

Anti Fraud and Corruption, Anti Bribery and Whistleblowing Policies Report by the Internal Audit Manager

1 Purpose of Report

The purpose of this report is to present the Anti Fraud and Corruption Policy and Strategy, Anti Bribery Policy and Whistleblowing - Public Interest Disclosure Policy to the Audit Committee for comment.

2 Background

- 2.1 Midlothian Council has well established anti-fraud related policies including Anti Fraud and Corruption and Whistleblowing policies. The Internal Audit Section, with assistance from Legal and Human Resources, undertake regular reviews of these policies, updating for any new national guidance. Over recent years, CIPFA have published a code of practice on 'Managing the Risk of Fraud and Corruption' and 'Fighting Fraud and Corruption Locally' and there have been publications from the Scottish Government including 'Scotland's Serious Organised Crime Strategy'. The Council's policies have been updated to reflect these new guides as detailed below.

3 Main updates to Policies

3.1 Anti Fraud and Corruption policy

The main updates to this policy include: updating in line with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption; to reflect the transfer of responsibility for investigating housing benefit fraud to the Single Fraud Investigation Service of the Department for Work and Pensions; and the establishment of the Corporate Fraud team within Internal Audit. Reference has also been made to the Council's Integrity Group, joint working and data sharing arrangements.

3.2 Whistleblowing - Public Interest Disclosure Policy

The main update to this policy is to require that disclosure should be made in the first instance to the Internal Audit Manager, rather than the Head of Service.

3.3 Anti Bribery Policy

Following a recommendation by CIPFA in the Code of Practice on Managing the Risk of Fraud and Corruption, the anti-bribery sections of the Anti Fraud and Corruption Policy and Strategy now form a stand-alone policy. In addition, an anti-bribery procedure (Appendix 1 of the policy) has been produced requiring services to carry out an annual risk assessment on the Service area's vulnerabilities to bribery.

3.4 Gifts and Hospitality Policy

The Council's Employee Code of Conduct makes reference to Gifts, Hospitality and Services. The CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and various training courses delivered by Police Scotland and CIPFA have detailed the need to have a stand-alone policy in this area. Internal Audit is therefore intending to draft a policy and after discussion with Legal and Human Resources, submit this to the Audit Committee.

4.1 **Resource**

There are no direct resource implications arising out of this report.

4.2 **Risk**

The report directly addresses the Council's exposure to fraud risk and details the Council's key policies designed to counteract these risks.

4.3 **Single Midlothian Plan and Business Transformation**

Themes addressed in this report:

- Community safety
- Adult health, care and housing
- Getting it right for every Midlothian child
- Improving opportunities in Midlothian
- Sustainable growth
- Business transformation and Best Value
- None of the above

4.4 **Key Priorities within the Single Midlothian Plan**

Although this report does not relate directly to the key priorities within the Single Midlothian Plan, by preventing and detecting fraud, additional resources may be available to support the Council's objectives.

4.5 **Impact on Performance and Outcomes**

The Council's performance and outcomes will be improved by preventing and / or detecting fraud.

4.6 **Adopting a Preventative Approach**

Having a robust fraud prevention strategy contributes to safeguarding the Council's financial resources and delivery of services.

4.7 **Involving Communities and Other Stakeholders**

The policies have been reviewed by Human Resources with the Whistleblowing and Anti-bribery policies and procedure also having been reviewed by Legal Services. The Policies will be discussed with Trade Union Representatives and the Anti Fraud and Corruption and

Whistleblowing policies will be submitted for approval to Cabinet. The Policies will also be submitted to the Council's Integrity Group for discussion.

4.8 Ensuring Equalities

There are no equalities issues with regard to this report.

4.9 Supporting Sustainable Development

Having anti-fraud related policies in place reduces the risk of threats to sustainable development.

4.10 IT Issues

There are no IT issues with regard to this report.

5 Summary

The Council's Anti Fraud and Corruption and Whistleblowing policies have been updated and a separate Anti Bribery policy has been developed in accordance with current best practice.

6 Recommendations

The Audit Committee is invited to:

1. note and provide comment on the Anti Fraud and Corruption, Anti Bribery and Whistleblowing policies attached to this report; and
2. note that the Anti Fraud and Corruption and Anti Bribery policies will be submitted to Cabinet for approval following consultation with the Trade Unions.

Date 23 November 2016

Report Contacts:

Heather Mohieddeen	Tel No 0131 271 3126 Heather.mohieddeen@midlothian.gov.uk
Elaine Greaves	Tel No 0131 271 3285 Elaine.greaves@midlothian.gov.uk
Graham Herbert	Tel No 0131 271 3517 Graham.herbert@midlothian.gov.uk

Appendices:

Appendix 1 – Anti Fraud and Corruption Policy

Appendix 2 – Whistleblowing Policy

Appendix 3 – Anti Bribery Policy

Appendix 4 – Anti Bribery Procedure