

# AUDIT COMMITTEE

## Anti-Fraud, Bribery & Corruption Policy

15<sup>th</sup> February 2012

### Report of Internal Audit Manager

#### PURPOSE OF REPORT

To advise Members of developments affecting the Council's position regarding the threat of fraud and corruption and to seek Members' approval for a revised Anti-Fraud, Bribery and Corruption policy.

**This report is public**

#### RECOMMENDATIONS

- (1) That the draft **Anti-Fraud, Bribery and Corruption Policy** attached as **Appendix A** is approved
- (2) That the action plan attached as **Appendix B** is endorsed.

#### 1.0 Introduction

1.1 The Council's current Anti-Fraud & Corruption Policy and the associated Strategy were approved in 2002. A review is necessary to bring the policy up to date, relevant to the Council's current position and officer/elected Members' needs and reflective of a number of legislative changes.

#### 2.0 Report

##### Legislative Considerations

#### 2.1 Bribery Act 2010

2.2 The Bribery Act came into force on 1st July 2011 and introduced four key offences which might have an impact on the activities of the Council:

- Bribery of another person (section 1);
- Accepting a bribe (section 2);
- Bribing a foreign official (section 6); and
- Failing to prevent bribery (section 7)

2.3 The offences carry criminal penalties for individuals and organisations. For individuals, a maximum prison sentence of ten years and/or an unlimited fine can be imposed; for organisations, an unlimited fine can be imposed.

- 2.4 Whilst the legislation does place additional responsibilities on organisations and raised expectations regarding arrangements to counter the threat of bribery, the Secretary of State for Justice, in his foreword to Guidance to organisations, states that “... combating the risks of bribery is largely about common sense, not burdensome procedures” and recommends a core principle of proportionality in responding to the legislation.
- 2.5 Given the above, unlike some councils, a separate anti-bribery policy is not being proposed. Rather, bribery is given a raised profile within an overall Anti-Fraud, Bribery and Corruption Policy. It is recognised that awareness and understanding of the legislation needs to be raised within the Council and this is being addressed in developing action plans, proportionate to identified risks, to implement the policy.

### **Proposed Anti-Fraud, Bribery & Corruption Policy**

- 2.6 In reviewing the existing policy and strategy, a key objective has been to make the new policy as clear and concise as possible in order to ensure it is accessible and not overwhelming to readers.
- 2.7 Accordingly, in place of the previous policy and strategy documents, it is proposed to introduce the draft Anti-Fraud, Bribery and Corruption Policy which is attached as Appendix A.
- 2.8 This contains the following key elements:
- 1 Definitions
  - 2 Scope of the Policy
  - 3 Commitment and Strategy
  - 4 Expectations, Responsibilities and Culture
  - 5 Deterrence and Prevention
  - 6 Raising Concerns
  - 7 Investigations
  - 8 Sanctions, Redress and Recovery
- 2.9 Clearly it is vital that, to deliver the high-level objectives and statements set out in the policy, there is a comprehensive range of suitably detailed procedures, guidance and training is maintained. In line with the strategic objectives and responsibilities set out in sections 3 and 4 of the policy, the process will be supported by an annually updated action plan, a copy of the current plan being attached at Appendix B. Overall responsibility for maintaining and delivering these plans rests with the Head of Financial Services as Section 151 Officer, with the support of the Internal Audit Manager, Monitoring Officer and Service Heads.
- 2.10 The action plan sets out a range of measures assessed as being priorities for the forthcoming period. Given the importance attached to legislative change and particularly the Bribery Act, a number of actions are included which focus on raising levels of awareness amongst both employees and elected members.
- 2.11 The draft policy sets out the Audit Committee’s responsibilities as:
- approving the Anti-Fraud and Corruption Policy.
  - monitoring the effectiveness of the Council's strategy and operational arrangements (in relation to combating fraud and corruption)
- For the latter responsibility, the Audit Committee will expect to receive and place reliance on reports from the Internal Audit Manager.

### 3.0 Details of Consultation

3.1 Management Team has been consulted in developing the draft policy.

### 4.0 Options and Options Analysis (including risk assessment)

4.1 The options available to the Committee are:

- a) approve the draft policy as presented;
- b) approve the draft policy with suggested changes/additions; or
- c) recommend a different approach and the submission of further draft documents.

4.2 Given the age of the current policy and legislative changes impacting the Council, “no change” is not put forward as an option.

4.3 Experience suggests that, whilst high level policies are important in setting the Council’s position in such matters, the greatest practical benefits come from a range of guidance, training and awareness-raising material. Options a) or b) are therefore preferred, involving the introduction of a single, concise policy statement with a range of associated documents and activities to support development and the implementation of strategic objectives.

### 5.0 Conclusion

5.1 A revision and re-launch of the Council’s policy towards fraud, bribery and corruption is very timely. A revised Anti-Fraud, Bribery and Corruption Policy is proposed, with associated action plans to implement strategic objectives and raise awareness and standards throughout the Council.

#### **CONCLUSION OF IMPACT ASSESSMENT**

**(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

Not applicable

#### **FINANCIAL IMPLICATIONS**

None directly arising from this report

#### **SECTION 151 OFFICER’S COMMENTS**

The Section 151 Officer has been consulted and has no further comments

#### **LEGAL IMPLICATIONS**

None directly arising from this report

#### **MONITORING OFFICER’S COMMENTS**

The Monitoring Officer has been consulted and has no further comments

#### **BACKGROUND PAPERS**

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