

**To: Audit and Governance Committee**

**Date: 27<sup>th</sup> February 2014**

**Item No:**

**Title of Report:**

**Review of the Avoiding Bribery, Fraud and Corruption Policy, and the Money Laundering Policy and Procedure.**

### Summary and Recommendations

**Purpose of report:** To review the policies and endorse the changes to them as outlined within the body of the report.

**Key Decision:** No

**Board member:** Councillor Bob Price

**Scrutiny Responsibility:** Value & Performance

**Ward(s) affected:** None

**Policy Framework:** None

**Recommendation(s):** Members are asked to note the review of the Avoiding Bribery Fraud and Corruption Policy and the Money Laundering Policy Procedures and Reporting Form and agree the revised documents set out in Appendices 1- 4. Members are also asked to note the new iLearn module on Avoiding Bribery, Fraud and Corruption which all staff have been asked to complete.

Appendix 1 - Avoiding Bribery Fraud and Corruption Policy

Appendix 2 - The Money Laundering Policy

Appendix 3 - The Money Laundering Procedure

Appendix 4 - The Money Laundering Reporting Form

## **1. Introduction**

1.1 The Audit and Governance Committee first endorsed the Council's Avoiding Bribery, Fraud and Corruption Policy on 30<sup>th</sup> June 2011. The policy was updated at that time ensuring the Council had adequate bribery prevention procedures in place in light of the Bribery Act which came into force on 1<sup>st</sup> July 2011.

1.2 The Avoiding Bribery Fraud and Corruption Policy is a clear statement of intent to eliminate all forms of bribery fraud and corruption and the responsibility to investigate and report all alleged irregularities.

1.3 The Policy can be found on the Oxford City Council website under Policies, Plans and Strategies link;  
[http://www.oxford.gov.uk/PageRender/decCD/Policies\\_and\\_Plans\\_occw.htm](http://www.oxford.gov.uk/PageRender/decCD/Policies_and_Plans_occw.htm)

And on the Intranet under Processes and Procedures, Finance;

<http://occweb/intranet/finance.cfm>

- 1.4 The Council's Money Laundering Policy and Procedures was first endorsed by the Audit and Governance Committee on 30<sup>th</sup> June 2009. The Policy incorporates reporting procedures for all members of staff. Whilst the risk of contravening the legislation is low, it is extremely important that all employees are familiar with their legal responsibilities.
- 1.5 The Policy, Procedure and Reporting Form is the internal process required by law to prevent the Council's services, Employees and Elected Members from being used to launder money. There is a responsibility to report any concerns regarding money laundering or any attempt to launder money.
- 1.6 The Policy, Procedure and Reporting Form can be found on the Intranet;  
<http://occweb/intranet/finance.cfm>

## **2. Review – Avoiding Bribery Fraud and Corruption Policy**

- 2.1 The revised Policy is attached at Appendix 1. The principal amendments are set out below.
- 2.2 Throughout the Policy reference to People and Equalities is changed to Human Resources and Facilities.
- 2.3 All contact details have been updated to show change of Directorship and change of contact address.
- 2.4 Minor changes to sections 6, 7, 8, 9 &10 of the Avoiding Bribery, Fraud and Corruption Policy have been made as follows:
  - 6.2 Reference to the Criminal Records Bureau has been updated to the Disclosure and Barring Service.
  - 6.5 Reference to Serious Organised Crime Agency (SOCA) has been updated to the National Crime Authority (NCA).
  - 6.8 Reference to Council Tax and Housing has been added.
  - 6.10 Reference to Elected Members has been added.
  - 6.13 Reference to Council Tax and Housing has been added.
  - 7.1 Reference to Members Code of Conduct has been updated to the Council's Local Code of Conduct for Members as adopted by the Council on 23rd May 2012.
  - 8.1 Responsibilities of Audit and Governance Committee have been updated in line with the Council's Constitution.
  - 9.2 Reference to the Accounts and Audit Regulations 2003 as amended by 2006 Regs has been updated to the Accounts and Audit Regulations 2011.

9.3 Reference to Accounts and Audit Regulations 2003 as amended by 2006 Regs has been removed.

10.3 Reference to Council Tax and Tenancy fraud has been added

### **3. Review – Money Laundering Policy, Procedures and Reporting Form**

3.1 **Policy** - The revised Policy is attached at Appendix 2. All points within the Policy are now numbered. There have been minor changes made to sections 3 and 4 of the Policy;

3.2 Reference to the Serious Organised Crime Agency (SOCA) has been updated to reflect the inclusion of this agency into the newly formed National Crime Authority (NCA).

4.1 The Money Laundering Reporting Officer (MLRO), nominated to receive disclosures of money laundering activity within the Council has been changed to; the Head of Finance (S151 Officer).

4.2 The link to the Procedure and Reporting Form has been added at point 4.2.; <http://occweb/intranet/finance.cfm>

3.2 **Procedures** - The revised Procedures document is attached at Appendix 3. All points within the Procedure are now numbered and reference to SOCA, the Serious Organised Crime Agency, has been updated to reflect its inclusion within the newly formed National Crime Authority; the NCA. Minor changes to sections 1, 2 and 3 of the Money Laundering Procedures have also been made as follows:

1.2 The intranet link to the Reporting Form has been updated. The Form is available on the Council's Intranet under Finance.  
<http://occweb/intranet/finance.cfm>

2.4 The web link for the MLRO to the NCA standard on line reporting forms has been added;  
<http://www.nationalcrimeagency.gov.uk/about-us/what-we-do/specialist-capabilities/ukfiu/how-to-report-sars>

2.6 NCA time scales for consent to proceed have been added; once the SAR is reported it can take up to 7 working days for the NCA to give consent for the transaction to proceed. If the consent is refused the NCA (Law Enforcement) can take up to 31 days (Moratorium Period) to investigate the matter further. The Council cannot proceed with the transaction within this period; continuing with the transaction means that the Council runs the risk of committing a money laundering offence.

3.2 The procedure now requires original ID documents to be seen on request.

3.3 **Reporting Form** - The revised reporting form is attached at Appendix 4. Reference to SOCA, the Serious Organised Crime Agency, has been updated to reflect its inclusion within the newly formed National Crime Authority; the

NCA. The form has been redesigned to reflect the additional information required by the NCA in submitting a Suspicious Activity Report (SAR) by the MLRO.

#### 4. iLearn Module for Avoiding Bribery, Fraud and Corruption

4.1 To support the promotion and understanding of the Avoiding Bribery Fraud and Corruption Policy a new module has been developed on iLearn Oxford, the Council's e-learning system. Service managers have been asked to ensure all members of staff complete this course over the next 12 months.

Elected Members can also register as a user on;



<http://oxfordcity.learningpool.com/>

Or the link to iLearn can be found on link systems on the Intranet.

The Avoiding Bribery Fraud and Corruption module takes about 40 minutes to complete and provides an overview of the following:

- An overview of the Council's policy on Bribery, Fraud and Corruption
- Where to find the policy
- Who to report any concerns to and how to report them
- Where and what the risks are of financial loss due to bribery, fraud and corruption and what steps the Council can take to deter it
- Money laundering, what is it, the do's and don'ts and how it can affect the Council
- Whistle Blowing, what it is, what the Council's policy is and how and where to get independent advice should you need it

**5. Legal Implications** - The policies give assurance that the Authority is compliant to the Bribery Act 2010, the Money Laundering Regulations 2007 and the Proceeds of Crime Act 2002. Failure to adhere to the Policies would impact on the legal and reputational risk to the Council.

**6. Financial Implications** - The policies give assurance that the Council supports a zero tolerance attitude to bribery fraud and corruption and that it takes seriously its responsibility to protect the public funds it administers. There is a risk of potential loss through fraud. . Following Audit Commission guidance, an assessment for 2012/2013 indicates loss in key risk areas to be a 1% potential risk of loss of £908,863 and a 5% potential risk of loss of £4,542,375

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