

# Risk and Audit Service: Performance Report

Audit and Governance Committee  
7 December 2016

Laura A. Williams MA CPFA  
Chief Internal Auditor  
Risk and Audit Service  
Corporate Resources  
Magdalen House  
30 Trinity Road  
Bootle  
L20 3NJ

# Contents

---

1.	Executive Summary	Page 3
2.	Introduction	Pages 4 - 5
3.	Internal Audit Performance Update	Pages 6 - 10
4.	Health and Safety Performance Update	Pages 11 - 12
5.	Insurance Performance Update	Pages 13 - 14
6.	Risk and Resilience Performance Update	Pages 15 - 16
7.	Looking Ahead	Page 17
8.	Conclusions	Page 18
9.	Appendix A – Anti-Fraud, Bribery and Corruption Policy	Pages 19 - 32

# 1. Executive Summary

---

- 1.1 This report summarises the performance and activity of the Risk and Audit Service for the period 1 September – 23 November 2016.
- 1.2 The report covers each of the areas of the service:
- Internal Audit
  - Health and Safety
  - Insurance
  - Risk and Resilience.
- 1.3 The report highlights the following key points:
- It has been a busy period for the Service, with the completion of a number of key pieces of work. The performance indicators and key data in this report reflect this positive progress.
  - The Council's Anti-Fraud, Bribery and Corruption Policy has been reviewed and is presented for approval.
  - The development of the service continues, with a number of improvements having been completed in the period.

## 2. Introduction

---

- 2.1 The Risk and Audit Service is managed by the Chief Internal Auditor, who reports to the Head of Corporate Resources.
- 2.2 The objective of the Service is *“to improve the control environment and reduce the likelihood and impact of risks to the Council.”*
- 2.3 In delivering this objective, the Service encapsulates the following teams:
- Internal Audit – this statutory service provides the internal audit function for all areas of the Council, including maintained schools. Internal Audit can be defined as: “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.” (Public Sector Internal Audit Standards)
  - Health and Safety – supports Council officers and members in providing an effective health and safety management system that meets the Council’s statutory health and safety duties; thereby controlling the risks of injury and ill health to staff and others affected by the Council’s activities.
  - Insurance – fulfils the duty to provide an appropriate insurance service for the Council, including claims management, advice on insurance issues and the management of insurable risk.
  - Risk and Resilience – develops risk management and mitigation strategies for the Council on emergency planning (ensuring that the Council meets its statutory responsibilities as a Category 1 responder under the Civil Contingencies Act 2004), public safety and business continuity issues.
- 2.4 This report summarises the main aspects of the performance of the Service for the period 1 September – 23 November 2016, covering the following areas:
- Internal Audit:
    - work undertaken in the period, including a summary of work completed and an outline of the high priority recommendations made.

- performance against Key Performance Indicators
- anti-fraud update
- developments relating to this part of the Service.
  
- Health and Safety, Insurance and Risk and Resilience:
  - work undertaken in the period, with key data provided where applicable
  - developments relating to these parts of the Service.

2.5 The report concludes by looking ahead to the challenges which will be addressed in the forthcoming period.

### 3. Internal Audit: Performance Update

#### 3.1 Work Completed

During the period 1 September – 23 November 2016, 8 audits were completed, in accordance with the Internal Audit Plan 2016/17, as approved by this Committee on 21 September 2016. These can be summarised as:

Audit Title	Audit Opinion	Recommendations		
		High	Medium	Low
Corporate Procurement	Moderate	6	7	1
Carbon Reduction Commitment Energy Efficiency Scheme	Minor	0	0	1
Changes to Staff (Pay Awards) – Schools	Very Good	0	1	0
Singleview	Assurance was provided in the “Delivery” stage of the project			
Disabled Facilities Grant 2015/16	Certification Provided			
Expanded Troubled Families February 2016 – September 2016	Certification Provided			
Liverpool City Region Sustainable Enhancements Package	Certification Provided			
Liverpool City Region M58 Junction Improvements 2016/17	Certification Provided			

A significant piece of audit work was conducted on Corporate Procurement. This was at the request of the external auditor, so as to assist them in formulating their Value for Money Conclusion for 2015/16. As this piece of work was additional to the Audit Plan agreed by this Committee, this has had a negative impact on the Key Performance Indicator relating to percentage of the Internal Audit Plan completed, but has added significant value in providing recommendations for the organisation so as to strengthen internal control in the Corporate Procurement system. It should be noted that the findings and associated recommendations relate to the whole system of procurement, comprising departments, Heads of Service and the Corporate Procurement Team.

There were 6 high priority recommendations made, and these related to:

- Uploading completed procurement sourcing risk assessments on to the Chest.
- Seeking approval from Cabinet for every procurement exercise through the submission of a report, also reporting any significant changes to procurement exercises to Cabinet.
- Further clarification of the next steps in relation to the Provision of Banking Services and Merchant Acquiring Services.
- Ensuring that information is recorded accurately and consistently in respect of the compilation of documentation relating to procurement exercises.
- Ensuring that appropriate pre-approval is obtained prior to undertaking a procurement exercise, and that any pre-approval includes relevant contract information detail e.g. title, expected value.
- Ensuring that the quality evaluation is undertaken by two officers from the client department who have the appropriate technical knowledge.

Assurances have been received that the recommendations will be implemented within a reasonable timescale, and further internal audit work will be undertaken to follow up on the implementation of the recommendations. This Committee will be kept fully informed of progress made. In addition, Internal Audit has provided detailed comments on the revised Contract Procedure Rules, incorporating themes from the recommendations made in the Internal Audit report.

The following additional pieces of work were completed in the period:

Audit Title	Scope/Findings
Advice and Consultancy	Advice has been provided in respect of the following: <ul style="list-style-type: none"> <li>• Removal of cheques</li> <li>• Leisure Budget Reconciliation</li> <li>• Sale of Asset</li> <li>• Procurement</li> <li>• My View Testing</li> </ul>
Follow up: Changes to Staff (Pay Awards) (Schools)	One recommendation was made in the original audit – this was found to have been implemented.

### 3.2 Key Performance Indicators

Description and Purpose	Target	Actual	Variance and Explanation
<p><b>Percentage of the Internal Audit Plan 2016/17 completed</b>            This measures the extent to which the Internal Audit Plan agreed by this Committee is being delivered. The delivery of the Plan is vital in ensuring that an appropriate level of assurance is being provided across the Council's systems.</p>	<p><b>60%</b>            (to 23/11/16)            See graph below</p>	<p><b>53%</b>            (to 23/11/16)            See graph below</p>	<p><b>-7%</b>            Significant resources were allocated to unplanned work most notably the Corporate Procurement Audit. In order to recoup time spent on this, the audit scope may have to be reduced on some of the remaining areas of the Internal Audit Plan, so as to complete the Plan and provide robust and comprehensive assurance.</p>
<p><b>Percentage of Client Survey responses indicating a "very good" or "good" opinion</b>            This measures the feedback received on the service provided, and seeks to provide assurance that Internal Auditors conduct their duties in a professional manner.</p>	<p><b>100%</b></p>	<p><b>94%</b></p>	<p><b>-6%</b>            Some "Adequate" responses were received. Eight individual questions were answered as "adequate", from a total of 142 answered.</p>
<p><b>Percentage of recommendations made in the period which have been agreed to by management</b>            This measures the extent to which managers feel that the recommendations made are appropriate and valuable in strengthening the control environment.</p>	<p><b>100%</b></p>	<p><b>100%</b></p>	<p>No variance</p>



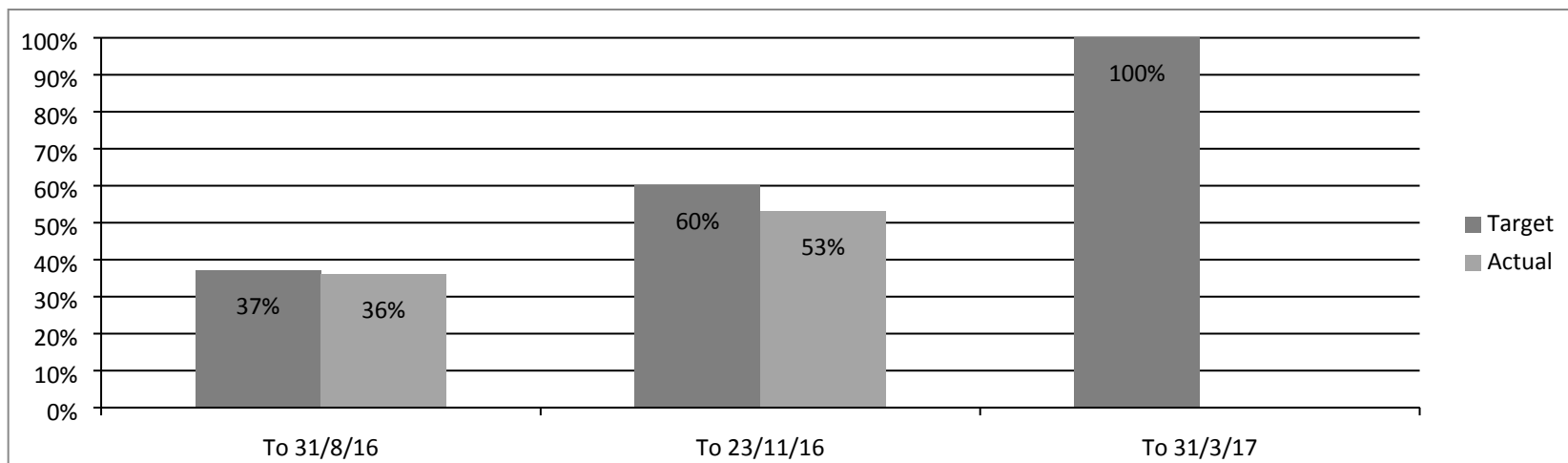


Figure 1: Percentage of the Internal Audit Plan 2016/17 Completed (profiled to coincide with the Audit and Governance Committee reporting dates)

### 3.3 Anti-Fraud

The following anti-fraud work has been undertaken during the period:

- All of the required data uploads were submitted to via the National Fraud Initiative (NFI) web facility operated by the Cabinet Office by the required deadline. A further upload will be submitted in respect of Council Tax (Single Person Discount) and Electoral Register data at the end of November 2016. Once the uploaded data has been matched to other data sources by the Cabinet Office, a series of data match reports will be released for review by the Council. These reports will be accessible through the NFI web facility.
- The Council's Anti-Fraud, Bribery and Corruption Policy was reviewed and is attached to this report at Appendix A. The policy is prefaced with a statement outlining the Council's commitment to the protection of public funds. The policy details the Council's strategy and approach regarding fraud, bribery and corruption and focuses predominantly on four main areas: Deterrence, Prevention, Detection and Investigation.

### 3.4 Developments

The Service has undertaken a review of its working practices, so as to ensure that these are fit for purpose and support efficient and effective working. This has led, in particular, to two key changes to the Internal Audit Report, which will allow clearer assurance to be provided to officers and members.

Firstly, the amendment to the recommendation priority levels from Critical/High/Medium to High/Medium/Low. This leads to a clearer classification of recommendations and should assist managers in formulating plans to implement these. The priority levels are defined as:

HIGH	MEDIUM	LOW
A matter that is <b>fundamental</b> to the system under review. The recommendation should be addressed as a matter of urgency.	A matter that is <b>significant</b> to the system under review.	A matter that <b>requires attention</b> and would improve the system under review.

Secondly, an audit opinion which reflects the risk to the organisation presented by the findings in the report has been implemented. This opinion is based upon an assessment of the impact of the risks to the Council if the risks identified in the report were to materialise, and the likelihood of materialisation. This makes the report clearer to for officers and members, and helps to place the risks identified within a single audit report within an organisational context. The opinions are explained as:

LEVEL	EXPLANATION
MAJOR	There is a major risk presented to the Council by the risks identified in the review.
MODERATE	There is a moderate risk presented to the Council by the risks identified in the review.
MINOR	There is a minor risk presented to the Council by the risks identified in the review.
NEGLIGIBLE	There were no risks identified during the review.

## 4. Health and Safety: Performance Update

---

### 4.1 Work Completed

During the period, the following key pieces of work/projects have been undertaken:

- The first round of Health and Safety subcommittee meetings (in their reconfigured form) has taken place. Engagement with Departments and Trade Unions has been positive. The key matters raised were then discussed at the Corporate Health and Safety Committee, which was held in October. This has resulted in a number of actions to develop the corporate approach to a number of key health and safety matters.
- The Council's Stress Policy has been revised and endorsed by the Corporate Health and Safety Committee, Cabinet Member and Chief Executive. The Corporate Health and Safety Committee agreed to set up a working group to review how the policy should be implemented and how to secure engagement. A workshop on work-related stress in schools was held on 9<sup>th</sup> November. The event was a great success and has helped to "kick start" the pilot exercise the Council is engaged in with the Health and Safety Executive to look at ways of managing and reducing stress in schools.
- The Council's Corporate Health and Safety Policy has also been revised and endorsed by the Corporate Health and Safety Committee, Cabinet Member and Chief Executive.
- An agreement has been developed to work with an outside training provider in order to improve and expand the health and safety services offer to schools.

### 4.2 Key Incident Data

The data below relates to the period 1 September 2016 to 23 November 2016:

<b>Number of incidents reported to the Health and Safety Executive under RIDDOR</b> (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013)	2
<b>Number of substantial complaints</b> (those which have warranted investigation)	2

### **4.3 Developments**

- The Health and Safety Team is continuing to develop its role and profile in order to have a greater corporate influence by being consulted as a matter of course in key decisions and strategies that have health and safety implications.
- There is a newly convened group of Health and Safety managers from each of the Councils comprising the Liverpool City Region. Sefton hosted one of the meetings which generated some useful discussion regarding closer working and sharing of good practice.
- The Health and Safety Team is to support a water safety working group to review the Council's Legionella Management Plan and to monitor its effectiveness in controlling the risk of legionella in Council buildings or those occupied by Council staff.

## 5. Insurance: Performance Update

---

### 5.1 Work Completed

During the period, the following key pieces of work/projects have been undertaken:

- The Authority's insurance contract was renewed on 29th September 2016. Premiums secured were broadly in line with the previous year. However, due to increases in sums insured and exposure, premiums for the Material Damage and Professional Indemnity policies rose slightly. There was also a small increase in the premium for the Engineering policy, which was due to an increase in the Retail Prices Index.
- Sefton was one of the first Councils to undertake insurance renewal since the Insurance Act 2015 came into force on 12 August 2016. The Act places a greater onus on the Authority to disclose to its insurers a fair presentation of its risk, which discloses every material circumstance in a clear and accessible way after carrying out reasonable searches on what is known or ought to have been known. The involvement of Departments in providing the relevant information was invaluable in enabling the renewal process to comply with the Act, and feedback received from the Council's insurance brokers has been very positive.
- The first night of this year's Southport Air Show had to be cancelled due to projected high winds, and there has been liaison with the Tourism service so as to obtain relevant details to support the insurance claim.

### 5.2 Key Claims Data

This data relates to the period since the last update (1 August to 31 October 2016):

<b>Category</b>	<b>Number of claims received</b>	<b>Total reserve on claims received (£)</b>	<b>Number of insurance claims paid out</b>	<b>Amount paid out in insurance claims (£) (not necessarily related to claims received in this period)</b>
Public Liability	71	315,995	27	114,037
Employer's Liability	4	72,085	3	34,682
Motor Vehicle	29	38,870	13	7,608

### 5.3 Developments

- Work continues to formalise the contract management arrangements with the insurance provider and claims handlers, so as to strengthen the relationship and to ensure the maximisation of benefits to the Council.
- A number of areas for improvement have been identified in relation to insurance claim processes and reporting on claims in some service areas. Discussions are to commence with relevant officers in order to streamline the process so as to become more efficient.
- Work will soon commence to renew the Service Level Agreement for insurance for Sefton schools for 2017/18. The Council is able to offer a favourable package for schools, and it is hoped that this will lead to a high level of take up.

## 6. Risk and Resilience: Performance Update

---

### 6.1 Work Completed

During the period, the following key pieces of work/projects have been undertaken:

- The Rest Centre Plan is nearing completion, following a modelling exercise for each site over the summer. Walkthrough sessions will be held with the team of volunteers so as to ensure they are prepared if the sites have to be mobilised in the event of a major incident.
- The awareness session held by Merseyside Resilience Forum on 9 September 2016 was very successful, and is to become an annual event. The team provided significant support to the event and Sefton Council officers attended.
- The team has participated in two exercises to increase awareness and readiness for dealing with emergencies: Operation Cygnus – a national exercise relating to a pandemic of influenza, and Operation Ferranti – a regional exercise relating to a power outage. Both exercises proved extremely useful in informing Sefton’s planned responses to such emergencies.
- Following a large fire at a scrap metal yard at Bootle Docks over the weekend of 21-23 October 2016, the Council was contacted to support the emergency services’ response. The Emergency Duty Co-ordinator (EDC) attended two multi agency “Tactical Command” meetings during the incident. The main support required related to warning and informing nearby residents and Wirral and Liverpool Councils of the potential for them to be affected by the smoke plume. It transpired that the wind direction blew the plume out to sea. An internal debrief was held to capture good practice and identify lessons for the future. A multi-agency debrief was then held to consider the overall collaborative approach to the response. Feedback confirms that the response was successful.

## 6.2 Developments

- Considerable work has been undertaken to develop the Council's risk management arrangements. An updated Corporate Risk Register and Risk Management Handbook are presented to this Committee as separate items for approval. The team will then continue to support the Council in its risk management activities, and develop the robustness of this approach further over the medium term.



## 7. Looking Ahead

---

- 7.1 The last report to this Committee discussed the process of development and transformation of the Service, and highlighted a number of key strands to the Development Plan in place. Progress in the completion of the Development Plan is positive, with a continued focus on striving for excellence.
- 7.2 Over the next period, the section will focus on a number of key projects as part of this journey:
- Compilation of the Internal Audit Plan 2017/18 for presentation to this Committee in March 2017. This will involve extensive engagement with Senior Officers and will aim to provide a comprehensive assurance on the key risks facing the Council. This will be particularly pertinent given the significantly changing risk profile of the Council, and the focus will be on ensuring that Internal Audit adds value as part of the transformation process.
  - The assessment of the Council's corporate governance arrangements against the CIPFA/SOLACE "Delivering Good Governance in Local Government" framework, so as to inform the Annual Governance Statement 2016/17.
  - Development of a number of strategies for raising the profile of the section, including holding a Risk Conference. This will provide an opportunity to engage with Senior Leadership Board members, so as to provide impetus to projects being taken forward by the Service.

## 8. Conclusions

---

- 8.1 Internal Audit has made positive progress in the completion of the Internal Audit Plan 2016/17 in the period, being very close to meeting the performance indicator. Performance in respect of the agreement of recommendations and the feedback from clients has been particularly positive and reflects the value added by the Service. In order to recoup time spent on the unplanned work on Corporate Procurement, the audit scope may have to be reduced on some of the remaining areas of the Internal Audit Plan, so as to complete the Plan and provide robust and comprehensive assurance.
- 8.2 The Service has revised the Council's Anti-Fraud, Bribery and Corruption Policy, so as to align it with best practice and Members are asked to approve this.
- 8.3 Health and Safety has been involved in reviewing key corporate Health and Safety policies, in conjunction with the Corporate Health and Safety Committee. Key incident data shows a positive picture in terms of the Council's Health and Safety record, with very few incidents having been reported to the Health and Safety Executive.
- 8.4 The Insurance Team has completed the insurance renewal effectively and has complied with the Insurance Act 2015 in so doing.
- 8.5 The Risk and Resilience Team is using experience from real and hypothetical incidents to inform and strengthen the Council's emergency planning arrangements.



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

**October 2016**

# Version Control

Owner:	<b>Internal Audit</b>
Date Approved:	<b>Presented to Audit and Governance Committee for approval 7 December 2016</b>
Date Implemented:	<b>Immediately following approval</b>
Version Number:	<b>2.0</b>
Next Review Due:	<b>October 2017</b>

<b>Change History</b>	
<b>Date</b>	<b>Change Details</b>
26/10/16	Full Review of Policy

# Contents

<b>Section</b>	<b>Content</b>	<b>Page</b>
Section 1	Foreword	1
Section 2	Definitions	1
Section 3	Expected Behaviour	2
Section 4	Deterrence	2
Section 5	Prevention	3
Section 6	Detection	4
Section 7	Investigation	5
Section 8	Training and Awareness	5
Appendix 1	Fraud, Bribery and Corruption - Definitions	7
Appendix 2	Nolan Committee – 7 Principles of Public Life	8
Appendix 3	Key Roles and Responsibilities in Minimising the Risk of Fraud, Bribery and Corruption	9
Appendix 4	Rules, Policies and Procedures	10

# Anti-Fraud, Bribery and Corruption Statement

Sefton Council is committed to the protection of public funds and has a 'zero tolerance' policy towards fraud, bribery and corruption.

We aim to minimise the risk of fraud, bribery and corruption through an integrated approach which includes deterrence, prevention, detection and investigation of incidences.

Where fraud, bribery or corruption is identified, whether from internal or external sources, appropriate action will be taken as necessary. This may include disciplinary and/or legal action.

The Council's framework for managing the risk of fraud includes a commitment to:

- maintain an anti-fraud culture across the organisation
- minimise opportunities for fraud, bribery and corruption through effective systems, procedures and controls
- maintain effective systems and procedures for the detection of fraud, corruption and bribery
- investigate confirmed reports of fraud, bribery and corruption in an appropriate manner
- report incidents of fraud, bribery and corruption to the appropriate authorities as appropriate
- ensure staff are aware of the risks of fraud, bribery and corruption and their obligations
- impose sanctions and recovering losses where fraud, bribery and corruption is identified

I urge all employees, members, contractors, partners and members of the public to assist the Council in tackling fraud, bribery and corruption in order to ensure that financial resources are utilised in the areas where they are needed most.



Margaret Carney

Chief Executive

## 1. Foreword

- 1.1 As with many other public bodies, the Council has an obligation to maintain high standards in order to protect the funds and assets it is entrusted with. Sefton Council is committed to ensuring that its affairs are conducted with honesty, openness and integrity. To this end, effective governance, risk management and internal control systems are central in maintaining public confidence and ensuring that the public purse is adequately protected.
- 1.2 This policy sets out the Council's approach in managing the risk of fraud, bribery and corruption both internally and externally and applies to all individuals who work for the Council i.e. employees, members and those who have dealings with the council e.g. partners, suppliers, contractors, service users, customers.
- 1.3 The policy includes details of the Council's strategy in deterring, preventing, detecting and investigating fraud, bribery and corruption. It also provides guidance on how any individual can report suspected fraudulent or corrupt activity in confidence.
- 1.4 Schools should maintain their own Anti-Fraud, Bribery and Corruption Policy. In this respect, schools may adopt the Council's policy through their respective governing bodies and amend it as applicable for their own purposes.

## 2. Definitions

- 2.1 **Fraud** is "the intentional distortions of financial statements or other records which are carried out to conceal the misappropriation of assets or otherwise for gain"
- 2.2 The Fraud Act 2006 identifies 3 categories of fraud:
  - False Representation
  - Failure to Disclose Information
  - Abuse of Position
- 2.3 **Bribery** is "the offering, promising, giving, soliciting, agreement to accept or acceptance of a financial or other advantage which may induce or reward a person to perform improperly a relevant function under the Bribery Act 2010".
- 2.4 **Corruption** can be committed in a number of ways and can be defined as "the abuse of entrusted power for private gain".
- 2.5 Further explanation of Fraud, Bribery and Corruption is provided at Appendix 1.

### **3. Expected Behaviour**

#### **Employees and Members**

- 3.1 All members and employees are required to demonstrate the highest standards of honesty, openness and integrity at all times. This includes compliance with the provisions of the Employee and Members Codes of Conduct which set out expected behaviour requirements including the declaration of:
- Additional employment,
  - Personal/pecuniary interests
  - Gifts, hospitality and favours
- 3.2 The Code of Conduct for Members is based on the Nolan Committee's 7 principles of Public Life which include Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership. Further explanation of these principles is provided in Appendix 2.
- 3.3 Employees who are members of professional bodies will also be guided in accordance with their body's own standards of behaviour.

#### **The Public and Other External Parties**

- 3.4 Members of the public, partners, suppliers, contractors and any other external parties who have dealings with the Council, are also expected to act with integrity and honesty in any dealings they have with the Council.

### **4. Deterrence Mechanisms**

- 4.1 The Council will employ a variety of measures to deter potential fraudsters from committing or attempting fraudulent or corrupt acts including bribery, whether they are internal or external to the Council.
- 4.2 These include;
- Publicising that the Council is firmly set against fraud, bribery and corruption e.g. clauses in contracts, benefit claim forms, publications, committee reports, website etc.
  - Where applicable claim/application forms will inform service users that their data will be shared in order to prevent and detect fraud and include details of the ability to prosecute as applicable.
  - Acting firmly and decisively when fraud, bribery and corruption are suspected, also taking appropriate action where the case is proven e.g. termination of contracts, dismissal and prosecution.
  - The operation and advertising of a Council Tax fraud hotline.



- The operation and advertising of confidential reporting (“whistleblowing”) and complaints procedures.
- Reporting details of detective and investigative fraud work to the Audit and Governance.
- Potential press coverage of criminal proceedings resulting in a successful prosecution.
- Taking action to effect the maximum recoveries for the Council e.g. through agreement, court action, penalties, insurance and any other appropriate methods.

## **5. Prevention**

### **Governance, Risk Management and Internal Control**

- 5.1 Governance can be described as “the systems and processes, the cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities”.
- 5.2 The Council’s governance arrangements seek to minimise the risk of fraud, bribery and corruption through effective leadership and management and development of a culture of openness and transparency. The Council’s rules, policies and procedures are also integral part of the system of governance and risk management. These are set out in Appendix 3. Whilst the list is not exhaustive it serves to demonstrate the wide range of measures that have been established.
- 5.3 There are a number of roles which are integral to the promotion of a culture which seeks to minimise instances of fraud, bribery and corruption and maintain adequate risk management and internal control arrangements, as follows:
- Audit and Governance Committee
  - Section 151 Officer
  - Monitoring Officer
  - Chief Internal Auditor
  - Internal Audit
  - Other Teams
  - Management
  - External Audit
- 5.4 Further details of these roles and their responsibilities in relation to the minimisation of fraud, bribery and corruption are detailed in Appendix 4.

### **Fraud Alerts**

- 5.5 Internal Audit receives fraud warnings from other organisations, most notably fraud bulletins provided by the National Anti-Fraud Network. On receipt of these bulletins, the appropriate personnel are notified and action taken as appropriate to detected and prevent any potential instances.

- 5.6 Where necessary the alert may require wider notification to the whole council and possibly the general public. In these instances, an alert will be published as necessary on the Council's Intranet and/or website as appropriate.

## **6. Detection**

### **Internal Reporting**

- 6.1 The Council encourages its employees to report concerns about fraud, bribery and corruption. Normally such reports will be made via the employee's line manager but, if necessary, there are alternative routes available, including:
- Chief Executive
  - Head of Regulation and Compliance (Monitoring Officer)
  - Head of Corporate Resources
  - Heads of Service
  - Chief Internal Auditor
- 6.2 Employees must feel free to report their concerns without fear of intimidation. The Council has a Whistleblowing Policy which has been introduced to reassure individuals that it is safe and acceptable to raise any concern about malpractice at an early stage in the certainty that it will be treated and investigated with the utmost confidentiality. The policy also provides assurances that there will be protection from reprisals if the concern has been raised in good faith. However, it should be emphasised that abusing this process by raising unfounded, malicious allegations will be treated as a serious disciplinary matter. The policy applies to all individuals who work for the Council; whether full-time or part-time, employed through an agency or as a volunteer.

### **External Referrals**

- 6.3 The public or any parties which the Council deals with can raise concerns by submitting details of the concern via the Council's electronic Whistleblowing Referral Form through the **Report-IT** option on the Council's website. Various methods of reporting Council Tax fraud are also available including on-line forms, telephone and post. These are detailed on the Council's website in the Benefit and Council Tax Fraud section within the Advice & Benefits option on the homepage.
- 6.4 As of 1<sup>st</sup> October 2015, responsibility for the investigation of Housing Benefit fraud transferred to the Department for Work and Pensions. Contact details are also available on the Sefton Council website.
- 6.5 The Council has systems for administering complaints which are directed via the relevant route according to the nature of the complaint. This includes specific complaints against members, social care, schools and consultations. Further information is available on the Council's website.
- 6.6 Complaints may also be submitted to the Local Government Ombudsman.

### **Member Complaints**

- 6.7 Complaints made against members should be made using the member complaint form on the Council's website in the "Consultations, complaints and feedback" section.

- 6.8 If a member is approached or advised of a concern regarding fraud, bribery or corruption, the member should follow the outlined in the **Internal Reporting Section** of this policy.

### **Data Matching/Sharing**

- 6.9 The Council provides data to the Government's Cabinet Office for matching to other data sources as part of the National Fraud Initiative. This may identify anomalies which may be indicators of fraud or error e.g. Council Tax, Payments to Care Homes. Periodically, information is also obtained from credit reference agencies to provide additional information which assists in the detection of fraud e.g. Council Tax.

## **7. Investigation**

- 7.1 The Council will conduct investigations as appropriate in accordance with the law and internal policy requirements.
- 7.2 Any incidents involving employees will be dealt with in accordance with the **Employee Disciplinary Procedures and Guidelines**. Reports of incidents involving elected members will be dealt with in accordance with the **Member Complaints Procedure**.
- 7.3 The Council seeks to ensure that there is consistent treatment of any matters referred and that all investigations are carried out thoroughly by suitably qualified and experienced officers.
- 7.4 If there is a suspicion of criminal activity, the investigators may contact the police and seek advice regardless of whether it involves an employee, member or individual external to the Council. Internal investigation will progress alongside any criminal investigations conducted by the police.
- 7.5 Options for redress may include recovery of monies and/or assets through various means available to Council and where a fraud has been committed by contractor, termination of the contract.

## **8. Training and Awareness**

- 8.1 The Council recognises that the continuing success of its Anti-Fraud, Bribery and Corruption Policy and its general credibility will depend largely on the effectiveness of programmed training, communication and responsiveness of officers throughout the organisation.
- 8.2 Communication of this Policy will be included in induction training, both for elected Members and new employees of the Council.
- 8.3 Awareness will be raised by publishing this Policy on the Council's intranet and internet sites.
- 8.4 Sefton Council staff have also been requested to take extreme care in terms of their online activity, particularly where they receive suspicious or unsolicited emails.

## **Fraud, Bribery and Corruption – Definitions**

**Fraud** - is “the intentional distortions of financial statements or other records which are carried out to conceal the misappropriation of assets or otherwise for gain”

The Fraud Act 2006 identifies 3 categories of fraud:

- False Representation
- Failure to Disclose Information
- Abuse of Position

**False Representation** – a person dishonestly makes a false representation in order to make a gain for themselves (or others) or to cause loss to another person. A representation is false if it is untrue or misleading and the person making it knows that it is, or might be, untrue or misleading.

*Example: Where an individual falsely claims to be the only adult liable for payment of Council Tax in the property in order to be eligible for Single Person Discount.*

**Failure to Disclose Information** – a person fails to disclose to another person, information which they are under a legal duty to disclose in order to make a gain for themselves (or others) or to cause loss to another person.

*Example: Where an individual fails to disclose all relevant financial interests in order to qualify for a benefit.*

**Abuse of Position** – a person occupies a position in which they are expected to safeguard, or not act against, the financial interests of another person and then dishonestly abuses that position in order to make a gain for themselves (or others) or to cause loss to another person.

*Example: Where a staff member procures goods and services through the Council's accounts for their own benefit.*

**Bribery** - an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.

The Bribery Act 2010 defines bribery in four categories:

- Making a Bribe
- Accepting a Bribe
- Bribery of Foreign Public Officials
- Failure to Prevent a Bribe

*Example: Where a staff member involved in the award of contracts receives a personal payment from a supplier/contractor for the award of the contract.*

**Making a Bribe** – “Financial or other advantage” to another individual in exchange for “improperly” performing a “relevant function or activity”.

**Accepting a Bribe** - Requesting, accepting or agreeing to accept “financial or other advantage”, in exchange for improperly performing such a function or activity.

## Appendix 1

**Bribery of Foreign Public Officials** - A person will be guilty of this offence if they promise, offer or give a financial or other advantage to a foreign public official, either directly or through a third party, where such an advantage is not legitimately due.

**Failure to Prevent a Bribe** – Failure by a commercial organisation, to prevent a bribe being paid for or on its behalf. It will be a defence if the organisation has “adequate procedures” in place to prevent bribery.

Employees convicted under the Act can face a maximum penalty of ten years imprisonment and / or a large fine

**Corruption** is the abuse of power for private gain can be committed in a number of ways including through bribery.

*Example: Where an officer in a position of power uses their authority to make a decision which benefits them or an associate e.g. planning application approval despite legitimate objections.*

## **Nolan Committee – 7 Principles of Public Life**

### **Selflessness**

Holders of public office take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

### **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their performance of their official duties.

### **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

### **Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

### **Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

### **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties to take steps to resolve any conflicts arising in a way that protects the public interest.

### **Leadership**

Holders of public office should promote and support these principles by leadership and example.

## **Key Roles and Responsibilities in Minimising the Risk of Fraud, Bribery and Corruption**

### **Audit and Governance Committee**

The role of the Committee includes consideration of the Council's internal control systems, risk management and corporate governance issues. The committee also monitors Council policy on whistle-blowing, fraud, bribery, corruption, money laundering and the Council's complaints process and reviews as necessary.

### **Section 151 Officer**

The Council has appointed an officer with the statutory responsibility under Section 151 of the Local Government Act 1972 "to ensure the proper arrangements of the Council's financial affairs".

### **Monitoring Officer**

The Council has appointed an officer with the statutory responsibilities under Section 5 of the Local Government and Housing Act 1989. The Monitoring Officer's duties include ensuring that the Council acts within the law, promotion of high standards of conduct amongst members, conducting investigations where required and maintenance and operation of the Confidential Reporting ("Whistleblowing") Policy.

### **Chief Internal Auditor**

The Head of Risk and Audit Services in their role of Chief Internal Auditor is responsible for giving an objective and evidence based opinion on all aspects of governance, risk management and internal control. This includes controls relating to the prevention and detection of fraud and corruption.

### **Internal Audit**

Section 5 of the Accounts and Audit Regulations 2015 states "a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance". To this end the Internal Audit Section independently examines, evaluates and reports on the adequacy and effectiveness of these processes.

### **Other Teams**

Within the Council there are a number of teams who have a duty to prevent, detect and investigate instances of fraud e.g. Council Tax.

### **Management**

It is the responsibility of all its managers to establish and maintain sound systems of internal control and to ensure that the Council's resources are properly applied on the activities intended. This includes responsibility for the prevention and detection of fraud, bribery and corruption.

### **External Audit**

Part of the remit of the External Auditors is to ensure that the Council has adequate arrangements in place in relation to the prevention and detection of fraud and corruption.

## **Rules, Policies and Procedures**

The Council's main rules and procedures aimed at preventing fraud, bribery and corruption are as follows:

- Financial Procedure Rules
- Procurement Rules
- Code of Conduct for Members
- Employee Code of Conduct
- Code of Conduct for Members and Officers Dealing with Planning Matters (set out in the Constitution)
- Effective Recruitment and Selection Procedures
- Procurement Procedures
- Confidential Reporting ("Whistleblowing") Policy
- Complaints Procedures
- Disciplinary Procedures