

**To the Chair and Members of the
AUDIT COMMITTEE**

UPDATE ON THE ANTI-FRAUD, BRIBERY AND CORRUPTION ACTION PLAN

EXECUTIVE SUMMARY

1. In April 2012 the Audit Committee approved updates to the Council's Anti-Fraud, Bribery and Corruption Strategy. As well as updating the policy and strategy, a self-assessment was completed against the key requirements included in current national guidance, and this led to the production of an action plan to strengthen current arrangements

This report asks the Audit Committee to note progress being made against the action plan.

SUMMARY OF PROGRESS AGAINST THE ACTION PLAN

2. The council has made satisfactory progress to date in addressing improvement points it previously identified. Key progress made to date includes:
 - a. Promoting and publicising the authority's Governance Arrangements including anti-fraud, bribery and corruption arrangements
 - b. Reviewing and publicising the Council's whistleblowing arrangements
 - c. Investigative and disciplinary work has been reviewed to ensure actions to addresses weaknesses are identified and reported upon and addressed.
 - d. Raising fraud awareness through articles in the staff newsletter; Spotlight, including highlighting fraud prosecutions
 - e. Internal Audit maintaining and reviewing a fraud risk register which informs audit plans covering proactive anti-fraud review work
 - f. Appointment to key posts have been made within the Procurement Team with all posts now being filled, although ongoing recruitment problems mean a number of these are filled by temporary agency staff.
3. Key progress actions where work is continuing include:
 - a. Strengthening arrangements with partners and the third sector and via appropriate recognition of the Council's requirements / expectations in commissioning strategies and contract documentation.
 - b. Some policies and procedures need to be reviewed to incorporate requirements of the Bribery Act
 - c. The authority's e-learning modules will be developed to include fraud awareness and the information governance modules will be expanded to include information fraud.

RECOMMENDATIONS

- 4. The Audit committee is asked note progress against the Anti-Fraud, Bribery and Corruption Action Plan.**

REASON FOR RECOMMENDED OPTION

5. This review helps to ensure that the Council's Anti-fraud, Bribery and Corruption arrangements continue to keep up with good practice and meet the Council's needs.

IMPACT ON THE COUNCIL'S KEY OBJECTIVES

6. The effective countering of the risk of fraud, bribery and corruption helps preserve the Council's assets and resources to achieve the objectives the Council has set.

RISKS & ASSUMPTIONS

7. The key policy and strategy assist the Council to meet the risk of fraud, bribery and corruption in its operations and to reduce their impact.

LEGAL IMPLICATIONS

8. The Policy and Strategy help the Council to comply with legal and regulatory requirements relating to fraud legislation and the requirements of CIPFA and Audit Commission guidance.

FINANCIAL IMPLICATIONS

9. There are no specific financial implications arising from this report.

CONSULTATION

10. This report informs the Audit Committee on the progress made against previous action plans to further strengthen its Anti-fraud, Bribery and Corruption arrangements

BACKGROUND PAPERS

DMBC - Anti-fraud and Corruption Policy and Strategy.

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DMBC ANTI-FRAUD, BRIBERY AND CORRUPTION IMPROVEMENT PLAN 2012/13

Ref	Action	Deadline	Responsibility	Progress at June 2013
Action points generate from Protecting the Public Purse Self Assessment Checklist				
General				
1. 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? 	<p>Various methods have been employed:</p> <ul style="list-style-type: none"> • Fraud Risk workshops held with Managers and staff • Promoting best practice and awareness through the Governance Group • ad hoc presentations promoting fraud awareness and controls • Articles in newsletters/briefing notes when required for specific topical issues. <p>Action Point: The above will continue, incorporating new legislation, and methods will include:</p> <ul style="list-style-type: none"> • an updated E-learning module • awareness material for non-employees e.g. members, contractors and agency staff • an assessment of the material within the "Welcome to Doncaster" briefings for new staff 	March 2013	Head of Internal Audit	<p>Fraud awareness has been heavily highlighted to all staff through promotion of the council's Governance and whistleblowing arrangements and staff surveys and focus groups.</p> <p>"Welcome to Doncaster" briefings for new staff refer to the Governance arrangements incorporating the AFBC and whistleblowing arrangements. Staff Newsletter ("Spotlight") highlights fraud prosecutions</p> <p>Further work is being carried out to update the e-learning module. Information Governance related modules are also being created and include references to information fraud.</p>
2. Do we have arrangements in place that encourage our staff to raise their concerns about money laundering?	<p>Action Point: IA will be issuing a manager/staff briefing note on Money Laundering through the Governance Group early in 2012/13 year</p>	June 2012	Head of Internal Audit	Complete – Policy and guidance was drafted for the Monitoring Offer which was subsequently taken through Governance Group who made arrangements for its delivery to staff and managers.
Fighting fraud with reduced resources				

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<p>3. Have we reassessed our fraud risks since the change in the current financial climate?</p>	<p>IA revises 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'.</p> <p>A corporate fraud risk register has been prepared by IA for consideration and approval by the Audit Committee which has been informed by individual service area fraud risk registers, the council's Bribery Act risk assessment information from external bodies and IA's own knowledge of the organisation and the fraud risks it is exposed to.</p> <p>Action Point – The 2012/13 audit plan will contain a review of evaluating the effect of Internal Control on areas that have been subject to spending cuts and evaluation including the potential increase risk of fraud</p>	<p>March 2013</p>	<p>Head of Internal Audit</p>	<p>Complete – the 2013/14 Internal Audit Action Plan incorporated this review and includes work evaluating the effect of Internal Control on areas that have been subject to spending cuts and this evaluation includes the potential increased risk of fraud.</p>
Current Risks & Issues				
Procurement				
<p>4. Are we satisfied our procurement controls are working as intended?</p>	<p>The Procurement Team is currently being strengthened through recruiting experienced staff and increasing numbers of these staff. Breaches of procurement rules have been noted and reported at previous audit committees.</p> <p>Action Point - Procurement will be included as part of the 2012/13 Internal Audit Plan</p>	<p>March 2013</p>	<p>Head of Internal Audit</p>	<p>Complete – Appointment to key posts have been made within the Procurement Team with all posts now being filled, although ongoing recruitment problems mean a number of these are filled by temporary agency staff.</p> <p>Internal Audit plans for 2012/13 and 2013/14 include(d) reviews of procurement controls.</p> <p>The Fraud Risk Register and associated annual testing highlights this area as high risk and reviews</p>

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				these controls on a cyclical basis.
Personal budgets				
5. 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	<p>Personal Budgets were reviewed by Internal Audit and reported upon in June 2011. Areas for improvement were identified and included within an improvement plan for this area</p> <p>Action Point – The agreed actions within the Internal Audit report will be monitored.</p>	June 2012	Head of Internal Audit	Complete – Actions monitored via follow up process. All 17 actions have been implemented.
Action Points Arising from the Bribery Act Self Assessment Checklist				
Risk Assessment – this is about knowing and keeping up to date with the bribery risks you face in your sector and market.	B1 Internal Audit will continue to monitor the authority's bribery risks and will undertake a formal review of the risk register annually	March 2013	Head of Internal Audit	Complete – the 2013/14 Internal Audit Action Plan incorporated this review and includes work covering bribery risks.
<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>	B2 Monitoring of its implementation will be carried out by the Governance Group and the Audit Committee	September 2012 and March 2013	Governance Group and the Audit Committee	Complete – Updates provided for Governance Group and the Audit Committee
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>B3. 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 	June 2012	Head of Internal Audit	<p>Relevant officers have been tasked with developing arrangements and progress has been made:</p> <ul style="list-style-type: none"> • A commissioning strategy is in the process of being approved, covering

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	<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>B4. Internal Audit will subsequently test implementation of guidance during its 2012/13 audit programme.</p> <p>B5. 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>December 2012</p> <p>June 2012</p>	<p>Head of Internal Audit</p> <p>Head of Internal Audit</p>	<p>arrangements with the voluntary sector</p> <ul style="list-style-type: none"> A partnerships governance framework has been established. <p>Internal Audit has been consulted in the preparation of the guidance. Audit work will be completed during 2013/14</p> <p>Various actions undertaken including the publicity on the AFBC arrangements, whistleblowing and "Spotlight" articles</p>
<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. <p>It also includes responding to demands when any allegations of bribery come to light.</p>	<p>B6. 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>June 2012</p>	<p>Governance Group</p>	<p>The Anti-Fraud, Bribery and Corruption Framework has been revised as have the Disciplinary and Grievance policies and procedures. Work is still required on the Code of Conduct and other related policies will continue to be reviewed and updated as appropriate.</p>
<p>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.</p>	<p>B7. Implementation of all recommendations in this action plan will demonstrate embedded procedures.</p> <p>B8. Various measures will be assessed for communicating the Council's revised and updated arrangements and procedures. This work will be overseen by the council's Governance Group,</p>	<p>March 2013</p> <p>June 2012</p>	<p>Governance Group</p> <p>Governance Group</p>	<p>Ongoing - as noted in this action plan</p> <p>Ongoing - as noted in this action plan</p>
<p>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,</p>	<p>B9. Internal Audit has included bribery risks in its planning process and have ensured there is appropriate coverage in its future audit plans. This assessment will be</p>	<p>March 2013</p>	<p>Head of Internal Audit</p>	<p>Complete – the 2013/14 Internal Audit Action Plan incorporated this review and includes work covering bribery risks.</p>

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and whether external verification would help.	revisited as required as further guidance and cases develop.			
Action Points Arising from the Review of the CIPFA Red Book 2 “ Managing the Risk of Fraud”				
1.3 Links between “Policy” and “Operational” work	A programme of reviews will be undertaken on all key Anti-fraud arrangements, e.g. declarations of interest, codes of conduct etc. Action Points Arising from the Review of the CIPFA Red Book 2 “ Managing the Risk of Fraud”	June 2012	Governance Group	The Anti-Fraud, Bribery and Corruption Framework has been revised as have the Disciplinary and Grievance policies and procedures. Work is still required on the Code of Conduct and other related policies will continue to be reviewed and updated as appropriate.
	Investigative and disciplinary work will be reviewed to ensure actions to addresses weaknesses are identified and reported upon and addressed.	June 2012	Head of Internal Audit	Complete - The Assistant Director of Human Resources reviewed and reported upon this area in 2012.
1.6 Agreement and promotion of the policy and strategy by those with political and executive authority	Whilst the policy and Strategy are approved by the Audit Committee and the policy states Mayor and Chief Executive responsible for the policy and strategy, there needs to be a visibility of support from the top for these arrangements	June 2012	Governance Group	Completed – Cabinet approves the Council’s arrangements and support is provided by the Audit Committee. The Chief Executive chairs the Governance Group meetings and key messages are disseminated to senior managers.
2.2 Accurate identification of scale of losses to fraud	The authority need to develop a methodology to measure losses and savings related to fraud	September 2012	Head of Internal Audit	Completed – A summary of frauds is reported annually to the Audit Commission and included in the Council’s Annual Fraud Report.
2.3 Estimated losses inform judgement regarding investment into counter fraud work	Measured losses should inform the investment in counter fraud activity	September 2012	Head of Internal Audit	
3.7 Proprietary checking Process	Ensure shared service agreement with Rotherham Council will ensure this still achieved	June 2012	Head of Internal Audit	A review is currently underway reviewing Recruitment processes etc. ensuring key checks e.g. references and Disclosure and Baring Service (formally CRB) are

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				being undertaken
4. Taking the full range of actions and integrating different strands	A full programme of work will be delivered to counter fraud, addressing;_ <ol style="list-style-type: none"> 1) Culture 2) Deterrence 3) Prevention 4) Detection 5) Investigation 6) Sanctions 7) Redress 	March 2013	Head of Internal Audit	Complete – The Internal Audit Plan is assessed on this basis and provides coverage in all these areas.
5. Focusing on outcomes and not merely activity	The authority need to develop a methodology to measure losses and savings related to fraud and report against this	March 2013	Head of Internal Audit	Completed – A summary of frauds is reported annually to the Audit Commission and included in the Council's Annual Fraud Report.