

ROTHERHAM BOROUGH COUNCIL – REPORT TO AUDIT COMMITTEE

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.

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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

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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.	

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3	<p>Due diligence – this is about knowing who you do business with; knowing why, when and to whom you are releasing funds and seeking reciprocal anti-bribery agreements; and being in a position to feel confident that business relationships are transparent and ethical.</p>	Partly	<p>Some work has been done to Identify & review all business relationships entered into by RMBC.</p> <p>This needs to be completed for all services and contracts</p>	<p>R3. Internal Audit will issue guidance to all relevant officers involved in:</p> <ul style="list-style-type: none"> • Commissioning and procurement from the private sector • Payments made to the voluntary sector • Partnerships <p>The guidance will identify the actions to be taken by relevant officers to develop our anti-bribery response and to inform third parties of the Council's approach.</p> <p>R4. Internal Audit will subsequently test implementation of guidance during its 2012/13 audit programme.</p> <p>R5. Internal Audit will consider relevant information to be produced and made public relating to the Council's arrangements and its stance on bribery.</p>	<p>February 2012</p> <p>September 2012</p> <p>March 2012</p>

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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>

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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