

South Somerset District Council

Notice of Meeting



Audit Committee

Making a difference where it counts

Thursday 28th July 2011

10.00 a.m.

**Committee Room 3/4,
Council Offices,
Brympton Way,
Yeovil,
Somerset BA20 2HT**

The public and press are welcome to attend.

Disabled Access is available at this meeting venue.



If you would like any further information on the items to be discussed, please ring the Agenda Co-ordinator, **Andrew Blackburn** on Yeovil (01935) 462462
email: andrew.blackburn@southsomerset.gov.uk

This Agenda was issued on Wednesday, 20th July 2011

Ian Clarke, Assistant Director (Legal & Corporate Services)



2007-2008
*Neighbourhood and
Community Champions:
The Role of Elected Members*

2006-2007
*Improving Rural Services
Empowering Communities*

2005-2006
Getting Closer to Communities

This information is also available on our
website: www.southsomerset.gov.uk



INVESTOR IN PEOPLE

AC

Audit Committee Membership

Chairman Derek Yeomans
Vice-Chairman Ian Martin

John Calvert Roy Mills
John Dyke John Richardson
Marcus Fysh Colin Winder
Tony Lock

South Somerset District Council – Corporate Aims

Our key aims are: (all equal)

- Increase economic vitality and prosperity
- Enhance the environment, address and adapt to climate change
- Improve the housing, health and well-being of our citizens
- Ensure safe, sustainable and cohesive communities
- Deliver well managed, cost effective services valued by our customers

Members' Questions on Reports prior to the Meeting

Members of the Committee are requested to contact report authors on points of clarification prior to the Committee meeting.

Ordnance Survey mapping/map data included within this publication is provided by South Somerset District Council under licence from the Ordnance Survey in order to fulfil its public function to undertake its statutory functions on behalf of the district. Persons viewing this mapping should contact Ordnance Survey copyright for advice where they wish to licence Ordnance Survey mapping/map data for their own use.

Information for the Public

The purpose of the Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance, to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting process.

The Audit Committee should review the Code of Corporate Governance seeking assurance where appropriate from the Executive or referring matters to management on the scrutiny function.

The terms of reference of the Audit Committee are:

1. To approve the Strategic and Annual Internal Audit Plans;
2. To receive summaries of Internal Audit reports and seek assurance from management that action has been taken.
3. To consider the reports of external audit and inspection agencies and seek assurance from management that action has been taken.
4. To consider the effectiveness of SSDC's risk management arrangements, the control environment and associated anti-fraud and corruption arrangements and seek assurance from management that action is being taken.
5. To review the annual Statement of Internal Control and monitor associated action plans.
6. To review the SSDC's Code of Corporate Governance and ensure it is kept up to date and reflects best practice. This will include regular reviews of the Council's Constitution and an overview of the risk management.
7. To receive reports from management on the promotion of good corporate governance.
8. To review and approve the annual Statement of Accounts, external auditor's opinion and reports to members and monitor management action in response to issues raised.

Meetings of the Audit Committee are held monthly including at least one meeting with the Council's external auditor.

Agendas and minutes of this committee are published on the Council's website at www.southsomerset.gov.uk

The Council's Constitution is also on the web site and available for inspection in council offices.

Further information can be obtained by contacting the agenda co-ordinator named on the front page.

Audit Committee

Thursday 28th July 2011

Agenda

Preliminary Items

1. **To approve as a correct record the Minutes of the previous meeting held on 23rd June 2011**
2. **Apologies for Absence**
3. **Declarations of Interest**

In accordance with the Council's Code of Conduct, which includes all the provisions of the statutory Model Code of Conduct, members are asked to declare any personal interests (and whether or not such an interest is "prejudicial") in any matter on the agenda for this meeting. A personal interest is defined in paragraph 8 of the Code and a prejudicial interest is defined in paragraph 10.

4. **Public Question Time**

Page Number

Items for Discussion

- | | | |
|-----|--|-----------|
| 5. | Car Parks Follow Up – Audit Review of Action Plan..... | 1 |
| 6. | Risk Management Update - Report on recent SWAP Audit, Risk Management (Risk Registers including Major Projects) | 5 |
| 7. | Exemptions from Procurement Procedure Rules | 9 |
| 8. | Anti-Money Laundering Policy | 11 |
| 9. | Anti-Bribery Policy..... | 19 |
| 10. | Date of Next Meeting | 20 |

Member Training – 2010/11 Annual Statement of Accounts

At the conclusion of the formal Committee meeting, a training session will be held to prepare members for the approval of the Statement of Accounts 2010/11, which will be considered at the meeting of the Committee on the 22nd September 2011.

A copy of the draft 2010/11 Statement of Accounts has been circulated separately with the agenda and members are requested to bring their copy with them to the meeting.

Audit Committee – 28th July 2011

5. Car Parks Follow Up – Audit Review of Action Plan

Strategic Director: Vega Sturgess (Operations and Customer Focus)
Assistant Director: Laurence Willis (Environment)
Service Manager: Garry Green, Property and Engineering Services
Lead Officer: Garry Green, Property and Engineering Services
Contact Details: garry.green@southsomerset.gov.uk or 01935 462066

Purpose of the Report

The purpose of the report is to provide members with an update on the Car Parking Service Audit Action Plan (see appendix A attached at pages 3-4).

Recommendation

To note the progress made as outlined in the action plan and that the recommendations within the audit action plan have now been agreed and implemented.

Background

At its meeting on the 23rd June 2011 the Audit Committee received the South West Audit Partnership 2010/11 Internal Audit Annual Report and Opinion on the car park service which gave it a partial weakness rating. As a result of this the Committee asked for a report to be presented to this meeting for an update.

Progress Made on the Action Plan

During the final quarter of 2010/11, South West Audit Partnership (SWAP) reviewed the car park service and followed up the report carried out in June 2010. The overall outcome of the audit was that only a partial weakness could be given. From the audit, an action plan was produced (see appendix A). The Engineering and Property Services team, which manages the car parking service, were going through a 'Lean Process' at the time and uncertainties and responsibilities were undefined as well as the final recommendations and outcomes of the process.

This is not to remove any responsibilities from operating and managing the car park service in a professional manner and overall the service has been operating effectively and within the revenue budgets and meeting income targets.

Progress has now been made on the action plan details and referring to the reference points within the plan the following comments are made:

1.1a - Maintenance Agreement for Ticket Machines

A new annual maintenance contract has been placed from June 2011 for all machines to be under one contract. Awaiting contract to be signed and issued by Parkeon (ticket machine contractors) and this is being followed up. Although the signed contract is not actually in our possession at present this has not affected the call out maintenance arrangements we have in place with Parkeon as we have a good working relationship with them.

AC

1.3a & b - Monthly/Quarterly Inspections

New processes and allocated staff resources for the quarterly inspections are now in place and reporting and actions now back on schedule.

The monthly inspections carried out by the car park Inspectors have now been deleted from the inspection regime so that consistency is achieved for all car parks across the district. Previously monthly inspections were only carried out in pay and display car parks that were enforced.

2.1a - Missed Collections/Credit Note

Recommendations have been actioned and credit notes received from Loomis (cash collection contractors) following further correspondence.

2.1b - Missed Collections/Credit Note

Missed collection details are sent quarterly in arrears or as soon as possible thereafter.

2.1c - Ticket Machine Income Levels

Cash collection schedule for the ticket machines has now been reviewed and details passed on to Loomis. Implemented May 2011.

3.2a - Monitoring void ECNs

Reconciliation of ECNs (parking tickets) to voids is now carried out quarterly. Details of spoilt tickets filed for each Inspector and reconciled against management report data.

Financial Implications

None due to low value associated with above actions.

Background Papers: *South West Audit Partnership Car Park Audit Action Plan 2010/11
Appendix A attached*

Appendix A

Car Parks Follow up

Agreed Action Plan

Finding	Recommendation	Priority Rating	Management Response	Responsible Officer	Implementation Date
Objective: Improvements are made to key controls to provide assurance on the collection of income due from Car Parking facilities and agreed actions have been implemented.					
Risk 1: Parking meter income due may not be received					
1.1a Maintenance Agreement for ticket machines	The Engineering and Property Services Manager shall obtain a copy of the signed agreement.	3	E-mail sent to Parkeon requesting returned copy of signed agreement.	Engineering and Property Services Manager	April 2011
1.3a Monthly/Quarterly Inspections	It has been agreed that the Principal Engineer shall review the process of undertaking both monthly and quarterly inspections and ensure carried out timely by the Car Park Inspectors and the Engineers.	4	The first set of quarterly inspections has been carried out in January and February 2011 using the new process.	Principal Engineer	April 2011
1.3b Monthly/Quarterly Inspections	It has been agreed that the Principal Engineer shall introduce a system to ensure there is central control of inspections. Problems identified and subsequent action will be recorded and monitored.	4	Agreed.	Principal Engineer	April 2011
Risk 2: Money taken by the parking meter may not be fully accounted for					
2.1a Missed Collections/Credit Note	The Engineering and Property Services Manager shall speak to Loomis regarding the two credit notes for missed collections (weeks 1 - 32 and weeks 33 - 52) and ensure credit is promptly received.	3	Agreed and to be actioned by mid February 2011.	Engineering and Property Services Manager	April 2011

Finding	Recommendation	Priority Rating	Management Response	Management Response	Implementation Date
2.1b Missed Collections/Credit Note	The Engineering and Property Services Manager has agreed to send missed collection requests to Loomis quarterly and ensure a credit note is promptly and accurately received.	3	Delays due to other work, lean issues etc. and also collection sheets slightly behind. This has not been given high priority because of the low financial value.	Engineering and Property Services Manager	April 2011
2.1c Ticket Machine Income Levels	The Engineering and Property Services Manager shall review the cash collection timetable and the levels of income collected to ensure levels are accurate. It may be necessary to increase and/or reduce the levels of collection across a number of car parks.	3	Agreed.	Engineering and Property Services Manager	April 2011
Risk 3: Risk: Excess charges and fines may not be correctly determined and collected					
3.2a Monitoring void ECNs	The Engineering and Property Services Manager has agreed to ensure reconciliation of ECNs to voids is carried out quarterly.	3	Agreed.	Engineering and Property Services Manager	Immediate

Audit Committee – 28th July 2011

6. Risk Management Update - Report on recent SWAP Audit, Risk Management (Risk Registers including Major Projects)

Strategic Director: Mark Williams, Chief Executive
Assistant Director: Donna Parham (Finance and Corporate Services)
Service Manager: Gary Russ, Procurement and Risk Manager
Lead Officer: Gary Russ, Procurement and Risk Manager
Contact Details: gary.russ@southsomerset.gov.uk or 01935 462076

Purpose of the Report

The purpose of the report is to update members of the Audit Committee on the status of the risk management register and the status of risk management across the council at this time. At the previous update report dated March 2011, mention was made of the impending move of the risk register from the then current system over to TEN, a performance management based system that was being adapted to include a risk register. During this period SWAP conducted an audit on the following mentioned aspects of the risk management and registers at SSDC and the report is attached at pages 7-8 for reference.

This report therefore aims to do two things; firstly to indicate to Audit Committee members the actions required to comply with the audit findings and update the Committee on those remedial actions. Secondly to update members more fully on the journey we have been on with building the TEN risk register and the new enhanced features we now have with TEN.

Recommendation

That member's note the report and the remedial work needed to address the weaknesses found by the recent SWAP audit;

Report

The building of the risk register within the TEN performance management software has not been a simple task and a certain degree of tailoring of the system was needed to get best fit and benefit for users. We also had some technical issues with running a common module containing both performance management and risk management. Clearly this was creating conflicts in terms of access times etc. We now have two applications built under the same overarching system and this is now working well.

As has already been suggested the new system TEN does things in a different way from the previous system and whilst managing risk can be seen as a generic process, many minor differences were found between the two systems. Ultimately a manual transfer of data was going to be the only really reliable way of ensuring that the risks were transferred in a correct way and that information ended up in the correct fields and places. Transferring nearly 450 significant risks has been a challenge in terms of time and resources, and has by necessity been an "as and when" process.

However the good news is that it is now complete, the new system is better than the old and has many new features that will assist the Risk Manager and the Council in taking risk management forward.

AC

SWAP Audit Report - Agreed Action Plan

The 3 actions attaching to the audit report have my comments inserted alongside the recommendations. As you can clearly see all have been addressed or will be with the roll out of the new risk register.

Many details of the audit, not mentioned in the report, were very useful in shaping the development of the TEN risk register and for this I will be indebted to Jenny Watts the lead auditor for her insight and comments.

As members will be aware any project large or small should have a risk log attaching to it under SSDC's project methodology. Our methodology indicates to users the style and detail required for certain types of projects and offers them a template to use to capture risk. It is evident from the audit report findings that again the use of this methodology has been inconsistent across the council. Although risks are assessed as part of the approval process the audit highlighted that these are not consistently kept up to date and refreshed as some projects progress. It may well be that we need to consider some refresher training on project management methodology as well as risk management.

Background Papers: *None.*

Risk Management (Risk Registers including Major Projects)

Agreed Action Plan

Finding	Recommendation	Priority Rating	Current Status	Responsible Officer	Implementation Date	
Risk: Lack of appropriate procedures to manage risk registers, including risks within major projects.						
1.1a	There is an inconsistent approach to managing risks for major projects.	I recommend that the Procurement and Risk Manager takes a proposal to the management team recommending a review of the procedures for the management of Major Projects to include better monitoring of risk management.	3 - Medium	Current system places the project sponsor as the responsible person for ensuring risk logs and stage reports are produced and signed off. A reminder will be given at the next Corporate Performance Team meeting of the role in risk of a project sponsor as all sponsors will be in attendance.	Gary Russ / Donna Parham	21 st July 2011
1.2a	Risk Managers are not consistently updating the Risk Management System.	I recommend that the Risk & Procurement Officer takes action to ensure that before the Council migrates to the new Risk Management System; there is built-in functionality to ensure that reports can be produced on overdue actions and that training and guidance is issued to all risk owners on the entry and updating of information in the system.	3 - Medium	13 July - Tens Risk Management provisional booking 10.00 to 11.30 am 27 July - Tens Risk Management provisional booking 10.00 to 11.30 am 10 Aug - Tens Risk Management provisional booking 10.00 to 11.30 am 24 July - Tens Risk Management provisional booking 10.00 to 11.30 am	Gary Russ	Immediately after each training session 1-2-1 training with the risk editors will commence

Finding	Recommendation	Priority Rating	Current Status	Responsible Officer	Implementation Date
1.2b There is no current reporting schedule to Senior Management on risk.	I recommend that the Procurement & Risk Manager approaches Senior Management when the new Risk Management System is implemented and functional and proposes a schedule of regular updates on significant risks and actions, for their consideration.	3 - Medium	A regular slot has been set up on Management Board agenda for updates from the Risk and Procurement Manager	Gary Russ	Completed

Audit Committee – 28th July 2011

7. Exemptions from Procurement Procedure Rules

Strategic Director: Mark Williams, Chief Executive
Assistant Director: Donna Parham (Finance and Corporate Services)
Service Manager: Gary Russ, Procurement and Risk Manager
Lead Officer: Gary Russ, Procurement and Risk Manager
Contact Details: gary.russ@southsomerset.gov.uk or 01935 462076

Purpose of the Report

This report updates members of the Audit Committee on any requested exemptions from the Procurement Procedure Rules (PPR) during the last financial year. Under the revised rules officers are required to advise the Procurement and Risk Manager of the use of any exemption from those rules. The new rules gave greater freedoms in terms of financial limits under which officers can place business.

Recommendation

That members of the committee note the report.

Report

Outlined below is an overview of procurement activity as well as any exemptions that officers have used under the Procurement Procedure Rules. I have listed any exemptions, advice on procurement processes, and procurements where officers needed clarification on procedure and direction.

Exemptions

Included as part of the activity items listed below. The major exemption from PPR and OJEU (official journal of the European Union) rules this year has been the development and regeneration of the Chard ACI site.

Activity

- Yeovil athletics Arena, re-texturing of the running track surface, advised on the procurement process £14K spend;
- Advised on use of framework agreements for building works at the Innovations Centre, lighting, heating, air conditioning etc;
- Advised on Procurement Procedure Rules and best value in the application and spending of a £30K Arts Council grant;
- Advised on the procurement of a Microsoft Enterprise Agreement and moving from Novell to Microsoft.
- Advised on the selection and best value principles in the design and selection of a training module for ICT staff at SSDC in support of the Microsoft roll out;
- Advised and assisted with guidance on the renewal of the Corporate Banking contract;

AC

- Advised and assisted on selection of a new contract for Occupational Health, moved from the County as a supplier to Yeovil District Hospital;
- Advised on the Young Person Homelessness Intervention Project, countywide project;
- Advised on quotation for car park resurfacing to obtain best value, by combining a number of jobs together;
- Advised on selection process for external advice and guidance in relation to Castle Cary Market House. Extension of phases of works;
- Advised on the winter maintenance contract extension;
- Advised on selection of the contractors for the Data cooling project via competitive tender;
- Selection and advised on the appointment of commercial property agents;
- Advised on the extension of the waste collection contract.

This is not the complete list of advice but in the main the areas outlined represent the most significant by value.

The following is an extract from the new Procurement Procedure Rules, as can be seen from the above officers are in the main seeking my advice and input into the procurement decisions they are making. This is a positive improvement – the new rule is outlined below:

Officers claiming exemption from the rules under any clause under section 3, must ensure that they have obtained clarification and agreement from the Procurement and Risk Manager prior to proceeding. Failure to do so will be deemed to be a breach of these rules. The exemptions given will be evidenced to Audit Committee and they will act as advisors in this regard and advise the Procurement Manager if any actions taken concern them.

In Summary

I believe the changes we have made to the Procurement Procedure Rules are effective and officers are now actively seeking my advice on a regular basis. However, I will be carrying out some further awareness training this year to ensure officers continue to seek my involvement in the process.

Background Papers: *Audit Committee – 23rd September 2010 – Procurement Procedure Rules/Amendments.*

Audit Committee – 28th July 2011

8. Anti-Money Laundering Policy

Strategic Director: Mark Williams, Chief Executive
Assistant Director: Donna Parham (Finance and Corporate Services)
Lead Officer: Donna Parham, Assistant Director (Finance and Corporate Services)
Contact Details: donna.parham@southsomerset.gov.uk or 01935 462225

Purpose of the Report

This report updates the Anti-Money Laundering Policy for South Somerset District Council.

Recommendations

To approve the Anti Money-Laundering Policy.

Background

Legislation concerning money laundering (the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007) broadened the definition of money laundering and increased the range of activities caught by the statutory framework. As a result, the obligations impacted on areas of local authority business and required local authorities to establish internal procedures to prevent the use of their services for money laundering.

The attached policy (pages 12-18) is updated to outline the guidance and procedures to be followed whilst taking into account the assessment of the risk of money laundering in a local authority context. The only changes required are to update the policy to include aspects of the Terrorism Act 2000 and to recognise that breaches are required to be reported to the Serious Organised Crime Agency.

Financial Implications

There are no financial implications in approving this policy.

Background Papers: *Anti-Money Laundering Policy*

SOUTH SOMERSET DISTRICT COUNCIL

ANTI-MONEY LAUNDERING POLICY

1.0 INTRODUCTION

1.1 Money laundering can be defined as “a process that makes money with an illegal origin appear legal so that it may be used”. Legislation concerning money laundering (the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 (SI 2007 no 2157) as amended has broadened the definition of money laundering and increased the range of activities caught by the statutory framework. As a result, the obligations now impact on areas of local authority business and require local authorities to establish internal procedures to prevent the use of their services for money laundering.

2.0 SCOPE OF THE POLICY

2.1. This Policy applies to all employees of the Council and aims to maintain the high standards of conduct, which currently exist within the Council by preventing criminal activity through money laundering. The Policy sets out the procedures, which must be followed (for example the reporting of suspicions of money laundering activity) to enable the Council to comply with its legal obligations. Within this policy the term employees refers to all employees and elected Members.

2.2. Anti money laundering legislation places responsibility upon Council employees to combat money laundering and covers a very wide area of financial transactions, including possessing, or in any way dealing with, or concealing, the proceeds of any crime. It applies to all employees involved with monetary transactions

2.3. Under the legislation it is a criminal offence to:

- assist a money launderer;
- **inform** a person suspected to be involved in money laundering that they are suspected or that they are the subject of police investigations;
- fail to report a suspicion of money laundering;
- acquire, use or possess criminal property and:
- to conceal or protect terrorist property and/or fail to report such activity if seen to be carried out by others

3.0 PURPOSE

3.1 The legislative requirements concerning anti-money laundering procedures are extensive and complex. This Policy has been written so as to enable the Council to meet the legal requirements in a way, which, is proportionate to the very low risk to the Council of contravening this legislation.

3.2 The object of this policy is to make all employees aware of their responsibilities and the consequences of non compliance with this policy.

3.3 An employee could potentially 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.

3.4 Whilst the risk to the Council of contravening the legislation is low, it is extremely important that all employees are familiar with their legal responsibilities:

Employees contravening the regulations can be faced with imprisonment (up to 14 years), a fine or both.

4.0 MONEY LAUNDERING REQUIREMENTS, FROM THIS COUNCIL'S POINT OF VIEW

4.1. Provision of training to relevant officers and staff (or contractors staff) on the requirements of the legislation, including the identification of suspicious transactions, identity verification and reporting procedures

4.2. Establishment of procedures for employees to report any suspicions to the Money Laundering Reporting Officer ("MLRO") – i.e. the Assistant Director – Finance and Corporate Services.

4.3. Designation of an officer as the Money Laundering Reporting Officer, who will receive any report, keep records and if considered appropriate, make reports to the Serious Organised Crime Agency (SOCA) - i.e. the Assistant Director – Finance and Corporate Services.

4.4. Under the legislation employees dealing with money transactions will be required to comply with certain procedures.

5.0 PROCEDURES

When do I need to identify the person I am dealing with?

When the Council is carrying out relevant business and:-

- a) Forming a business relationship: or
- b) Considering undertaking a one off transaction

and :-

- a) Suspect a transaction involves money laundering; or
- b) A payment is to be made for a series of linked one off transactions involving total payment of £10,000 (15,000 Euro) or more.

Not all of the Council's business is "relevant" for the purposes of the legislation regarding client identification. Relevant services as defined by the legislation include investments, accountancy and audit services and the financial, company and property transactions undertaken by Property Services and Legal Services.

What Procedures do I use to identify the person?

5.1. Any employee involved in a relevant business should ensure the client provides satisfactory evidence of their identity personally, through passport/ photo driving license plus one other document with their name and address e.g. utility bill (not mobile) mortgage/building society/bank documents, card documents, pension/benefit book. Or corporate identity, this can be through company formation documents or business rates.

5.2. In circumstances where the client cannot be physically identified the employee should be aware:-

- a) That there is greater potential for money laundering where the client is not physically present when being identified;
- b) If satisfactory evidence is not obtained the relationship or the transaction should not proceed;
- c) If the client acts, or appears to act for another person, reasonable measures must be taken for the purposes of identifying that person.

6.0 RECORD KEEPING PROCEDURES

6.1. Each Service of the Council and contractors working for the Council conducting relevant business must maintain records of:-

- a) Client identification evidence obtained; which must be kept for five years after the end of the transaction or relationship;
- b) Details of all relevant business transactions carried out for clients for at least five years from the completion of the transaction. This is so that they may be used as evidence in any subsequent investigation by the authorities into money laundering.

The Assistant Director – Finance and Corporate Services must be informed of the existence and location of such records.

6.2. The precise nature of the records are not prescribed by law, however, they must provide an audit trail during any subsequent investigation, e.g. distinguishing the client and the relevant transaction and recording in what form any funds were received or paid.

7.0 THE MONEY LAUNDERING REPORTING OFFICER

7.1. The Officer nominated to receive disclosures about money laundering activity within the Council is **Donna Parham**, Assistant Director – Finance and Corporate Services, i.e. The Money Laundering Reporting Officer.

7.2. The Deputy Money Laundering Reporting Officer is **Amanda Card (Finance Manager)**.

8.0 INTERNAL REPORTING PROCEDURE

8.1. Where an employee is aware, that money laundering may have taken place (or may be taking place), he or she must contact the MLRO for guidance as soon as possible regardless of the amount being offered. In such circumstance, no money may be taken from anyone until this has been done.

8.2. Any person knowing or suspecting money laundering, fraud or use of the proceeds of crime must report this to the MLRO on the form(s) as attached.

8.3. Upon receiving the report the MLRO will consider all of the admissible information in order to determine whether there are grounds to suspect money laundering.

8.4. If the MLRO determines that the information or matter should be disclosed it will be reported to the Serious Organised Crime Agency (SOCA)

8.5. At no time and under no circumstances should an employee voice any suspicions to the person(s) suspected of money laundering, even if SOCA has given consent to a particular transaction proceeding, otherwise the employee may be committing a criminal offence of **informing**. Therefore, no reference should be made on a client file to a report having been made to the MLRO. Should the client exercise their right to see the file, then such a note will obviously tip them off to the report having been made and may render the employee liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

9. OTHER PROCEDURES

9.1. The Council will establish other procedures of internal control and communication as may be appropriate for the purpose of forestalling and preventing money laundering:-

9.2. **Regular receipts-** The Council in the normal operation of its services accepts payments from individuals and organisations e.g. in relation to council tax, sundry debtors etc. For all transactions under £2,000 the Money Laundering regulations do not apply but if an employee has reasonable grounds to suspect money laundering activities or proceeds of crime or is simply suspicious, the matter should still be reported to the MLRO

9.3. **Cash receipts** – If the money offered in cash is £10,000 or more, then payment must not be accepted until the employee has received guidance from the MLRO or Deputy MLRO.

9.4. **Refunds-** Care will need to be taken especially with the procedures for refunds. For instance, a significant overpayment which results in a repayment will need to be properly investigated and authorised before payment. **Note – all refunds should be made only to the source of the payment and not a different account.**

In the event of any suspicious transactions, the MLRO will be contacted to investigate the case. The possible perpetrator should not be informed.

9.5. **Training** – The Council will take, or require its contractor to take, appropriate measures to ensure that relevant employees are :

- a) Made aware of the provisions of these regulations, (under the Proceeds of Crime Act 2002, the Terrorism act 2000 and the Money Laundering Regulations 2007)

- b) Given training in how to recognise and deal with transactions which may be related to money laundering

10. GLOSSARY OF TERMS

AML	Anti money laundering
MLRO	Money laundering reporting officer as defined in the Money Laundering Regulations 2007 and the FSA (Financial Services Act)
SOCA	Serious Organised Crime Agency. Provides strategic and tactical intelligence on serious and organised crime, nationally and internationally and is responsible for receiving reports of money laundering suspicions.

11. MONEY LAUNDERING WARNING SIGNS

11.1 The following examples could indicate that money laundering is taking place:

- Transactions or trade that appear to make no commercial or economic sense from the perspective of the other party: A money launderer's objective is to disguise the origin of criminal funds and not necessarily to make a profit, A launderer may therefore enter into transactions at a financial loss if it will assist in disguising the source of the funds and allow the funds to enter the financial system;
- Large volume/large cash transactions; all large cash payments should be the subject of extra care and before accepting cash the reasons for such payments should be fully understood. Payments should be encouraged through the banking system to avoid problems.
- Payments received from third parties: Money launderers will often look to legitimate business activity in order to assist in 'cleaning' criminal funds and making payments on behalf of a legitimate company can be attractive to both parties. For the legitimate company it can be useful source of funding and for the launderer the funds can be repaid through a banking system

11.2 Examples of tell tale signs of organised money laundering:-

1. Use of cash where other means of payment are normal
2. Unusual transactions or ways of conducting business
3. Unwillingness to answer questions/ secretiveness generally
4. Use of overseas companies
5. New companies
6. Overpayments of Council tax where refunds are needed.

Disclosure Form to MLRO

Please complete and return to the Assistant Director – Finance and Corporate Services

Date of disclosure

Date of event

Officer making disclosure:

Job title of officer:

Telephone details:

SUBJECT DETAILS

Title:

Surname:

Forename:

DoB:

IN THE CASE OF A LEGAL ENTITY (COMPANY)

Name:

Address:

Company Number (If known)

Type of Business:

VAT no (if known)

REASON FOR DISCLOSURE

Please provide an explanation of the activity and amounts. If you know or suspect what the offence behind the reported activity may be please provide details.

RECEIVED BY MLRO

Reference:

Date:

Signature:

Audit Committee – 28th July 2011

9. Anti-Bribery Policy

Strategic Director: Mark Williams, Chief Executive
Assistant Director: Donna Parham (Finance and Corporate Services)
Lead Officer: Donna Parham, Assistant Director (Finance and Corporate Services)
Contact Details: donna.parham@southsomerset.gov.uk or 01935 462225

Purpose of the Report

This report introduces the Anti-Bribery Policy for South Somerset District Council.

Recommendations

To approve the Anti-Bribery Policy.

Report

The Bribery Act was introduced with effect from the 1st July 2011 creating the offences of offering or receiving bribes, and of failure to prevent a bribe being paid on an organisation's behalf. The policy as attached at pages 20-22 gives clear guidance to staff and is closely linked to SSDC's other policies and procedures covering fraud and corruption.

Financial Implications

There are no financial implications in approving this policy.

Background Papers: *Anti-Bribery Policy Statement*

SOUTH SOMERSET DISTRICT COUNCIL ANTI-BRIBERY POLICY STATEMENT

1. Introduction

The Bribery Act came into force on the 1st July 2011 and created the offences of offering or receiving bribes, and of failure to prevent a bribe being paid on an organisation's behalf. Guidance is clear that procedures should be proportionate to the risks faced by an organisation. The Act introduces a new crime of "failure to prevent" bribery, which means that an authority or company that is unable to demonstrate that they have implemented "adequate procedures" to prevent corrupt practices within their organisation, or by third parties on their behalf, could be exposed to unlimited fines.

South Somerset's Commitment:

South Somerset District Council recognises that over and above the commission of any crime, any involvement in bribery will also reflect adversely on its image and reputation. The purpose of this Policy Statement is to set out for members and employees the aim of limiting exposure to bribery by:

- Setting out a clear anti-bribery policy;
- Ensuring all employees and members are advised how to recognise and avoid the use of bribery by themselves and others;
- 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 action against any individual(s) involved in bribery;
- A zero tolerance to bribery;
- A commitment to carry out its business fairly, honestly, and openly.

2. Scope

This Policy Statement applies to all members and employees.

SSDC prohibits;

- The offering, the giving, the solicitation or the acceptance of any bribe, whether in cash or other inducement

To or from

- Any person or company, wherever they are situated and whether they are a public official or body or private person or company

By

- Any individual employee, member, agent or other person or body acting on the authority's behalf

In order to

- Gain any commercial, contractual or regulatory advantage for the authority in a way which is unethical

Or in order to

- Gain any personal advantage, pecuniary or otherwise, for the individual or anyone connected with the individual.

3. Further Clarification

The authority recognises that market practice varies across the areas in which it does business and what is normal and acceptable in one place may not be in another. This policy statement prohibits any inducement which results in a personal gain or advantage to the recipient or any person or body associated with them, and which is intended to influence them to take action which may not be solely in the interests of SSDC or of the person or body employing them or whom they represent.

This policy is not meant to prohibit the following practices providing they are customary in a particular market, are proportionate, are properly recorded and are within South Somerset's approved policies:

- Normal and appropriate hospitality;
- The giving of a ceremonial gift on a festival or another special time;
- The use of any recognised fast-track process, which is available to all on payment of a fee;
- The offer of resources to assist the person or body to make the decision more efficiently provided that they are supplied for that purpose only (without future obligation in response).

The authority's codes of conduct for members and employees give details of the actions to be taken where they perceive fraudulent or corrupt acts are being perpetrated. Further guidance is contained in the SSDC Whistleblowing procedure.

Inevitably, decisions as to what is acceptable may not always be easy. If an officer is in doubt as to whether a potential act constitutes bribery the matter should initially be referred to your Manager. If necessary, guidance should also be sought from either the Assistant Director – Finance and Corporate Services, or the Assistant Director – Legal and Corporate Services.

4. Employee and Member Responsibility

The prevention, detection and reporting of bribery is the responsibility of all employees and members. Suitable channels of communication by which employees and others can report confidentially any suspicion of bribery will be maintained by the Whistleblowing procedure.

5. Related Strategies and Policies

The following other strategies and policies have been developed to demonstrate to all that the authority will not tolerate any party who it either employs or works with entering into fraudulent or corrupt acts that would damage their reputation of financial standing:-

- Anti-Fraud and Corruption policy;
- Anti-money Laundering Policy;
- Whistleblowing procedure

All of these are documents can be accessed on Insite and copies can be obtained from either the Assistant Director – Finance and Corporate Services or the Assistant Director – Legal and Corporate Services.

AC

Audit Committee – 28th July 2011

10. Date of Next Meeting

The next meeting of the Audit Committee is scheduled to take place on Thursday, 25th August 2011 at 10.00 a.m. in Council Chamber B, Council Offices, Brympton Way, Yeovil.
