

<b>MEETING:</b>	Audit Committee
<b>DATE:</b>	Wednesday, 4 December 2019
<b>TIME:</b>	4.00 pm
<b>VENUE:</b>	Reception Room, Barnsley Town Hall

## AGENDA

### Procedural/Administrative Items

1. Declarations of Pecuniary and Non-Pecuniary Interest
2. Minutes (*Pages 3 - 8*)  
To receive the minutes of the meeting held on 11<sup>th</sup> September, 2019.

### Items for Discussion/Decision

3. Information Governance and Cyber Security

The Head of IT (Service Management) will present an update of the current position with regard to Information Governance and Cyber Security and seek Members views on current provision.

4. Annual Governance Statement Action Plan 2018/19 (*Pages 9 - 12*)

The Chief Executive and Executive Director Core Services will submit a joint report supporting the updated Action Plan relating to the issues identified following the Annual Governance Review for 2018/19.

5. Annual Review of the Effectiveness of Internal Audit (*Pages 13 - 20*)

The Head of Internal Audit, Anti-Fraud and Assurance will submit a report on the framework proposed to prepare, manage and deliver the Quality Assurance and Improvement Programme for the Internal Audit function as required by the Public Sector Internal Audit Standards 2017.

6. Internal Audit Progress Report 2019/20 (*Pages 21 - 36*)

The Head of Internal Audit, Anti-Fraud and Assurance will submit a report summarising the Internal Audit activity completed and the key issues arising from it together with the performance of the function for the period 1<sup>st</sup> April to 31<sup>st</sup> October, 2019.

7. Corporate Anti-Fraud and Corruption Policies (*Pages 37 - 130*)

The Head of Internal Audit, Anti-Fraud and Assurance will submit draft versions of the following policies and requesting the Committee to make any necessary observations and suggestions prior to their submission to Cabinet for approval:

- Corporate Anti-Fraud and Corruption Policy
- Corporate Anti-Fraud and Corruption Strategy
- Corporate Anti-Bribery Policy
- Corporate Prosecutions Policy
- Corporate Fraud Response Plan

- Confidential Reporting Policy
- Corporate Anti-Money Laundering Policy

## Items for Information

### 8. External Audit Progress Report

The Council's External Auditor (Grant Thornton) will present a verbal update on the current position with regard to External Audit work undertaken on behalf of the Authority to date in the 2019/20 audit cycle.

### 9. Audit Committee Work Plan 2019/20 and 2020/21 (*Pages 131 - 134*)

The Committee will receive the indicative Audit Committee Work Plan for the remainder of the 2019/20 Municipal Year and for 2020/21.

To: Chair and Members of Audit Committee:-

Councillors Richardson (Chair), Barnard, P. Birkinshaw and Lofts; together with Independent members Ms K Armitage, Ms D Brown, Mr S Gill, Mr P Johnson and Mr M Marks

Chief Executive

All Executive Directors

Andrew Frosdick, Executive Director Core Services

Rob Winter, Head of Internal Audit

Neil Copley, Service Director Finance (Section 151 Officer)

Ian Rooth, Head of Financial Services

Michael Potter, Service Director Business Improvement and Communications

Louise Booth, Audit Manager

Council Governance Unit – 3 copies

Please contact William Ward on email [governance@barnsley.gov.uk](mailto:governance@barnsley.gov.uk)

Tuesday, 26 November 2019

<b>MEETING:</b>	Audit Committee
<b>DATE:</b>	Wednesday, 11 September 2019
<b>TIME:</b>	4.00 pm
<b>VENUE:</b>	Reception Room, Barnsley Town Hall

## MINUTES

**Present** Councillors Richardson (Chair), Barnard, P. Birkinshaw and Lofts together with Independent Members - Ms K Armitage, Ms D Brown, Mr S Gill, Mr P Johnson and Mr M Marks

### 23. DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

There were no declarations of interest from Members in respect of items on the agenda.

### 24. MINUTES

The minutes of the meeting held on the 22<sup>nd</sup> July, 2019 were taken as read and signed by the Chair as a correct record.

### 25. RISK MANAGEMENT UPDATE

The Head of Internal Audit, Anti-Fraud and Assurance provided an update on current Risk Management issues.

He reported that following the departure from the Authority of the Risk and Governance Manager he had taken over the responsibility for risk management. This had allowed opportunity to reflect on the overall corporate capacity and approach to risk management and to this end an external consultant had been appointed to report to the Senior Management Team on suggested ways forward to develop both governance and engagement as well as the formatting of risk registers so that they could be developed into a more useable and easily manageable tool for senior management. In summary, this would be an overarching review of operational and strategic procedures in relation to risk management.

An initial presentation had been made by the Consultant to the Senior Management Team and officers were reflecting on the information presented in order to produce a framework for development. It was hoped that a presentation on the future proposals could be made to the training/awareness session to be held on the 30<sup>th</sup> October, 2019.

Members were then informed that the Risk and Governance Manager post had been replaced by a Corporate Governance and Assurance Manager post. The post holder, once appointed, would report directly to the Head of Internal Audit, Anti-Fraud and Assurance and would focus mainly on responsibilities centring on governance processes, Corporate Governance, the Annual Governance Statement and the further development of the role of the Audit Committee. This post was to be advertised on Friday 13<sup>th</sup> September, 2019.

**RESOLVED** that the report be received and that a further update be provided for the training/awareness session planned for the 30<sup>th</sup> October, 2019.

## **26. CORPORATE FINANCIAL PERFORMANCE REPORT - QUARTER ENDED 30TH JUNE, 2019**

The Executive Director Core Services and Service Director Finance submitted, for information, a joint report that was submitted to Cabinet on the 4<sup>th</sup> September, 2019 outlining the financial performance of the Authority during the first quarter ended 30<sup>th</sup> June, 2019 and assessing the implications against the Council's Medium Term Financial Strategy.

It was noted that the position for Council was a projected operational underspend of £2.579m for 2019/20. The overall position on Corporate Budgets showed an operational underspend of £1.000m. Although the first quarter was reporting a positive position, the Council still had some significant savings to deliver over the next three years within a financial climate that remained both uncertain and challenging.

The Cabinet, in noting the forecast underspend for 2019/20, had approved the recommended write off totalling £0.575m of historic debt which amounted to £0.510m from the General Fund and £0.0655m from the Housing Revenue Account as detailed within paragraph 7.3 of the report. The Cabinet had also approved various Virements as detailed within Appendix 1.

In the ensuing discussion the following matters were raised:

- It was noted that the outturn position as at the end of June 2019 for the People Directorate was £4,000 which was pleasing to note given the issues of the past. It was further noted that the Directorate had a projected balance budget for the end of the year
- There was a discussion of the Authority's policy with regard to bad debt/arrears provision, of the difficulties of pursuing historical debt as well as the rationale for writing off such debt. It was noted that whilst current bad debt provision had increased from the start of the year, it was anticipated to reduce throughout the rest of the year as more income was collected. In response to further questioning, it was reported that provision for bad debt detailed within paragraph 7.2 had been included within the budget. It was stressed that debts were pursued where ever possible, however, resources had to be targeted to where there was a realistic opportunity for recovery
- Reference was made to the involvement with 29 other local authorities in the HMRC12 month pilot trialling the use of data sharing powers under the Digital Economy Act 2017 which would allow attachment of earnings to be made for monies owed. The pilot was still in its infancy but initial feedback indicated that it would be successful and further information would be provided once this became available
- There was a discussion of the Delegated DSG budget particularly in relation to Penistone Grammar. It was noted that the school had a reported deficit projected for the current year. The Service Director Finance stated that he would provide an update of the current position with regard to the implementation of the plan agreed with the school to address or reduce that deficit

- Arising out of the above, reference was made to the recent announcement by the government of additional funding for schools which it was noted would have a massive positive impact for all schools in the borough
- The concerns now raised with regard to alleged problems encountered by some individuals with the Allpay system would be investigated
- Reference was made to the reasons for the underspend of £2.133m within the Public Health Directorate and it was noted that this was earmarked to support the delivery of the current 4 year Public Health Plan which would then result in a balanced year-end position
- It was noted that the cost of opioids was having a cost pressure on the Healthier Communities Business Unit and that work was continuing to identify alternative solutions

**RESOLVED** that the report be received.

## **27. CAPITAL PROGRAMME PERFORMANCE REPORT - QUARTER ENDED 30TH JUNE, 2019**

The Executive Director Core Services and Service Director Finance (Section 151 Officer) submitted, for information, a joint report, which had been considered by Cabinet on the 4<sup>th</sup> September, 2019 on the financial performance of the Council's Capital Programme to the quarter ended 30<sup>th</sup> June, 2019 and assessing the implications against the Council's Medium Term Financial Strategy.

The Service Director Finance stated that there were no major issues to report, however the key headlines for the report indicated that:

- The position of the Capital Programme for the 2019/20 financial year was currently projected to be lower than anticipated expenditure of £6.219m; and
- The position of the Capital Programme over the five year period to 2023/24 was currently projected to be lower than anticipated expenditure of £1.872m

The Cabinet had noted the 2019/20 and overall five year Capital Programme positions and had approved the 2019/20 scheme slippage totalling £4.347m. It had also approved a total net decrease in scheme costs in 2019/20 of £1.872m which all related to restricted funding.

Particular reference was made to the authority's strategy for the utilisation of Section 106 monies and to the way in which such funding was allocated to various schemes.

**RESOLVED** that the report be received.

## **28. TREASURY MANAGEMENT UPDATE - QUARTER ENDED 30TH JUNE, 2019**

The Executive Director Core Services and Service Director Finance submitted, for information, a joint report which had been considered by Cabinet on the 4<sup>th</sup> September, 2019 reviewing the treasury management activities carried out by the Council during the quarter ended 30<sup>th</sup> June, 2019 in accordance with statutory guidance.

The report gave details of the following:

- The overarching Treasury Management Strategy for 2019/20
- An Economic Summary
- The Council's borrowing and leasing activity
- The Council's Investment activity
- Prudential and Treasury Indicators for 2019/20

The Cabinet had noted the latest expectations for interest rates, the Treasury Management activities undertaken during the first quarter which supported the Council's borrowing and investment strategies together with the Prudential and Treasury Indicators as detailed within Appendix 1 of the report.

The Service Director Finance Committee stated that there were no major issues to report, however, he briefly touched upon the current position with regard to interest rates and on the implications this could have for the Authority and for future borrowing requirements.

**RESOLVED** that the report be received.

## **29. ANNUAL AUDIT LETTER**

The Council's External Auditor (Grant Thornton) submitted their Annual Audit Letter summarising the key findings arising from the work undertaken for the Council and its subsidiaries for the year ended 31<sup>st</sup> March, 2019, detailing the reports issued to August 2019, the audit fees charged (including the way these had been calculated), outlining the scope of the audit and the arrangements for undertaking additional work for which separate fees were applicable.

Mr G Mills, from Grant Thornton, reminded Members that their External Audit Governance Report had been approved by the Council at its meeting held on the 25<sup>th</sup> July, 2019 and that an unqualified audit opinion had been issued in relation to the Authority's financial and Value for Money statements. This was a pleasing end to their first year as the Authority's External Audit.

**RESOLVD** that the Annual Audit Letter be received.

## **30. BUSINESS IMPROVEMENT, HUMAN RESOURCES AND COMMUNICATIONS PROGRESS REPORT**

The Service Director Business Improvement, Human Resources and Communications submitted a report providing an overview of the functions of the Business Improvement, Human Resources and Communications Business Unit and related elements of the Annual Governance Statement process. The Annual Customer Feedback report was provided as an Appendix to that report.

He reported that this was a new Business Unit that had been established from the 1<sup>st</sup> June, 2019 the functions of which were then outlined. The report, which had been framed around the Annual Governance Statement, had been presented to Cabinet on the 4<sup>th</sup> September, 2019.

In the ensuing discussion, the following matters were highlighted:

- Reference was made to the need for and success of the workplace counselling that was available via the Occupational Health Unit. It was noted that 178 employees had been supported during 2018/19
- Arising out of the above, it was reported that the Corporate Peer Review had identified that a number of members of staff appeared to be feeling overworked. This was perhaps understandable given the staffing reductions that had taken place as a result of the financial restrictions. As a result, a review of the wellbeing service and strategy was being undertaken. The service continued to respond well to all referrals, but, of course, could always do more. These type of issues had been raised by the Trade Unions nationally. It was hoped that well-being and health could be incorporated into an overarching mental health strategy
- There was a discussion of the levels of sickness absence for 2018/19
  - it was noted that total absence per employee for 2018/19 was 7.84 days per employee which was an improvement from 7.87 for the previous year
  - there had been a year on year improvement from 2013/14 onwards
  - Barnsley also compared favourably to other authorities
  - It was noted that stretch target for days lost was 6 days
  - In response to questioning, the Service Director stated that he could provide absence information for the whole economy compared to the local authority sector

**RESOLVED** that the report be received and that the Service Director Business Improvement, Human Resources and Communications be thanked for attending the meeting and for answering Members questions.

### **31. AUDIT COMMITTEE WORK PLAN 2019/20 AND 2020/21**

The Committee received a report providing the indicative work plan for the Committee for its proposed scheduled meetings for the remainder of the 2019/20 municipal year and for 2020/21.

It was noted that the training/awareness session was planned for 30<sup>th</sup> October, 2019 and any member wishing to have any issues/items included should inform either the Head of Audit and Corporate Anti-Fraud, the Service Director Finance or Chair. Items already submitted would automatically be included.

The following suggestions were made as potential topics/items for discussion:

- Audit Committee self-assessment/assessment of skills and training needs – the External Auditor was happy to share anonymised information in relation to the Health Services self-assessments for comparison purposes
- Risk management development
- Accessibility requirements/guidance
- The role of the newly created post of Corporate Governance and Assurance Manager
- An examination of issues currently not discussed within Committee that would merit further audit scrutiny

## **RESOLVED**

- (i) that the core work plan for future meetings of the Audit Committee be approved and reviewed on a regular basis; and
- (ii) that Members with suggesting for discussion at the training/awareness session scheduled for the 30<sup>th</sup> October, 2019 inform either the Head of Internal Audit, Anti-Fraud and Assurance, the Service Director Finance or Chair as a matter of urgency.

.....  
Chair



# Item 4

## Joint Report of the Chief Executive and Executive Director, Core Services

**Audit Committee – 4<sup>th</sup> December 2019**

### **ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2018/19**

#### **1. Purpose of the report**

- 1.1 This brief report supports the updated action plan relating to the issues identified following the Annual Governance Review (AGR) for 2018/19. The action plan is attached as Appendix 1 to this report and was approved alongside the Annual Governance Statement (AGS) by the Audit Committee at the July meeting.

#### **2. Recommendation**

- 2.1 **It is recommended that the Audit Committee considers the progress being made against each item listed in the AGS action plan and seeks any explanations regarding any aspects of the progress detailed from the named action owner.**

#### **3. Action Plan Update**

- 3.1 An action plan is used to track the progress of the actions necessary to deal with the issues raised through the AGG process. The action plan covers 2 areas:
- monitoring the implementation of management actions identified by the Data Protection Officer (DPO) to further improve compliance with the General Data Protection Regulations and embed good general data protection practice
  - delivery of the improvement action noted within the 2019 Peer Review findings specifically to address recommendations relating to governance and risk
- 3.2 Progress in both areas is shown in the appendix.
- 3.3 The Committee will receive a report at its January meeting regarding the annual governance review process for the 2019/20 annual governance statement.

#### **4. Background Papers**

- 4.1 Previous Audit Committee reports covering the annual governance review process and the 2018/19 annual governance statement.

**Contact Officer:** Head of Internal Audit, Anti-Fraud and Assurance  
**Telephone:** 01226 773241  
**Date:** 22<sup>nd</sup> November 2019

**Appendix One: Annual Governance Statement Action Plan 2018 / 19**

Ref	Annual Governance Statement Action	Responsible Executive Director	Timescales	Current Position – Action Taken / Planned
1	Monitoring the implementation of management actions identified by the DPO to further improve compliance with the General Data Protection Regulations and embed good general data protection practice	Executive Director, Core Services	30/09/2019	<p><b><u>July 2019:</u></b></p> <p>The Council's compliance with the Data Protection Act (DPA) 2018 and the General Data Protection Regulations (GDPR) is being monitored through the Information Governance Board alongside other areas of information governance and management.</p> <p>The Council's Data Protection Officer (DPO) reports to the Board, providing assurances regarding work being undertaken to embed revised procedures and processes to ensure compliance.</p> <p>A programme of independent assurance reviews has been completed that provided the Information Governance Board with information and assurances regarding compliance.</p> <p>The Information Governance Board will oversee the implementation of the agreed management actions to ensure improved compliance and the embedding of good data protection practice.</p> <p>The DPOs annual report has been considered by SMT and the Audit Committee. It is important to stress that it is the responsibility of all senior managers to ensure the personal data they use in the delivery of services is maintained in compliance with the Council's policies, the DPA 2018 and GDPR.</p> <p><b><u>November 2019:</u></b></p> <p>In keeping with the Internal Audit process, the management actions arising from the individual assurance reports have been followed-up. Progress against the management actions in relation to the individual areas covered by the assurance reviews is summarised as:</p>

Ref	Annual Governance Statement Action	Responsible Executive Director	Timescales	Current Position – Action Taken / Planned
				<p>Data Minimisation - Completed  Website Review - Completed  Incident Management - Completed  Unannounced Visits – Substantially complete, CCTV inventory underway  Phase 1 Process Mapping Compliance - Completed  SARS and CFIT - Completed  Cybersecurity – Partially complete, contract arrangements, cyber resilience strategy and super-user system review outstanding</p> <p>The Audit Committee will receive a specific update report from the DPO at its January meeting.</p>
2	Delivery of the improvement action noted within the 2019 Peer Review findings specifically to address recommendations relating to governance and risk.	Chief Executive	31/03/2020	<p><b><u>June 2019:</u></b>  The Peer Review Action plan is currently being revised in response to feedback from SMT.</p> <p>The report and revised action plan is scheduled for Cabinet approval on 24th July. This is slightly later than planned to receive input from the new Chief Executive. However, a number of actions are already underway to address the key recommendations and observations in the Peer Review e.g. the review of the Strategic Risk Register.</p> <p><b><u>November 2019:</u></b>  In relation to the review of the Strategic Risk Register, SMT have received a presentation regarding the proposed new approach which was endorsed in principle. A workshop type session is planned to ‘create’ a new version of the SRR reflecting live ‘concerns’, ‘issues’ and ‘areas of strategic focus’.</p> <p>The Audit Committee will receive a report at its January meeting regarding the changed approach and the first version of the new ‘SRR’.</p>

Ref	Annual Governance Statement Action	Responsible Executive Director	Timescales	Current Position – Action Taken / Planned
				A review has also been undertaken of the various ‘boards’ and ‘steering groups’ in operation and their relationship with SMT. By way of example, the Information Governance Board (relevant to the AGS action above) will be revised with a smaller more strategic remit utilising ‘task and finish’ groups for specific pieces of work.

# Item 5

## Report of the Head of Internal Audit, Anti-Fraud and Assurance

**AUDIT COMMITTEE – 4<sup>th</sup> DECEMBER 2019**

### **ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT**

#### **1. Purpose of the Report**

- 1.1 The purpose of this paper is to inform the Committee of the framework proposed to prepare, manage and deliver the Quality Assurance and Improvement Programme (QAIP) for the Internal Audit function as required by the Public Sector Internal Audit Standards 2017 (PSIAS).

#### **2. Recommendation**

- 2.1 **Members consider and assess the proposed QAIP Framework which sets out how it will meet the requirements set out in the PSIAS.**
- 2.2 **That the Committee receives an annual update report on the delivery of the QAIP.**

#### **3. Background Information**

- 3.1 Revised Public Sector Internal Audit Standards (PSIAS) came into effect from April 2017. Within those standards is the requirement for the Head of Internal Audit to develop and maintain a Quality Assurance and Improvement Programme (QAIP).
- 3.2 The particular standard in the PSIAS is 1300 - *Quality Assurance and Improvement Programme*. This states that:

*“The Head of Internal Audit must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity”.*

Guidance in relation to this states that:

*“A quality assurance and improvement programme is designed to enable an evaluation of the internal audit activity’s conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The Head of Internal Audit should encourage [Audit Committee] oversight in the quality assurance and improvement programme”.*

- 3.3 Whilst the 2017 PSIAS formalised this as a specific requirement, previous Internal Audit standards and professional requirements ensured that Heads of

Internal Audit had effective quality assurance arrangements in place. This incorporated the duty to undertake an annual self-assessment and an independent external assessment against the PSIAS once every five years. An independent external assessment was undertaken in late 2015 and reported to the Audit & Governance Committee in early 2016. This assessment confirmed that the Internal Audit function was in full conformance with the PSIAS. The next external assessment will be undertaken in Autumn 2020.

- 3.4 It is important for the Internal Audit Team and client organisations that the requirements of professional standards are met and are seen to be met. A revised framework has been developed to ensure all aspects of the PSIAS are considered and factored into how the Internal Audit function is resourced, managed, audit work is identified and delivered, and personal professional standards are met.
- 3.5 The full PSIAS covering the QAIP is attached as Appendix 1. Note that the PSIAS refers to the *chief audit executive* as a generic term for the officer responsible for the Internal Audit function. The job title 'Head of Internal Audit' is most commonly used in the public sector. Also, the term '*board*' is used which in the public sector context is the audit committee. CIPFA have recently produced a Local Government Application Note (LGAN) to provide guidance to ensure consistency in how the PSIAS are interpreted specifically in a local government context.
- 3.6 The key framework of the QAIP are shown in the table below. A more detailed analysis of the PSIAS is shown at Appendix 2 alongside the actions being undertaken or planned below.

Key Standard 1300 Requirements	Action / Current Position
<b>Internal Assessments:</b>	
Ongoing monitoring of the performance of the internal audit activity.	Embedded processes in place as part of audit management arrangements. <b>Completed Action</b> – all aspects of performance monitoring have been considered as part of this QAIP process.
Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.	Annual self-assessment undertaken to check conformance. <b>Action</b> – Developing a questionnaire to obtain feedback from individual officers within client organisations.
<b>External Assessments:</b>	
External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.	First external assessment undertaken in Nov/Dec 2015 and reported to Audit Committees in early 2016. <b>Action</b> – Considering the procurement process required to appoint an external assessor for Autumn 2020.

Key Standard 1300 Requirements	Action / Current Position
<b>Reporting on the Quality Assurance and Improvement Programme:</b>	
The chief audit executive must communicate the results of the quality assurance and improvement programme to senior management and the board.	
<b>Use of “Conforms with the International Standards for the Professional Practice of Internal Auditing”:</b>	
Indicating that the internal audit activity conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> is appropriate only if supported by the results of the quality assurance and improvement programme.	Self-assessment indicates conformance and this statement has been incorporated in all internal audit reports. <b>Action</b> – this will be confirmed (or otherwise) during the external assessment in Autumn 2020.
<b>Disclosure of Non-conformance:</b>	
When non-conformance with the <i>Code of Ethics</i> or the <i>Standards</i> impacts the overall scope or operation of the internal audit activity, the chief audit executive must disclose the non-conformance and the impact to senior management and the board.	Not applicable – the self assessment indicates conformance with PSIAS. However, actions have been identified to continually improve the IA processes. <b>Completed Action</b> – to ensure transparent reporting of continuous improvement areas, these are included at Appendix 2 of the report (action plan).
Key Standard 1300 Requirements	Action / Current Position
<b>Internal Assessments:</b>	
Ongoing monitoring of the performance of the internal audit activity.	Embedded processes in place as part of audit management arrangements. <b>Completed Action</b> – all aspects of performance monitoring have been considered as part of this QAIP process.

- 3.7 In order to ensure continuous improvement and focus on quality and conformance, an Audit Manager has been designated the responsibility to maintain and manage the QAIP and general quality process. The Action Plan is updated and discussed with the Head of Internal Audit, Anti-Fraud and Assurance on a monthly basis..
- 3.8 Since the previous QAIP report in December 2018, there are a number of continuous improvement related activities that have been completed. These include:
- a) The format and content of audit reports (including terminology for the assurance opinion and recommendation categorisation) has been revised and the new template has been utilised for all 2019/20 planned work. In addition, implications are now reported instead of making recommendations with management specifying the actions to be implemented;

- b) A review of the HoIA annual report format and content was undertaken for the 2018/19 report to ensure clarity of key messages relating to risk, control and governance;
  - c) A review of the Client Feedback Questionnaires issued following the completed of each audit assignment has been undertaken to improve the relevance dependent on type of work delivered and also the Officer(s) input at different stages of the work. There are now 2 questionnaires (Audit Sponsor and Operational Lead) for formal work and 1 questionnaire for advisory type commissions and these have been utilised since April 2019;
  - d) A fundamental review of the MKInsight audit management system to ensure, in liaison with the supplier, that its current full functionality is being utilised and that the system continues to be developed to meet our needs.
- 3.9 In addition to the above, the following actions are undertaken on an annual basis (and then as and when required during the financial year):-
- a) Each member of the team completes an annual declaration of interests form, to identify any potential areas of conflict for which they will not be assigned Internal Audit work. This is a Code of Conduct and PSIAS requirement, to demonstrate Internal Audit's continued independence and objectivity.
  - b) Each member of the team has a Personal Development Review on an annual basis, with learning and development opportunities identified being monitored on a 6 monthly basis (mid year PDR) and also in bi-monthly 1:1 meetings.
- 3.10 Clearly, ensuring an internal audit function meets all its professional standards is vitally important to provide client organisations with the best possible service. However, faced with increasing pressure on audit days it is equally essential to balance the input of resources to manage quality and professional standards compliance against actually delivering the audit function. A key role of the Audit Management Team is to constantly review this balance.

#### **4. List of Appendices**

- Appendix 1 - Public Sector Internal Audit Standards - Extract
- Appendix 2 - Draft QAIP Action Plan

**Rob Winter CPFA**  
**Head of Internal Audit, Anti-Fraud and Assurance**

**Contact Officer:** **Louise Booth CPFA**  
**Internal Audit Manager**  
[louisebooth@barnsley.gov.uk](mailto:louisebooth@barnsley.gov.uk)  
01226 773190



## **PUBLIC SECTOR INTERNAL AUDIT STANDARDS - EXTRACT**

### **1300 Quality Assurance and Improvement Programme**

The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.

*Interpretation:*

A quality assurance and improvement programme is designed to enable an evaluation of the internal audit activity's conformance with the *Standards* and an evaluation of whether internal auditors apply the *Code of Ethics*. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The chief audit executive should encourage board oversight in the quality assurance and improvement programme.

### **1310 Requirements of the Quality Assurance and Improvement Programme**

The quality assurance and improvement programme must include both internal and external assessments.

#### **1311 Internal Assessments**

Internal assessments must include:

Ongoing monitoring of the performance of the internal audit activity.

Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.

*Interpretation:*

Ongoing monitoring is an integral part of the day-to-day supervision, review and measurement of the internal audit activity. Ongoing monitoring is incorporated into the routine policies and practices used to manage the internal audit activity and uses processes, tools and information considered necessary to evaluate conformance with the *Code of Ethics* and the *Standards*.

Periodic assessments are conducted to evaluate conformance with the *Code of Ethics* and the *Standards*.

Sufficient knowledge of internal audit practices requires at least an understanding of all elements of the International Professional Practices Framework.

#### **1312 External Assessments**

External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The chief audit executive must discuss with the board:

The form of external assessments.

The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.

*Interpretation:*

External assessments may be accomplished through a full external assessment, or a self-assessment with independent external validation. The external assessor must conclude as to conformance with the *Code of Ethics* and the *Standards*; the external assessment may also include operational or strategic comments.

A qualified assessor or assessment team demonstrates competence in two areas: the professional practice of internal auditing and the external assessment process. Competence can

be demonstrated through a mixture of experience and theoretical learning. Experience gained in organisations of similar size, complexity, sector or industry and technical issues is more valuable than less relevant experience. In the case of an assessment team, not all members of the team need to have all the competencies; it is the team as a whole that is qualified. The chief audit executive uses professional judgment when assessing whether an assessor or assessment team demonstrates sufficient competence to be qualified.

An independent assessor or assessment team means not having either an actual or a perceived conflict of interest and not being a part of, or under the control of, the organisation to which the internal audit activity belongs. The chief audit executive should encourage board oversight in the external assessment to reduce perceived or potential conflicts of interest.

### **Public sector requirement**

The chief audit executive must agree the scope of external assessments with an appropriate sponsor, e.g. the accounting/accountable officer or chair of the audit committee as well as with the external assessor or assessment team.

### **1320 Reporting on the Quality Assurance and Improvement Programme**

The chief audit executive must communicate the results of the quality assurance and improvement programme to senior management and the board. Disclosure should include:

The scope and frequency of both the internal and external assessments.

The qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest.

Conclusions of assessors.

Corrective action plans.

#### *Interpretation:*

The form, content and frequency of communicating the results of the quality assurance and improvement programme is established through discussions with senior management and the board and considers the responsibilities of the internal audit activity and chief audit executive as contained in the internal audit charter. To demonstrate conformance with the *Code of Ethics* and the *Standards*, the results of external and periodic internal assessments are communicated upon completion of such assessments and the results of ongoing monitoring are communicated at least annually. The results include the assessor's or assessment team's evaluation with respect to the degree of conformance.

### **Public sector requirement**

The results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report.

### **1321 Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing"**

Indicating that the internal audit activity conforms with the *International Standards for the Professional Practice of Internal Auditing* is appropriate only if supported by the results of the quality assurance and improvement programme.

#### *Interpretation:*

The internal audit activity conforms with the *Code of Ethics* and the *Standards* when it achieves the outcomes described therein. The results of the quality assurance and improvement programme include the results of both internal and external assessments. All internal audit activities will have the results of internal assessments. Internal audit activities in existence for at least five years will also have the results of external assessments.

**1322 Disclosure of Non-conformance**

When non-conformance with the *Code of Ethics* or the *Standards* impacts the overall scope or operation of the internal audit activity, the chief audit executive must disclose the non-conformance and the impact to senior management and the board.

**Public sector requirement**

Such non-conformances must be highlighted by the chief audit executive to be considered for inclusion in the governance statement.

## Action Plan

	Continuous Improvement Area	Action	Lead Officer	Timescale	Current Status
1	IA Charter	To make minor amendments to the IA Charter following the self assessment against PSIAS. This includes clearly setting out how the IA Service continues to maintain it's independence and objectivity now that the HoIA has a wider governance and assurance role within the Council.	HoIA	30/11/19	Ongoing
2	Internal Questionnaire – Independence	To draft and circulate to key client representatives a questionnaire to obtain their feedback on Internal Audit's independence, objectivity, ethical and professional approach.	HoIA	31/12/19	Drafting commenced
3	IA Procedure Manual	To refresh the IA operational procedure manual, to ensure that it reflects the existing systems and processes in place and also roles and responsibilities.	Audit Manager	31/01/20	Not Yet Due
4	IA Intranet Site	To refresh the existing Intranet site, to ensure that it continues to meet client and also team requirements.	Audit Manager	28/02/20	Removed old documents & considering those to be uploaded throughout the completion of 2 above.
5	Reporting Protocol	To draft a protocol for discussion and agreement with each client with regards to the sharing of Internal Audit reports (i.e. internally and externally).	HoIA	31/03/20	Not Yet Due
6	Data Analytics	To explore the additional functionality that may be available by the procurement and utilisation of a CAATS software solution.	Audit Manager	31/03/20	Not Yet Due

# Item 6

## Report of the Head of Internal Audit, Anti-Fraud and Assurance

**AUDIT COMMITTEE – 4<sup>th</sup> December 2019**

### **INTERNAL AUDIT PROGRESS REPORT 2019/20**

#### **1. Purpose of this report**

- 1.1 The purpose of this report is to provide a summary of the Internal Audit activity completed, and the key issues arising from it, for the period from 1<sup>st</sup> April 2019 to 31<sup>st</sup> October 2019.
- 1.2 To provide information regarding the performance of the Internal Audit function during the period.

#### **2 Background information**

- 2.1 The Audit Committee has responsibility for reviewing the adequacy of the Council's corporate governance arrangements, including matters such as internal control and risk management. The reports issued by internal Audit are a key source of assurance providing the Committee with some evidence that the internal control environment is operating as intended.
- 2.2 At the end of the financial year, Internal Audit will produce an Annual Internal Audit Report, which will provide our overall opinion on the adequacy of the Council's control environment and compliance with it during the year.

#### **3 Recommendations**

- 3.1 **It is recommended that the Audit Committee considers the assurances it needs on the effectiveness of the Authority's internal control, risk and governance arrangements through the work of Internal Audit by:-**
  - i. **considering the issues arising from completed Internal Audit work in the period along with the responses received from management;**
  - ii. **noting the assurance opinion on the adequacy and effectiveness of the Authority's internal control framework based on the work of Internal Audit in the period to the end of October 2019;**
  - iii. **noting the progress against the Internal Audit plan for 2019/20 for the period to the end of October 2019; and**
  - iv. **considering the performance of the Internal Audit Service for the second quarter.**

#### **4     Local Area Implications**

- 4.1     There are no Local Area Implications arising from this report.

#### **5     Consultations**

- 5.1     All audit reports are discussed with the main auditee. Individual audit reports are provided to the appropriate Executive Director and/or Service Director to apprise him/her of key issues raised and remedial actions agreed.
- 5.2     No specific consultation has been necessary in the preparation of this quarterly report.

#### **6     Compatibility with European Convention on Human Rights**

- 6.2     In the conduct of audit work and investigations particularly, Internal Audit operates under the provisions of the Data Protection Act 1998, the Regulation of Investigatory Powers Act 2000 and the Police and Criminal Evidence Act.

#### **7     Reduction of Crime and Disorder**

- 7.1     An inherent aspect of audit work is to prevent, detect and investigate incidents of fraud, theft and corruption. The control issues arising from audit investigations have been considered to ensure improvements in overall controls are made. Additionally, Internal Audit ensures that in specific instances, management takes appropriate action to minimise the risks of fraud and corruption re-occurring.

#### **8     Risk Management Considerations**

- 8.1     The underlying purpose of the work of Internal Audit is to address and advise on key risks facing management and, as such, risk issues are inherent in the body of the report.
- 8.2     The Service's operational risk register includes the following risks which are relevant to this report:
- Ensuring the appropriate use of and management of, information to inform and direct internal audit activities;
  - Able to provide a flexible, high performing and innovative service; and
  - Ensuring continuously high levels of customer satisfaction.
- 8.3     All of these risks have been assessed and remain within the tolerance of the Service.
- 8.4     An essential element of the control (and on-going) management of these risks is the provision of update reports to the Audit Committee and the assurance this provides.

#### **9     Employee Implications**

- 9.1     There are no employee implications arising from this report.

## **10     Financial Implications**

- 10.1    There are no financial implications arising directly from this report. The costs of the Internal Audit function are included within the Authority's base budget.

## **11     Appendices**

Appendix 1 - Key To Internal Audit Assurance Gradings & Classification of Management Actions.

## **12     Background Papers**

- 12.1    Various Internal and External Audit reports, files and working papers.

**Officer Contact:** Head of Internal Audit, Anti-Fraud and Assurance

**Telephone No:** 01226 773241

**Date:** 22<sup>nd</sup> November 2019

# **Barnsley Metropolitan Borough Council**

## **Internal Audit Progress Report**

**Audit Committee**

**4<sup>th</sup> December 2019**



## INTERNAL AUDIT QUARTERLY PROGRESS REPORT 2019/20

### 1<sup>st</sup> July 2019 to 31<sup>st</sup> October 2019

#### Purpose of this report

This report has been prepared to inform the Committee on the Internal Audit activity for the period 1<sup>st</sup> July to 30<sup>th</sup> October 2019, bringing attention to matters that are relevant to the responsibilities of the Authority's Audit Committee.

The report also provides information regarding the performance of the Internal Audit function during the period.

#### 2019/20 Internal Audit Plan Progress

The following tables show the progress of the internal audit plan up to the end of October 2019, analysed by the number of plan assignments producing a report and audit days delivered by Directorate / Service.

#### Position as at 31<sup>st</sup> October 2019 – Audit Days Delivered

Directorate	Original 2019/20 Plan days	Revised 2019/20 Plan days	Actual days (% of revised days)
Communities	<b>102</b>	93	45 (48%)
People	<b>128</b>	56	33 (59%)
Place	<b>87</b>	131	72 (60%)
Public Health	<b>11</b>	16	14 (88%)
Core Services	<b>408</b>	445	284 (64%)
Council Wide	<b>165</b>	165	77 (47%)
Corporate	<b>177</b>	178	85 (48%)
Responsive	<b>40</b>	33	0
Barnsley MBC	1,118	1,117	610 (55%)
Corporate Anti-Fraud Team	<b>572</b>	572	320 (56%)
Barnsley MBC Internal Audit Total	1,690	1,689	930 (55%)
HoIA role as Head of Assurance	<b>0</b>	1	5 (500%)
HoIA role as DPO	<b>50</b>	50	48 (96%)
DPO Assurance	<b>45</b>	45	43 (96%)
Sub Total	95	96	96 (100%)
External Clients	1,215	1,215	670 (55%)
Total Chargeable Planned Days	3,000	3,000	1,696 (57%)

## Position as at 31<sup>st</sup> October 2019 – Plan Assignments

Directorate	2019/20 plan assignments	Assignments expected to be completed to date	Actual assignments completed
Communities	2	2	0
People	2	1	1
Place	3	2	2
Public Health	0	0	0
Core Services	12	8	4
Total	19	13	7

Whilst there is a variance of 6 assignments completed, these are all at draft report stage (see Work in Progress at page 6). Meetings are scheduled with officers to discuss the outcomes and finalise the reports.

### Changes to the 2019/20 Internal Audit Plan

At the beginning of the year provision is made in the allocation of audit resources for unplanned work, through a contingency. As requests for audit work are received, or more time is required for jobs or changes in priorities are identified, time is allocated from this contingency.

The following audits have been deferred, added to or deleted from the audit plan, as agreed in conjunction with management:

Directorate/ Service	Audit Assignment Title	Deferred / Added / Deleted/ +/- contingency days
Communities - Customer, Information & Digital Services	IT Assurance Framework including Cyber Security	<b>Deferred</b> – On advice from the DPO
Core - Business Improvement, Communications & HR	Agile Working	<b>Deferred</b> – On advice from the Service Director Business Improvement, Communications & HR – considered too early in the process to provide an added value review
Core - Business Improvement, Communications & HR	Policy into Practice - Managing Attendance	<b>Deferred</b> – On advice from the Service Director Business Improvement, Communications & HR – changing priorities within the Directorate. Audit Manager to meet with Service Director to discuss possible addition to the plan.
Core - Finance	Feeders into Payment System	<b>Cancelled</b> – As main risks covered by Systems Fit for Purpose Review

Directorate/ Service	Audit Assignment Title	Deferred / Added / Deleted/ +/- contingency days
Core - Finance	Adults & Children's Payments Review	<b>Cancelled</b> – As main risks covered by Systems Fit for Purpose Review
People – Children's Social Care & Safeguarding/ Adults Assessment & Care Management	Transition	<b>Deferred</b> – On advice from the Executive Director People – The focus is to be the planned SEND review, then the Transition Review would be a natural second stage. To be considered during 2019/20 planning process.
People - Education, Early Start & Prevention	Schools Governance and HR Policies	<b>Deferred</b> – As Internal Audit are reconsidering their strategy for schools audits
Core – Legal	Charity Accounts	<b>Added</b> - Allocation of days in order to provide independent certification of the various charity accounts administered by the Council.

### Final Internal Audit reports issued

We have finalised 3 audit reports since the last Audit Committee meeting. The following table provides a summary of assurances and the number and categorisation of recommendations included in these reports:

Directorate- Audit Assignment	Assurance Opinion	Number of recommendation raised:			Total	Agreed
		Fundamental	Significant	Merits Attention		
People – Residential Commissioning of Placements / Fostering	Limited	0	5	7	12	12
Core – Apprenticeship Levy	Reasonable	0	5	2	7	7
Place – Principal Towns	Reasonable	0	6	2	8	8
Total		0	16	11	21	21

Please note that final audit reports are available to Audit Committee members on request.

## Internal Audit reports providing a limited or no assurance opinion

A summary of the key issues included in audit reports finalised during the period providing a Limited or No Assurance opinion is as follows:

Audit Assignment	Key Issues
People – Residential Commissioning of Placements / Fostering	<p>The findings from this review can be summarised as follows:</p> <ul style="list-style-type: none"> <li>Governance - There is a need to review and update the terms of reference for the Placement Sufficiency and Strategy Board and the Placement Sufficiency Oversight and Resource Panel and to ensure that these are complied with in practice.</li> </ul> <p>Responsibilities and accountabilities should be clarified and formalised to ensure that the Placement/ Sufficiency Strategy objectives/ outcomes are achieved.</p> <ul style="list-style-type: none"> <li>Internal documented guidance is needed for officers with regards to the sharing of information about service providers between local authorities (Information Sharing Protocol) as well as children’s residential and fostering care placements.</li> </ul> <p>Although no related issues were identified as part of this audit such guidance will help ensure that appropriate action is taken in response to notified issues to safeguard the well-being and/or quality of care for the young person.</p> <ul style="list-style-type: none"> <li>More robust/complete documentation on forms and/or in meeting minutes including: <ul style="list-style-type: none"> <li>the consideration of inhouse carers as a priority;</li> <li>the authorisation to proceed with external placements.</li> </ul> This would provide an audit trail of the decision making and demonstrate optimum value for money.</li> <li>The need to ensure that Individual Placement Agreements (IPAs) are fully completed, signed and appropriately filed for all child placements.</li> </ul> <p>Without a fully completed and signed IPA the contractual obligations of the provider in relation to the child placement may not be legally binding.</p> <ul style="list-style-type: none"> <li>Provider quality assurance processes: <ul style="list-style-type: none"> <li>Feedback/ reports to be provided to the Placement Sufficiency and Strategy Board on provider performance.</li> <li>Formal feedback from service users and social workers to be routinely obtained on provider performance.</li> <li>The completion of performance monitoring for non-framework Providers to be considered.</li> <li>The completion of quarterly framework monitoring reviews to recommence (this has subsequently been implemented).</li> <li>Non-attendance at White Rose Framework Strategic Commissioning Group (this has subsequently been implemented).</li> </ul> </li> </ul> <p>It is important that the delivery of the commissioned services are monitored to ensure that the desired outcomes and needs of the looked after child/young person are fulfilled.</p>

**Details and outcome of other Internal Audit activities concluded in the period not producing a specific assurance opinion**

<b>Audit Work Completed</b>	<b>Details</b>	<b>Contribution to Assurance</b>
Communities: Troubled Families – Quarterly validation	Grant claim validation.	The work contributes to assurance in respect of financial management.
Core: Procurement Card Process	Provision of advice to Finance colleagues on the adequacy and effectiveness of access controls within the interim Procurement Reconciliation and validation process	The work contributes to assurance in respect of financial management.
Core: Banking Services Tender	Provision of advice to Finance and Procurement colleagues on the regulatory compliance of the Banking Services Procurement Project	The work contributes to assurance in respect of the application of Procurement Regulations
Core/Place – Glassworks Governance Review	Provide independent and objective assurance that effective and efficient risk, control and governance arrangements exist to provide a robust framework upon which the phase two scheme can be delivered (i.e. on time, in budget and to the required standard) and provide for VfM”	The work contributes to assurance in respect to contract management, governance and financial management.
Core: Strategic Procurement	Provision of advice and review of guidance and templates for use when extending, varying and / or novating a contract.	The work enhances the procurement governance framework via the implementation of process guidance and templates for use by procuring officers when executing, varying and / or novating contracts. In addition, the templates facilitate compliance with the requirements of the Public Contract Regulations and CPRs ensuring that the Council is appropriately safeguarded with required due diligence undertaken.
Core: Legal Services Advice	Provision of advice to Legal Services and Strategic Procurement with regard to contract signature requirements for contracts below £70K.	The work facilitates compliance with the requirements of CPRs by providing clarity to the organisation with regard to the requirement to execute formal contracts for procurement below £70K (including required signatures).
CPR Working Group	Phase 2 review of the Council’s Contract Procedure Rules to consider and incorporate (where applicable) additional feedback received from stakeholders as part of the initial consultation process following the completion of CPR Phase 1 review.	The work ensures that the Council’s CPRs facilitate compliance with legislative, regulatory and regulatory requirements. In addition, ensures that they are streamlined to ensure that the needs of the organisation are met whilst operating within the legal framework.

<b>Audit Work Completed</b>	<b>Details</b>	<b>Contribution to Assurance</b>
Core – SAP Access Controls	Provision of advice to Finance and IT colleagues on the adequacy and effectiveness of access controls and separation of duties within the financial elements of the SAP system	The work contributes to assurance in respect of financial management allowing for the more timely update and / or removal of access permissions and also the proactive monitoring and management of SOD conflicts.

#### Other Internal Audit work undertaken

<b>Audit Activity</b>	<b>Description</b>
Follow-up of Recommendations	Regular work undertaken to follow-up recommendations / agreed management actions made.
Attendance at Steering / Working Groups	<ul style="list-style-type: none"> <li>• Information Governance Board</li> <li>• Commissioning, Procurement &amp; Contracts Working Group</li> <li>• Housing Property Repairs &amp; Improvement Board</li> <li>• Digital Leadership Team</li> <li>• Capital Programme Oversight Board</li> <li>• SharePoint Board</li> <li>• Public Health Quality &amp; Governance Group</li> </ul>
Liaison, Planning and Feedback	Meeting and corresponding with Service and Executive Directors and Heads of Service regarding progress of audit work, future planning and general client liaison.
Audit Committee Support	Time taken in the preparation of Audit Committee reports, Audit Committee Member training, general support and development.
Corporate Whistleblowing	General time taken in providing advice and the initial consideration of matters raised. Also includes the review of arrangements.
Corporate Matters	Covering time required to meet corporate requirements, i.e. corporate document management, service business continuity and health and safety.

#### Work in progress

The following table provides a summary of audits in progress at the time of producing this report:

Directorate- Audit Assignment	Audit Planning	Work in Progress	Draft Report
Communities – Homelessness			✓
Communities – IT Project/ Programme Management			✓
Core – SAP Concur – Policy Into Practice			✓
Core – Systems Fit For Purpose, Corporate Governance Arrangements			✓

Directorate- Audit Assignment	Audit Planning	Work in Progress	Draft Report
Core – Procurement Compliance Review			✓
Core – Glassworks Governance Arrangements			✓
Core - DPO Arrangements Compliance		✓	
People – SEND Improvement Governance		✓	

### **Follow-up of Internal Audit report management actions**

As previously reported to members, Internal Audit is working closely with management to monitor the general position with regards the implementation of management actions and to establish the reasons behind any delays. In an effort to provide more transparency to Executive Directors on the status and progress of their management actions, Internal Audit continues to issue a detailed monthly status update. This is in addition to the quarterly performance reports currently presented to SMT.

The following table shows the status of internal audit management actions by Directorate due for completion during the period:

## Internal Audit performance indicators and performance feedback for 2019/20

Internal Audit's performance against a number of indicators is summarised below.

Rec. Classification	Due for completion this period	Completed in period	Not yet completed – Revised date agreed	Not yet completed / No management response	Number not yet due	Number Followed up in period
Communities						
Fundamental/ High	1	0	1	0	1	2
Significant/ Medium	10	5	0	5	0	10
TOTAL	11	5	1	5	1	12
Place						
Fundamental/ High	1	0	0	1	0	1
Significant/ Medium	1	0	0	1	4	5
TOTAL	2	0	0	2	4	6
People (excl Maintained Schools)						
Fundamental/ High	1	0	0	1	0	1
Significant/ Medium	5	1	4	0	9	14
TOTAL	6	1	4	1	9	15
Maintained Schools						
Fundamental/ High	1	0	0	1	0	1
Significant/ Medium	3	0	0	3	0	3
TOTAL	4	0	0	4	0	4
Core						
Fundamental/ High	1	1	0	0	0	1
Significant/ Medium	16	13	0	3	4	20
TOTAL	17	14	0	3	4	21
Public Health						
Fundamental/ High	0	0	0	0	0	0
Significant/ Medium	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0
OVERALL TOTAL	40	20	5	15	18	58
		40				



Ref.	Indicator	Frequency of Report	Target 2018/19	This Period	Year to Date
<b>1.</b>	<b><u>Customer Perspective:</u></b>				
1.1	Percentage of questionnaires received noted “good” or “very good” relating to work concluding with an audit report.	Quarterly	95%	100% (3 responses received)	100% (4 responses received)
<b>2.</b>	<b><u>Business Process Perspective:</u></b>				
2.1	Percentage of final audit reports issued within 10 working days of completion and agreement of the draft audit report. (3 reports this period)	Quarterly	80%	67%	86%
2.2	Percentage of chargeable time against total available.	Quarterly	73%	71%	73%
2.3	Average number of days lost through sickness per FTE (Cumulative 5 days in total)	Quarterly	6 days	0.2 days	0.3 days <sup>1</sup>
<b>3.</b>	<b><u>Continuous Improvement Perspective:</u></b>				
3.1	Personal development plans for staff completed within the prescribed timetable.	Annual	100%	100%	100%
<b>4.</b>	<b><u>Financial Perspective:</u></b>				
4.1	Total Internal Audit costs v budget.	Quarterly	Within Budget	Yes	Yes

<sup>1</sup> Please note that the sickness figures exclude 2 members of staff who were on long term absence.

## Performance indicator definitions and supporting information

PI Ref	Indicator	Comments
1.1	Percentage of favourable auditee questionnaire responses received (noted “good” or “very good”) relating to work concluding with an audit report.	Questionnaires are left at the end on each audit job resulting in a formal report. The questionnaire asks 14 specific questions covering the effectiveness of audit planning, communication, timing and quality of the audit report. An overall assessment is sought as to the overall value of the audit. This is the answer used for this PI. All questionnaires are analysed in detail to ensure all aspects of the audit process are monitored and improved.
2.1	Percentage of final audit reports issued within 10 working days of completion and agreement of the draft audit report.	This is an operational PI to ensure the timely issue of final reports. This PI is influenced by the availability of senior Internal Audit staff to clear the report and any issues the Service’s quality assessment process highlights along with the availability of the auditee.
2.2	Percentage of chargeable time against total available.	A key operational measure of the ‘productivity’ of Audit staff taking into account allowances for administration, general management, training and other absences. This PI will reflect the % chargeable time of staff in post, net of vacancies.
2.3	Average number of days lost through sickness per FTE.	A corporate PI to measure the effectiveness of good absence / attendance management.
3.1	Personal development plans for staff completed within the prescribed timetable.	IA place a high level of importance on staff training and continuous development and are committed to ensure all staff have their own training plans derived from the personal development plan process.
4.1	Total Internal Audit costs v budget.	This is a simple overall measure to note whether the Service’s expenditure for the year has been kept within the budget.

## Head of Internal Audit's Internal Control Assurance Opinion

The Head of Internal Audit, Corporate Anti-Fraud and Assurance must deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

Based on the audits reported in the period, an overall **adequate** assurance opinion is considered to be appropriate.

A summary of our quarterly opinions for the year to date is as follows:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Assurance Opinion	Adequate	Adequate		

Consideration of our overall opinion takes the following into account:

- results from the substantive audit assignments we have completed during the period;
- outcomes from our audit work not producing an assurance opinion;
- an assessment as to the timely implementation of internal audit report management actions.

## Fraud, Investigations and the Corporate Anti-Fraud Team

The Audit Committee receives a separate report covering the detail of fraud and irregularity investigations undertaken, the preventative work and the general activities and work plan of the Corporate Anti-Fraud Team.

## Audit Contacts

Contact	Title	Contact Details
Rob Winter	Head of Internal Audit, Anti-Fraud and Assurance	Tel: 01226 773241 Mobile: 07786 525319 Email: RobWinter@barnsley.gov.uk
Louise Booth	Audit Manager	Tel: 01226 773190 Mobile: 07796 305837 Email: LouiseBooth@barnsley.gov.uk

## KEY TO INTERNAL AUDIT ASSURANCE GRADINGS AND CLASSIFICATION OF MANAGEMENT ACTIONS

### 1. Classification of Management Actions

<b>Fundamental / High</b>	Requires immediate action – imperative to ensuring the objectives of the system under review are met.
<b>Significant / Medium</b>	Requiring action necessary to avoid exposure to a significant risk to the achievement of the objectives of the system under review.
<b>Merits Attention / Low</b>	Action is advised to enhance control or improve operational efficiency.

### 2. Assurance Opinions

	Level	Control Adequacy	Control Application
<b>POSITIVE OPINIONS</b>	<b>Substantial</b>	Robust framework of controls exist that are likely to ensure that objectives will be achieved.	Controls are applied continuously or with only minor lapses.
	<b>Reasonable</b>	Sufficient framework of key controls exist that are likely to result in objectives being achieved, but the control framework could be stronger.	Controls are applied but with some lapses.
<b>NEGATIVE OPINIONS</b>	<b>Limited</b>	Risk exists of objectives not being achieved due to the absence of key controls in the system.	Significant breakdown in the application of key controls.
	<b>Non-Existent</b>	Significant risk exists of objectives not being achieved due to the absence of controls in the system.	Fundamental breakdown in the application of all or most controls.

# Item 7

## Report of the Head of Internal Audit, Anti-Fraud and Assurance

**AUDIT COMMITTEE – 4<sup>th</sup> December 2019**

### **CORPORATE ANTI-FRAUD AND CORRUPTION POLICIES**

#### **1. Purpose of the Report**

- 1.1 To present draft versions of the revised Corporate Anti-Fraud and Corruption Policy, Corporate Anti-Fraud and Corruption Strategy, Corporate Anti-Bribery Policy, Corporate Prosecutions Policy, Corporate Fraud Response Plan, Confidential Reporting Policy and the Anti-Money Laundering Policy.

#### **2. Recommendation**

- 2.1 **It is recommended that the Audit Committee consider the policies, make any necessary observations and suggested amendments and commend for Cabinet approval.**

#### **3. Background Information**

- 3.1 Barnsley Council is committed to ensuring that the people of the Borough can have confidence that the affairs of the Council are conducted in accordance with the highest standards of probity and accountability.
- 3.2 In seeking to ensure this commitment is met, the Council has an Anti-Fraud and Corruption Policy and framework which set out its overall approach to combating fraud, corruption and wrongdoing. Below this sit other supporting procedural documents and behavioural codes which describe the arrangements in place for preventing, detecting and investigating fraud and error. These together with a strong internal control environment are the main methods to help protect the Council against the risk of fraud.
- 3.3 The Corporate Anti-Fraud and Corruption Policy, Corporate Anti-Fraud and Corruption Strategy and Corporate Anti-Bribery Policy were presented to Audit Committee in March 2017 and subsequently approved for adoption by Cabinet in May 2017.
- 3.4 The Corporate Prosecutions Policy, Corporate Fraud Response Plan, Confidential Reporting Policy (previously known as the Whistleblowing Policy) and the Corporate Anti-Money Laundering Policy (and Guidance) have now been reviewed and revised to further support the Council's counter fraud framework.

#### **4. The Framework**

- 4.1 The framework of counter fraud policies address specific areas of risk and clearly state the Council's zero tolerance approach to fraud and illegal activity, as well as providing mechanisms which officers can use to raise concerns of wrongdoing or

fraudulent activity. Each policy is supported by procedural guidance which sets out the responsibilities and expectations for staff including the specific actions which they must follow to enable the Council to demonstrate good governance and comply with its legal obligations.

- 4.2 Three of the policies remain largely unchanged only requiring minor tweaks due to amendments to other Council policies and updates to legislation e.g. Data Protection Act 2018. All of the remaining policies have been refreshed and revised. A summary of the amendments are recorded below:

Corporate Anti-Fraud and Corruption Policy, Corporate Anti-Fraud and Corruption Strategy and Corporate Anti-Bribery Policy

- 4.3 A statement from the Chief Executive reinforcing the Council's commitment to zero tolerance of fraud has been included at the beginning of the Corporate Anti-Fraud and Corruption Policy and Corporate Anti-Fraud and Corruption Strategy.
- 4.4 The Council's definition of bribery has been refreshed and is now consistent across the above policies.
- 4.5 Paragraphs 11.2 and 12.1 of the Corporate Anti-Bribery Policy have been revised following changes to the Council's Code of Conduct and the publishing of Central Governments SI 2019 no 560 – The Public Procurement (Amendment etc.) (EU) Regulations 2019.

Corporate Fraud Response Plan

- 4.6 The Corporate Fraud Response Plan defines how the Council will respond to allegations and provides guidance for employees and Members on reporting a suspected fraud.
- 4.7 Although the Corporate Fraud Response Plan has not been reviewed for a number of years the majority of the detail remains the same.
- 4.8 The main changes are the format of the document and making it easier for employees, managers and Members to understand the process and how to report suspicions of fraud.
- 4.9 A preservation of evidence section has also been included providing examples of common forms of evidence and how they should be preserved.

Corporate Prosecutions Policy

- 4.10 It is acknowledged that, even with strong preventative measures, motivated fraudsters may still succeed, and the Council must therefore have a robust enforcement response to pursue fraudsters and to deter others. The Corporate Prosecutions Policy sets out the circumstances in which the Council will take legal action against anyone committing a fraudulent or corrupt act against it.

- 4.11 Criminal prosecutions, civil action and disciplinary action all deter offenders and reinforce a culture of zero tolerance towards fraud and corruption.
- 4.12 This policy:
- provides guidance on the criteria required in order for a criminal prosecution to be pursued (the Evidential and Public Interest Tests);
  - clarifies that disciplinary action will be taken in all cases where an employee has committed a fraud against the Council;
  - clarifies that in some cases more than one form of sanction may be appropriate. For example, where the employee has defrauded the Council, disciplinary, prosecution and civil recovery action may be taken;
  - makes it clear that the Council will seek recovery of losses; and
  - recognises that publicity of successfully prosecutions will act as a deterrent to others who may be contemplating committing fraud.

#### Confidential Reporting Policy

- 4.13 Effective whistleblowing procedures are a key part of good governance, establishing a culture of openness, probity and accountability across all aspects of the Council's work. Ensuring that employees, Members and the wider public feel empowered to raise concerns through the correct channels allows the Council to address any risks as early as possible.
- 4.14 The Confidential Reporting Policy (previously recorded as the Whistleblowing Policy) was last reviewed by Audit Committee in 2014 and sets out how individuals can raise suspected instances of wrongdoing within the Council.
- 4.15 In recent years there have been a number of significant developments in relation to whistleblowing in the public sector which have highlighted several common issues around the negative treatment of whistleblowers, a failure to act on concerns raised, poor process and uncertainty amongst workers over how to raise concerns.
- 4.16 In response to these issues Internal Audit Services has reviewed the Whistleblowing Policy and retitled it Confidential Reporting Policy in an attempt to remove the negative association of 'whistleblowing'. In addition, the following sources of best practice and guidance have been used whilst conducting the review:
- The Whistleblowing Commission Code of Practice;
  - Department for Business Innovation & Skills Whistleblowing Guidance for Employers and Code of Practice; and
  - National Audit Office Assessment Criteria for Whistleblowing Policies.
- 4.17 Whilst most of the changes are a refresh or rewording, the following key changes have been made:
- Consolidation of the policy and separate supporting guidance into one single document for ease of use;
  - Inclusion of a separate section to provide clarity over the reporting arrangements for school based staff;

- Greater clarity on the difference between raising a whistleblowing concern, a complaint and grievance;
- Greater clarity for individuals on what they should expect from the Council when they do raise a concern and what protection they will be afforded. This includes the Public Interest Disclosure Act 1998 (PIDA) legislation and what makes a 'qualifying disclosure' under the Act;
- Greater reassurance and clarity for individuals as to how concerns will be handled;
- Inclusion of a 'frequently asked questions' section to provide additional clarity
- Under the section 'monitoring of whistleblowing complaints', we have included that details of all referrals received by managers should be notified to the Head of Internal Audit, Anti-Fraud and Assurance to allow a central record to be maintained.

#### Corporate Anti-Money Laundering Policy

- 4.18 The Corporate Anti-Money Laundering Policy has been revised following the introduction of the Money Laundering, Terrorist Financing and Transfer of Funds (Information to the Payer) Regulations 2017 (MLR 2017).
- 4.19 The risks to the Council of contravening the legislation are relatively low and some requirements of the legal and regulatory requirements do not apply to public authorities. However, the Council cannot be immune from the risks surrounding money laundering and therefore it is appropriate that the Council complies with the principles of the money laundering legislation by taking proportionate safeguards to minimise the likelihood of money laundering.
- 4.20 Whilst explaining what money laundering is and the legal and regulative framework that is in place to govern it, the Corporate Anti-Money Laundering Policy also specifies the processes the Council needs to have to ensure that it does all it can to prevent it and its employees being exposed to money laundering and to ensure that the Council complies with all legal and regulatory requirements.
- 4.21 The majority of the Policy has been updated to comply with the changes to the legislation. In addition, the policy and separate supporting guidance have been combined into one single document to make it easier for officers to understand the process and how to report any suspicious activity.
- 4.22 The Corporate Anti-Money Laundering Policy gives information and guidance in the following areas:
- What is Money Laundering;
  - What are the obligations of the Council;
  - The Money Laundering Reporting Officer;
  - How to recognise suspicious activity that may be linked to Money Laundering;
  - Money Laundering offences;
  - The reporting procedure and reporting forms;
  - Consideration of disclosure report by the Money Laundering Reporting Officer;
  - Customer due diligence;



- Record keeping; and
- Risk Assessment;

## **5. Financial Implications**

5.1 None directly arising from this report.

## **6. Risk Considerations**

6.1 A corporate counter fraud framework sets a high level commitment to ensuring that appropriate safeguards are in place for mitigating the risk of fraud and corruption within the Council.

## **7. Legal**

7.1 Confidential reporting (or Whistleblowing) is recognised as being in the public interest; in refreshing the procedure, the requirements of the Public Interest Disclosure Act and Enterprise and Regulatory Reform Act are acknowledged.

7.2 The Council must comply with The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and it is therefore important that proper Governance procedures are in place. The Council's counter fraud framework and assurance reviews assist the Council in complying with anti-corruption law.

## **8. Other**

8.1 The following sources of information were used for this report:

- The Whistleblowing Commission Code of Practice;
- Assessment Criteria for Whistleblowing Policies (National Audit Office, January 2014) ;
- Whistleblowing: Guidance for Employers and Code of Practice (Department for Business Innovation and Skills, March 2015);
- The Code for Crown Prosecutors (Crown Prosecution Service, January 2013)

**Contact Officer:** Head of Internal Audit, Anti-Fraud and Assurance  
**Telephone:** 01226 773241  
**Date:** 22<sup>nd</sup> November 2019

This page is intentionally left blank

# Corporate Anti-Fraud and Corruption Policy

---

## Forward by the Chief Executive

*“Barnsley Council is funded by public money, through council tax, business rates and other sources. Fraud against the Council is essentially theft of this money and the Council takes its role as a guardian of these public funds seriously.*

*The Council’s Corporate Plan sets out our priorities and outcomes for the residents of the Borough in a time when demand for services is increasing and funding for local government is falling. We have to make tough decisions on finances to continue to support key services. Any fraud against the Council takes more money away from services and undermines our ability to achieve our aims.*

*For these reasons, the Council will not tolerate any fraud or corruption against it.*

*The Corporate Anti-Fraud and Corruption Policy forms part of the Council’s Counter Fraud Framework which outlines the measures the Council will take to tackle fraud and corruption.*

*We will seek to identify areas where fraud may occur and limit opportunities for fraudsters to exploit the Council. Where fraud is suspected we will investigate robustly, and where it is proved will utilise all measures available to us to deal with criminals and recover any losses.”*

Sarah Norman  
Chief Executive – Barnsley MBC

**October 2019**

## 1. POLICY STATEMENT

- 1.1 Barnsley Metropolitan Borough Council is committed to protecting the public funds that it administers, and consequently the Council will not tolerate any abuse of its services. The Council is determined to prevent, deter and detect all forms of fraud, bribery and corruption committed against it, whether that be internal or from outside the Council.
- 1.2 The Council is determined that the culture and tone of the organisation is one of honesty and rigorous opposition to fraud, bribery and corruption. Thus, the Council is committed to ensuring all of its business is conducted in an open, honest, equitable and fair manner, and is accountable to all the people within the borough of Barnsley.
- 1.3 The Council will not tolerate fraud or corruption committed, or attempted, by its Members, employees, suppliers, contractors or service users and will take all necessary steps to investigate allegations of fraud or corruption and pursue sanctions available in each case, including removal from office, dismissal and/or prosecution and the recovery of Council assets and funds.
- 1.4 The measures adopted by the Council in its commitment to the prevention, deterrence and detection of fraud, bribery and corruption are set out in detail in the Council's:
  - Corporate Anti-Bribery Policy;
  - Corporate Anti-Fraud and Corruption Strategy;
  - Corporate Prosecutions Policy.

## 2. FRAUD

- 2.1 The **Fraud Act 2006** is used for the criminal prosecution of fraud offences. The Council also deals with fraud in non-criminal disciplinary matters.
- 2.2 The Fraud Act created a general offence of fraud which might be committed in three ways:
  - Fraud by false representation,
  - Fraud by failing to disclose information, and
  - Fraud by abuse of position.
- 2.3 For the purposes of this document fraud is defined as:

*The dishonest action designed to facilitate gain (personally or for another) at the expense of the Council, the residents of the Borough or the wider national community.*
- 2.4 'Fraud' has moved away from the concept of the deceit of another to the dishonest intent of the fraudster to make a gain or cause a loss or risk of a loss. Thus, the arena of fraud is far more reaching than the simple crime of theft.

## 3. THEFT

- 3.1 Theft is the act of stealing any property belonging to the Council or which has been entrusted to it (i.e. client funds), including cash, equipment, vehicles, data.
- 3.2 Theft does not necessarily require fraud to be committed. Theft can also include the stealing of property belonging to another whilst on Council property.

#### 4. BRIBERY AND CORRUPTION

4.1 The Bribery Act 2010 came into force on 1<sup>st</sup> July 2011 and creates offences of:

- Accepting a bribe,
- Bribery of another person,
- Bribing a foreign official, and
- Failure to prevent bribery

4.2 The Council defines bribery as:

*‘The offering, giving, soliciting or acceptance of an inducement or reward for performing an act, or failing to perform an act, designed to influence official action or decision making’.*

These inducements can take many forms including for examples cash, holidays, event tickets, meals.

The Council defines corruption as:

*‘Dishonest or illegal behaviour’.*

4.3 The Council's **Corporate Anti-Bribery Policy** provides guidance to staff on action to be taken to prevent bribery and how to report concerns of alleged bribery or corruption.

#### 5. REPORTING FRAUD, BRIBERY AND CORRUPTION

5.1 The Council encourages and expects its employees and Elected Members to report incidents of suspected fraud, bribery and corruption. A **Confidential Reporting (Whistleblowing) Policy** is in place to facilitate the reporting of concerns by employees and Elected Members where the normal reporting to a line manager is not appropriate. The public are able to utilise the corporate complaints procedure to raise a concern about wrongdoing.

#### 6. INVESTIGATING ALLEGATIONS OF FRAUD, BRIBERY AND CORRUPTION

6.1 A **Corporate Fraud Response Plan** has been prepared to guide managers on action to be taken should they receive an allegation of fraud or corruption.

6.2 In normal cases it will be the Council's Internal Audit Services Corporate Anti-Fraud Team that will undertake or direct the investigation. Matters of a criminal nature will be referred to the Police. A reporting and liaison protocol is in place with South Yorkshire Police.

#### 7. MONITORING FRAUD, BRIBERY AND CORRUPTION

7.1 The Audit Committee will have responsibility for monitoring the performance and effectiveness of the Corporate Anti-Fraud and Corruption Policy and Strategy through the annual Internal Control Framework review process.

7.2 The Audit Committee will make recommendations to the Council to make any necessary changes to the Anti-Fraud and Corruption Policy or Strategy.

## **8. OTHER RELEVANT POLICIES**

8.1 Further information on relevant Council policy and practice can be found in the following internal documents:

- Anti-Money Laundering Policy;
- Confidential Reporting (Whistleblowing) Policy;
- Employee Code of Conduct;
- Employee Code of Conduct – Insider Dealing;
- Employee Code of Conduct – Register of Employees Interests;
- Register of Hospitality, Gifts and Legacies;
- Members Code of Conduct;
- Information Security and Computer Usage Policy

This page is intentionally left blank



# Corporate Anti-Fraud and Corruption Strategy

---

## STATEMENT OF COMMITMENT

*“We have a responsibility to be transparent and accountable to our residents. Taking responsibility for fraud means being honest about the level of fraud and acknowledging that fraud risk will exist in all large organisations. We are committed to tackling fraud, in both prevention and the delivery of robust action where fraud or bribery does occur. This strategy outlines our approach and demonstrates our commitment to ensuring good governance.”*

Sarah Norman  
Chief Executive

## CONTENTS

<u>Section</u>		<u>Page</u>
1	Introduction.....	3
2	Definition of Fraud.....	3
3	Standards.....	4
4	Corporate Framework and Culture.....	4
5	Roles and Responsibilities.....	6
6	Prevention.....	8
7	Detection and Investigation.....	9
8	Raising Concerns and the Confidential Reporting (Whistleblowing) Policy.....	10

## 1. INTRODUCTION

1.1 Fraud against Local Government nationally is estimated to cost £2.1 billion per year. This is a significant loss to the public purse. To reduce these losses Barnsley Metropolitan Borough Council (the Council) is committed to:

- The highest standards of probity in the delivery of its services, ensuring proper stewardship of its funds and assets;
- The prevention of fraud and the promotion of an anti-fraud culture;
- A zero-tolerance attitude to fraud requiring employees, contractors and Members to act honestly and with integrity at all times, and to report all suspicions of fraud;
- The investigation of all instances of actual, attempted or suspected fraud. The Council will seek to recover any losses and pursue appropriate sanctions against the perpetrators. This may include criminal prosecution, disciplinary action, legal proceedings and professional sanctions;
- The Fighting Fraud and Corruption Locally Strategy 2016-2019 provides a blueprint for a tougher response to fraud and corruption perpetrated against local authorities including:
  - Acknowledging the threat of fraud and the opportunities for savings that exist.
  - Preventing and detecting all forms of fraud.
  - Pursuing appropriate sanctions and recovery of any losses.

## 2. DEFINITION OF FRAUD

2.1 The Fraud Act 2006 came into force on 15<sup>th</sup> January 2007. The Act repeals the deception offences enshrined in the 1968 and 1978 Theft Acts and replaces them with a single offence of fraud which can be committed in three separate ways:

- Fraud by false representation;
- Fraud by failing to disclose information;
- Fraud by abuse of position

2.2 Fraud by false representation: - Examples include providing false information on a grant or Blue Badge application, employees claiming to be absent from work due to illness when they are in fact fit and well, or submitting time sheets or expenses with exaggerated or entirely false hours and/or expenses.

2.3 Fraud by failing to disclose information:- Examples include failing to disclose a financial interest in a company BMBC is trading with, or failing to disclose a personal relationship with someone who is applying for a job at the council.

2.4 Fraud by abuse of position:- Examples include a carer who steals money from the person they are caring for, or employees who order goods and services through the Council's accounts for their own use.

2.5 The Council defines fraud as:

*The dishonest action designed to facilitate gain (personally or for another) at the expense of the Council, the residents of the Borough or the wider national community.*

2.3 While fraud is often seen as a complex financial crime, in its simplest form, fraud is lying. Some people will lie, or withhold information, or generally abuse their position to try to

trick someone else into believing something that isn't true. Appendix A includes a summary of the Fraud Act 2006.

### **3. STANDARDS**

- 3.1 The Council wishes to promote a culture of honesty and opposition to fraud and corruption based on the seven principles of public life. The Council will ensure probity in local administration and governance and expects the following from all Members, employees, agency workers, volunteers, suppliers and those providing services under a contract with BMBC.

#### Selflessness

Holders of public office should 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 families, 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 the performance of their official duties.

#### Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

#### 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. Openness requires an inclusive approach, an outward focus and a commitment to partnership working.

#### Honesty

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

#### Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

### **4. CORPORATE FRAMEWORK AND CULTURE**

- 4.1 The Council's endorsement of this strategy sends a clear message that fraud against the Council will not be tolerated and where reported or identified will be dealt with in a professional and timely manner using all the sanctions available. Through the creation and enhancement of a strong Anti-Fraud Culture the Council aims to deter potential perpetrators from targeting its finances, assets and services.

- 4.2 In addition to this strategy there are a range of policies and procedures that help reduce the Council's fraud risks. These have been formulated in line with appropriate legislative requirements and professional best practice, and include:
- Corporate Anti-Fraud and Corruption Policy;
  - Corporate Anti-Bribery Policy;
  - Corporate Anti-Money Laundering Policy;
  - Confidential Reporting Policy;
  - Corporate Fraud Response Plan;
  - Disciplinary Procedure;
  - Financial Regulations and Standing Orders;
  - Code of Member Conduct;
  - Employee Code of Conduct;
  - Employee Code of Conduct – Insider Dealing;
  - Employee Code of Conduct – Register of Employees Interests;
  - Declaration of interest and gifts and hospitality procedures for Members and Officers;
  - An established Audit Committee;
  - E-learning fraud awareness training for employees accessible through POD;
  - Relevant documents, including invoices over £500, being made available to the public, partners, staff and members;
  - Participation in the Cabinet Office's National Fraud Initiative and membership to the National Anti-Fraud Network.
- 4.3 The expectation is that elected Members and employees of all levels will adopt the highest standards of propriety and accountability and demonstrate that the Council is acting in a transparent and honest manner. Consequently, any Member / co-opted Member of the Council who commits a fraudulent act against the Council or is involved with bribery in the performance of their duties will be subjected to the Council's procedures for dealing with complaints of misconduct against Members operated via the Council's Monitoring Officer / Standards Committee and may be reported to the Police.
- 4.4 Any Council employee committing a fraudulent act against the Authority or found to be involved with bribery in the performance of their duties will be subjected to the Council's disciplinary procedures and may be reported to the Police (whether or not the act is outside of their direct employee role). For instance benefit fraud, the misuse of a blue badge, submitting a false insurance claim against the Council, Council Tax evasion, Council Tax Support fraud or falsely claiming single person's discount are all offences against the Council that can be committed by employees outside of their direct role and which are likely to be subject to investigation under the Council's Disciplinary Procedure. Whilst the internal action in relation to both Members and employees will be entirely separate to any criminal sanction and the intrinsic link to the employment relationship can be considered by the Council.
- 4.5 When fraud and / or bribery has occurred due to lack of internal control or an identified breakdown in controls, the relevant Executive Director will be responsible for ensuring appropriate improvements in systems of control are implemented in order to minimise the risk of recurrence. Where investigations are undertaken by CAFT, an audit report will be produced on any control weaknesses and follow up action undertaken as appropriate to ensure the implementation of improvements.

## **5. ROLES AND RESPONSIBILITIES**

### The Role of Elected Members

- 5.1 As elected representatives, all Members of the Council have a duty to act in the public interest and to do whatever they can to ensure that the Council uses its resources in accordance with statute.
- 5.2 This is achieved through Members operating within the Constitution which includes the Member Code of Conduct and Financial Regulations.

### The Role of Employees

- 5.3 The Council expects its employees to be alert to the possibility of fraud and corruption and to report any suspected fraud or other irregularities to the Head of Internal Audit, Anti-Fraud and Assurance.
- 5.4 Employees are expected to comply with the Employee Code of Conduct and the Council's policies and procedures.
- 5.5 Employees are responsible for complying with the Council's policies and procedures and it is their responsibility to ensure that they are aware of them. Where employees are also members of professional bodies they should also follow the standards of conduct laid down by them.
- 5.6 Employees should follow instructions given to them by management. They are under a duty to properly account for and safeguard the money and assets under their control/charge.
- 5.7 Employees are required to provide a written declaration of any financial and nonfinancial interests or commitments, which may conflict with BMBC's interests (Employee Code of Conduct – Register of Employees Interests). Section 117 of the Local Government Act 1972 requires any officer with an interest in a contract which has been, or proposed to be, entered into by the Council to declare that interest. The legislation also prohibits the acceptance of fees or rewards other than by means of proper remuneration.
- 5.8 Failure to disclose an interest or the acceptance of an inappropriate reward may result in disciplinary action or criminal liability. Staff must also ensure that they make appropriate disclosures of gifts and hospitality (Declaration of an offer of Benefits).
- 5.9 Managers at all levels are responsible for familiarising themselves with the types of fraud that might occur within their directorates and the communication and implementation of this strategy.
- 5.10 Managers are expected to create an environment in which their staff feel able to approach them with any concerns that they may have about suspected fraud or any other financial irregularities.

### The Public and external organisations

- 5.11 Members of the public receive financial assistance and benefits from the Council through a variety of services. These include Council Tenancies, Temporary Accommodation, Renovation and other housing related grants, Housing and Council Tax Support, Council Tax discounts, Right to Buy discounts, Direct care payments and Parking concessions.

At some time or another these areas have been subject to attack by those intent on committing fraud which means that there is less money and resources available for those in genuine need.

- 5.12 The same principles of investigations will apply across all areas where fraud and corruption is alleged.
- 5.13 All applications for financial or other assistance will be verified to the highest standard, and all data available to the Council will be used to corroborate information provided by applicants for the purposes of preventing and detecting fraud. All employees involved in assessing applications for assistance and/or verifying identification documentation submitted in support of applications will be provided with ongoing fraud awareness training through an e-learning package.
- 5.14 Information exchange will be conducted where allegations are received within the framework of the Data Protection Act 2018 for the purposes of preventing and detecting crime or under statutory legislation where it exists.
- 5.15 We will apply appropriate sanctions in all cases where it is felt that fraud or attempted fraud has been perpetrated against the authority. These will range from official warnings to Crown Court prosecution. We will also seek to recover any monies obtained fraudulently, including freezing assets, utilising the Proceeds of Crime Act 2002, confiscation orders, civil recovery and general debt recovery.
- 5.16 We will use the Council's Legal Services Department and the Crown Prosecution Service to bring offenders to justice. Prosecutions will not be limited to Council Tax Reduction Scheme cases but will include any area within the Council where there is evidence to indicate a fraud related offence has been committed and the case meets the standards required in the Corporate Prosecutions Policy and The Code for Crown Prosecutors.
- 5.17 As a deterrent, we will publicise our successful sanctions through the Council's Communications and Marketing Team and in the local and national media where the law allows us to do so and periodically run targeted anti-fraud campaigns within the borough to raise fraud awareness.

## **6. PREVENTION**

### Responsibilities of management

- 6.1 The primary responsibility for the prevention and detection of fraud is with management. They must ensure that they have the appropriate internal controls in place, that they are operating as expected and being complied with. They must ensure that adequate levels of internal checks are included in working practices, particularly financial. It is important that duties are organised in such a way that no one person can carry out a complete transaction without some form of checking or intervention process being built into the system.

### Corporate Anti-Fraud Team and Internal Audit

- 6.2 The CAFT and IA provide the Council's Anti-Fraud function. IA will ensure that an effective audit is undertaken of the Council systems and processes. CAFT will utilise all methods to detect, prevent, investigate and pursue fraud. This includes data-matching, data mining, open source research, surveillance and intelligence led investigations. The



two branches of the operation will work to assist management to implement appropriate controls and provide solutions to control failures.

6.3 CAFT and IA are empowered to:

- Enter any Council premises or land;
- Have access to all records, documentation and correspondence relating to any financial and other transactions as considered necessary;
- Require and receive information or explanation of council employees as are regarded necessary concerning any matter under examination;
- Require any employee of the Council to account for cash, stores or any other Council property under their control or possession.

6.4 The Council actively encourages employees to express any concerns regarding colleagues who are suspected of committing fraud. The Confidential Reporting Policy provides further details on how employees can utilise the protection offered by the Public Interest Disclosure Act 1998. All employees, the public and members are encouraged to contact the CAFT or IA with any suspicion of fraud, corruption, financial malpractice or the abuse of official position.

6.5 CAFT is responsible for assessing the authority's counter fraud arrangements and performance against professional guidance and findings of internal reviews and investigations.

6.6 The CAFT is authorised to investigate allegations of fraud and corruption under:

- Section 222 of the Local Government Act 1972;
- Regulations 3, 4 and 5 of the Council Tax Reductions Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013; and
- Regulations 2 and 4 of the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014.

Working with others and sharing information

6.7 The Council is committed to working and co-operating with other organisations to prevent fraud and corruption and protect public funds. The Council may use personal information and data-matching techniques to detect and prevent fraud, and ensure public money is targeted and spent in the most appropriate and cost-effective way. In order to achieve this, information may be shared with other bodies responsible for auditing or administering public funds including the Cabinet Office, the Department for Work and Pensions, other local authorities, HM Revenue and Customs, and the Police.

National Fraud Initiative

6.8 The Council participates in the National Fraud Initiative (NFI). Part 6 of the Local Audit and Accountability Act 2014 requires the Authority to provide data from its computer systems to the Cabinet Office. This data is matched with that of other authorities and agencies, to identify possible fraud. Details of matches are returned to the Authority where further internal investigations are undertaken to identify and pursue cases of fraud and irregularity. CAFT act as key contact for the authority in co-ordinating this exercise and ensuring that data subjects are informed in a timely manner when the exercise is undertaken as per best practice guidance from the Audit Commission and Information Commissioner.

Training and awareness

- 6.9 The successful prevention of fraud is dependent on risk awareness, the effectiveness of induction and training and the responsiveness of employees throughout the Council.
- 6.10 Management will provide induction and ongoing training to employees, particularly those involved in financial processes and systems to ensure that their duties and responsibilities are regularly highlighted and reinforced.
- 6.11 Internal Audit will provide fraud awareness training on request and will publish its successes to raise awareness.

**7. DETECTION AND INVESTIGATION**

- 7.1 The Council is committed to the investigation of all instances of actual, attempted and suspected fraud committed by employees, Members, consultants, suppliers and other third parties and the recovery of funds and assets lost through fraud.
- 7.2 Any suspected fraud, corruption or other irregularity should be reported to the Head of Internal Audit, Anti-Fraud and Assurance who will advise on the appropriate course of action. This will ensure that any investigation is carried out independently and objectively in accordance with Council policy and procedures, key investigation legislation and best practice and, provide assurance that investigations do not jeopardise any potential disciplinary action or criminal sanctions.
- 7.3 Action could include:
- Investigation carried out by the CAFT;
  - Joint investigation with Internal Audit, CAFT and relevant directorate management;
  - Directorate carry out investigation and CAFT provide advice and guidance;
  - Referral to the Police.
- 7.4 The responsibility for investigating potential fraud, corruption and other financial irregularities within BMBC lies mainly (although not exclusively) with the CAFT. Employees involved in this work will therefore be appropriately trained, and this will be reflected in training plans.

**8. RAISING CONCERNS AND THE CONFIDENTIAL REPORTING POLICY**

Suspensions of fraud or financial irregularity

- 8.1 All suspected or apparent fraud or financial irregularities must be brought to the attention of the Head of Internal Audit, Anti-Fraud and Assurance in accordance with Financial Regulations. Where the irregularities relate to an elected Member, there should be an immediate notification to the Executive Director, Core Services in their role as Council Monitoring Officer.
- 8.2 If a member of the public suspects fraud or corruption they should contact the Corporate Anti-Fraud Team in the first instance. They may also contact the Council's External Auditor, who may be contacted in confidence.
- 8.3 The Council's Corporate Anti-Fraud Team can be contacted by telephone on 0800 138 2940 or by mail to [corporatefraudinvestigations@barnsley.gov.uk](mailto:corporatefraudinvestigations@barnsley.gov.uk)

Confidential Reporting Policy

- 8.4 Employees (including Managers) wishing to raise concerns should refer to the Council's Confidential Reporting Policy and associated procedures.
- 8.5 The Council's Confidential Reporting Policy encourages individuals to raise serious concerns internally within the Council, without fear of reprisal or victimisation, rather than over-looking a problem or raising the matter outside. All concerns raised will be treated in confidence and every effort will be made not to reveal the individual's identity if this is their wish. However, in certain cases, it may not be possible to maintain confidentiality if the individual is required to come forward as a witness.
- 8.6 Employees wishing to raise concerns can obtain a copy of the Confidential Reporting Policy on the Corporate Intranet.

This page is intentionally left blank

# Corporate Anti-Bribery Policy

---

## CONTENTS

<u>Section</u>		<u>Page No</u>
1	Introduction.....	2
2	Objective of the Policy.....	2
3	Scope of the Policy.....	2
4	The Council's Commitment.....	2
5	Definition of Bribery.....	3
6	The Bribery Act 2010.....	3
7	Adequate Procedures.....	3
8	Penalties.....	4
9	Bribery is Not Tolerated.....	4
10	Facilitation Payments.....	5
11	Gifts and Hospitality.....	5
12	Public Contracts and Failure to Prevent Bribery.....	5
13	Employee Responsibilities.....	5
14	Raising a Concern.....	6
15	Other Relevant Policies.....	6

## **1. INTRODUCTION**

- 1.1 Bribery is a criminal offence. Barnsley MBC does not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor do we or will we, accept bribes or improper inducements.
- 1.2 To use a third party as a conduit to channel bribes to others is a criminal offence. We do not, and will not, engage indirectly in or otherwise encourage bribery.
- 1.3 We are committed to the prevention, deterrence and detection of bribery. We have zero-tolerance towards bribery. We aim to maintain anti-bribery compliance “business as usual”, rather than as a one-off exercise.

## **2. OBJECTIVE OF THIS POLICY**

- 2.1 This policy provides a coherent and consistent framework to enable the Council's employees to understand and implement arrangements enabling compliance. In conjunction with related policies and key documents it will also enable employees to identify and effectively report a potential breach.
- 2.2 We require that all personnel, including those permanently employed, temporary agency staff and contractors:
  - act honestly and with integrity at all times and to safeguard the Council's resources for which they are responsible;
  - comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which the Council operates, in respect of the lawful and responsible conduct of activities.

## **3. SCOPE OF THIS POLICY**

- 3.1 This policy applies to all of the Council's activities. For partners, joint ventures and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this policy.
- 3.2 Within the Council, the responsibility to control the risk of bribery occurring resides at all levels of the Council. It does not rest solely within assurance functions, but in all business units and corporate functions.
- 3.3 This policy covers all personnel, including all levels and grades, those permanently employed, temporary agency staff, contractors, non-executives, agents, Members (including independent members), volunteers and consultants.

## **4. THE COUNCIL'S COMMITMENT TO ACTION**

- 4.1 The Council commits to:
  - Setting out a clear Anti-Bribery Policy and keeping it up to date
  - Making employees aware of their responsibilities to adhere strictly to this policy at all times
  - Encouraging its employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately

- Rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecution
- Taking firm and vigorous action against any individual(s) involved in bribery
- Provide information to employees to report breaches and suspected breaches of this policy
- Include appropriate clauses in contracts to prevent bribery.

## 5. BRIBERY

### 5.1 The Council defines bribery as:

*The offering, giving, soliciting or acceptance of an inducement or reward for performing an act, or failing to perform an act, designed to influence official action or decision making.*

## 6. THE BRIBERY ACT 2010

### 6.1 There are four key offences under the Act:

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

### 6.2 The Bribery Act 2010 makes it an offence to offer, promise or give a bribe (Section 1). It also makes it an offence to request, agree to receive, or accept a bribe (Section 2). Section 6 of the Act creates a separate offence of bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business. There is also a corporate offence under Section 7 of failure by a commercial organisation to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation. An organisation will have a defence to this corporate offence if it can show that it had in place **adequate procedures** designed to prevent bribery by or of persons associated with the organisation.

## 7. WHAT ARE “ADEQUATE PROCEDURES”?

### 7.1 Whether the procedures are adequate will ultimately be a matter for the courts to decide on a case-by-case basis. Adequate procedures need to be applied proportionately, based on the level of risk of bribery in the organisation. It is for individual organisations to determine proportionate procedures in the recommended areas of six principles. The principles are not prescriptive and are intended to be flexible and outcome focussed e.g. small organisations will face different challenges to those faced by large multi-national enterprises.

### 7.2 Proportionate procedures

The Council's procedures to prevent bribery by persons associated with it are proportionate to the bribery risks it faces and to the nature, scale and complexity of its activities. They are also clear, practical, accessible, effectively implemented and enforced.



7.3 Top level commitment

Elected Members and the Council's Senior Management Team are committed to preventing bribery by persons associated with the Council. They foster a culture within the council in which bribery is never acceptable.

7.4 Risk Assessment

The Council assesses the nature and extent of its exposure to potential external and internal risks of bribery on its behalf by persons associated with it. The assessment is periodic, informed and documented. It includes financial risks but also other risks such as reputational damage.

7.5 Due diligence

The Council applies due diligence procedures, taking a proportionate and risk based approach in respect of persons who perform or will perform services for or on behalf of the organisation in order to mitigate identified bribery risks.

7.6 Communication

The Council seeks to ensure that its bribery prevention policies and procedures are embedded and understood throughout the organisation through internal and external communication, including training that is proportionate to the risks it faces.

7.7 Monitoring and review

The Council monitors and reviews procedures designed to prevent bribery by persons associated with it and makes improvements where necessary.

**The Council is committed to proportional implementation of the above principles.**

**8. PENALTIES**

8.1 An individual guilty of an offence under sections 1, 2 or 6 is liable:

- On conviction in a magistrates court, to imprisonment for a maximum term of 12 months or to a fine not exceeding £5,000, or to both
- On conviction in a crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both

8.2 Organisations are liable for these fines and if guilty of an offence under section 7 are liable to an unlimited fine.

**9. BRIBERY IS NOT TOLERATED**

9.1 It is unacceptable to:

- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;

- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy;
- engage in activity in breach of this policy.

## **10. FACILITATION PAYMENTS**

- 10.1 Facilitation payments are not tolerated and are illegal. Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions.

## **11. GIFTS AND HOSPITALITY**

- 11.1 This policy is not meant to change the requirements of the Council's Register of Hospitality and Gifts.

- 11.2 Paragraph 6.3.3 of the Code of Conduct for Employees states:

*It is a serious criminal offence for employees to corruptly receive or give any gift, bribe, loan, fee, reward or advantage for doing/not doing or showing favour to any persons as a result of their official capacity – Prevention of Corruption Act 1916 and the Bribery Act 2010.*

- 11.3 Furthermore, Section 6.6 of the policy provides guidance and instruction relating to the offering of benefits. The policy advises that, with the exception of very modest benefits, any offer must be firmly refused and states:

*Public confidence and that of the Council would be seriously damaged if the least suspicion were to arise of actual or perceived impropriety by an employee of the Council.*

- 11.4 In general terms, however, an employee must:

- Treat any offer of a gift or hospitality if it is made to them personally with extreme caution;
- Not receive any reward or fee other than their salary;
- Never accept monetary gifts of any kind;
- Always refuse offers of gifts or services to them (or their family members) from organisations or persons who do, or might, provide work, goods or services, to the Council or who require a decision from the Council;
- Always report any such offer to their line manager.

## **12. PUBLIC CONTRACTS AND FAILURE TO PREVENT BRIBERY**

- 12.1 Under the Public Contracts Regulations 2006 as amended by the Public Contracts Regulations 2015 (which gives effect to EU law in the UK), a company is automatically and perpetually debarred from competing for public contracts where it is convicted of a corruption offence. Organisations that are convicted of failing to prevent bribery are not automatically barred from participating in tenders for public contracts. The Council has the discretion to exclude organisations convicted of this offence.

*Note: In March 2019 the Minister for the Cabinet Office made **SI 2019 no 560** - The Public Procurement (Amendment etc.) (EU Exit) Regulations 2019. This SI will come into force on exit day and will amend the procurement regulations to ensure that they continue to operate effectively after exit day.*

### **13. EMPLOYEE RESPONSIBILITIES**

- 13.1 The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the organisation or under its control. All employees are required to avoid activity that breaches this policy.
- 13.2 You must:
- ensure that you read, understand and comply with this policy;
  - raise concerns as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future.
- 13.3 As well as the possibility of civil and criminal prosecution, employees breaching this policy will face disciplinary action, which could result in dismissal for gross misconduct.

### **14. RAISING A CONCERN**

- 14.1 The Council is committed to ensuring that all of us have a safe, reliable, and confidential way of reporting any suspicious activity. We want each and every employee to know how they can raise concerns.
- 14.2 We all have a responsibility to help detect, prevent and report instances of bribery. If you have a concern regarding a suspected instance of bribery or corruption, please speak up – your information and assistance will help.
- 14.3 There are multiple channels to help you raise concerns (please refer to the Confidential Reporting Policy). Preferably the disclosure will be made and resolved internally e.g. to your line manager, head of department or Internal Audit. Alternatively, where internal disclosure proves inappropriate, concerns can be raised with the Council's external auditor. Raising concerns in these ways may be more likely to be considered reasonable than making disclosures publicly e.g. to the media.
- 14.4 Concerns can be anonymous. In the event that an incident of bribery, corruption, or wrongdoing is reported, we will act as soon as possible to evaluate the situation. We have clearly defined procedures for investigating fraud, misconduct and non-compliance issues and these will be followed in any investigation of this kind. This is easier and quicker if concerns raised are not anonymous.
- 14.5 Employees who refuse to accept or offer a bribe, or those who raise concerns or report wrongdoing can understandably be worried about the repercussions. The Council aims to encourage openness and will support anyone who raises a genuine concern in good faith under this policy, even if they turn out to be mistaken.
- 14.6 We are committed to ensuring nobody suffers detrimental treatment through refusing to take part in bribery or corruption, or because of reporting a concern in good faith.
- 14.7 If you have any questions about these procedures, please contact Internal Audit.

### **15. OTHER RELEVANT POLICIES**

- 15.1 Further information on relevant Council policy and practice can be found in the following internal documents:
- Corporate Anti-Fraud and Corruption Policy;

- Corporate Anti-Fraud and Corruption Strategy;
- Members Code of Conduct;
- Employee Code of Conduct (including gifts and hospitality);
- Corporate Anti-Money Laundering Policy;
- Confidential Reporting Policy (Whistleblowing Policy).

DRAFT

# Corporate Prosecution Policy

---

## CONTENTS

<u>Section</u>		<u>Page No</u>
1	Policy Statement .....	2
2	Purpose of the Policy .....	2
3	Prosecution .....	2
4	Members and Employees .....	3
5	Other Fraud .....	3
6	Mitigating Factors .....	3
7	Proceeds of Crime Act 2002.....	4
8	Publicity .....	4
9	Reporting and Review .....	4
Appendix I	Prosecution – The Evidential and Public Interest Test ....	6

## **1 POLICY STATEMENT**

- 1.1 The Corporate Prosecution Policy forms part of the Council's overall counter-fraud and corruption strategy. The policy covers all acts, and/or attempted acts, of fraud, theft bribery or corruption committed by officers or Members of the Council, or committed by members of the public, or other organisations or their employees, against the Council.
- 1.2 The policy sets out the circumstances in which the Council will take legal action against the perpetrators of fraud or corruption. The policy does not cover internal disciplinary procedures which are the subject of the council's Disciplinary Procedure.
- 1.3 This policy should be read in conjunction with the Council's Corporate Anti-Fraud and Corruption Policy, Corporate Anti-Fraud and Corruption Strategy, Corporate Anti-Bribery Policy, Corporate Whistleblowing Policy, Financial Regulations, Contract Standing Orders, and the Corporate Disciplinary Policy and Procedures.

## **2 PURPOSE OF THE POLICY**

- 2.1 The Council is committed to an effective anti-fraud and corruption strategy. The strategy is designed to encourage the prevention and detection of fraud and corruption. As part of the strategy the Council is also committed to taking appropriate action against anyone believed to have attempted and/or committed a fraudulent or corrupt act against it.
- 2.2 The policy is designed to ensure that the Council acts fairly and consistently when determining what action to take against the perpetrators of fraud or corruption.
- 2.3 Employees and Members who are found to have committed fraud or corruption may be prosecuted in addition to such other action(s) that the Council may decide to take, including disciplinary proceedings in the case of employees. Any decision not to prosecute a member of staff for fraud and corruption does not preclude remedial action being taken by the relevant Executive Director or Service Director in accordance with the council's disciplinary procedures or other policies.
- 2.4 This Policy is also designed to be consistent with council policies on equalities. The Council will take into account the circumstances of each case and the nature of the alleged crime when considering whether to prosecute or not.
- 2.5 Irrespective of the action taken to prosecute the perpetrators of fraud and corruption, the Council will take whatever steps necessary to recover any losses incurred, including taking action in the civil courts.

## **3 PROSECUTION**

- 3.1 The policy is intended to ensure the successful prosecution of offenders in Court. However, not every contravention of the law should be considered for prosecution. The Council will weigh the seriousness of the offence (taking into account the harm done or the potential for harm arising from the offence) with other relevant factors and against the public interest criteria. All cases will be looked at individually and be considered on their particular circumstances.
- 3.2 To consider a case for prosecution the Council must be satisfied that two tests have been passed. Firstly, there must be sufficient evidence of guilt to ensure conviction (referred to as the **Evidential Test**). Secondly; it must be in the public interest to

proceed (called the **Public Interest Test**). Further guidance on these two tests are shown at Appendix I.

#### **4 MEMBERS AND EMPLOYEES**

- 4.1 The Council will invoke disciplinary action in all cases of fraud, theft, financial misconduct, serious and intentional breach of financial regulations and corruption committed by employees of the Council or employees within its maintained schools. The normal recommendation for employees would be gross misconduct. This will include cases of fraud against the Council, other council's and other public sector bodies.
- 4.2 Where a financial loss has been identified the Council will always seek to recover this loss either through the civil or criminal process. In addition, where employees are members of professional bodies or are subject to national codes of conduct such as teaching and social services staff, we will refer cases to the relevant professional body.
- 4.3 The Council will always refer cases to the relevant prosecuting authority for criminal prosecution, where management consider a prosecution to be appropriate, in matters relating to elected Members and employees

#### **5 OTHER FRAUD**

- 5.1 Other types of fraud against the Council include, but are not limited to: Direct Care Payments, Grants, Reliefs or other applications for financial assistance or other benefits awarded such as Blue Badges.
- 5.2 In cases where the Council suffers a financial loss, we will always seek recovery. Where an organisation is involved in the fraud, the Council will also make referrals to the relevant governing body e.g. Charities Commission.
- 5.3 The Council will also consider criminal prosecution. The factors that will affect our decision to prosecute will be based on the evidential and the public interest test. This will include cases of attempted fraud e.g. applications for renovation grants where the financial estimates are deliberately misstated or false applications for direct care payments.
- 5.4 Individuals fraudulently claiming a council tax discount / reduction or committing a non-domestic rates fraud will be dealt with under the Benefits and Taxation Sanction and Penalty Policy.
- 5.5 The Corporate Anti-Fraud Team in conjunction with Legal Services will consult with South Yorkshire Police in respect of potential criminal acts.

#### **6 MITIGATING FACTORS**

- 6.1 The following mitigating factors will be taken into account when determining whether to prosecute;

##### Voluntary Disclosure

A voluntary disclosure occurs when an offender voluntarily reveals a fraud about which the Council is otherwise unaware. If this happens, then the fraud will be investigated but



the offender will not be prosecuted unless in exceptional circumstances. However, any person colluding in the crime will still be prosecuted.

A disclosure is not voluntary if the:-

- admission is not a complete disclosure of the fraud;
- admission of the fraud is made only because discovery of the fraud is likely, (for example, the offender knows the Council is already undertaking an investigation in this area and/or other counter fraud activity);
- offender only admits the facts when challenged or questioned;
- offender supplies the correct facts when making a claim to Legal Aid;

#### Social Factors

A wide range of social factors may make a prosecution undesirable. The test is whether the court will consider the prosecution undesirable, and go on to reflect that in the sentence.

#### Exceptional Circumstances

In certain exceptional circumstances the Council may decide not to prosecute an offender. For example, a lack of sufficient resources to complete the investigation within a reasonable period of time (even after requesting assistance from the police) may be a factor against prosecution action (refer to Appendix I, The Public Interest Test).

## **7 PROCEEDS OF CRIME ACT 2002 (POCA)**

7.1 In addition to the actions set out in this policy, the Council reserves the right to refer all suitable cases for financial investigation with a view to applying to the courts for **restraint** and/or **confiscation** of identified assets.

- A restraint order will prevent a person from dealing with specific assets.
- A confiscation order enables the Council to recover its losses from assets which are found to be the proceeds of crime.

7.2 The Council will use the Proceeds of Crime Act 2002, Criminal Justice Act 1988 and the provisions of the Prevention of Social Housing Fraud Act 2013 to obtain Confiscation Orders and Unlawful Profit Orders as well as recovery of the full criminal benefit figure where possible. The Council may use Accredited Financial Investigators attached to other law enforcement agencies in order to conduct an investigation, obtain orders and present evidence.

## **8 PUBLICITY**

8.1 The consistent application of the policy will provide a means for ensuring that those who have perpetrated fraud and corruption are appropriately penalised. It will also act as a meaningful deterrent to those who are contemplating committing fraud or corruption. The Council recognises the deterrent value of good publicity and therefore information regarding successful prosecutions and sanctions will be made public.

**9 REPORTING AND REVIEW**

- 9.1 Details of all cases where prosecutions have resulted from investigations conducted by Council Officers will be included in the periodic reports provided to the Council's Audit Committee.
- 9.2 This policy will be reviewed annually, or when changes in legislation require it, by the Head of Internal Audit, Anti-Fraud and Assurance. Any minor or consequential changes will be made with the agreement of the Director of Legal Services.

DRAFT

### **Prosecution – The Evidential and Public Interest Test**

Each case will be looked at individually to decide what action, if any, is appropriate under this policy. This decision will be based upon 'The Code for Crown Prosecutors' which sets out the general principles prosecutors should look to when they make decisions on cases. The tests are known as the Evidential Test and the Public Interest Test.

#### **The Evidential Test**

In making a decision to prosecute, the Council must be satisfied that there is enough evidence to provide a realistic prospect of conviction. A realistic prospect of conviction is an objective test meaning that a jury, magistrate or judge hearing a case which, is properly directed in accordance with the law, is more likely than not to convict the defendant of the alleged offence.

In order to ensure that a "realistic prospect of conviction" exists officers of the Corporate Anti-Fraud Team and prosecutors will at all times ensure that investigations are conducted in accordance with all relevant legislation and Codes of Practice with regard to evidence gathering, interviewing and rules of disclosure.

The evidence gathered will be examined in the first instance by the investigating officer and then line manager. When both are satisfied that sufficient evidence exists to successfully prosecute and that the Public Interest Stage is also satisfied the case file will be passed on to either the council's legal team or the Crown Prosecution Service. All prosecutors will then apply their own inspection of the evidence to ensure that both tests are met.

If a case does not pass an evidential test it must not go ahead no matter how important or serious the offence seems. If the case does pass the evidential stage then it should move on to the second stage to decide if a prosecution is appropriate in the public interest

#### **The Public Interest Test**

Having examined the evidential test and established that there is sufficient evidence of a realistic prospect of conviction, the Public Interest Test is then applied to determine whether a prosecution should take place or whether an alternative Sanction may be suitable. The factors for and against prosecution should be balanced carefully. It is a matter of common sense that if there are additional factors that should be taken into account then these factors should be considered.

#### **Factors against prosecution action**

- There has been undue delay between the offence taking place and the date of the trial, unless the offence is serious, or the delay has been caused in part by the defendant.
- There are major physical or mental health issues for the defendant, which has been confirmed in writing by a medical practitioner and that the ordeal of a prosecution could have a significant detrimental impact on their wellbeing, unless the offence is serious or there is a real possibility that it may be repeated. Age is not in itself a bar factor against prosecution, but if the customer has poor health because of their advanced years this should also be considered.
- The subject was driven to commit the offence by a difficult domestic situation.
- If prosecuted there exists the possibility of mental injury to a third party, for example where an adopted or fostered child would be made aware of their true status;

#### Factors In favour of prosecution action

- The defendant is alleged to have committed the offence whilst under an order of the court or suspended sentence.
- The defendant's previous convictions or sanctions are relevant to the present offence.
- The defendant is in a position of trust, where their financial impropriety would have a bearing on their ability to continue in their role e.g. a Council employee or Elected Member.
- There is evidence that the defendant has taken deliberate action or provided false statement/documentation to perpetrate the deception.
- The motivation for the fraud was one of pure financial greed where the perpetrator is in a position of relative prosperity.
- There are grounds for believing that the offences were likely to be continued or repeated e.g. by a history of recurring conduct.
- The offence is alleged to have occurred over a protracted period of time involving more than one period of deception.
- The evidence shows that the suspect has instigated, encouraged, or coerced others to commit fraud.
- Where a person occupies a position in public office and the fraud is considered to have brought their position into disrepute.
- In certain exceptional circumstances, the authorising officers, may decide to recommend proceedings where the normal criteria are not met. These cases will be where there are extenuating/aggravating circumstances and each case will be considered on its merits.
- The fraud appears to involve collusion. Cases involving collusion should be regarded as serious fraud and prosecution may be appropriate irrespective of the amount of the fraud.

The various reasons listed above are not exhaustive. The factors that apply will depend on the facts in each individual case.

The Council will also take into consideration the suitability of evidence obtained and any failures or delays in the investigation. Examples would be where an application form has been wrongly completed by an officer of the Council or when there has been a failure to identify obvious flaws in a statement or document.

# Corporate Fraud Response Plan

---

## CONTENTS

<u>Section</u>		<u>Page No</u>
1	Introduction.....	2
2	Objectives.....	3
3	Employee Responsibilities.....	3
	a) Fraud by a member of the public / service user.....	4
	b) Fraud by another Council employee.....	4
	c) Fraud by an elected Member.....	4
	d) Investigation Conduct.....	4
	e) Whistle-blowing Policy.....	5
4	Management Responsibilities.....	5
5	Internal Audit's Responsibilities.....	6
6	Councillors' Responsibilities.....	6
7	Determining the Type of Investigation.....	6
	a) Allegation Against an Employee.....	6
	b) Allegation Against a Member of the Public.....	7
	c) Allegation Against a Councillor.....	7
	d) External Audit.....	7
8	Preservation of Evidence.....	7
9	Where Suspicions can be Reported.....	8
10	Press and Publicity.....	9
11	Conclusion.....	9
12	Supporting Corporate Policies.....	9

## 1. INTRODUCTION

- 1.1 Barnsley Council is committed to combatting fraud, corruption and irregularity. This Fraud Response Plan is intended to provide direction and help to all Council employees and Elected Members who wish to raise their concerns about suspected fraud, theft, corruption or irregularity either within, or against the Council.

- 1.2 The Council's Financial Regulations, Part B (Corporate Governance), Section 4 (Internal Control and Audit) states:

The Chief Executive, SMT and Service Directors are:

*Responsible for informing the Head of Internal Audit, Anti-Fraud and Assurance of any suspected irregularities, impropriety or areas of malpractice (described below) that are brought to their attention.*

Employees are:

*Responsible for notifying their respective Executive Director and/or the Head of Internal Audit, Anti-Fraud and Assurance of:*

- All concerns regarding suspected irregularities involving cash, stores, equipment, information or other resources or property of the Council;*
- Suspected impropriety in the functions of the Council;*
- Suspected malpractice in the completion, use or retention of records.*

- 1.3 The Head of Internal Audit, Anti-Fraud and Assurance has a responsibility to investigate all cases of fraud that are referred to him. Actual investigations may be carried out by officers of the Corporate Anti-Fraud Team or Internal Audit (CAFT).

- 1.4 The Council's definition of fraud and corruption is defined within the Council's [Corporate Anti-Fraud and Corruption Policy](#) at paragraphs 2.3 and 4.2 respectively.

- 1.5 Section 6.4 of the Council's Code of Conduct for Employees states the following:

*'Where an employee has suspicions that a Council employee(s) or other individual(s) are involved in fraudulent or corrupt activities or theft, then they must in the first instance report those suspicions to their line manager.*

*If an employee feels unable to do this, then they can raise their concern(s) under the Council's [Confidential Reporting Policy](#) or to the Council's Corporate Anti-Fraud Team so the Council can take prompt action. The policy makes it clear that employees who raise legitimate concerns can do so without fear of reprisals. Any disclosure or allegation made maliciously or for personal gain will not be protected and disciplinary action may be taken accordingly.*

*As per the Council's Financial Regulations, all matters of potential and actual irregularity are required to be reported to Internal Audit. Such matters include all concerns regarding suspected irregularities involving cash, stores, equipment, information or other resources or property of the Council, any suspected impropriety in the functions of the Council or any suspected malpractice in the completion, use or retention of records.'*

This means that all officers of the Council are contractually required to report any concerns relating to theft, fraud or corruption via appropriate channels.

- 1.6 The Plan gives a framework to follow in responding to suspicions of fraud or corruption and provides information that allows evidence to be gathered and collated in a way which facilitates informed initial decisions, while ensuring that evidence gathered will be admissible in any future criminal or civil actions.
- 1.7 The Plan also outlines how the Council will deal with reports of fraud, theft, corruption or irregularity.
- 1.8 Where the suspected fraud relates to housing or welfare benefits, the matter should be referred directly to the Department for Work and Pensions (DWP) who will investigate the case under the Single Fraud Investigation Service.
- 1.9 This Policy does not cover money laundering. Any suspicions of money-laundering should be dealt with using the [Corporate Anti-Money Laundering Policy \(and Guidance\)](#).

## **2. OBJECTIVES**

- 2.1 The objectives of a fraud response plan are to ensure that timely and effective action can be taken to:
- Ensure an appropriate investigation is undertaken;
  - minimise the risk of inappropriate action or disclosure taking place which would compromise an investigation;
  - ensure there is a clear understanding regarding who will lead any investigation and to ensure Internal Audit's Corporate Anti-Fraud Team, service managers, Legal Services and Human Resources are involved as appropriate;
  - ensure a fair and consistent response to suspected frauds;
  - secure evidence and ensure containment of any information or knowledge of any investigation into the matter reported;
  - prevent further losses of funds or other assets where fraud has occurred and maximise recovery of losses;
  - ensure there is substance and evidence to support any allegation against an employee before that employee is subject to disciplinary action;
  - minimise the effect of a fraud or corrupt act by taking appropriate and timely action at an early stage;
  - identify the perpetrators and maximise the success of any disciplinary /legal action taken;
  - reduce adverse impacts on the business of the Council;
  - minimise any adverse publicity for the Council;
  - identify lessons to be learned to improve the internal control arrangements of the Council and improve fraud awareness.

## **3. EMPLOYEE RESPONSIBILITIES**

- 3.1 As an employee there are a number of actions you may be required to take depending on who is involved in the irregularity. You should remember, however, that when you know of or suspect a fraud or corrupt act you should not discuss it with other work colleagues either before or after reporting it to the appropriate person.
- 3.2 You should never confront the suspected individual or act in a manner which might draw their attention to your suspicions.
- 3.3 At the earliest opportunity you should clearly record all the activities you have witnessed and information you have received or are aware of. It is important to record as much



information as possible to inform any subsequent management assessment or investigation, including dates, times and sequences of events but not to undertake any investigatory work yourself.

### **Fraud by a member of the public / service user**

- 3.4 If the fraud or corrupt act is being committed in your service area, then under normal circumstances you should report your concerns to your line manager. If it is not in your area then you should not ignore the information you have, but should report the matter directly to the CAFT in Internal Audit Services or to one of the Corporate Whistleblowing Officers.

This may also include information that comes into your possession through your social life.

### **Fraud by another Council employee**

- 3.5 If a work colleague is giving rise to suspicions that they are committing a fraudulent or corrupt act within their area of work, then under normal circumstances you should report it to your line manager. You may however not wish to report your concerns to your line manager particularly if you suspect your line manager of committing the fraud or corrupt act or having an involvement or knowledge.

Therefore the option exists to report to any of the following officers:

- Head of Internal Audit, Anti-Fraud and Assurance;
- The Executive Director Core Services;
- The Service Director of the Business Unit;
- The Executive Director of the Directorate;
- The Chief Executive.

Alternatively, concerns can be raised using the Council's Confidential Reporting (Whistleblowing Policy).

### **Fraud by an elected Member**

- 3.6 If you need to report a suspicion or an actual fraud or corrupt act by a Councillor, you should report this to the following officers in the Council:
- Executive Director, Core Services, who is the Council's Monitoring Officer;
  - Service Director, Governance and Business Support; or
  - Head of Internal Audit, Anti-Fraud and Assurance.

### **Investigation Conduct**

- 3.7 When a suspected fraud or corrupt act is reported an appropriate senior officer in the service department, in conjunction with an officer of the CAFT, will undertake a review of the situation and will, where evidence suggests there is a potential fraud, undertake a detailed investigation.

Any conversations you have, or information that you provide to the investigating officers will remain confidential. You should remember, however, that the Head of Internal Audit, Anti-Fraud and Assurance has a responsibility to investigate all cases of fraud that are

referred, with a view to prosecution and therefore you might be required to produce a signed written statement that could be used in a subsequent criminal investigation.

- 3.8 Subject to the constraints of the Data Protection legislation and the Council's duty of confidentiality to employees and Elected Members, you will be given as much information as possible about the outcome of any investigation. You must only report genuine concerns and believe the concerns to be true. Any reports which are subsequently determined to be malicious themselves could be dealt with as a disciplinary matter.

#### **Confidential Reporting Policy (also known as Whistleblowing Policy)**

- 3.9 The Council has developed a Confidential Reporting Policy in accordance with the provisions of the Public Interest Disclosure Act 1998. The policy is available on the intranet ([Confidential Reporting Policy](#)) and enables you to raise legitimate concerns, which are in the public interest, about any financial or other malpractice in the Council without fear of recrimination.

### **4. MANAGEMENT RESPONSIBILITIES**

#### **Evaluation and Investigation of complaints and allegations**

- 4.1 As soon as a complaint or an allegation is received, it is the responsibility of the line manager to report the facts to their appropriate senior line manager and between them satisfy themselves that there are reasonable grounds for the suspicion.
- 4.2 Upon judging that there are reasonable grounds for the suspicion, the concern must be reported immediately to the CAFT. Due to the requirement to secure any possible evidence, particularly if this is in an easily destroyable form, the matter should be reported as soon as it appears to be justified.
- 4.3 Management should be mindful of two important points at this time,
- where necessary, to take action to stem the outflow of cash / goods;
  - safeguard any evidence of any malpractice.
- 4.4 As the final outcome of an investigation could result in a court appearance it is of the utmost importance that the investigation can withstand the rigours of cross-examination. Evidence is crucial and the CAFT will advise management what action needs to be taken to secure both cash and evidence. This includes ensuring that any relevant documentation is retained securely in the condition it is received, i.e. it should not be written on or altered in any way. Preserving documents in plastic wallets is recommended. Other items or equipment relevant to the investigation must be safeguarded without any alteration to their original condition, e.g. personal computers. Prior to any possible suspension, Management must not act in any way that might alert the suspect.
- 4.5 At no time should the manager:
- Inform or alert the alleged perpetrator that they are under suspicion. To do so is likely to put evidence at risk;
  - Carry out any surveillance without proper authorisation or guidance from Internal Audit's CAFT;

- Divulge any information to the press or media. Responsibility for divulging information to the media will be taken by relevant Executive Directors through the Authority's Press Information Officer;
  - Undertake any interviews without consulting CAFT and HR.
- 4.6 If there are suspicions that similar frauds are or could be being committed the situation should be discussed with a member of the CAFT.

## **5. INTERNAL AUDIT'S RESPONSIBILITIES**

- 5.1 Internal Audit's CAFT will offer advice and assistance on the most appropriate course of action. Subsequent action could involve the securing of evidence in accordance with the Criminal Procedure and Investigations Act 1996 (CPIA). This evidence could be documents, CCTV footage or computer records; all of these could easily be destroyed or tampered with. The securing of computers and associated data and records is a specialised procedure and should only be attempted by specialists at the request of Internal Audit or the CAFT.

Further guidance on preserving evidence is given in Section 8 below.

- 5.2 Prior to undertaking an investigation, the CAFT will initially consider the size of the alleged fraud or the circumstances of its perpetration. If appropriate, advice and guidance will be provided to enable an investigation to be undertaken by the manager's own employees.
- 5.3 Whilst in most cases the CAFT will lead the investigation, each case will be considered individually and the appropriate course of action agreed. The nominated lead investigator will be responsible for co-ordinating interviews and ensuring any interviews are conducted fairly and in accordance with the Police and Criminal Evidence Act 1984 (PACE). Given the need to comply with PACE regulations all formal interviews will, where possible, be tape-recorded. Interviews will be conducted by two officers.
- 5.4 If the allegation is serious it may be desirable to remove an employee from the workplace, whilst the investigation is undertaken. Where suspension is being considered the line manager and the lead investigator will discuss this with an officer within Human Resources. A decision to suspend should be taken promptly with a Service or Executive Director's approval of the suspension.

## **6. ELECTED MEMBERS RESPONSIBILITIES**

- 6.1 Where Elected Members come into possession of information which may indicate that a fraudulent or corrupt act is being perpetrated against the Council the expectation is that they will report this to the Chief Executive, the relevant Executive Director, the Monitoring Officer (Executive Director, Core Services) or the Head of Internal Audit, Anti-Fraud and Assurance. The officer receiving the allegation should ensure that any subsequent investigation follows the requirements of this fraud response plan.

## **7. DETERMINING THE TYPE OF INVESTIGATION**

### **Allegation against an employee**

- 7.1 If an allegation is substantiated after the preliminary enquiry and further investigation is able to provide adequate evidence of the alleged action the matter will be reported to management for disciplinary proceedings to commence.

- 7.2 At the same time if there is evidence that fraud has been committed against the Council the Head of Internal Audit, Anti-Fraud and Assurance will formally consider referring the matter to the Police and liaise with them over whether formal charges could be brought and an investigation taken forward to possible prosecution.
- 7.3 In appropriate circumstances the Council will consider taking civil action against the perpetrator to recover any losses caused as a result of their actions.

**Allegation against a member of the public**

- 7.4 If an allegation of fraud against the Council is substantiated the basis of the action taken will follow a criminal prosecution route.
- 7.5 In addition to the criminal route, wherever applicable, the action taken by the Council will also follow a civil route. The use of the civil courts would be primarily in order to recover assets or monies obtained by the perpetrator.

**Allegation against an Elected Member**

- 7.6 Any allegations against a Councillor must be made to the Executive Director, Core Services in their role as Council Monitoring Officer.

**External Audit**

- 7.7 In some cases it may be necessary to immediately inform the Council's External Auditor of the fraud or corruption. This will be the responsibility of the Section 151 Officer (Service Director – Finance), the Council's Monitoring Officer or the Head of Internal Audit, Anti-Fraud and Assurance.

**8. PRESERVATION OF EVIDENCE**

- 8.1 When the initial enquiry has established that further investigation is required, it is essential that all available evidence relating to the fraud be preserved. There is a fine balance between preserving evidence and not alerting the alleged perpetrator to your suspicions. In the first instance advice should be sought from the CAFT regarding the procedures to follow to ensure full compliance with RIPA, PACE and CPIA with regards to obtaining and documenting evidence, to ensure that the evidence obtained remains admissible in a Court of Law. For instance you should never go through a person's drawers or lockers without appropriate advice and authorisation; you should never obtain evidence by surveillance without following RIPA processes. The most common forms of evidence and a brief note of how they should be preserved are given below:

- **Original documents.** Original documents should be obtained and retained. The documents should be handled as little as possible and should be put in a protective folder. Under no circumstances should they be marked in any way. All original documents should be given to the Head of Internal Audit, Anti-Fraud and Assurance for review and preparation as evidence. A record of all documents should be maintained, detailing how, when and where they were obtained. All copies of original documents or screen images should be formally certified as a true copy with the date of copying.
- **Security of records following suspension.** Whenever a person is suspended from work they should be asked to remove all personal belongings from their

desk and be informed that the desk may be examined. Under no circumstances should an employee once suspended be allowed to access their files or computer records, any network access should be terminated immediately if not before the suspension is actioned.

- **Desk Search.** If an employee is under suspicion then their desk/work station can be searched. However any such search must be undertaken by two managers lead by a member of the CAFT. Under PACE conditions the contents of the desk/work station should be listed and the list should be signed by both officers as being a true record of what was found.
- **Computer based data.** When evidence is held on a computer, the computer should be secured and the Head of Information Systems and the Head of Internal Audit, Anti-Fraud and Assurance should be consulted about the most appropriate way of retrieving the data in accordance with the rules of evidence. Under no circumstances should any computer thought to contain likely evidence be powered down or access/download be attempted by individuals not appropriately trained.
- **Video evidence.** There may be CCTV based evidence available. If you suspect that a camera system may have information of value, secure the hard copy media or arrange for a certified download of the data in such a way as it can be treated as evidence in accordance with the rules of evidence.

8.2 The final outcome of an investigation could result in a court appearance. It is therefore of the utmost importance that the investigation can withstand the rigours of cross-examination. Evidence is crucial. Consequently managers should secure and preserve evidence in a legally admissible form.

8.3 The CAFT have specially trained officers to carry out investigations and undertake interviews. **Departmental or service managers are strongly advised not to undertake any interviews without consulting the CAFT, Human Resources and Legal Services.**

8.4 Interviews are an important part of any investigation and interview statements are a crucial element of evidence. All interviews must be conducted under properly controlled conditions in order to ensure that any statement taken and subsequently used as evidence will not be rejected as inadmissible. Where it is deemed appropriate the guidelines and code of conduct for interviewing suspects issued under the Police and Criminal Evidence Act (PACE) should be applied.

8.5 As a matter of routine, and to ensure a fair and transparent investigation is completed, the CAFT will record all interviews where they are the investigation lead.

## 9. WHERE SUSPICIONS CAN BE REPORTED

9.1 The Council has a specially trained Corporate Anti-Fraud Team (CAFT), situated within Internal Audit Services, who deal with all alleged or potential financial irregularities and allegations of corruption.

Suspensions of **corporate fraud** can be reported by the following methods:

- Corporate Anti-Fraud Team - Telephone number 01226 773185
- Email the Corporate Anti-Fraud Team at

[Corporatefraudinvestigations@barnsley.gov.uk](mailto:Corporatefraudinvestigations@barnsley.gov.uk)

- Head of Internal Audit , Anti-Fraud and Assurance - Telephone number 01226 773241
- Freephone 24 hour Whistleblowing hotline 0800 138 2939
- Contacting either of the Authority's Whistleblowing Officers by telephone - Rob Winter on 01226 775788 or Andrew Frostdick on 01226 775799
- Contacting either of the Authority's Whistleblowing Officers by E-mail at [wbo1rwinter@barnsley.gov.uk](mailto:wbo1rwinter@barnsley.gov.uk) or [wbo2afrostdick@barnsley.gov.uk](mailto:wbo2afrostdick@barnsley.gov.uk)
- Write to the dedicated Whistleblowing address – Barnsley MBC., PO Box 320, Barnsley S70 2YL.

NB All allegations / suspicions will be treated in the strictest confidence.

## **10. Press and Publicity**

- 10.1 The Council's Communications and Marketing Team will deal with the media in all matters regarding fraud and corruption. Where appropriate the details of all successful prosecutions for fraud should be released to the media. Employees must not directly disclose to the media the details of any cases suspected or under investigation.
- 10.2 Disclosure of details to the media without the express authority of Communications and Marketing would be regarded a disciplinary matter. The aim is to publicise the Council's intolerance of fraud or corruption both within the Council and by users of its services. It also serves to publicise our successes against those who would perpetrate such fraud or corruption against the Council.

## **11. Conclusion**

- 11.1 The Corporate Fraud Response Plan, in conjunction with the Corporate Anti-Fraud and Corruption Policy, Corporate Anti-Fraud and Corruption Strategy, Confidential Reporting Policy, Code of Conduct and Disciplinary Procedure will ensure that the Council's objectives in countering and investigating corporate fraud and corruption are achieved. However no guidance such as this can expect to cover all eventualities and therefore if you have any issues or are unsure of the action to take in a given situation you should immediately contact a member of the CAFT.

## **12. Supporting Corporate Policies**

Corporate Anti-Fraud and Corruption Policy  
Corporate Anti-Fraud and Corruption Strategy  
Corporate Anti-Bribery Policy  
Corporate Prosecutions Policy  
Corporate Anti-Money Laundering Policy  
Confidential Reporting Policy  
Code of Conduct  
Disciplinary Procedure



# Confidential Reporting (Whistleblowing) Policy

---

Policy and Guidance for Whistleblowers

## CONTENTS

<u>Section</u>		<u>Page No</u>
1	Introduction.....	3
2	What is whistleblowing.....	4
3	How to report a whistleblowing concern.....	5
4	How the Council will respond.....	6
	Anonymous allegations.....	7
5	Outcomes.....	8
6	Safeguards.....	8
	a) Confidentiality.....	8
	b) Harassment and victimisation.....	8
	c) Malicious allegations.....	9
	d) Misuse of the policy.....	9
7	Data protection and FOI.....	9
8	Monitoring of whistleblowing complaints.....	10
9	How the matter can be taken further.....	10
10	Training and awareness.....	11
Appendix A	Examples of whistleblowing.....	
Appendix B	Frequently asked questions.....	
Appendix C	Whistleblowing Case Record.....	
Appendix D	Nolan Principles underpinning public life.....	
Appendix E	Whistleblowing by individuals employed in schools.....	



## **1. INTRODUCTION**

- 1.1 Barnsley Council is committed to the highest possible standards of honesty, openness and accountability and will not tolerate malpractice or wrongdoing.
- 1.2 Employees and others who work with the Council are often the first to realise that there may be something wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. Indeed it may also be the case that someone with a concern is not aware how best to raise concerns.
- 1.3 The Confidential Reporting Policy is a vital element of the Council's governance arrangements and is designed to allow those employed by the Council to come forward and raise concerns of wrongdoing involving the actions of the Council's employees, its Councillors, contractors or any aspect of the Council's activities.
- 1.4 As such the Council is committed to a policy which seeks to protect those individuals who make certain disclosures with regard to any instance of malpractice or wrongdoing and to investigate them in the public interest. It is important to stress that any concern raised through this Policy will be treated confidentially and with the utmost seriousness.
- 1.5 This policy seeks to set out how the Council will handle and respond to serious allegations of perceived wrongdoing raised by employees of the Council.

### **Aims and Scope**

- 1.6 The Confidential Reporting Policy seeks to cover all disclosures and allegations made by employees of Barnsley Council, including temporary and agency staff and those employed in locally managed schools.
- 1.7 It also extends to any other individuals who work for the Council who want to raise an allegation of perceived wrongdoing, including consultants, contractors and sub-contractors who are engaged in work for the Council.
- 1.8 The policy seeks to:
  - Support the culture of zero tolerance toward fraud and corruption and deter wrongdoing;
  - encourage employees and others with serious concerns about any aspect of the Council's work to feel confident to come forward and voice those concerns;
  - facilitate raising concerns at an early stage and in the right way ensuring that critical information gets to the people who need to know and who are able to take action;
  - provide safeguards to reassure those who raise concerns in the public interest and not maliciously or for personal gain, that they can do so without fear of reprisals or victimisation or disciplinary action, regardless of whether these are subsequently proven;
  - set out how the Council will respond to allegations made and provide feedback to the whistleblower on any action taken;
  - ensure that employees know what to do if they are not satisfied with actions taken.
- 1.9 The Confidential Reporting Policy is not to be used where other more appropriate internal reporting procedures are available. There are existing Council procedures which enable employees to lodge a grievance relating to their conditions of employment, raise matters of harassment or to make a general complaint, which by contrast, generally have no additional public interest dimension.

Further guidance explaining the difference between whistleblowing and making a complaint is shown at **Appendix B - Frequently Asked Questions**.

- 1.10 This Confidential Reporting Policy covers concerns that fall outside the scope of those existing internal procedures. The Council will investigate under the confidential reporting (whistleblowing) process any allegations made through the above procedures, which raise serious concerns over wrongdoing.
- 1.11 **Safeguarding** – any concerns relating to a child protection issue or the abuse or neglect of an adult should be reported in line with the specific guidelines outlined on the Council's website:

[Safeguarding Children](#);  
[Safeguarding Adults](#)

- 1.12 Any individuals who are raising concerns relating to money laundering offences or Proceeds of Crime Act 2002 are required to report these concerns directly to the Money Laundering Reporting Officer (MLRO) in line with the Anti Money Laundering Policy.

## **2. WHAT IS WHISTLEBLOWING?**

- 2.1 Whistleblowing is generally the term used when someone who is employed in an organisation reports a concern about suspected wrongdoing, malpractice, illegality or risk in the workplace. It is the confidential disclosure by an employee, of any concerns relating to a perceived wrongdoing involving any aspect of the Council's work or those who work for the Council. The whistleblowing process assists individuals, who believe they have discovered malpractice, impropriety or wrongdoing, to raise a concern, in order that this can be addressed. Examples of wrongdoing are shown at **Appendix A**.
- 2.2 The **Public Interest Disclosure Act 1998 (PIDA)** is known as the Whistleblowing law and is designed to encourage and enable employees to "speak out" and to report suspected wrongdoing at work. This is commonly known as "blowing the whistle".
- 2.3 The **Enterprise and Regulatory Reform Act 2013** introduced a public interest test in relation to whistleblowing. This ensures that, in order to benefit from protection, whistleblowing claims must satisfy a public interest test and disclosures which can be characterised as being of a personal rather than a public interest will not be protected
- 2.4 The above legislation legally protects employees (including those employed in schools maintained by the Council, temporary workers and agency staff), from any detriment from their employer or colleagues that arises as a result of making a "*protected disclosure*" (a qualifying disclosure) in the public interest. This includes protection from harassment, victimisation or dismissal by their employer.
- 2.5 In making a protected disclosure the employee must:
- reasonably believe that the disclosure they are making is in the public interest;
  - reasonably believe that the information detailed and any allegations in it are substantially true; and
  - the matter disclosed must fall within the matters prescribed for that regulator
- 2.6 A disclosure of information is not a protected disclosure if, by making the disclosure, the worker commits an offence such as breaching the Official Secrets Act or Misconduct in public Office.

- 2.7 Whilst protection under PIDA covers employees and most workers it is not extended to partners, non-executive directors, volunteers or the self-employed. However, the principles outlined in this policy, as far as they can be, will be applied to whistleblowing allegations received from sources other than employees of the Council. As with internally reported cases, particular consideration needs to be given to matters of confidentiality.

### **3. HOW TO REPORT A WHISTLEBLOWING CONCERN**

#### **Making an Internal disclosure**

- 3.1 It is the hope and intention of the Council that any employee with a concern about any aspect of the Council's operations or its conduct, feels able to first raise those concerns internally with line management.
- 3.2 The earlier an employee expresses a concern, the easier it will be to take action. Employees should raise a concern as soon they have a reasonable suspicion but are not expected to investigate the concern themselves to prove their suspicions are well-founded. Providing genuine concerns are being raised it does not matter if the employee is mistaken.
- 3.3 Concerns should preferably be made in writing. However raising a concern verbally also counts as whistleblowing. Wherever possible, the information provided should include the background and history of the concern, provide names, dates and places where possible, and the reason why the individual is particularly concerned about the situation.
- 3.4 In accordance with financial regulations all concerns relating to a perceived wrongdoing (as per Appendix A) which are referred to managers must be reported on receipt to the Head of Internal Audit, Anti-Fraud and Assurance. This may be done by the Whistleblower, the receiving manager or the senior manager investigating the allegations.

#### **Whistleblowing Officers**

- 3.5 Alternatively, any Council employee who has a concern relating to the Council can report the suspected wrongdoing in one of the following ways:
- contacting one of the Whistleblowing Officers by telephone (there is a voicemail facility if unanswered) :-  
Rob Winter, Head of Internal Audit, Anti-Fraud and Assurance, Telephone 775788  
Andrew Frosdick, Executive Director Core Services, Telephone 775799
  - using the dedicated 24 hour Whistleblowing hotline - 0800 138 2939
  - writing in to the Whistleblowing Officers using a dedicated P.O. Box :-  
Barnsley Metropolitan Borough Council  
P.O. Box 320,  
Barnsley,  
S70 2YL
  - e-mailing one of the Whistleblowing Officers :-  
WBO1RWinter (internal)  
[WBO1RWinter@barnsley.gov.uk](mailto:WBO1RWinter@barnsley.gov.uk) (external)  
WBO2AFrosdick (internal)  
[WBO2AFrosdick@barnsley.gov.uk](mailto:WBO2AFrosdick@barnsley.gov.uk) (external)

NB. Should an employee wish to speak to a female officer in detail, this can be arranged through the Whistleblowing Officers.

- 3.6 Any person reporting a concern should provide as much information as possible, including:
- who the allegations are against;
  - details of the nature of the alleged wrongdoing;
  - dates, places and amounts where possible;
  - provide or highlight any evidence they have in support of the allegation;
  - state if the person making the disclosure is an employee of the Council;
  - If not, does the person work in a school;
  - name and contact details (unless they wish to remain anonymous).
- 3.7 Employees and elected members who are raising a concern are not permitted to undertake their own investigations, surveillance or to interview or visit any 'witnesses' as this could jeopardise a formal investigation.
- 3.8 Following a call to the Council's Confidential Reporting Hotline, the respective Corporate Whistleblowing Officer will gather as much information as possible about the concerns raised.
- 3.9 The Council recognises that employees may wish to seek advice from their trade union and indeed may invite their trade union (or professional association) to raise a matter on their behalf.

#### **Whistleblowing by individuals employed in schools**

- 3.10 Individuals employed in schools who want to raise a concern should follow the guidance documented in **Appendix E** of this policy.

#### **Making an external disclosure to a prescribed person**

- 3.11 A prescribed person is someone identified in regulations who is independent of the employee's organisation, but usually has an authoritative relationship with the organisation, such as a regulatory or legislative body. The link below shows a list of other 'prescribed regulators' to whom a protected disclosure can be made:

[Whistleblowing: list of prescribed people and bodies - GOV.UK](#)

#### **Whistleblowing by members of the public**

- 3.12 Members of the public can still contact the Council to report any concerns or disclosures over wrongdoing using the Barnsley MBC website. Allegations or concerns received from members of the public will be treated in the same way. However, unlike disclosures made by employees, protection under PIDA law does not extend to disclosures made by members of the public.

Employees should direct members of the public to the following link:

[Raising a concern via the Barnsley Council website](#)

## **4. HOW THE COUNCIL WILL RESPOND**

- 4.1 The Council will endeavour to formally respond to acknowledge receipt of a disclosure within 5 working days of the concern being received.
- 4.2 A further acknowledgement will be sent within 10 working days to indicate:

- how the Council proposes to deal with the matter; and the policy under which it will be investigated;
  - whether the Council considers it to be a protected disclosure;
  - contact details for the officer handling the investigation;
  - arrangements for confidentiality;
  - an estimate of how long it will take to provide a response on the outcome;
  - any initial enquiries which may have been made;
  - if no action is planned, why not.
- 4.3 The action taken by the Council will depend on the nature of the concern. In order to protect individuals and the Council, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns or allegations that fall within the scope of specific procedures (for example, child protection, disciplinary or discrimination issues) will normally be referred for consideration under those procedures. The matters raised will be investigated internally to establish basic facts. At that stage a decision will be made on whether:-
- to complete the investigation internally; or
  - to refer the matter to the Authority's External Auditor; or
  - to refer the matter directly to the Police; or
  - to organise an independent inquiry; or
  - take no action.
- 4.4 All proposed action should be notified and agreed with the Head of Internal Audit, Anti-Fraud and Assurance and, in consultation with the relevant Senior Manager.
- 4.5 All allegations will be handled confidentially and discreetly by those managers who are directly involved in the investigating process. The ongoing point of contact for the whistleblower will be given in the acknowledgement letter.
- 4.6 If necessary, further information will be sought from the whistleblower. This will depend on the nature of the matters raised, the potential difficulties involved in conducting an investigation and the clarity of the information provided.
- 4.7 At any meeting arranged to discuss an employee's concerns the employee has the right, if they so wish, to be accompanied by their Trade Union representative, work colleague or a friend who is not involved in the area to which the concern relates. Initial contact with the employee(s) may be outside of the work place to protect their identity and, if necessary and mutually acceptable, subsequent meetings may be held away from work and / or outside normal working hours.
- 4.8 Where possible the identity of the person raising the concern will not be divulged during the investigation. Enquiries may be appropriate to ensure that the whistleblower is not themselves subject to any disciplinary proceedings that may undermine the public interest motive for raising a concern.
- 4.9 The Council will do what it lawfully can to minimise any difficulties that an employee may experience as a result of raising a concern. For example, if an employee is required to give evidence in criminal or disciplinary proceedings, the Council will advise the employee about the procedures in terms of what will happen and what will be expected of them.

### **Anonymous allegations**

- 4.10 The Council recognises that there may be circumstances where individuals are worried about being identified when they report concerns about their employer. Concerns



expressed anonymously are more difficult to investigate, and harder to substantiate, and further liaison with the whistleblower is not possible. It is also difficult for an anonymous whistleblower to be protected by the law if they subsequently suffer detrimental treatment.

4.11 Both anonymous allegations and named referrals which include contact details are treated seriously and are considered on the basis of individual merits. Factors that will be taken into consideration when assessing the allegation will include:

- the seriousness of the issues raised;
- the credibility of the concern; and
- the likelihood of confirming the allegations from attributable sources.

## **5. OUTCOMES**

5.1 The Council will, subject to legal constraints, seek to advise the whistleblower on the outcomes of the investigation in order to assure them that the matter has been properly addressed. The Council will not usually provide the whistleblower with all the details of the investigation outcomes as this could breach others' rights to confidentiality e.g. if disciplinary action has been taken against an individual. Some concerns raised may be resolved by agreed action, once the whistleblower's concerns have been explained, without the need for investigation.

5.2 As all concerns are considered on an individual basis it is possible that a full investigation report is not required for all cases. However, Internal Audit will require confirmation of the outcome of the referral/investigation and any system or control risk issues which arise from it.

5.3 In the event that an investigation report is deemed appropriate, the report will usually be issued by the Investigating Officer to the Executive Director of the department involved and to the Director of Finance (Section 151 Officer). Reporting is restricted as the content of investigation reports could include personal information of others, commercially sensitive information or details of investigation processes and practices the publication of which could prejudice the effective conduct of future investigations.

5.4 Internal Audit may carry out follow up work as a result of any identified areas of risk.

## **6. SAFEGUARDS**

6.1 In order to ensure that allegations are investigated in the right spirit with the right outcome, the following safeguards or principles should be applied in all cases.

### **Confidentiality**

6.2 The Council's Confidential Reporting Policy seeks to protect the identity of the individual making a disclosure wherever possible.

6.3 Records of employee disclosures held by Internal Audit are stored securely. Access to whistleblowing and related investigation records are restricted to specific officers assigned to examine the concerns being raised. Wherever possible the identity of an employee raising a concern will not be revealed as part of an investigation. Should this not be possible the employee will be notified and consent will be sought beforehand.

6.4 Certain disclosures, including those relating to a child at risk or abuse of a vulnerable adult, override the employee's request for confidentiality. The Council is required to

investigate these matters under separate procedures which take priority over any request for confidentiality.

- 6.5 The Council cannot guarantee to protect the identity of an employee raising allegations of serious wrongdoing where a criminal offence has been committed, and legal/prosecution action results from the disclosure. In some cases an employee may have to act as a witness and/or provide evidence in relation to offences which are referred to the Police.

### **Harassment and Victimisation**

- 6.6 The Council acknowledges that the decision to report a concern can be a difficult decision for an employee to take, not least because of the fear of reprisal from those responsible for the malpractice. It is unlawful for an employee to suffer victimisation or harassment for whistleblowing.
- 6.7 The Council will not tolerate harassment or victimisation against an employee who has raised a genuine concern under the Confidential Reporting Policy. Victimisation may include an attempt to identify the person raising the concern. Any employee who victimises a whistleblower will be subject to disciplinary action which may lead to dismissal. An individual may also be personally liable for treating a colleague detrimentally on the grounds that they have raised public interest concerns.
- 6.8 Service Directors and Heads of Service should monitor how identifiable whistleblowers are subsequently treated after raising a matter of concern. They should ensure that any harassment or victimisation is dealt with under disciplinary arrangements.
- 6.9 Any employee who believes they have been victimised as a result of making a disclosure or blowing the whistle should report their concerns to the Executive Director - Core Services.

### **Malicious allegations**

- 6.10 While encouraging employees to bring forward matters of concern, the Council must guard against claims which are malicious. This is because of the risk of claims made to deliberately damage the reputation of other employees, or the Council as a whole, and not least because the cost of undertaking investigations is significant.
- 6.11 If an employee makes an allegation which they reasonably believe is a whistleblowing concern, but it is not confirmed by the investigation, no action will be considered or taken against them. However, if an employee makes false, malicious or vexatious allegations this will be treated as a serious disciplinary offence and disciplinary action will be taken. The PIDA only offers protection from dismissal or detriment if the worker reasonably believes their disclosure was made in the public interest.

### **Misuse of the policy**

- 6.12 The Confidential Reporting (Whistleblowing) Policy is not designed to allow:
- individuals who have acted inappropriately to escape punishment by highlighting any malpractices they were involved in;
  - employment protection in relation to a redundancy situation or pre-existing disciplinary issues as a result of reporting a wrongdoing;
  - an individual to raise a concern for some private or personal motive.

## **7. DATA PROTECTION AND FOI**

- 7.1 The Freedom of Information Act 2000 gives a general right of access to all types of recorded information held by public authorities. As such the Council often receives requests for information under the Freedom of Information Act.
- 7.2 The Council has a legal obligation to provide the information unless it falls under one of the exemptions of the Act.
- 7.3 The Freedom of Information Act contains exemptions which may be applicable to permit the withholding of information identifying the whistleblower, including:
- Section 40: Personal Data;
  - Section 41: Information which, if disclosed, would give rise to an actionable breach of confidence
- 7.4 Many people making a disclosure to the Council will wish to protect their identity and the Council will always seek to protect the identity of individuals during the course of an investigation. If the Council receives a request for information identifying a whistleblower, the Council will contact the whistleblower to seek their views beforehand and will, wherever possible, seek to comply with those views.
- 7.5 The principle of maintaining confidentiality should also be applied to the identity of any individual who may be the subject of a disclosure.
- 7.6 When processing personal data as part of a whistleblowing investigation, the Council will take all necessary precautions to protect such data and not share it more widely than is necessary as part of the investigation. The Council will apply the General Data Protection Regulations and the Data Protection Act 2018 in all aspects of any whistleblowing investigation.

## **8. MONITORING OF WHISTLEBLOWING COMPLAINTS**

- 8.1 The Head of Internal Audit, Anti-Fraud and Assurance will maintain a central record of all whistleblowing referrals made under this policy and monitor the outcome of these cases. The collection, monitoring, review and storage of these records will at all times be carried out within the safeguarding principles set out at Section 7 of this policy.
- 8.2 As such, the receiving manager should report details of any allegation to the Head of Internal Audit, Anti-Fraud and Assurance who will log and allocate each case a reference number whether or not Internal Audit are involved in the investigation work. The outcome of the investigation should be notified to Internal Audit by the Investigating officer.
- 8.3 The records held by the Head of Internal Audit, Anti-Fraud and Assurance will be used to analyse the impact and effectiveness of the arrangements in place in statistical terms. The detailed case records form part of the process of reporting back to Members on the effectiveness and outcomes of the Policy and form the record of actions taken in the case of any concerns raised under the PIDA. This information will be referred to for monitoring purposes and periodic assurance reports provided to the Audit Committee as part of this process.
- 8.4 The Chief Executive has overall responsibility for the maintenance and operation of this policy. In accordance with its Terms of Reference for the oversight of the internal control and governance framework of the Authority, the Audit Committee will review this Policy and consider its effectiveness through a process of periodic review.



- 8.5 A Confidential Reporting (Whistleblowing) record sheet (**Appendix C**) should be used to record a summary for each case. A copy should be sent to Internal Audit's Corporate-Anti Fraud Team and one retained with the investigation paperwork on completion.

## 9. HOW THE MATTER CAN BE TAKEN FURTHER

- 9.1 This policy is intended to provide employees with an avenue to raise concerns within the Council and be satisfied with the Council's response. However, should an employee feel dissatisfied with the Council's response, and feels it is right to take the matter outside the Council, they can do so. Contact can be made through one of the following contact points:-

- the Authority's External Auditors, Grant Thornton UK LLP:
  - Leeds Office: - 1 Whitehall Riverside, Leeds LS1 4BN:  
Telephone 0113 245 5514;
  - Gareth Mills (Key Audit Partner): - 1 Whitehall Riverside, Leeds LS1 4BN:  
Telephone 0113 200 2535
- the relevant professional bodies or regulatory organisation ;
- the whistleblowing charity 'Protect' (refer to the Note below);
- Trade Union;
- a Solicitor, or
- the Police.

**Note** – Protect can also be contacted should someone wish to seek independent advice about how best to raise a concern (appendix B – Frequently Asked Questions provides contact details). Seeking this independent advice would not constitute legal notification to the Council.

- 9.2 It should be remembered that failing to raise the matter within the Council first may result in the disclosure being unprotected within the provisions of the Public Interest Disclosure Act 1998.
- 9.3 Employees who are in any doubt regarding the provisions of the Policy should contact Human Resources. Advice as to whether or how a matter should be raised should be sought by contacting one of the Whistleblowing Officers.

## 10. TRAINING AND AWARENESS

- 10.1 Service Directors and Heads of Service are responsible for ensuring that their employees are aware of the Confidential Reporting Policy and process and that any training needs are addressed which may arise from the application of the policy. Raising awareness of the Council's Confidential Reporting Policy should form part of the induction training for all employees and should be addressed as refresher training for all employees.
- 10.2 Employees have a responsibility to ensure that they are aware of and understand the Council's policy in relation to Whistleblowing.

## **EXAMPLES OF WHISTLEBLOWING**

Concerns around suspected wrongdoing, malpractice, illegality or risk in the workplace may include:

- criminal offences (actual or potential);
- failure to comply with a legal duty;
- miscarriages of justice;
- fraud or corruption;
- a misuse or theft of Council money, physical assets or the abuse of working arrangements;
- abuse of authority/position;
- serious breaches of Council policy or procedure, including but not limited to, Council Financial Regulations, Contract Standing Orders, Corporate Anti-Bribery Policy, Recruitment Procedures;
- a misuse or abuse of the Council's computers, its systems, data or information;
- unethical conduct and actions deemed unprofessional or inappropriate (this could include, but is not limited to, the malpractice in dealing with or mistreatment of a client of the Council; breaches of regulations requiring school governors to 'act with integrity, objectivity and honesty and in the best interests of the school' and breaches of the 'Nolan Principles' which are the basis of ethical standards expected of public office holders (**Appendix D**);
- the health and safety of any individual has been, or is likely to be, endangered;
- the environment has been, is being or is likely to be, damaged (as a result of the Council's actions or inactions); and
- information about any of the above has been, is being, or is likely to be, deliberately concealed.

## **FREQUENTLY ASKED QUESTIONS**

### **What is the difference between whistleblowing and making a complaint or a grievance?**

In general terms, whistleblowing occurs when an employee raises a concern about danger or illegality that affects others and which has a public interest dimension to it. The person blowing the whistle is usually not directly, personally affected by the danger or illegality. Consequently, the whistleblower rarely has a personal interest in the outcome of any investigation into their concerns. As a result, the whistleblower should not be expected to prove their case; rather he or she raises the concern so others can address it.

A grievance or private complaint is, by contrast, a dispute about the employee's own employment position and has no additional public interest dimension. When someone complains, they are saying that they have personally been poorly treated. This poor treatment could involve a breach of their individual employment rights or bullying and the complainant is seeking redress or justice for themselves. The person making the complaint therefore has a vested interest in the outcome of the complaint, and, for this reason, is expected to be able to prove their case.

For example – bullying and discrimination issues should be dealt with under the respective policy or under grievance procedure

### **Can concerns be raised confidentially or anonymously?**

The Council encourages whistleblowers to identify themselves and raise concerns openly. Openness makes it easier for the Council to assess the issue, work out how to investigate the matter, understand any motive and get more information. The effectiveness of any whistleblowing investigation may be limited where an individual chooses not to be identified.

An individual raises a concern confidentially if he or she gives his or her name on the condition that it is not revealed without their consent. An individual raises a concern anonymously if he or she does not give his or her name at all. Clearly, if the Council does not know who provided the information, it is not possible to reassure or protect them.

### **Does the Public Interest Disclosure Act (PIDA) require an employer to keep a whistleblower's identity secret?**

The simple answer is no. PIDA contains no specific provision on confidentiality. The protections within the Act can be deemed to encourage employees to raise issues openly. A good whistleblowing policy will provide a confidential port of call for a worried employee and employers should respect any promise of confidentiality they make. However in some cases it will be impossible to take action on the concern without the open testimony of a whistleblower. Further it may later become necessary to waiver anonymity because of the course of the investigation for example if the matter has had to be referred to the police

### **Am I protected from dismissal if I blow the whistle?**

It is unlawful to dismiss an employee for the reason that they have blown the whistle. This would be an unfair dismissal. As long as disclosures meet the legal tests an employee should not be dismissed for raising concerns.

The types of whistleblowing eligible for protection as qualifying disclosures are provided at **Appendix A.**

### **Who is protected?**

The following people are protected:

- employees;
- agency workers;
- people who are training with an employer, but not employed.

A worker will be eligible for protection if:

- they honestly think what they're reporting is true;
- they are telling the right person;
- they believe that their disclosure is in the public interest.

### **Who is not protected?**

An employee will not be afforded protection if:

- they break the law when they report something, for example because they signed the Official Secrets Act;
- they were part of the wrongdoing;
- they found out about the wrongdoing when someone wanted legal advice ('legal professional privilege'), for example if they are a solicitor;
- it is not in the public interest

Workers who are not employees cannot claim unfair dismissal because of whistleblowing, but they are protected and can claim 'detrimental treatment'.

### **What information should a whistleblower provide?**

Supporting evidence for the allegations, if available, is clearly helpful. However, the law does not require individuals to have evidence before reporting the matter, but it does say that the individual must reasonably believe the information is substantially true.

Individuals should report concerns to line management or other at the earliest opportunity rather than wait to collate any evidence.

Whistleblowers are encouraged to provide their contact details to allow the Council to seek further information, where necessary and advise on outcomes

### **Where can I get independent advice?**

Free, independent, confidential advice and information about PIDA law can be obtained from the Whistleblowing Charity 'Protect' (formally Public Concern at Work). The charity runs a UK helpline on their advice line tel: 020 3117 2520 or visit their website [www.protect-advice.org.uk](http://www.protect-advice.org.uk).

<b>CONFIDENTIAL</b> <u>BARNSLEY METROPOLITAN BOROUGH COUNCIL</u> <u>CONFIDENTIAL REPORTING (WHISTLEBLOWING) CASE RECORD</u>	
Date the concern / allegation received	
Name, Job title and contact details of the officer receiving the referral/concerns	
Directorate Involved	
How the report was received (verbal / written)	
Does the individual raising the concern wish to remain anonymous?	
If not, details of officer raising concern / allegation i.e. name, job title, contact details etc.	
Was confidentiality requested / explained or promised?	
A summary of the concern / allegation raised:	

<p align="center"><b>CONFIDENTIAL</b></p> <p align="center"><u>BARNSLEY METROPOLITAN BOROUGH COUNCIL</u></p> <p align="center"><u>CONFIDENTIAL REPORTING (WHISTLEBLOWING) CASE RECORD</u></p>	
<p>Has formal acknowledgement been provided to the employee in line with the Policy?</p> <p>(Acknowledgement of receipt within 5 working days with a further acknowledgement sent within 10 working days)</p>	
<p>Date reported to Head of Internal Audit and Corporate Anti-Fraud</p>	
<p>Officer(s) handling the investigation:</p> <p>(Name(s) and job title(s))</p>	
<p>Summary outcome of investigation:</p> <p>(Proved / not proved, action plans, recommendations)</p>	
<p>Date notification of outcome provided to the employee raising the concern / allegation:</p>	
<p>Papers retained (location), responsible officer and review date:</p>	

## SEVEN NOLAN PRINCIPLES

The following are the Seven Nolan Principles underpinning standards for Public Life:

The principles of public life apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally, and all people appointed to work in the civil service, local government, the police, courts and probation services and in the health, education, social and care services. All public office-holders are both servants of the public and stewards of public services. The principles also have application to all those in other sectors delivering public services.

1. Selflessness: Holders of public office should act solely in terms of the public interest.
2. Integrity: Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
3. Objectivity: Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
4. Accountability: Holders of public office are accountable to the public for their decisions and actions and must admit themselves to the scrutiny necessary to ensure this.
5. Openness: Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
6. Honesty: Holders of public office should be truthful.
7. Leadership: Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

**Source:** The Committees website is at <http://www.public-standards.gov.uk/>

## WHISTLEBLOWING BY INDIVIDUALS EMPLOYED IN MAINTAINED SCHOOLS

1. Individuals employed in schools which fall under the Council's confidential reporting policy arrangements include those employed in schools maintained by the Council i.e. the Council is the legal employer.
2. Each locally managed school should have their own whistleblowing policy and reporting arrangements which reflect the principles and requirements set out in the Council's Policy. In most cases, school based staff are encouraged to raise their concerns in accordance with the schools own reporting procedures, rather than directly to the Council.
3. However, if the employee has a concern which they feel they cannot discuss with the management of the school or have good reason to believe that their complaint or disclosure will not be properly handled, then they may report their concerns directly to the Council or prescribed regulator using the Council's whistleblowing reporting procedures.
4. **Safeguarding** – any concerns relating to a child protection issue should be reported to the Local Authority Designated Officer (LADO) and in line with the specific guidelines outlined in the school's safeguarding policy. Further information is available on the Council's website:

[Safeguarding Children](#)  
[Local Authority Designated Officer](#)

5. The Confidential Reporting Policy is not to be used where other more appropriate reporting procedures are available within school, for example, in relation to any grievance relating to employment matters or to make a general complaint in relation to the school.
6. The Council expects schools to respond to a disclosure or allegation in the same way as the Council would respond. The Headteacher or Chair of Governors would be expected to seek advice as necessary from the Council.
7. Internal Audit's Corporate Anti-Fraud Team can offer advice and support to schools on the approach to be taken to investigate whistleblowing allegations to ensure concerns are properly addressed.
8. The action taken by schools in response to allegations made will depend on the nature and seriousness of the concern. Where appropriate, the matters raised may be:
  - investigated by school management, or the Council's Internal Audit Service;
  - referred to the Police;
  - referred to the External Auditor;
  - subject of an independent enquiry.
9. For monitoring purposes the Headteacher or Chair of Governors must report (at the earliest opportunity) details of all whistleblowing allegations or suspicions of fraud, theft or corruption made within school to the Council's Head of Internal Audit, Anti-Fraud and Assurance. Internal Audit's Corporate Anti-Fraud Team will monitor the outcome of all cases, including action taken to reduce the risk of reoccurrence.
10. Employees who wish to raise concerns over practices in other schools should report these directly to the Council.



11. This policy does not extend to staff employed in **Voluntary Aided Schools** as, in these schools; the governing body is the employer and not the Council. Each school should have their own whistleblowing policy and arrangements for reporting, logging and investigating concerns. The governing body must decide how employees and workers may make a qualifying disclosure under PIDA or raise an allegation of wrongdoing.
12. The Council's ability to legally investigate disclosures of serious wrongdoing in voluntary aided schools is reduced unless the allegations relate to safeguarding matters, Special Educational Needs and/or financial mismanagement concerns. The Council should be notified of details of all concerns reported in relation to these matters.
13. **Academy Schools** should adopt their own whistleblowing policy and procedures as the Council has no legal power to investigate, except for those concerns relating to safeguarding issues and Special Educational Needs.
14. The Council will acknowledge receipt any disclosures received relating to these institutions and advise whistleblowers on an appropriate course of action regarding concerns raised. If the disclosure relates to serious wrongdoing in respect of safeguarding issues involving children or vulnerable adults the Council has a legal obligation to investigate and will do so irrespective of the status of the school.
15. Any notifications that are received in relation to locally managed schools will be logged and monitored by Internal Audit Services. Whilst the Council may not investigate every concern raised (as this may be undertaken by the individual school concerned), logging the issues enables the Council to monitor progress and where possible deal with the concerns having regard to any legal obligations or duty of care in relation to the school.

This page is intentionally left blank

# Corporate Anti-Money Laundering Policy (and Guidance)

---

## **Table of Contents**

		Page
1.	Introduction.....	3
2.	Scope.....	3
3.	What is Money Laundering? .....	3
4.	Requirements of the Money Laundering Legislation.....	5
5.	The Money Laundering Reporting Officer (MLRO).....	5
6.	Customer Due Diligence Procedure.....	6
7.	Reporting Procedure for Suspicions of Money Laundering.....	9
8.	Consideration of Disclosure.....	10
9.	Record Keeping and Record Retention.....	11
10.	Data Protection Considerations.....	12
11.	Risk assessment.....	12
12.	Training.....	13
13.	Relevant Legislation.....	13
	Appendix A: Offences.....	14
	Appendix B: Possible Signs of Money Laundering.....	16
	Appendix C: Customer Due Diligence Procedure Flowchart .....	17
	Appendix D: Verification of Customer Identity .....	18
	Appendix E: Suspicious Transactions Reporting Procedure .....	21

## **1. INTRODUCTION**

- 1.1 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (referred to throughout this policy as MLR 2017) came into force on 26 June 2017. They implement the EU's 4th Directive on Money Laundering. In doing so, they replace the Money Laundering Regulations 2007 and the Transfer of Funds (Information on the Payer) Regulations 2007 which were previously in force.
- 1.2 Barnsley Council is committed to establishing and maintaining effective arrangements to prevent and detect attempts to launder money using Council services. The Council requires all Members and employees to demonstrate the highest standards of honesty and integrity and this includes compliance with appropriate legislation. The Council is committed to working constructively with the Police and other relevant agencies in relation to combating money laundering and ensuring compliance with the legislation.
- 1.3 This policy is designed to set out the Council's approach to money laundering prevention and associated reporting and should be read in conjunction with the Council's Anti-Fraud and Corruption Policy. The Council will seek to ensure the corporate stance on money laundering is widely publicised and that employees and Members have access to the appropriate guidance. Failure to comply with the procedures set out in this document may constitute a disciplinary and/or criminal offence.

## **2. SCOPE**

- 2.1 This policy applies to all employees of the Council, including temporary and agency staff as well as those employed in locally maintained schools. It contains specific sections to advise employees of the process to be followed to enable the Council to comply with its legal obligations. This policy is also applicable to elected members where any suspicions of money laundering activity are noted or come to light
- 2.2 The aim of the policy is to ensure all appropriate action is taken to prevent, wherever possible, the Council, its Members and employees from being exposed to money laundering and to comply with all legal and regulatory obligations.

## **3. WHAT IS MONEY LAUNDERING?**

- 3.1 Money Laundering is the process by which criminally obtained money or other criminal property is exchanged for "clean" money or other assets with no obvious link to their criminal origins. The term is used for a number of offences involving the integration of "dirty money" (i.e. the proceeds of crime) into the mainstream economy. The aim is to legitimise the possession of such monies through circulation and this effectively leads to "clean" funds being received in exchange. It is a favoured method of organised criminals and terrorists.
- 3.2 The term "Money Laundering" describes offences involving the integration of the proceeds of crime, or terrorist funds, into the mainstream economy. Such offences are defined under The Proceeds of Crime Act 2002 and the primary ones are listed below;
- Concealing, disguising, converting or transferring criminal property or removing it from the UK;

- Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person;
- Acquiring, using or possessing criminal property;
- Failure to disclose knowledge or suspicion of another person(s) involvement in money laundering; and
- Tipping off (a person) or making a disclosure which is likely to prejudice an investigation being carried out by a law enforcing authority, knowing that such an investigation is in motion.

Further details are provided in **Appendix A: Offences Table**:

- 3.3 Offences cover a range of activities (not necessarily involving money or laundering) regarding the proceeds of crime. This means that potentially any employee or Member, irrespective of what sort of Council business they are undertaking, could commit an offence if they become aware of, or suspect the existence of criminal property, irrespective of the size of the benefit gained, and/or fail to report their concerns.
- 3.4 Where an employee/Member suspect money laundering and report, or are aware that someone else has, they must exercise caution in what is discussed with others as a further offence of “tipping off” may be committed if, knowing or suspecting a disclosure has been made, the employee/Member take any action which is likely to prejudice any investigation that may be conducted.
- 3.5 It is impossible to give a definitive list of ways in which to spot money laundering or how to decide whether to make a report. Money laundering activity may range from a single act such as the use of criminal funds to pay an invoice to multiple payments to an account to “launder” money in smaller chunks to avoid checks and suspicions. They can even involve sophisticated schemes involving multiple parties and multiple methods of handling and transferring criminal property, as well as concealing it, and entering into arrangements to assist others to do so.
- 3.6 Council employees need to be alert to the risks of money laundering in any of its many forms. Facts which tend to suggest that something ‘odd’ is happening may be sufficient for a reasonable suspicion of money laundering to arise. Risk factors which may, either alone or cumulatively with other factors suggest the possibility of money laundering activity are provided at **Appendix B: Possible Signs of Money Laundering**.
- 3.7 Potentially any employee or Member could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it. They may be liable to prosecution and, if convicted of one of the offences listed above, may receive an unlimited fine and up to 14 years imprisonment. (Section 7 of this document provides guidance regarding the reporting of, and implications of the failure to report, suspicions of money laundering).

#### 4. REQUIREMENTS OF THE MONEY LAUNDERING LEGISLATION

- 4.1 The MLR 2017 imposes specific obligations on “relevant persons”.
- 4.2 The term relevant person relates to the following activities carried out in the course of business; tax advice; accounting services; treasury management; investment or other financial services; credit institutions; audit services; legal services; estate agents; services involving the formation, operation or arrangement of a company or trust; dealing in goods wherever a transaction involves a cash payment equivalent to €15,000 or more.
- 4.3 The obligations include the following requirements:
- Appoint a Money Laundering Reporting Officer (**MLRO**).
  - Obtain sufficient knowledge to ascertain the true identity of customers in certain circumstances, by applying **customer due diligence** measures.
  - Know the intended nature of business relationships and undertake ongoing monitoring of them (to identify **unusual transactions**).
  - Implement a procedure for assessing and controlling risk and **reporting suspicions** of money laundering.
  - Maintain **record keeping** procedures (e.g. for evidence of identity obtained, details of transactions undertaken, for at least 5 years afterwards).
- 4.4 Local Authorities are not directly covered by the requirements of the MLR 2017. However, some activities undertaken by local authorities could be included within the scope of the regulations and guidance from finance and legal professions, including the Chartered Institute of Public Finance and Accounting (CIPFA), indicates that public service organisations should comply with the underlying spirit of the legislation and regulations and put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.
- 4.5 To ensure compliance with the regulations and legislation, the Council are considered a relevant person when acting in the course of business and activities carried out by them.
- 4.6 The European Union’s 4th Money Laundering Directive requires a focus on risk assessments in relation to anti-money laundering; in particular the need to evidence that an organisation’s exposure to risk is considered as part of ongoing business. As such Heads of Service should maintain engagement with Internal Audit as business operations change with regard to undertaking appropriate and proportionate assessments.

#### 5. THE MONEY LAUNDERING REPORTING OFFICER (MLRO)

- 5.1 If an individual becomes aware that their involvement in a matter may amount to money laundering then they must report it to the Money Laundering Reporting Officer (MLRO) and not take any further action until they have received consent from the MLRO, who may have to be granted such consent by the National Crime Agency.
- 5.2 The Council has designated the Head of Internal Audit, Anti-Fraud and Assurance as the MLRO:

Rob Winter      Telephone Number: 01226 773241  
Email: [robwinter@barnsley.gov.uk](mailto:robwinter@barnsley.gov.uk)

The Service Director Finance has been designated as Deputy MLRO:

Neil Copley Telephone Number: 01226 773237

Email: [NeilCopley@Barnsley.gov.uk](mailto:NeilCopley@Barnsley.gov.uk)

5.3 The MLRO is responsible for:

- receiving internal suspicious activity reports (SARS) from within the Council;
- deciding whether these should be reported to the NCA;
- if appropriate making such reports to the NCA; and
- providing guidance and advice as necessary on money laundering matters/issues.

5.4 The MLRO will retain copies of the internal reports and copies of the decisions taken on each of the reports

## **6. CUSTOMER DUE DILIGENCE PROCEDURE**

### **What is Due Diligence?**

6.1 Regulations 27 and 28 of the MLR 2017 requires the Council to take steps to identify its customer and verify they are who they say they are. This is known as customer due diligence and, in practice, means obtaining a customer's:

- name
- photograph on an official document which confirms their identity
- residential address and date of birth

6.2 The best way to do this is to ask for a government issued document like a passport, along with utility bills, bank statements and other official documents. Other sources of customer information include the electoral register and information held by credit reference agencies such as Experian and Equifax.

6.3 In certain situations it may be necessary to identify the 'beneficial owner'. This may be because someone else is acting on behalf of another person in a particular transaction, or it may be because the ownership structure of a company, partnership or trust needs to be established.

6.4 As a general rule, the beneficial owner is the person who is behind the customer and who owns or controls the customer, or, it is the person on whose behalf a transaction or activity is carried out.

6.5 Officers must stop dealing with customers where there are doubts about identity.

### **Customer Due Diligence when Establishing a Business Relationship**

6.6 A business relationship is one commenced where both parties expect that the relationship will be ongoing. It can be a formal or an informal arrangement.



6.7 The following information is required when establishing a new business relationship:

- the purpose of the relationship
- the intended nature of the relationship - for example where funds will come from, the purpose of transactions, and so on

6.8 The type of information needed may include:

- details of your customer's business or employment
- the source and origin of funds that your customer will be using in the relationship
- copies of recent and current financial statements
- details of the relationships between signatories and any underlying beneficial owners
- the expected level and type of activity that will take place in your relationship

6.9 A flowchart summarising the customer due diligence procedure is shown at **Appendix C** and a Verification of Customer Identity form is shown at **Appendix D**.

#### **When is it Carried Out?**

6.10 The requirement for customer due diligence applies immediately for new customers. However, it also allows organisations to vary customer due diligence according to the risk of money laundering or terrorist financing, depending on the type of customer, business relationship, product or transaction. This recognises that not all customers present the same risk, for example there is no need to apply customer due diligence measures where the customer is a UK public authority

6.11 Ongoing customer due diligence must be carried out during the life of a business relationship, proportionate to the risk of money laundering and terrorist funding, based on the officer's knowledge of the customer, regular scrutiny of the transactions involved and any changes of circumstances with the customer e.g. a big change in the level or type of business activity or a change in the ownership structure of a business.

6.12 Where there is a need to not interrupt the normal conduct of business and there is little risk of money laundering occurring and terrorist funding occurring, verification may be carried out during the establishment of the business relationship provided that the verification is completed as soon as practicable after the contact is first established

#### **Enhanced Due Diligence (EDD)**

6.13 Regulation 33(1) sets out a list of circumstances in which EDD measures must be applied (in addition to the customer due diligence measures detailed above).

6.14 These include any transaction or business relationship involving:

- any case identified as one where there is a high risk of money laundering or terrorist financing
- any business relationship or transaction with a person established in a high-risk third country;
- correspondent relationships with a credit institution or a financial institution (in accordance with regulation 34);

- a **Politically Exposed Person** (PEP) or a family member or known close associate of a PEP;
- in any case where the relevant person discovers that a customer has provided false or stolen identification documentation or information and the relevant person proposes to continue to deal with that customer;
- in any case where:
  - a transaction is complex and unusually large, or there is an unusual pattern of transactions, and
  - the transaction or transactions have no apparent economic or legal purpose, and
  - in any other case which by its nature can present a higher risk of money laundering or terrorist financing.

- 6.15 Under the regulations EDD measures must include, as a minimum, examining the background and purpose of the transaction and increasing monitoring of the business relationship.
- 6.16 Regulation 33(6) sets out a list of factors that must be taken into account in assessing whether there is a higher risk of money laundering and terrorist financing present in a given situation and the extent of EDD measures that should be applied. Whilst these factors should be taken into account, the situation should be considered as a whole i.e. the presence of one or more of the risk factors identified in 33(6) is not in itself determinative of a higher risk situation.

#### Politically exposed persons (PEPs)

- 6.17 The parts of MLR 2007 which applied only to foreign PEPs now also apply to local PEPs. This in practice means enhanced due diligence requirements for a broader range of individuals who have been trusted with prominent public functions both in the UK and overseas.

#### **Simplified Customer Due Diligence**

- 6.18 The circumstances in which simplified customer due diligence is permissible is more restricted under MLR 2017.
- 6.19 As part of the risk based approach, there ceases to be "automatic" simplified due diligence requirements for any transactions. Instead, a relevant person needs to consider both customer and geographical risk factors in deciding whether simplified due diligence is appropriate.
- 6.20 Simplified due diligence is permitted where you determine that the business relationship or transaction presents a low risk of money laundering or terrorist financing, taking into account your risk assessment.

#### **Service Managers Responsibilities**

- 6.21 The Council does not normally in the course of most of its duties undertake "regulated activities" for which additional checks and measures are necessary ("*due diligence*" checks). However, some Council activities are considered to be higher risk. On such transactions we

must ensure that we comply with the spirit of the money laundering regulations. These activities include (but are not limited to):

- Any advice given on tax affairs or accounting / auditing services done for other parties;
- Legal services;
- Property sales (commercial and those of housing stocks);

- 6.22 It is the responsibility of service managers to ensure that their systems of internal control are robust and that employees are appropriately trained in respect of money laundering. It is also the responsibility of service managers to ensure that appropriate due diligence checks are undertaken on any relevant transactions.

## **7. REPORTING PROCEDURE FOR SUSPICIONS OF MONEY LAUNDERING**

- 7.1 Where an employee or Member suspects money laundering activity they must disclose this as soon as practicable to the MLRO. The disclosure should be within “hours” of the information coming to your attention, not weeks or months later.

- 7.2 Disclosures should be made to the MLRO using the standard pro-forma report attached at Appendix E. The report must include as much detail as possible, for example:

- Full details of the people involved (including employee or Member, if relevant);
- Full details of the nature of their involvement;
- The types of money laundering activity involved (see Appendix A, Offences Table);
- The dates of such activities, including whether the transactions have happened, are ongoing or are imminent;
- Where they took place;
- How they were undertaken;
- The (likely) amount of money/assets involved;
- Exactly why there are suspicions; the NCA will require full reasons;
- Any other relevant available information to enable the MLRO to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable them to prepare their report to the NCA, where appropriate.

- 7.3 If an employee or Member becomes concerned that their own involvement in a transaction would amount to an offence under Sections 327 – 329 of the Proceeds of Crime Act 2002 or Regulations 86-88 of the MLR 2017 (see appendix A), then the report must include all relevant details. Consent will be required from the NCA, via the MLRO, for the individual to take any further part in the transaction. This is the case even if the customer gives instructions for the matter to proceed before such consent is given. Employees and Members should therefore make it clear in the report if such consent is required and clarify whether there are any deadlines for giving such consent e.g. a completion date or court deadline.

- 7.4 Once the matter has been reported to the MLRO then any subsequent directions provided must be followed. Further enquiries into the matter should not be made by the employee or Member; any necessary investigation will be undertaken by the NCA.

- 7.5 Reference of any reports being made to the MLRO should not be recorded on client files – should the client exercise their right to see their records, then such a note/reference will tip them off to the report having been made and may render the employee or Member liable to prosecution. The MLRO must keep the appropriate records in a confidential manner
- 7.6 Suspicions of money laundering, whether reported to the MLRO or not, must not be discussed with anyone else. Any discussions may amount to an offence of ‘tipping off’. Any person found guilty of tipping off or prejudicing an investigation offence is liable to imprisonment (maximum five years), a fine or both.
- 7.7 A new criminal offence was created in 2017: any individual who recklessly makes a statement in the context of money laundering which is false or misleading commits an offence punishable by a fine and/or up to 2 years’ imprisonment.
8. **CONSIDERATION OF DISCLOSURE**
- 8.1 The MLRO must note on the face of the disclosure report the date it was received, acknowledge receipt of the document and advise the employee or Member submitting the report of the timescale for a response.
- 8.2 The MLRO will consider the report and any other relevant internal information available, for example:
- reviewing other transaction patterns and volumes;
  - the length of any business relationship involved;
  - the number of any one-off transactions and linked one-off transactions; and
  - any identification evidence held.
- 8.3 The MLRO will undertake other reasonable enquiries considered appropriate in order to ensure that all available information is taken into account in deciding whether a report to the NCA is required. The MLRO may also need to discuss the disclosure report with the employee or Member who submitted the report.
- 8.4 Once the MLRO has evaluated the disclosure report and any other relevant information, he must make a timely determination as to whether:
- there is actual or suspected money laundering taking place; or
  - there are reasonable grounds to know or suspect that is the case and;
  - whether they need to seek consent from the NCA for a particular transaction to proceed.
- 8.5 Where the MLRO suspects money laundering is taking place then they must disclose the matter as soon as practicable to the NCA on their standard report form and in the prescribed manner, unless they have a reasonable excuse for non-disclosure to the NCA (for example, you wish to claim legal professional privilege for not disclosing the information). Up to date forms can be downloaded from the NCA website at [www.nationalcrimeagency.gov.uk](http://www.nationalcrimeagency.gov.uk)
- 8.6 Where the MLRO considers no money laundering is taking place or suspects money laundering but has a reasonable excuse for non-disclosure, then he must note the report

accordingly and can then immediately give their consent for any ongoing or imminent transactions to proceed. However, it's better to disclose than not.

- 8.7 In cases where legal professional privilege may apply, the MLRO must liaise with the Service Director, Legal Services, to decide whether there is a reasonable excuse for not reporting the matter to the NCA.
- 8.8 Where consent is required from the NCA for a transaction(s) to proceed, then the transaction(s) in question must not be undertaken, completed or proceed until the NCA has specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from the NCA.
- 8.9 Consent will be received in the following way:
- **Specific consent** (where the NCA have granted a defence against money laundering charges in their reply to the SAR);
  - **No refusal of consent during the notice period** (seven working days starting with the first working day after the MLRO makes the disclosure). If a reply from the NCA is not received within 7 working days and the MLRO believes the activity has been correctly reported, s/he can choose to assume a defence is granted;
  - Where the NCA reply to the SAR refusing permission to proceed, they have a further 31 calendar days to take action. If a **response has not been received after the 31 days**, the MLRO can proceed with the transaction. No offence will be committed.
- 8.10 The MLRO should therefore make it clear in the report if such consent is required, and clarify whether there are deadlines for giving such consent, e.g. completion date or court deadline.
- 8.11 Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then the MLRO shall mark the report accordingly and give her consent for any ongoing or imminent transaction(s) to proceed.
- 8.12 All disclosure reports referred to the MLRO and reports made by them to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.
- 8.13 The MLRO may commit a criminal offence under section 331 of the Act if he knows or suspects (or has reasonable grounds to do so) through a disclosure being made, that another person is engaged in money laundering and does not disclose this as soon as practicable to the NCA.

## 9. RECORD KEEPING AND RECORD RETENTION

- 9.1 Each department undertaking due diligence checks MUST maintain records of the checks carried out including copies of any evidence obtained to support the transactions / due diligence assessment. This is to meet the requirements of the Regulations and may be used as evidence in any subsequent investigation/inspection by the relevant supervising body.
- 9.2 The precise nature of the records is not prescribed by law; however, they must be capable of providing an audit trail during any subsequent investigation. For example distinguishing

the customer and the relevant transaction and recording in what form any funds were received or paid. In practice, the business units of the Council will be routinely making records of work carried out for customers in the course of normal business and these should suffice in this regard.

- 9.3 On **NO ACCOUNT** should a record of or any mention of, or, any referrals to, the Money Laundering Reporting Officer be kept / mentioned on a customer's file. The file must not contain details of any such suspicions as the file can be reviewed by the customer at any time and it is important that the customer is not "tipped off" about any allegations accidentally.
- 9.4 Records must be kept for a minimum of 5 years to allow for any investigation to take place.
- 9.5 A record of the destruction of such information (including the money laundering reporting form) must also be kept in line with normal Council procedures.

## **10. DATA PROTECTION CONSIDERATIONS**

- 10.1 Regulation 41 of the MLR 2017 states that any personal data obtained by relevant persons for the purposes of these Regulations may only be processed for the purposes of preventing money laundering or terrorist financing.
- 10.2 In addition, new customers must be provided with the following information before establishing a business relationship or entering into an occasional transaction with the customer:
- the information specified in paragraph 2(3) of Part 2 of Schedule 1 to the Data Protection Act 1998 and
  - a statement that any personal data received from the client will only be processed for the purposes of the preventing money laundering or terrorist financing unless permitted by an enactment or unless they provide consent.
- 10.3 Under data protection regulations any customer may ask to see the information held about them. This is called a Data Subject Access Request, and, under the law, this information must be provided. However, the regulations (both the General Data Protection Regulation and its predecessor) contain exemptions.
- 10.4 Exceptions apply in this case, where the release of the data would likely prejudice the prevention and detection of a crime or would cause the body releasing the information to actually commit a crime in doing so. As a result, money laundering referrals are usually exempt from any such subject access request, which is why the referral should not be documented on the customer's file. However, this does not prevent the release of all of the customer's information. Advice on the application of exemptions in this respect should be taken before any release of the information takes place.

## **11. RISK ASSESSMENT**

- 11.1 Regulation 18 of the MLR 2017 requires the Council to identify, assess and manage the risk to council business in relation to Money Laundering.



11.2 This process is outlined in the corporate risk process framework and include:

- Identifying the money laundering and terrorist financing risks that are relevant to the Council;
- Assessing the risks presented by the particular customers, products and services, delivery channels and geographical area;
- Designing and implementing controls to manage and mitigate these assessed risks.

The risk assessment procedures and controls should be documented and kept under regular review.

11.3 The Council is also required to conduct ongoing monitoring of its business relationship in line with the risks which it has identified. This includes:

- Applying customer due diligence measures to verify the identity of customers and any beneficial owners obtaining additional information on customers,
- Conducting ongoing monitoring of the transactions and activity of customers with whom there is a business relationship,

11.4 Risks will be reviewed continuously as part of the annual review of the Council Risk Register.

11.5 For further advice or help in developing/considering money laundering risk contact the Head of Internal Audit, Anti-Fraud and Assurance.

## **12. TRAINING**

12.1 Employees considered likely to be exposed to suspicious situations, will be made aware of these by their senior officer and provided with appropriate training.

12.2 Additionally, all employees and Members will be made aware of the legal and regulatory requirements relating to money laundering and terrorist financing, and the requirements of data protection, which are relevant to the implementation of the MLR 2017 and how they affect both the Council and themselves.

12.3 Notwithstanding the paragraphs above, it is the duty of employees and Members to report all suspicious transactions to the MLRO.

## **13. RELEVANT LEGISLATION**

13.1 The following legislation is relevant to this policy:

- The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017);
- Terrorism **Act** 2000;
- The Proceeds of Crime Act (POCA) 2002;
- Serious Crime Act 2015;
- Criminal Finances Act 2017

**SUMMARY OF MONEY LAUNDERING OFFENCES THAT CAN BE COMMITTED**

Proceeds of Crime Act 2002 – POCA

Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 - MLR

<b>Section Ref.</b>	<b>Type of Offence</b>	<b>Definition</b>
<b>S327 POCA</b>	<b>Money Laundering Offence:</b> Concealing Criminal Property	A person commits an offence if they conceal, disguise, convert or transfer criminal property or if they remove criminal property from England, Wales, Scotland or Northern Ireland. This is punishable by a maximum term of imprisonment of 14 years at the Crown Court and an unlimited fine. At the Magistrates Court it is 6 months and £5,000 fine.
<b>S328 POCA</b>	<b>Money Laundering Offence:</b> Arrangements	This offence requires a person to become actively involved in some arrangement which helps someone else to get, keep, use or control the proceeds of a crime. The punishment is as for S327.
<b>S329 POCA</b>	<b>Money Laundering Offence:</b> Acquisition, Use and Possession	This offence is committed by anyone that has criminal proceeds in their possession provided they know or suspect that it represents the proceeds of a crime unless they paid 'adequate consideration' for it. Someone who pays less than the open market value is therefore guilty of the offence but someone who pays the full retail price, despite knowing or suspecting they are stolen goods is not guilty. The punishment is as for S327.
<b>S330 POCA</b>	<b>Failure to Disclose Offence:</b> Regulated Sector	This offence is committed by an employee of a business in the regulated sector who has knowledge or suspicion of another person's involvement in money laundering and does not make a report through the appropriate channels. Negligence is not a defence as the employee will be tried upon what they should have known given their experience, knowledge and training. This is punishable by a maximum term of imprisonment of 5 years and/or a fine.
<b>S331 POCA</b>	<b>Failure to disclose offence:</b> nominated officers in the regulated sector	This offence is committed by a nominated officer (MLRO) of a business in the regulated sector who has knowledge or suspicion of another person's involvement in money laundering and does not make a report through the appropriate channels without an acceptable excuse under the legislation. Negligence is not a defence as the nominated officer will be tried upon what they should have known given their experience, knowledge and training. The offence is triable either way with the same maximum penalty on indictment as an offence under section 330 (up to 5 years imprisonment).
<b>S332</b>	<b>Failure to Disclose</b>	This offence is committed by a nominated officer (MLRO) of a business



Section Ref.	Type of Offence	Definition
<b>POCA</b>	<b>Offence:</b> Other Nominated Officers	outside of the regulated sector who has knowledge or suspicion of another person's involvement in money laundering and does not make a report through the appropriate channels without an acceptable excuse under the legislation. The officer will be tried on what they knew or suspected not on what they might have been expected to know or suspect.  This is punishable by a maximum term of imprisonment of 5 years and/or a fine.
<b>S333 POCA</b>	<b>Tipping Off Offence</b>	This offence is committed if an officer or Member makes a disclosure which is likely to prejudice an investigation being carried out by a law enforcing authority, knowing that such an investigation is in motion.  This is punishable by a maximum term of imprisonment of 5 years and/or a fine.
<b>Reg 86 MLR 2017</b>	<b>Contravening a Relevant Requirement</b>	A person commits an offence if they have not followed any relevant guidance issued by the European Supervisory Authorities, Financial Conduct Authority or any other relevant supervisory authority approved by the Treasury.  This is punishable by a maximum term of imprisonment of 2 years at the Crown Court, a fine, or both. At the Magistrates Court a term of three months, a fine, or both.
<b>Reg 87 MLR 2017</b>	<b>Prejudicing an Investigation</b>	This offence is committed when a person who knows or suspects that an appropriate officer is acting (or proposing to act) in connection with an investigation into potential contravention of a relevant requirement which is being or is about to be conducted. The offence is committed if either they make a disclosure which is likely to prejudice the investigation or they falsely, conceal, destroy or otherwise dispose of, or cause to permit the falsification, concealment, destruction or disposal of, documents which are relevant to the investigation.  The punishment is as for Reg. 86 above.
<b>Reg 88 MLR 2017</b>	<b>Providing False or Misleading Information</b>	There are two separate offences under regulation 88. Under regulation 88(1) : a person commits an offence if:  1. In purported compliance with a requirement imposed on him by or under the MLR 2017, provides information which is false or misleading in a material particular and knows that the information is false or misleading; or 2. Is reckless as to whether the information is false or misleading.  In respect of both offences, the punishment is the same as regs 86 and 87 above.

## POSSIBLE SIGNS OF MONEY LAUNDERING

Criminals have various ways of concealing, moving and legitimising the proceeds of their crimes. This policy cannot list every potential scenario that could indicate money laundering however, some risk factors which *may*, either alone or along with other factors suggest the possibility of money laundering activity include:

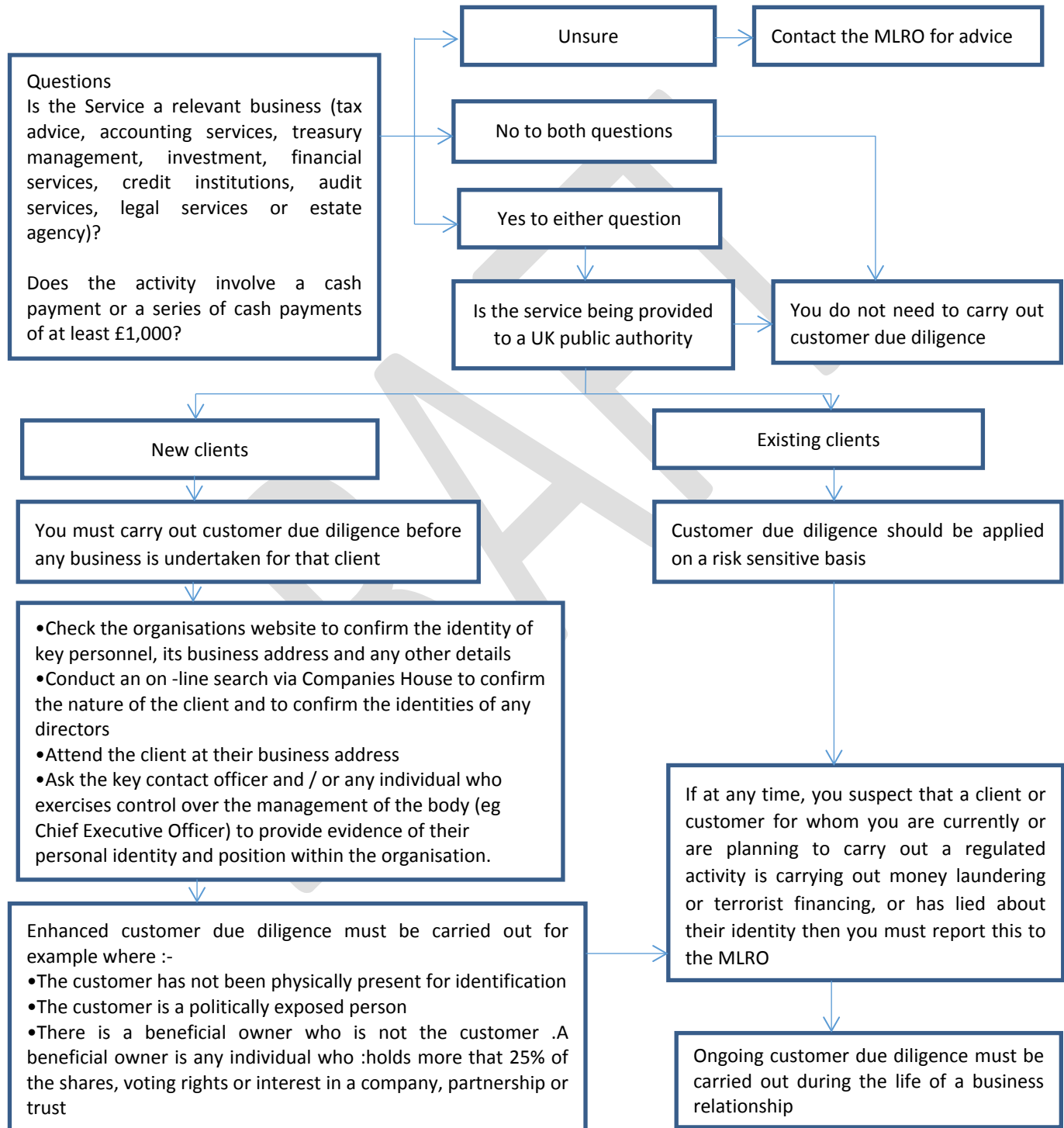
### General

- A new customer with no previous 'history' with the Council;
- A secretive customer: for example, one who refuses to provide requested information without a reasonable explanation;
- Concerns about the honesty, integrity, identity of a customer;
- Illogical third party transactions: for example, unnecessary routing or receipt of funds from third parties or through third party accounts;
- Involvement of an unconnected third party in a transaction without logical reason or explanation;
- Payment of a substantial sum in cash (but it's reasonable to be suspicious of any cash payments particularly those over £1,000) where other means of payment are more normal (unusual transactions);
- Overpayments by a customer that are subsequently requested for a refund;
- Absence of an obvious legitimate source of the funds i.e. individuals or companies that appear insolvent (appear not to have funds) that are making transactions or are making transactions that appear beyond their means;
- Movement of funds to/from overseas, particularly to and from a higher risk country;
- Where, without reasonable explanation, the size, nature and frequency of transactions or instructions is out of line with normal expectations;
- A transaction without obvious legitimate purpose or which appears uneconomic, inefficient or irrational;
- Cancellation or reversal of an earlier transaction i.e. the payment of monies that are then requested back;
- Requests for release of customer account details other than in the normal course of business;
- Poor business records or internal accounting controls;
- A previous transaction for the same customer which has been, or should have been, reported to the MLRO.

### Property Matters

- Unusual property investment transactions with no apparent investment purpose;
- Instructions to receive and pay out money where there is no linked substantive property transaction involved (surrogate banking);
- Regarding property transactions, funds received for deposits or prior to completion from an unexpected source or where instructions are given for settlement funds to be paid to an unexpected destination.

## CUSTOMER DUE DILIGENCE PROCEDURE FLOWCHART



**VERIFICATION OF CUSTOMER IDENTITY****Identity Verification Reference No:** .....

**NB:** If you are receiving funds from a Council customer in any transaction **above £1,000 cash**, the identity of the person making the payment must be checked and confirmed.

All suspicions about possible Money Laundering, regardless of amount, should be reported to the Money Laundering Reporting Officer, via the Money Laundering reporting form.

**CUSTOMER DETAILS**

<b>Forename</b>		<b>Surname</b>	
<b>Address</b>			
<b>Tel No</b> (inc area code)		<b>Email Address</b>	
<b>Payment in Respect of:</b>		<b>Payment Reference</b>	
<b>Amount</b>	£	<b>Receipt Number</b> (If Applicable)	

If a payment is being made by a third party then please complete the details below in respect of the third party.

**DETAILS OF THE THIRD PARTY MAKING THE PAYMENT:**

<b>Forename</b>		<b>Surname</b>	
<b>Address:</b>			

**A. EVIDENCE NOT OBTAINED – REASONS**

1. Customer/third party previously identified in: Month .....Year .....
2. Other – state reason fully .....

**B. EVIDENCE OBTAINED TO VERIFY INDIVIDUAL NAME AND ADDRESS**

NB. One form of identification CANNOT be used to evidence both name and address.

For example, if a driving licence is provided as proof of name another form of identification must be provided to evidence an address, such as a utility bill.

## PROOF OF IDENTITY CHECKLIST FOR INDIVIDUALS

### Proof of name

Current signed passport

Original birth certificate (UK birth certificate issued within 12 months of the date of birth in full form including those issued by UK authorities overseas such as Embassies High Commissions and HM Forces)

EEA member state identity card (which can also be used as evidence of address if it carries this)

Current UK or EEA photocard driving licence

Full old-style driving licence

Photographic registration cards for self-employed individuals in the construction industry -CIS4

Benefit book or original notification letter from Benefits Agency

Firearms or shotgun certificate

Residence permit issued by the Home Office to EEA nationals on sight of own country passport

National identity card bearing a photograph of the applicant

### Proof of address

Utility bill (gas, electric, satellite television, landline phone bill) issued within the last three months

Local authority council tax bill for the current council tax year

Current UK driving licence (but only if not used for the name evidence)

Bank, Building Society or Credit Union statement or passbook dated within the last three months

Original mortgage statement from a recognised lender issued for the last full year

Solicitors letter within the last three months confirming recent house purchase or land registry confirmation of address

Council or housing association rent card or tenancy agreement for the current year

Benefit book or original notification letter from Benefits Agency (but not if used as proof of name)

HMRC self-assessment letters or tax demand dated within the current financial year

Electoral Register entry

NHS Medical card or letter of confirmation from GP's practice of registration with the surgery

NB. Documents unaccepted as evidence include, but are not limited to:

- Provisional driving licence
- Mobile phone bills
- Credit card statements

## C. EVIDENCE OBTAINED FOR COMPANIES OR OTHER LEGAL STRUCTURES

### Legal structure

### Corporate ID required

### Individual ID required

<u>Legal structure</u>	<u>Corporate ID required</u>	<u>Individual ID required</u>
A company (including a UK LLP)	Certificate of Incorporation or equivalent  copy of filed audited accounts  details of current company officers (i.e. directors and company secretary) and shareholders	Identity evidence for a) the individual dealing with the transaction and b) all other individuals or entities with 25% or more of the shares or voting rights in the company (see proof of identity checklist for individuals above)
A partnership with six or more partners	name of partnership  trading address  registered address (if any)  nature of business  recent audited accounts  list of all partners  list of all those with voting rights indicating their voting stake	Identity evidence for a) the partner responsible for the transaction and b) one other partner and c) all other individuals who (directly or indirectly) are entitled to, or control, 25% or more of the capital, profits or voting rights (see proof of identity checklist for individuals below)

#### **D. DISADVANTAGED CUSTOMERS**

E.g., Confirmation of identity from Social Worker or Bail Officer, Police, School, Courts etc.

**E.** If evidence not obtained for the reasons in A, do you have any suspicions regarding identity?

.....

I confirm that I have seen the originals of the documents indicated above and have identified the above Customer or Third Party.

Signed ..... Date .....

NB. Wherever possible TAKE COPIES of the identification evidence TO PLACE ON FILE. Copies should be notarised to indicate a copy and signed to evidence sight of the original.

**CONFIDENTIAL**

**Report of Money Laundering Activity**

**To: Money Laundering Reporting Officer**

**From:** .....  
[Insert name of employee]

**Directorate/Section:** ..... **Ext/Tel No:** .....  
[Insert post title and Business Unit]

**DETAILS OF SUSPECTED OFFENCE**

**Name(s) and address(es) of person(s) involved:**

[if a company/public body please include details of nature of business]

**Nature, whereabouts, value and timing of activity/property involved:**

[Please include full details, e.g. what, when, where, how. Please also include details of current whereabouts of the laundered property, so far as you are aware. Continue on a separate sheet if necessary]

**Nature of suspicions regarding such activity:**

[Please continue on a separate sheet if necessary]

**Has any investigation been undertaken (as far as you are aware)?**

[Please tick the relevant box]

Yes

No

☐☐

**If yes, please include details below:**

**Have you discussed your suspicions with anyone else?**

[Please tick the relevant box]

Yes

No

☐☐

**If yes, please specify below, explaining why such discussion was necessary:**

**Have you consulted any supervisory body guidance re money laundering? (e.g. the Law Society)**

[Please tick the relevant box]

Yes

No

☐☐

**If yes, please specify below:**

**Do you feel you have a reasonable excuse for not disclosing the matter to the NCA? (e.g. are you a lawyer and wish to claim legal professional privilege?)**

[Please tick the relevant box]

Yes

No

☐☐

**If yes, please set out full details below:**

**Are you involved in a transaction which might be a prohibited act (under section 327-329 of the Proceeds of Crime Act 2002 or Regulations 86-88 of the MLR 2017 and which requires appropriate consent from the NCA? (refer to Appendix A – Money Laundering Offences)**

[Please tick the relevant box]

Yes

No

☐☐

**If yes, please set out full details below:**

**Please set out below any other information you feel is relevant:**

Signed: .....

Dated: .....

**Please do not discuss the content of this report with anyone else and in particular anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence, which carries a maximum penalty of 5 years' imprisonment.**



**THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MLRO**

**Date report received:** .....

**Date receipt of report acknowledged:** .....

**CONSIDERATION OF DISCLOSURE:**

**Action plan:**

**OUTCOME OF CONSIDERATION OF DISCLOSURE:**

**Are there reasonable grounds for suspecting money laundering activity?**

**If there are reasonable grounds for suspicion, will a report be made to the NCA?**

[Please tick the relevant box]

Yes

☐

No

☐

**If yes, please confirm date of report to the NCA:** .....  
And complete the box below:

**Details of liaison with the NCA regarding the report:**

**Notice Period:** ..... **To** .....

**Moratorium Period:** ..... **To** .....

**Is consent required from the NCA to any ongoing or imminent transactions which otherwise be prohibited acts**

[Please tick the relevant box]

**Yes**

☐

**No**

☐

**If yes, please confirm full details in the box below:**

**Date consent received from the NCA:**

.....

**Date consent given by you to employee:**

.....

**If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to SOCA, please set out below the reason(s) for non-disclosure:**

**[Please set out any reasonable excuse for non-disclosure]**

**Date consent given by you to employee for any prohibited act transactions to proceed:**

.....

**Other relevant information:**

**Signed:** ..... **Date:** .....

**THIS REPORT TO BE RETAINED SECURELY FOR AT LEAST FIVE YEARS**

**Earliest disposal date:** .....

# BARNSELEY MBC AUDIT COMMITTEE – INDICATIVE WORK PROGRAMME

	Mtg. No.	5	6	7	8	1	2	3	4
Committee Work Area	Contact / Author	4.12.19	22.01.20	18.03.20	15.04.20	3.06.20	27.07.20	16.09.20	28.10.20
<b>Committee Arrangements</b>									<b>Workshop</b>
Committee Work Programme	WW	X	X	X	X	X	X	X	
Minutes/Actions Arising	WW	X	X	X	X	X	X	X	
Review of Terms of Reference and Self-Assessment	RW/CHAIR	X		X					X (?)
<b>Internal Control and Governance Environment</b>									
Local Code of Corporate Governance	AF/RW								
Annual Governance Review Process and Timescales	AF/RW		X						
Draft Annual Governance Statement & Action Plan	AF/RW					X			
Final Annual Governance Statement	AF/RW						X		
AGS Action Plan Update	AF/RW	X							
Corporate Whistleblowing Update & Annual Report	RW		X						
Annual Fraud Report	RW						X		
Corporate Fraud Team - Report	RW		X						
<b>Corporate Risk Management</b>									
Risk Management Policy & Strategy	RW				X				
Risk Management Update*	RW								
Risk Management Framework			X						

	Mtg. No.	5	6	7	8	1	2	3	4
Committee Work Area	Contact / Author	4.12.19	22.01.20	18.03.20	15.04.20	3.06.20	27.07.20	16.09.20	28.10.20
Annual Report	RW				X				
Strategic Risk Register Review	RW			X					
<b>Internal Audit</b>									
Internal Audit Charter (Annual)	RW			X					
Internal Audit Plan	RW			X					
Internal Audit Quarterly Report	RW	X					X		
Annual Review of the Effectiveness of Internal Audit	RW	X							
Internal Audit Annual Report	RW					X			
<b>External Audit (Grant Thornton)</b>									
Annual Governance Report (ISA260 Report)	GT						X		
Audit Plan	GT		X						
Annual Fees Letter	GT							X	
Claims & Returns Annual Report	GT		X						
External Audit Progress report & Technical Update	GT	X	X	X	X	X	X		
<b>Financial Reporting and Accounts</b>									
Financial Regulations - Update	SL							X	
Budget Proposal Section 25 Report	NC			X					
Draft Statement of	NC				X				

	Mtg. No.	5	6	7	8	1	2	3	4
Committee Work Area	Contact / Author	4.12.19	22.01.20	18.03.20	15.04.20	3.06.20	27.07.20	16.09.20	28.10.20
Accounts									
Corporate Finance Summary	NC	X						X	
Corporate Finance and Performance Management & Capital Programme Update	NC	X		X				X	
Treasury Management Annual Report	IR						X		
Treasury Management Progress Report	IR/SW	X							
Treasury Mgt. Policy & Strategy Statement	IR			X					
<b>Other Corporate Functions contributing to overall assurance</b>									
Human Resources (annual)	AB/JH							X	
Business Improvement and Communication (annual)	MP						X		
Health & Safety Resilience (6 monthly report – March Update – September Annual)	SD	X (moved from 11.9.19)		X					
Governance & Member support (annual)	MMc/WW					X			
Information Governance update	DR	X		X			X		
General Data Protection Regulations - Update	RW/SH		X			X			

\*Members of the Senior Management Team to be invited periodically to report on any issues identified within the Strategic Risk Register