

CABINET

17 JANUARY 2012

Title: The Policies and Strategies of the Assurance and Risk Division	
Report of the Cabinet Member for Finance and Education	
Open	For Decision
Wards Affected: None	Key Decision: No
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Accountable Divisional Director: Sandy Hamberger, Divisional Director for Assurance & Risk	
Accountable Director: Tracie Evans, Corporate Director of Finance and Resources	
Summary: <p>The Council's statutory 151 Officer (the Corporate Director of Finance and Resources) is required by the Local Government Act to ensure that there are proper arrangements in place to administer the Council's financial affairs. This includes the development and adoption of key polices to combat fraud, irregularity and manage any risk. These are an important aspect in helping the council demonstrate high levels of integrity to the public whose money we spend.</p> <p>The Accounts and Audit Regulations 2011 require the section 151 officer to have sound internal audit arrangements. In LBBd this function is undertaken on behalf of the 151 officer by the Divisional Director of Assurance and Risk. A key element of this is the development and maintenance of policies to combat fraud, corruption and other forms of financial crime, including money laundering corruption and bribery.</p> <p>It is vital that Members are confident that these policies will support the Council's zero tolerance to fraud stance. Collectively the seven polices attached at Appendices A to G set the tone which will direct the actions of the audit, fraud and risk work and help staff and contractors understand the standards required of them and actions and sanctions that would be applied in the event of such an occurrence.</p> <p>Each policy has a specific purpose including;</p> <ul style="list-style-type: none">• What happens if a fraud or irregularity is suspected• The sanctions the council will take in such cases• Minimizing the risk of exposure to money laundering by setting acceptable cash payment acceptance levels• Communicating the councils duty to take actions to prevent any bribes happening• A confidential mechanism for staff to contribute to the delivery and development of the Council's Anti- Fraud and Corruption Strategy, without fear of reprisal the authority• The management and mitigation of risk, protecting the councils reputation and subsequent citizen confidence levels	

Recommendation(s)

The Cabinet is recommended to agree;

- 1) The policies listed below and as attached at Appendices A - G to the report;
 - Fraud & Corruption Policy and Strategy
 - Fraud Prosecution Policy
 - Money Laundering Policy
 - Whistleblowing Policy
 - Policy and Code of Practice of The Regulation of Investigatory Powers Act 2000 (RIPA)
 - Bribery Act Policy
 - Risk Management Policy and Strategy
- 2) An amendment to the Risk Management Framework making the Cabinet's role in Risk Management more explicit (see paragraph 1.8)
- 3) A Lead Portfolio Holder for Risk Management

1. Introduction and Background

- 1.1 The Assurance and Risk Division maintains a suite of policies relating to risk and anti-fraud and other financial matters on behalf of the section 151 officer. These support the compliance of the Local Government Finance Act and the Accounts and Audit Regulations. Collectively the policies support the Council's adopted zero tolerance to fraud, which helps increase public confidence in the integrity of public servants that are responsible for large amounts of public money.
- 1.2 The policies were previously approved by the Standards Committee. At its meeting on 18 May 2011, the Assembly agreed that, to reinforce their importance as part of robust governance, these policies be approved by Cabinet from 2011/12 onwards.
- 1.3 As key policies, they will be reviewed annually and where there are significant changes, they will be taken back to Cabinet to allow Members to agree any strengthening changes that may emerge or be required to meet statutory requirements.
- 1.4 On behalf of the Assembly, PAASC receives quarterly summaries on the work of the Assurance & Risk Division which includes issues arising from the operation of these policies.
- 1.5 There is one new policy put forward, that addresses the Bribery Act 2010 which came into effect in July 2011. The Act introduced a new corporate responsibility "to take measures to prevent any bribery offences happening" and is subject to prosecution itself if it is deemed to have failed to do this. We are separately pursuing adoption of this new policy by Governors within schools along similar lines to the schools whistle blowing policy that is already in existence.

1.6 The respective Anti-Fraud & Corruption Strategy & Policy and Prosecution Policy have been combined to cover Housing Benefit and Corporate Anti-Fraud matters.

1.7 A brief description of the purpose of each policy is set out in the table below.

Appendix	Policy	Brief Description
A	Anti-Fraud & Corruption Strategy & Policy including Fraud Response Plan	Sets out the Council's commitment to reducing opportunities for fraud and corruption across all council services and taking the strongest possible action against those who seek to defraud the Council. Includes guidance on what to do if an employee suspects fraud.
B	Prosecution Policy	Sets out the Council's approach to seeking redress/sanction against those who seek to defraud the Council, linking to the Disciplinary rules where the perpetrator is a member of staff
C	Money Laundering Policy	Sets out the Council's commitment to ensuring compliance with the requirements of the Proceeds of Crime Act 2002, the Money Laundering Regulations 2007 and Chartered Institute of Public Finance and Accountancy (CIPFA) guidance for Local Authorities on Money Laundering.
D	Whistleblowing Policy	In accordance with the Public Disclosure Act 1998, sets out how officers can raise serious or sensitive concerns about other members of staff, suppliers, or people who provide services without fear of harassment, victimisation or bullying as a result of them raising concerns.
E	Regulation of Investigatory Powers Policy	Sets out rules and procedures for undertaking and gaining authorisation for covert surveillance in accordance with the RIPA Act 2000 and Human Rights Act 1998
F	Anti-Bribery Act Policy (NEW)	Sets out the Council's commitment to the prevention, deterrence and detection of bribery and to raise awareness with relevant officers linking with the already in place Employee Code of Conduct and rules on accepting gifts and hospitality
G	Risk Management Policy	Sets out the Council's stance on Risk Management as a sound management technique that is an essential part of any successful organisation. It gives a tool to enable an effective approach to better decision making, improved performance and delivery of services, more effective use of resources and the protection of reputation

1.8 While bringing forward these policies, officers have reviewed the Council's Risk Management Framework and recommend an amendment as follows to the framework, which will make more explicit the role of the Cabinet in relation to risk describing it as, to:

- Agree the Risk Management Policy and Strategy and receive reports on them
- Hold the political responsibility for risk within each individual portfolio
- Identify a lead portfolio holder for Risk Management.

2. Consultation

2.1 All policies, and particularly the Bribery Act Policy (Appendix F) as it is a new policy, have been widely consulted on with Members of the Cabinet and the Public Accounts and Audit Select Committee as well as with senior officers in Human Resources, Finance and at Divisional and the Corporate Management Team. The Unions have been consulted with regard to the impact of this piece of legislation and the Policy wording has gone through the 'Plain English' process.

3. Financial Implications

Implications completed by: Mark Taylor, Finance Manager

3.1 The approval by Cabinet of all policies of the Assurance & Risk Division should enhance the Governance framework of the Council as part of an annual review will ensure that the policies remain relevant and up to date and reinforce the culture of compliance across the Council through its officers.

4. Legal Implications

Implications completed by: Doreen Reeves, Legal Group Manager

4.1 The report sets out the suite of policies for the Council's governance framework which brings together the underlying set of legislative requirements, governance principles and risk management processes.

4.2 The Public Accounts and Audit Select Committee has to be satisfied that the report read in conjunction with the appendices, provides the level of assurances in respect of the Council's corporate governance and risk management before recommending to Cabinet for Decision.

5. Other Implications

5.1 **Risk Management** - The attached policies are an essential part of the Council's governance structure and in some cases a legislative requirement, like the Anti Bribery Act Policy. As such it is essential to have this suite of policies agreed and endorsed at the highest level.

Background Papers Used in the Preparation of the Report:

- Standards Committee, 1 July 2010
- Council Constitution report to Assembly, 18 May 2011
- PAASC report 23 November 2011
- Informal Cabinet report 4 January 2012

List of appendices:

- Appendix A Fraud & Corruption Policy & Strategy
- Appendix B Fraud Prosecution Policy
- Appendix C Money Laundering Policy
- Appendix D Whistleblowing Policy
- Appendix E Policy and Code of Practice of the Regulation of Investigatory Powers Act (RIPA) 2000
- Appendix F Bribery Act Policy
- Appendix G Risk Management Policy & Strategy