

ANTI-BRIBERY COMPLIANCE UPDATE & ANNUAL RISK ASSESSMENT

Audit Committee



Peter Davies, Chief Officer for Resources

Objectives for today

- To refresh Audit Committee understanding around its responsibilities and to provide a brief background to:
 - The current Anti-fraud, Bribery and Corruption policy
 - Internal audit reviews and follow-ups undertaken
- To provide further update to confirm action taken to address outstanding recommendations
- To provide the annual risk assessment of the arrangements in place around anti-fraud, bribery and corruption
- To outline proposed next steps

- Anti-Fraud, Bribery and Corruption Policy statement most recently approved by Cabinet in March 2017
- Purpose of policy:
 - To encourage a culture in the organisation that deters fraud, bribery and corruption
 - Provide a strong message that any allegations will be dealt with in a firm and consistent way
- The Council is one of the largest organisations in the County
- The Council controls millions of pounds of public money and takes very seriously the high expectations of the public and the degree of scrutiny to which the affairs of the Council are subject

- May 2017 Audit Committee – Limited opinion for audit of Compliance with Bribery act
- June 2017 Cabinet – updated and revised Anti-fraud, Bribery and Corruption policy approved
- May 2018 Audit Committee – follow up audit of Compliance with the Bribery Act results in second consecutive Limited assurance audit opinion
- July-September 2019 – follow up audit in progress – testing to determine whether ‘practice’ suggests controls are operating satisfactorily
- Sept 2019 Audit Committee – anti-bribery update and first annual risk assessment produced

- In summary, and aside from COVID, frauds to date continue to be low level benefits frauds (that are investigated by SBS and the DWP). Internal Audit have not had any other definitive cases confirmed in their work in the last year.
- However, against this backdrop there has been an increase in fraudulent activity, and especially in cyber crime, during the current COVID-19 pandemic across the UK.
- Fraudulent payments have both been identified and prevented by MCC when administering business grants for WG

- Risk is always present across a range of areas including:
 - Procurement activity
 - New suppliers – no history of FBC?
 - Lack of segregation of duties
 - Evidence of tender evaluations and awards
 - Lack of contract management – contract variation and extensions
 - Planning and licencing decisions
 - Bribery – and where pressure exists on income generation and contract awards
 - Where new starters are not being provided FBC training through corporate induction

- Mitigation of risks will involve:
 - Arranging for an ongoing annual follow-up review as part of the annual risk assessment needed and to ensure controls are not only in place but are operating effectively – with a specific focus on medium and high risk areas
 - Ensuring that any remaining or new audit recommendations are targeted and addressed accordingly

REF	RISK	MITIGATING ACTION	RESIDUAL RISK
1	Lack of a designated officer within the Authority with responsibility for compliance with the Bribery Act 2010	The Chief Officer for Resources is designated as having overall responsibility for ensuring the effectiveness of the Authority's Anti-fraud, Bribery and Corruption policy, including compliance with the Fraud Act 2016 and the Bribery Act 2010. Chief Officer for Resources assigned responsibility and is held to account by Audit Committee through the need to provide periodic risk assessments and responses to internal audit findings.	LOW
2	Anti-Fraud, Bribery and Corruption Policy not kept up to date to reflect latest legislation and guidance around known risks	Updated policy approved by Cabinet in June 2017 and in line with currently legislation. Policy available on hub. Regular programme of review in place with next policy review to take place before year-end.	LOW
3	Lack of ongoing evaluation of Anti-Fraud, Bribery and Corruption risks to ascertain likelihood or impact of potential bribery	Annual risk assessments being undertaken to highlight particular areas of risk and how these are being responded to.	LOW
4	New members of staff to receive corporate induction training and that includes training on fraud, bribery and corruption	<p>New starter information continues to be provided periodically by HR to Corporate Training. As a result of COVID induction has had to be quickly adapted and in turn condensed from the original two day course. Anti-fraud bribery and corruption training has not features as part of this and therefore the risk is heightened.</p> <p>The Audit Manager and Corporate Training lead are looking to develop an online training module, and that is adapted from the training successfully provided to audit and procurement staff, such that the training can be made more widely available and completed and accredited online.</p> <p>With the HR/Payroll cloud implementation and system development the onboarding and web recruitment module will be able to require new starters to complete the training as part of their induction.</p>	MEDIUM/HIGH

REF	RISK	MITIGATING ACTION	RESIDUAL RISK
5	Staff are not unaware of the Bribery Act and their responsibilities to comply with it	<p>Bribery Act training material developed and delivered to audit and procurement staff across the authority.</p> <p>The Audit Manager and Corporate Training lead are looking to develop an online training module, and that is adapted from the training successfully provided to audit and procurement staff, such that the training can be made more widely available and completed and accredited online.</p>	MEDIUM (AND REDUCING AS IMPLEMENTED)
6	Information and guidance not in place for employees to guide them on the disclosure of financial interests, potential conflicts of interest and the receipt of gifts and hospitality	Code of Conduct updated in late 2017. Staff are now reminded annually to make declarations of interests and in accordance with the updated Code of Conduct.	LOW
7	Whistleblowing policy not kept up to date or not made available publically	Policy reviewed and updated in 2017. Subsequent WAO review brought no recommendation to update policy. Further review point between 2020-2022. The policy is available to the public via the Council's website.	LOW
8	Approval of purchases or awarding of contracts not performed in accordance with authorised signatory lists	CPRs have been updated to include additional guidance. Strategic Procurement team maintain signatory lists and where procuring managers will need authorisation to advertise or award contracts. Updated guidance issued to procuring officers.	MEDIUM (AND REDUCING AS IMPLEMENTED)
9	Suppliers are not assessed for any history of bribery during procurement exercises	<p>CPRs to be updated to include additional selection considerations that need to be included with regards to the Bribery Act for procurements between £75k and the OJEU threshold. Updated guidance being issued to procuring officers.</p> <p>Low risk identified for purchases of less than £75k though investigation to be undertaken on being able to vet new suppliers by using existing online anti-fraud and corruption checks.</p>	MEDIUM (AND REDUCING AS IMPLEMENTED)

REF	RISK	MITIGATING ACTION	RESIDUAL RISK
10	Evaluation of tenders is completed by a single individual	Buyers guide was updated last year and to explicitly state that no evaluation of tenders should be undertaken by a single individual.	LOW
11	CPR exemptions not authorised by senior officers in line with thresholds in the CPRs	CPR exemption form and guidance updated to identify eligibility for approval of the exemption form.	LOW
12	Lack of contract management and controls around variations and contract extensions	CPRs and regulations provide clear guidance and mechanisms for variations that are above thresholds. Contract extensions require exemption requests from CPRs.	MEDIUM