.** Holders of public office are accountable for their decisions and actions and must submit themselves to whatever scrutiny is appropriate to their office.
- **Openness.** Holders of public office should be as open as possible about all of the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
- **Honesty.** Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve conflicts arising in a way that protects the public interest.
- **Leadership.** Holders of public office should promote and support these principles by leadership and example.

1.2 The Council is fully committed to ensuring that it carries out its day to day operations in accordance with the principles of good Corporate Governance, defined by the Audit Commission as integrity, openness and accountability. These principles require a culture within the Council based upon openness and honesty, where decisions and behaviours can be challenged and accountability is clear.

1.3 An Anti Fraud and Corruption Policy is an essential element of such a culture and signifies the Council’s expectation that elected Members and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

2. **Policy Context.**

- 2.1 The Council's vision is articulated via its Community Strategy, currently being refreshed, and Corporate Plan. The Council's Anti Fraud and Corruption Policy supports the following aim within the Council's Corporate Plan:-

"Helping to create safe and healthy communities".

Anti-fraud work assists in this by working with the Police to reduce crime and make communities safe.

Further, the Council's Anti-Fraud and Corruption Policy supports the Council's Corporate Plan in the way the Council does business. The Corporate Plan states that one of the ways the Council do business is by:-

"Getting it right first time, reducing bureaucracy, and getting better value for money."

- 2.2 Anti Fraud and Corruption Strategy.

The Council recognises that it is important that our policy is deliverable and clearly links to operational considerations. Our approach is articulated in the Council's Anti Fraud and Corruption Strategy. This strategy is focused on identifying, delivering and monitoring outcomes. The strategy is supported by an action plan which includes practical measures which should help ensure the Council's policy is turned into practice.

- 2.3 Partner Organisations.

Working with partner organisations is an integral element of the Council meeting its objectives. As part of establishing good partnership governance the Council will look to promote its policies and standards in respect of Anti Fraud and Corruption to our key partners.

3. **Anti-Fraud and Corruption Policy Statement.**

- 3.1 The Council is determined to prevent and eliminate all fraud and corruption affecting itself, regardless of whether the source is internally or externally based. Our strategy to reduce fraud is based on deterrence, prevention, detection, investigation, sanctions and redress within an over-riding anti fraud culture. We will promote this culture across all our service areas and within the community as a whole. One pound lost to fraud means one pound less for public services. Fraud is not acceptable and will not be tolerated.
- 3.2 We will seek to promote an anti-fraud culture within our community by publicising the impact of fraud on the community. We will also seek to assist our partners and our community to understand and reduce fraud threats through a programme of awareness training.

Furthermore, we will seek to deter fraudsters through specific publicity and general campaigns.

3.3 The Council takes a holistic approach to anti-fraud measures. Fraud prevention and system security is an integral part of the development of new systems and ongoing operations. Managers will consider the fraud threats and take advice where appropriate when implementing any financial or operational system.

3.4 To achieve this aim the Council will:-

- ✓ Identify the procedures to encourage Members, employees and the general public to report any suspicions of fraud and corruption in the knowledge that such reports will be treated confidentially and not result in discrimination against the person providing the information.
- ✓ Identify procedures and policies within the Council to encourage prevention.
- ✓ Promote detection.
- ✓ Determine the procedure for investigation and subsequent actions required following the conclusion of the investigation.

3.5 The Policy is designed to supplement existing Council policies and procedures including Standing Orders and Financial Regulations, Codes of Conduct (Employees and Members) and the Disciplinary Procedure.

3.6 For ease of reference, this document also brings together in one place links to the following existing Council policies, which form the key building blocks in the Council's anti fraud and corruption governance arrangements: -

- [Financial Regulations](#)
- [Standing Orders](#)
- [Code of Official Conduct](#)
- [Members Code of Conduct](#)
- [Anti Money Laundering Policy](#)
- [Confidential Reporting Code](#)
- [Regulation of Investigatory Powers Act - Intranet Guide - Legal Services](#)

**ROTHERHAM
METROPOLITAN
BOROUGH COUNCIL**

**ANTI FRAUD AND
CORRUPTION STRATEGY**

1. INTRODUCTION.
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9. CREATING AND MAINTAINING A STRONG STRUCTURE.
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15. HOUSING BENEFIT AND COUNCIL TAX BENEFIT PROSECUTION POLICY

1. INTRODUCTION.

1.1 Context.

RMBC employs nearly 13,000 staff and spends more than £400 million per year. The Council both commissions and provides a wide range of services to individuals and households, working with a range of many other private and public and voluntary sector organisations.

The size and nature of our services, as with any other large organisation, mean that there is an ever-present risk of loss due to fraud and corruption, from sources both internal and external.

RMBC takes a responsible, long-term view of the need to continuously develop anti fraud initiatives and maintain its culture of anti fraud awareness.

1.2 Links to Strategic Objectives.

The Council's vision is articulated via its Community Strategy, currently being refreshed, and Corporate Plan.

The Council's Anti- Fraud and corruption Policy supports the Council's Corporate Plan in the following ways:

- one of the Corporate Plan's objectives is "*Helping to create safe and healthy communities*". Anti fraud work assists in this by working with the Police to reduce crime and make communities safe.
- the Council's Anti Fraud and Corruption Policy supports the Council's Corporate Plan in the way the Council does business. The Corporate Plan states that one of the ways the Council do business is by:-
"Getting it right first time, reducing bureaucracy, and getting better value for money."

2. PURPOSE OF THIS DOCUMENT.

2.1 The purpose of this document is to set a strategy for taking forward counter fraud and corruption work within RMBC over the next three years. Whilst the catch-all term 'anti fraud' is used in the document, the strategy also covers anti-theft and anti-corruption measures, including bribery.

2.2 Objectives of the Anti Fraud Strategy

The key objectives of this anti fraud strategy are to maintain minimal losses through fraud and corruption and further embed the management of fraud risk within the culture of the organisation.

These objectives will be achieved by ongoing revision and implementation of a plan of action for the period 2012/13 based upon the Chartered Institute of Public Finance and Accountancy's (CIPFA)

Fraud Standards and Audit Commission guidelines published in "Protecting the Public Purse", 2011.

The CIPFA Fraud Standards state that the foundations of an effective anti fraud framework comprise five key elements:-

- adopting the right strategy;
- accurately identifying the risks;
- creating and maintaining a strong structure;
- taking action to tackle the problem;
- defining success.

This strategy document defines fraud, theft and corruption. It then assesses how well the Council's current arrangements measure up against best practice as exemplified in the CIPFA Fraud Standards and expectations in the Use of Resources Key Lines of Enquiry. The document then uses the individual CIPFA Fraud Standards and Audit Commission guidelines as the basis of our strategic approach for taking forward the objectives outlined above.

The Council expects all Councillors, employees, consultants, contractors and service users to be honest, and to provide any information, help and support we need to prevent and detect fraud and corruption.

3. WHAT IS FRAUD AND CORRUPTION?

3.1 Fraud.

The Fraud Act 2006 came into force on 15th January 2007 as a response to the recommendations of the Law Commission Report 'Fraud' published in 2002.

The Act repeals the deception offences enshrined in the 1968 and 1978 Theft Acts and replaces them with a single offence of fraud which can be committed in three separate ways: -

- False representation.
- Failure to disclose information where there is a legal duty to do so.
- Abuse of position.

The Act also created four new offences of: -

- Possession of articles for use in fraud.
- Making or supplying articles for use in fraud.
- Obtaining services dishonestly.
- Participating in fraudulent business.

The [Fraud Act 2006](#) has defined fraud in law for the first time, defining it in three classes: fraud by false representation; fraud by failing to disclose information; and fraud by abuse of position.

CIPFA defines fraud as "the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain."

3.2 Theft.

Theft is defined in the 1968 Theft Act:-

'A person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it'.

3.3 Corruption.

The Council defines the term "corruption" as:-

"The offering, giving, soliciting or accepting of any inducement or reward which would influence the actions taken by the body, its members or officers."

3.4 Bribery

A bribe is:

"A financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity" [CIPFA].

The Bribery Act replaces the common law offences of offering or accepting a bribe with two statutory offences (s1 and s2). The Act also creates two further offences: namely that of bribing or attempting to bribe a foreign official (s6) and being a commercial organisation failing to prevent bribery (s7). A s7 offence can only be committed by a commercial organisation.

The 'Corruption Acts 1889 to 1916' are repealed in their entirety. Wider offences are created by the 2010 Act which render the more specific offences created by the old Acts otiose. Other statutes less relevant to Local Authorities have been repealed or amended by the 2010 and a full list is in one of the schedules of the Acts.

4. HOW THE COUNCIL CURRENTLY MANAGES THE RISK OF FRAUD AND CORRUPTION.

In recent years the Council has experienced a relatively low level of detected fraudulent and corrupt activity. Where such activity has been identified prompt action has been taken to investigate and seek sanctions and redress. In its policies and procedures the Council

gives out the clear message that it will not tolerate any impropriety by employees or Members.

The Council manages the risk of fraud and corruption in a number of ways:-

4.1 Internal Control Environment.

The Council has adopted a Constitution incorporating responsibilities for decision making and rules of procedure. These procedures, together with detailed Financial Regulations, act as the framework for financial control within the Council. All officers are required to act in accordance with these rules and regulations when carrying out their duties.

The Council aims to have in place efficient and effective systems of control that as far as possible prevent potential fraudsters from exploiting weaknesses. The prime responsibility for maintaining such systems lies with service managers with support provided by the Council's Internal Audit Team, which provides an independent appraisal of the integrity of all internal control systems firstly on a priority risk basis.

4.2 Key Controls

Corporate Governance best practice specifies that the following key controls should exist within an authority committed to the prevention of financial irregularities:-

- a. The Authority has an effective anti-fraud and anti-corruption policy and maintains a culture that will not tolerate fraud or corruption.
- b. All Members and employees act with integrity and lead by example.
- c. Senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Authority or who are corrupt.
- d. High standards of conduct are promoted amongst Members by the Standards Committee, including the provision of advice and relevant training on matters relating to the Code of Conduct.
- e. A Register of Interests is maintained to enable Members and employees to record any financial or non-financial interests that may bring about conflict with the authority's interests.
- f. A Register of Gifts and Hospitality is maintained to enable employees to record gifts and hospitality either received, or offered and declined, from the authority's contractors and suppliers.
- g. A Register of Gifts and Hospitality is maintained to enable Members to record gifts / hospitality received with a value in excess of £25.
- h. Confidential Reporting ("Whistle blowing") procedures are in place and operate effectively.
- i. All relevant legislation is adhered to.

- j. The risk of theft, fraud and corruption is specifically considered as part of the Council's risk management processes.

The Council is fully committed to ensuring that the examples of best practice indicated above are an integral part of its operations.

4.3 Roles and Responsibilities

The Strategic Director of Finance will:-

- ✓ in conjunction with the Monitoring Officer develop and maintain an Anti Fraud and Corruption Policy.
- ✓ maintain adequate and effective internal control arrangements.
- ✓ ensure that all suspected financial irregularities are reported to the Director of Internal Audit and Governance and where sufficient evidence exists to believe that a criminal offence may have been committed, the Director of Internal Audit and Governance after consulting and receiving the agreement of the Chief Executive, will notify the police to investigate and determine with the Crown Prosecution Service whether any prosecution will take place.

Chief Officers will:-

- ✓ ensure that all suspected financial irregularities or financial impropriety brought to their attention are reported to the Strategic Director of Finance or the Director of Internal Audit and Governance.
- ✓ instigate the Authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- ✓ maintain both a Departmental Register of Interests and a Departmental Register of Gifts and Hospitality.
- ✓ ensure staff dealing with financial systems including cash handling and payment systems (payroll / creditors / housing benefit etc) are appropriately trained.
- ✓ ensure that as far as possible all new employees, regardless of type of employment contract, have their honesty and integrity verified by authenticated written references and qualifications checks. In circumstances where potential employees are working with children and vulnerable members of society that Criminal Records Bureau (CRB) checks are undertaken.

Members should be aware of situations of potential conflict of interest and should always declare any interests and also the receipt of gifts and hospitality valued in excess of £25 that are in any way related to the performance of their duties as an elected member of the Council. Examples of situations of potential conflict include letting of contracts to external suppliers, planning and land issues. Members' conduct and decisions should always be seen to be impartial together with an obligation to ensure that confidential information is not improperly disclosed to others.

Employees should:-

- ✓ always be alert to the possibility of theft, fraud and corruption occurring in the workplace and be aware of the mechanisms available for reporting such issues to management within the authority.
- ✓ comply with the Council's Code of Official Conduct together with any additional code relating to their professional qualifications.
- ✓ act in accordance with Standing Orders and Financial Regulations
- ✓ declare any interests and offers of gifts and hospitality that are in any way related to the performance of their duties of employment at the Council.

4.4 Policies, Procedures and Codes.

RMBC has in place a Constitution, and associated Codes of Conduct for both Members and Employees, and Financial Regulations which provide clarity about accountabilities of individuals, Members and Chief Officers. Specific policies and procedures are in place regarding the Council's approach to fraud and corruption and these include:

- [Anti Fraud and Corruption Policy](#)
- [Anti Money Laundering Manual](#)
- [Confidential Reporting Code](#)
- [Employees Code Of Conduct](#)
- [Members Code of Conduct](#)

These policies provide a framework within which the organisation operates. Having clear policies ensures clarity about the appropriate course of action in any given event. The policies ensure that a consistent and fair approach is taken during any investigations regarding suspected fraud or corruption; this is of particular importance where referral to the police and Crown Prosecution Services is deemed appropriate.

4.5 Internal Audit Activity.

The audit plan provides for system reviews of all major financial and management systems, whether computerised or manual, on a risk assessed basis. Financial systems regarded as 'core systems' e.g. creditor payments, income and debtors, and payroll are all audited on an annual basis, with a view, amongst other things, to assessing the controls within systems that help deter, prevent and detect fraud.

Auditors are required to be alert to the risk of fraud at all times in all their work.

5. HOW THE COUNCIL MEASURES UP AGAINST BEST PRACTICE.

Benefit Fraud.

- 5.1 The following is an extract from the Audit Commission's 'Annual Audit and Inspection letter' dated February 2008. Note this was the last time a comprehensive review of the Benefits was undertaken by the Council's External Auditors:-

"The Council has in place effective arrangements for preventing and detecting benefit fraud. During 2006/07 the Council sustained the high standard of performance it achieved during 2005/06 and retained its score of 'Excellent' both overall and against each of the Performance Standard themes. The Council has continued to take effective measures to tackle benefit fraud and error. The number of successful sanctions has increased and the target for both interventions and visits has been exceeded".

Cipfa Standards – 'Managing the Risk of Fraud'.

- 5.2 In March 2009 Internal Audit completed a self assessment of the Council's current arrangements based upon a checklist of best practice specified within the CIPFA publication 'Managing the Risk of Fraud'. The results of this self assessment indicated the Council was substantially compliant, however, it did identify a number of areas where the Council could further strengthen its arrangements. The results of this self assessment and the resultant action plan were submitted to and approved by the Council's Audit Committee in March 2009. Further self assessments against this CIPFA document were reported to Audit Committee in January, 2010 and January, 2011.

Internal Audit have now completed another, up to date, self assessment against the CIPFA checklist. Completion of this exercise helps us demonstrate compliance with best practice as well as providing a framework upon which to develop our Anti fraud and corruption Strategy.

In addition, and in order to be fully comprehensive in this area, Internal Audit have completed a separate self assessment against the Audit Commission's 'Protecting the Public Purse' checklist. In fact, the majority of issues in this, much briefer, checklist are subsumed within the CIPFA checklist.

[November 2011 CIPFA Fraud and Corruption self assessment.doc](#)

[November 2011 Audit Commission 'Protecting the Public Purse' self assessment.doc](#)

6. OBJECTIVES OF THE STRATEGY.

- 6.1 The Council's objectives for its Anti fraud Strategy are to maintain minimal losses through fraud and corruption and further embed management of fraud risk within the culture of the organisation. The intention is to achieve this by implementing the CIPFA Fraud

Standards which state that the foundations of an effective anti fraud framework comprise five key elements:-

- adopting the right strategy;
- accurately identifying the risks;
- creating and maintaining a strong structure;
- taking action to tackle the problem;
- defining success.

6.2 The next section of this strategy document outlines each of the CIPFA fraud standards and assesses how each of these will be delivered. Key activities that will be taken forward in the Action Plan for 2011-12 are highlighted and referenced to the Action Plan in Appendix B. The Action Plan also includes actions that seek to introduce other elements of best practice from the Audit Commission's guidelines in "Protecting the Public Purse", recent Bribery Legislation and best practice in other Local Authorities.

7. ADOPTING THE RIGHT STRATEGY.

7.1 To reduce losses to fraud and corruption to an absolute minimum, a strategic approach is required with a clear remit covering all areas of fraud and corruption affecting the organisation. The Use of Resources Key Line of Enquiry for 2009 required authorities to have a counter fraud and corruption strategy in place that is linked to strategic objectives and describes outcomes against which to evaluate its effectiveness.

Additionally, there needs to be a clear understanding of the importance of the links between policy work (to develop an anti fraud and corruption culture, create a strong deterrent effect and prevent fraud and corruption by designing and redesigning policies and systems) and operational work (to detect and investigate fraud and corruption and seek to apply sanctions and recover losses where they are found).

The temptation may be to 'pick and choose' actions. However, the full range of integrated action must be taken forward with the organisation's focus clearly on outcomes (i.e. reduced losses) and not just activity (i.e. the number of investigations, prosecutions, etc).

8. ACCURATELY IDENTIFYING THE RISKS.

8.1 Measuring the level of illicit activity is inherently difficult, however, this must be done where practicable. Through measuring the problem of fraud and learning from where it is detected and how systems are penetrated, we can gain knowledge of where it is necessary to strengthen or introduce systems.

The Use of Resources Key Line of Enquiry for 2008/09 required that pro-active counter fraud and corruption work is undertaken, based on

an assessment of risk. Measuring the potential risk exposure will be key to developing this informed approach.

9. CREATING AND MAINTAINING A STRONG STRUCTURE.

Authority.

9.1 The responsibility for an anti fraud culture is the joint duty of all those involved in giving political direction, determining policy and management.

The Audit Committee and the Standards Committee are key member forums for ensuring sufficient authority is given to anti fraud activity.

Corporate Management Team should own the fraud strategy and are responsible for ensuring a strong counter fraud culture within their Directorates, and that staff accept their responsibility for preventing and detecting fraud and corruption.

In order for the Council to deal robustly and effectively with suspected incidents of fraud, those responsible for investigating matters must be fully supported by all officers.

Culture.

9.2 The Audit Commission, in its annual survey and report on fraud and corruption in the Public Sector ('Protecting the Public Purse'), has highlighted the need for Members and senior officers to create an anti fraud culture and environment within the organisation. The fight against fraud and corruption can only truly be effective where these acts are seen as anti-social, unacceptable behavior and Whistle blowing is perceived as a public-spirited action.

The actions outlined in the action plan aim to help the Council to continue to ensure that the culture and tone of the organisation will continue to be one of honesty and opposition to fraud and corruption.

Safe Recruitment.

9.3 The Council recognises that one of the most important aspects in relation to the prevention of fraud and corruption is the recruitment of staff. The Council already seeks to:-

- Obtain satisfactory references before appointments are made.
- Verify and retain copies of certificates for stated qualifications.
- Comply with s.8 of the Asylum and Immigration Act 1999.
- Undertake checks with the Criminal Records Bureau where appropriate for the post.
- Compliance with other Codes of Practice (e.g. OFSTED) for staff dealing with vulnerable service users.

Training and Staff Development.

9.4 As part of the annual review of the mechanisms to prevent and detect fraud, training and appropriate skills and expertise will need to be developed. Both officers involved in anti fraud work and general operations need to develop appropriate knowledge and skills in respect of fraud awareness, prevention, detection and investigation.

The Council will ensure that key anti fraud staff have in place an appropriate personal development and training plan that will ensure that they have the right competency levels to prevent, identify and investigate fraud.

The Council will also consider the need to provide 'fraud risk awareness' training to groups of Officers, this may consist of general fraud awareness or specific fraud awareness training such as case handling and IT crime; this may be provided internally or be procured externally.

Such courses may include: -

- Pre-employment screening.
- Interviewing skills.
- Money laundering.
- Identity Fraud.
- Fraud Identification and Prevention.
- Regulation of Investigatory Powers Act.
- Data Protection Act.

Relationships with other Organisations.

9.5 Arrangements are in place to encourage the exchange of information about fraud and corruption between the Council and other public agencies. Any such exchange of information will be undertaken in accordance with the principles contained in the Data Protection Act 1998.

These public agencies may include: -

- Police.
- Local, Regional and National Auditor Networks.
- The National Anti fraud Network.
- Audit Commission.
- External Auditor (KPMG).
- Office of Fair Trading.
- Department of Work and Pensions.
- Health Service.

10. TAKING ACTION TO TACKLE THE PROBLEM.

Deterrence.

10.1 There are a number of ways to deter potential fraudsters from committing or attempting fraudulent or corrupt acts, whether they are internal or external to the Council. These include, but are not limited to:

- Publicising the fact that the Council is firmly set against fraud and corruption and stating this at every opportunity.
- Acting robustly and decisively when fraud and corruption are suspected and proven.
- Taking action to affect maximum recoveries for the Council.
- Informing the Council's Press Office where cases of fraud and corruption against the Council are referred for criminal proceedings and subsequently brought to court, with a view to issuing a press release.
- Having sound internal control systems which allow for innovation but do not provide the opportunity for fraud and corruption.

The following actions have been identified to strengthen our arrangements in this regard:-

- **Internal Audit to produce further managers' briefings following fraud investigations to highlight risks and control measures and to publicise recent Bribery legislation. (Ref 4.1).**

Prevention

10.2 There is an important role to be played in the prevention of fraud and corruption by managers within all services. It is vital that managers understand the importance of soundly designed systems which meet key control objectives and minimise the opportunities for fraud and corruption. They are responsible for assessing the potential for fraud and corruption within their own Service's activities and for implementing appropriate strategies to reduce this risk. To this end, Internal Audit and Risk Management endeavors to provide appropriate advice to service Managers to ensure that they are fully aware of the need to give sufficient emphasis to the preventative aspects of fraud and corruption work.

Detection

10.3 It is often the alertness of employees or members that enables detection to occur.

Under our Anti Fraud and Corruption Policy, employees must report any suspected cases of fraud and corruption to the appropriate manager, or if necessary, directly to the Chief Executive, Assistant Chief Executive (Legal Services) or the Director of Internal Audit and Governance. Reporting cases in this way is essential to the anti fraud and corruption strategy and ensures that: -

- Suspected cases of fraud and corruption are investigated properly.
- The fraud response plan is carried out properly.
- People and our interests are protected.

The Council's Whistle blowing policy is intended to encourage and enable employees to raise serious concerns.

The Council participates in the National Fraud Initiative and detects certain types of fraud by this means. In addition, our Benefits Service participates in the Department of Work and Pensions data matching exercises.

Investigation.

10.4 Depending on the nature and anticipated extent of the allegation(s), the Director of Internal Audit and Governance will normally work closely with management and other agencies, such as the Police, to ensure that the allegation(s) are properly investigated, reported and where appropriate, maximum recoveries are achieved.

The follow-up of any allegation of fraud and corruption received will be through the agreed procedures of the Anti Fraud and Corruption Policy, the Fraud Investigation Plan and Disciplinary Procedures. The Council must also adhere to the provisions of the Regulation of Investigatory Powers Act and Money Laundering Legislation.

Where a fraud has occurred, management must take any necessary changes to systems and procedures to ensure that similar frauds will not recur. Any investigation undertaken may highlight where there has been a failure of supervision or a breakdown / absence of control. Any lessons learnt will be disseminated to all relevant sections.

Sanctions and Redress.

10.5 After any investigation, sanctions should be applied where fraud and corruption are proven to be present. This should be done in a comprehensive, consistent and proportionate manner with all possible sanctions – disciplinary, civil and criminal – considered. Success rates need to be monitored routinely as an indicator and part of the quality process. The organization should be effective in recovering any losses incurred to fraud and corruption using, as appropriate, criminal and / or civil law.

Methods of recovery include, but are not confined to: -

- Recovery of pension contributions from employees who are members of the Pension Fund.
- An assessment of what assets an employee or third party who has committed fraud has and whether the losses incurred by the Council can be recovered.
- Bankruptcy - if it is believed an individual has a poor history of paying.
- If an individual remains an employee of the Council any assessed losses can be recovered from future salary payments or an application for an 'attachment of earnings' can be made.

11. DEFINING SUCCESS.

11.1 Activity should not be confused with outcomes. The focus should always be fixed firmly on the clear outcomes described above for work to counter fraud and corruption. It is important that these relate to the actual sums lost to fraud and corruption rather than to the activity around it. This is no different from a commercial organisation focusing on profit rather than turnover.

While activity can give an organisation the air of being busy and, therefore, successful, what matters is the bottom line. Preventing fraud prevents losses that can be directed into core business.

Only a comprehensive and professional approach to countering fraud and corruption can fully protect an organisation's valuable resources.

12. KEEPING AHEAD.

12.1 In order to try and stay one step ahead of the fraud to which the Council may be exposed, it will be necessary to undertake a regular review of national developments and strengthen systems and procedures. Key sources of information that will be used to inform the ongoing continuous improvement of the Anti Fraud Strategy will be: -

- Audit Commission Publications – in particular:
 - National Fraud Initiative Newsletters.
 - Audit Commission Fraud Reports.
 - Protecting the Public Purse.
 - ICT Fraud and Abuse.
- HM Treasury Publications – in particular:
 - Annual Fraud Reports.
- CIPFA Better Governance Forum (IPF).
 - Monthly 'Risk News' Newsletters.
- National Anti Fraud Network.
 - Strategic Risk Assessment – Local Authority Fraud.
 - Ongoing Alerts on website.

13. PROCEDURE FOR REPORTING OF SUSPECTED FRAUD AND CORRUPTION

13.1 This procedure and the employee obligations contained within it have been adopted as Council policy and it is, therefore, incorporated into

all employees' terms of employment and specified in Appendix 5 of the Employees Code of Conduct.

- 13.2 If you suspect a fraud within your workplace, including fraud perpetrated by Council contractors, or receive information from an external source regarding fraud, the following procedure should be followed: -

✓ **MAKE AN IMMEDIATE NOTE OF ALL RELEVANT DETAILS.**

These should include date and time of the event, record of conversations (including telephone), names of persons present (or description if the name is not known), vehicle details where appropriate e.g. type, colour, registration etc.

DO NOT: -

- ✗ Confront or accuse anyone directly.
- ✗ Try to investigate the matter yourself.
- ✗ Discuss your suspicions with anyone else than the appropriate level of authority.
- ✗ Be afraid to report a matter on the basis that your suspicions may be groundless; all reports will be treated on the basis that they are made in good faith.

13.3 Reporting.

Report your suspicions as rapidly as possible together with the relevant details to an appropriate level of authority and experience. This can either be your line manager OR the Internal Audit Service on Rotherham 382121 Ext. 22033 OR the Senior Manager, Legal and Electoral Services, Ext. 23553 OR the Chief Executive, Ext. 22770.

Alternatively you may prefer to put your suspicions in writing to the Director of Internal Audit and Governance, Doncaster Gate Council Offices, Doncaster Road, Rotherham S65 1DW and mark the envelope "CONFIDENTIAL — TO BE OPENED BY THE ADDRESSEE ONLY".

The Council would prefer you not to provide information anonymously as it may be necessary for you to provide further information. However, all anonymous information that is received will be investigated.

All reported suspicions will be dealt with sensitively and confidentially.

13.4 Independent External Advice.

If you are unsure whether, or how, to use the above procedure for reporting concerns or you prefer independent advice at any stage, you may contact the independent charity Public Concern at Work.

Their staff can give you free confidential advice at any stage about how to raise a concern about fraud or other serious malpractice in the workplace. Public Concern at Work may be contacted by either telephone on 020 7404 6609. Further information regarding this organisation can be found on their web-site www.pcaaw.co.uk.

14. PROCEDURE FOR THE INVESTIGATION OF SUSPECTED FRAUD AND CORRUPTION

14.1 Responsibilities.

The responsibility for the prevention of fraud, other irregularities and error rests with management.

Auditors are responsible for reporting to management on areas of weakness and deficiencies in internal controls and financial systems, together with investigating circumstances where occurrence of fraud is suspected.

14.2 Procedures.

Once management has discovered or suspected a fraud Internal Audit should be notified immediately.

When Internal Audit discovers or suspects a fraud, management of the relevant department should be contacted and discussion take place and agreement reached on how the matter will be investigated. The Chief Executive and Strategic Director of Finance should be briefed regarding the issues.

Where the matter involves employees of the Council it will be necessary to tie the investigation into the Council's Disciplinary procedure and it will be appropriate to consult with a Human Resource Manager to discuss procedures for possible suspension of the employee pending further investigation.

Members shall be informed of any investigation into Council affairs that requires reporting to the External Auditor as soon as is practical without prejudicing the investigation as per Minute 2920 (7) (ii) (D) of May 1977.

14.3 Objectives of an Investigation.

The objectives of any investigation shall be to: -

- ✓ Prove or disprove the original suspicions of fraud.
- ✓ Provide evidence in an appropriate format to substantiate proven cases of fraud.
- ✓ To implement appropriate controls to prevent a recurrence of the incident.

14.4 Conduct of an Investigation.

The investigation should be conducted by the Internal Audit Service in conjunction with management of the department in the following manner: -

- ✓ Secrecy and confidentiality shall be maintained at all times.
- ✓ An early decision may be required, in consultation with the Assistant Chief Executive, Human Resources, at the start of the investigation to determine whether to suspend an employee to ensure evidence is not tampered with, subject to the proviso that the suspension does not prejudice the outcome of the investigation.
- ✓ All documentation and evidence that is relevant to the investigation should be requisitioned and secured at an early stage by either management or Internal Audit. Evidence and relevant information should be properly documented, considered and evaluated.

14.5 Interviewing.

Interviews with potential perpetrators of fraud will normally be held both at the beginning and at the end of the investigation. However, this procedure may be subject to alteration dependent upon circumstances. Interviews will be held in accordance with the Council's disciplinary procedure and, in cases where the person(s) under investigation are employees of the Council, they will be allowed to have a work colleague, friend, or trade union representative present.

At all interviews a person shall be nominated to take notes of the meeting.

14.6 Conclusion of Investigation.

Once a decision has been reached after interviewing the suspect, the following further matters will need to be considered: -

➤ Involvement of Police.

The Council should always, except in exceptional and extenuating circumstances, have a consistent and fair approach to the involvement of the police in proven cases of fraud and deception. This is especially relevant in the cases where recompense for any losses suffered is sought from the Council's insurers. The Fidelity Guarantee Policy includes a clause which reserves the right of the insurance company to involve the police in the name of the Council, but at the expense of the insurance company, in order to recover losses met within the terms of the policy.

Where the sums involved in an investigation are significant the question of police involvement should be discussed by the

relevant Strategic Director, the Strategic Director of Finance as Section 151 Officer, the Senior Manager, Legal and Electoral Services and the Assistant Chief Executive, Human Resources. The Chief Executive should then be informed of the decision reached.

The Director of Internal Audit and Governance, after consulting and receiving the agreement of the Chief Executive, will notify the Police to investigate and determine with the Crown Prosecution Service whether any prosecution will take place.

➤ Informing the External Auditor.

The External Auditor should always be informed of the outcome of all fraud investigations as part of his role in gathering statistics and information relating to fraud.

➤ Review of Systems.

Where a fraud has occurred as a result of weaknesses in existing systems then steps must be taken to remedy the problem to prevent recurrence.

➤ Insurance / Recovery of Losses incurred.

Chief Officers shall take appropriate action to ensure that the losses incurred by the Council are minimised including: -

- (i) Recover losses directly from the perpetrator of the fraud.
- (ii) Recovery from an employees contributions to the Superannuation Fund where appropriate.
- (iii) Claim on the Council's insurers.

15. HOUSING BENEFIT AND COUNCIL TAX BENEFIT PROSECUTION POLICY

- 15.1 Rotherham Metropolitan Borough Council is committed to the effective combating of Benefit Fraud and Abuse.
- 15.2 It further recognises the fundamental value of co-ordinated sanction activity in terms of deterrence and value for money.
- 15.3 This policy document outlines the Prosecution, Administrative Penalty and Caution criteria.
- 15.4 All suspected offenders will be dealt with strictly in accordance with all relevant legislation, ensuring fair and equal treatment for all.

PROSECUTION.

- 15.5 Prosecution will normally be considered appropriate where any of the following applies:-

- ✓ The gross overpayment is substantial i.e. above £2000
- ✓ The gross overpayment is less than £2000 but any of the following applies:-
 - The person was in a position of trust.
 - The fraud was calculated and deliberate.
 - The fraud continued over a long period of time i.e. 6 months or more.
 - The person has relevant previous convictions.
 - The person has previously agreed to pay an Administrative Penalty or has received a Formal Caution in respect of an earlier offence.
 - The person has declined the offer of an Administrative Penalty or Formal Caution or has withdrawn from an agreement to pay an Administrative Penalty.
 - The case involves a collusive employer or landlord.

This list is not exclusive or exhaustive and each case should be judged on its own merit.

15.6 Prosecution will not be considered appropriate where:-

- × There has been previous voluntary disclosure.
- × Where the mental or physical condition of the offender or partner is considered relevant.
- × Where social factors make a prosecution undesirable.
- × Adverse technical factors.
- × Unjustifiable delay.

CASES SUITABLE FOR ADMINISTRATIVE PENALTY OR FORMAL CAUTION

15.7 Where prosecution is not the first option, consideration of an Administrative Penalty or Formal Caution should be given. In both instances, it is necessary to investigate individual cases to the same standard as required for prosecution cases. That is, the case must be progressed up to and including the interview under caution stage. It therefore follows that those factors that would preclude prosecution apply equally when considering an Administrative Penalty or Formal Caution.

ADMINISTRATIVE PENALTY

15.8 An administrative penalty may be offered as an alternative to prosecution where the overpayment is less than £2000, subject to the 'less than £50 de-minimis' rule and: -

- ✓ Suitable evidence exists to instigate proceedings.
- ✓ The person has no previous convictions or cautions that are relevant to the present offence within the last 3 years.
- ✓ There is no evidence of collusion with any other person.
- ✓ The person does not admit the offence.

- 15.9 In exceptional circumstances the Fraud Manager may consider a case suitable for offer of an Administrative Penalty where the Overpayment is over £2000. However, it is envisaged this decision will be used rarely, and will not be appropriate where prosecution has been ruled out, for example, due to health or social factors.

It remains that when a case goes forward for prosecution and following representations from the defence solicitor, RMBC Legal Services may recommend the offer of an Administrative Penalty as the most appropriate means by which to dispose of the case. In these circumstances it is not necessary to obtain an additional authority from the Fraud Manager.

FORMAL CAUTION

- 15.10 A formal caution may be offered as an alternative to an Administrative Penalty or prosecution where the overpayment is less than £2000, subject to the 'less than £50 de-minimis' rule and:-

- ✓ Suitable evidence exists to instigate proceedings.
- ✓ The person has no previous convictions or cautions that are relevant to the present offence within the last 3 years.
- ✓ There is no evidence of collusion with any other person.
- ✓ The person admits the offence.

- 15.11 If the person declines to accept the caution or the offer of an administrative penalty, the case would be considered for prosecution.

APPENDIX C

ANTI-FRAUD AND CORRUPTION ACTION PLAN

Ref	Action	Deadline	Responsibility
ADOPTING THE RIGHT STRATEGY			
1.1	Continue to promote this revised Anti Fraud and Corruption Strategy, the revised Anti Fraud and Corruption Policy, and other work to staff / public / partners.	Continuous	Director of Audit and Asset Management [Director of A&AM]
ACCURATELY IDENTIFYING RISKS			
2.1	Produce an up-to-date Corporate Fraud Risk Register.	March, 2012	Director of A&AM
2.2	Develop this anti fraud and corruption strategy to incorporate new Bribery legislation.	November, 2011	Director of A&AM / Senior Manager Legal and Electoral Services
CREATING AND MAINTAINING A STRONG STRUCTURE			
3.1	Ensure that the Strategic Leadership Team, Standards Committee and Audit Committee endorse the revised Anti Fraud and Corruption Strategy and Policy.	November, 2011	Director of A&AM
3.2	Produce an annual staff newsletter highlighting the outcome of fraud work.	March, 2012	Director of A&AM
3.3	Refresh the anti fraud training for Members and Officers, incorporating new Bribery legislation.	March, 2012	Director of A&AM / Senior Manager Legal and Electoral Services
3.4	Reintroduce an 'e-learning' fraud and corruption package to incorporate new Bribery legislation.	March, 2012	Director of A&AM / Senior Manager Legal and Electoral Services

Ref	Action	Deadline	Responsibility
TAKING ACTION TO TACKLE THE PROBLEM			
4.1	Internal Audit to produce further managers' briefings following fraud investigations to highlight risks and control measures and to publicise recent Bribery legislation.	As and when required	Director of A&AM
4.2	Review and, if appropriate, re-launch the Council's whistle blowing arrangements.	March, 2012	Director of A&AM / Senior Manager Legal and Electoral Services

ROTHERHAM BOROUGH COUNCIL – REPORT TO AUDIT COMMITTEE
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1	Meeting:	Audit Committee
2	Date:	18 th January, 2012
3	Title:	RMBC response to Bribery Act 2010.
4	Directorate:	Resources

5 Summary

Reports explaining and highlighting the implications of the Bribery Act 2010 were presented to the Standards Committee and Audit Committee in November 2011 and December 2011 respectively. Most notably, the Act introduces a corporate offence of failing to prevent a bribe, which means that any local authority could be held partly liable if an offence occurs and the authority has 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 also referred to guidance issued by the Secretary of State for Justice under the Act, which contains details of procedures an organisation can put in place to prevent bribing on their behalf.

Rotherham Council already has in place sound procedures for preventing fraud and corruption, including bribery. This report identifies further steps that will 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.

6 Recommendations

The Audit Committee is asked:

- **To note the Council's self assessment of its position on the Bribery Act 2010 when against guidance issued by the Secretary of State for Justice.**
- **To support 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.**

7. Proposals and Details

Guidance issued by the Secretary of State for Justice relating to the Bribery Act identifies 6 principles that councils should assess themselves against when measuring the arrangements they have in place for preventing bribery.

Internal Audit has completed an assessment of the Council's position against the guidance associated with the Bribery Act, and a summary of the assessment is contained in **Appendix A**.

Overall, the assessment shows the Council is already well placed to minimise the risk of fraud and corruption including bribery. In particular the Council can show:

- It has top level commitment towards addressing the implications of the Act
- Reviews of all relevant policies are in progress
- Internal Audit applies an established risk based approach to reviewing anti-fraud and corruption arrangements and is extending this to include Bribery Act considerations.

The appendix also shows the actions proposed to further strengthen our arrangements, specifically relating to the Bribery Act requirements. These include:

- Updating the corporate Fraud Risk Register to include Bribery Act considerations
- Reviewing and ensuring all business relationships entered into by RMBC are transparent and ethical
- Enhancing our communication, awareness raising and training on anti-fraud and corruption, including Bribery.

Actions identified in Appendix A will be completed during 2012.

8. Finance

There are no direct financial implications arising from this report.

9. Risks and Uncertainties

Failure to maintain robust arrangements for the prevention and detection of fraud and corruption increases the risk of loss to the Council from fraudulent activity. Additionally, the Council could be given an unlimited fine if adequate procedures are not in place to prevent bribery, and suffer reputational damage.

10. Policy and Performance Agenda Implications

Guarding against incidents of bribery safeguards the use of public funds and accords with the Council's Corporate Plan and Community Strategy.

11. Background Papers and Consultation

Bribery Act 2010

Guidance on the 2010 Act published by the Secretary of State for Justice

The Bribery Act 2010 – Briefing from the CIPFA Better Governance Forum.

Contact Names:

Colin Earl, Director of Audit and Asset Management, Ext 22033

Steve Pearson, Audit Manager, Ext 23293

Appendices:

Appendix A - RMBC self-assessment against the six principles for bribery prevention

APPENDIX A

RMBC self-assessment against the six principles for bribery prevention

	The 6 principles Extracts from <i>"The Bribery Act 2010 Briefing from the CIPFA Better Governance Forum"</i>	Adequate procedures in place Yes / Partly / No	RMBC current assessment	Further actions and responsibility	Action date
1	Risk Assessment – this is about knowing and keeping up to date with the bribery risks you face in your sector and market.	Partly	Provisional guidance by CIPFA suggests the high risk areas are: 'Gifts & Hospitality, Operational Functions, Contracting & Purchasing, and Use of Consultants'. The Council has robust arrangements in place in these areas, and these will be updated to make reference where relevant specifically to bribery.	Other actions that could enhance our management of risk include: R1. Internal Audit should produce a Corporate Fraud and Corruption [F&C] risk register, including reference to bribery. R2. Internal Audit should include reference to bribery in any presentations or training given to Members and officers.	March 2012 March 2012

APPENDIX A

RMBC self-assessment against the six principles for bribery prevention

	The 6 principles Extracts from <i>“The Bribery Act 2010 Briefing from the CIPFA Better Governance Forum”</i>	Adequate procedures in place Yes / Partly /No	RMBC current assessment	Further actions and responsibility	Action date
2	<p>Top level commitment – this concerns establishing a culture across the organisation in which bribery is unacceptable. This involves making the message unambiguous and regularly referring it to with all staff and business partners.</p> <p>A senior officer within the organisation should take the overall responsibility for developing and implementing the programme.</p>	Yes	<p>Report to Standards Committee on 10/11/11 and Audit Committee on 07/12/11 highlighted the introduction of Bribery legislation.</p> <p>The Audit Committee agreed:</p> <ul style="list-style-type: none"> • <i>To note the main provisions of the Bribery Act 2010</i> • <i>To support the work being done by Legal Services and Internal Audit to refresh and update the Council’s documents and procedures in light of the Bribery Act 2010 and guidance on the Act published by the Secretary of State for Justice.</i> <p>The Director of Audit & Asset Management has overall responsibility.</p>	See Recommendation 2 – raising awareness will further strengthen commitment.	

APPENDIX A

RMBC self-assessment against the six principles for bribery prevention

	The 6 principles Extracts from <i>"The Bribery Act 2010 Briefing from the CIPFA Better Governance Forum"</i>	Adequate procedures in place Yes / Partly / No	RMBC current assessment	Further actions and responsibility	Action date
4	<p>Clear, Practical and Accessible Policies and Procedures – this concerns applying policies and procedures to all staff and close business partners covering all relevant risks such as:</p> <ul style="list-style-type: none"> • gifts and hospitality, • promotional expenses, • facilitation payments (often used to obtain permits or to 'jump the queue' for services. Risk areas within RMBC include Housing Waiting Lists and licences e.g. taxi licences). <p>It also includes responding to demands when any allegations of bribery come to light.</p>	Partly	<p>Work has commenced on reviewing and revising relevant policies to take account of the Bribery legislation, including:</p> <ul style="list-style-type: none"> • F&C Policy & Strategy • Standing Orders • Financial Regulations [potentially including Guidance Note] • Codes of Conduct <p>This work needs to be completed.</p>	<p>R6. Internal Audit will complete the review and revision of relevant policies and procedures to ensure they adequately reflect the requirement of the Bribery Act.</p> <p>R7. Internal Audit will consider where facilitation payments could occur and review procedures in these areas to ensure appropriate action is taken to minimise the risk of such payments occurring.</p>	<p>April 2012</p> <p>June 2012</p>

APPENDIX A

RMBC self-assessment against the six principles for bribery prevention

	The 6 principles Extracts from <i>"The Bribery Act 2010 Briefing from the CIPFA Better Governance Forum"</i>	Adequate procedures in place Yes / Partly / No	RMBC current assessment	Further actions and responsibility	Action date
5	Effective implementation – this is about going beyond ‘paper compliance’ to embedding anti-bribery in internal controls, recruitment and remuneration policies, operations, communications and training on practical business issues.	Partly	Current policies and procedures work to mitigate broader risks of fraud and corruption, including bribery. The further, proportionate, actions highlighted in this action plan will help to embed and demonstrate application of any updated procedures.	Implementation of all recommendations in this action plan will demonstrate embedded procedures R8. Internal Audit will look at options for communicating the Council’s arrangements and procedures, including internally for Members and officer and externally.	April 2012
6	Monitoring and review – this relates to auditing and financial controls that are sensitive to bribery and are transparent, considering how regularly you need to review your policies and procedures, and whether external verification would help.	Yes	Internal Audit carries out an annual programme of testing which is risk based.	R9. Internal Audit will include bribery risks in its planning process and ensure there is appropriate coverage in its future audit plans.	April 2012