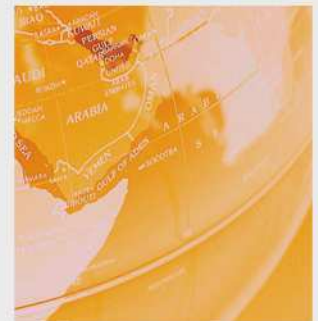
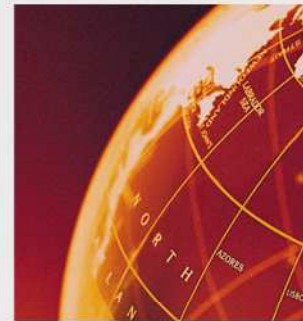
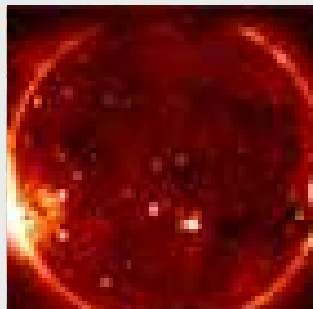




CIPFA North West Autumn Seminar 30 September 2011

Bribery and fraud:
As inevitable as death
and taxes ?

Karen Lowe, Director



What will I be covering ?

1. Bribery Act - quick recap
2. Current cases
3. Adequate procedures
4. Impact of the Bribery Act
5. Identifying and reducing your fraud risks

The Bribery Act - a quick recap

Came into force on 1 July this year

Criminal offence to:

- give, promise or offer a bribe in the UK or abroad
- request, agree to receive or accept a bribe in the UK or abroad

Bribery of foreign public officials

Facilitation payments

Affects any person ordinarily resident in the UK and any organisation doing business in the UK, including local authorities!

New corporate offence of failing to prevent provision of bribery

Corporate Offence ? Tell me more !

Corporate offence:

A 'commercial organisation' fails to prevent a person "associated" with it paying a bribe with the intention of obtaining business or business advantage for the organisation. The organisation will have a full defence if can show it has "adequate" bribery prevention procedures in place

Includes Local Authorities

Could include anyone even if not under direct control (e.g. partners, JVs, interim staff, etc)

No lower limit

Knowledge irrelevant

Defence of 'adequate procedures'

What can happen if we get it wrong?

Organisations:

Expensive internal investigation

Unlimited fines

Reputational damage

Confiscation of tainted contract profits

Debarment from public contracts

HMRC referrals

Individuals:

10 years imprisonment

Unlimited fines

Disqualification

Reputational damage

HMRC referrals

Current case

- Edinburgh Council's property conservation department
- £30m in 2010 for statutory notices
- Allegations of bribes from contractors, overcharging, unnecessary and poor quality work
- Internal and criminal investigations
- Preventative measures ?



Other cases

Met credit card abuse

- Misuse of corporate credit cards over 4 years
- £3.7m
- 40 police officers – inc 6 convictions

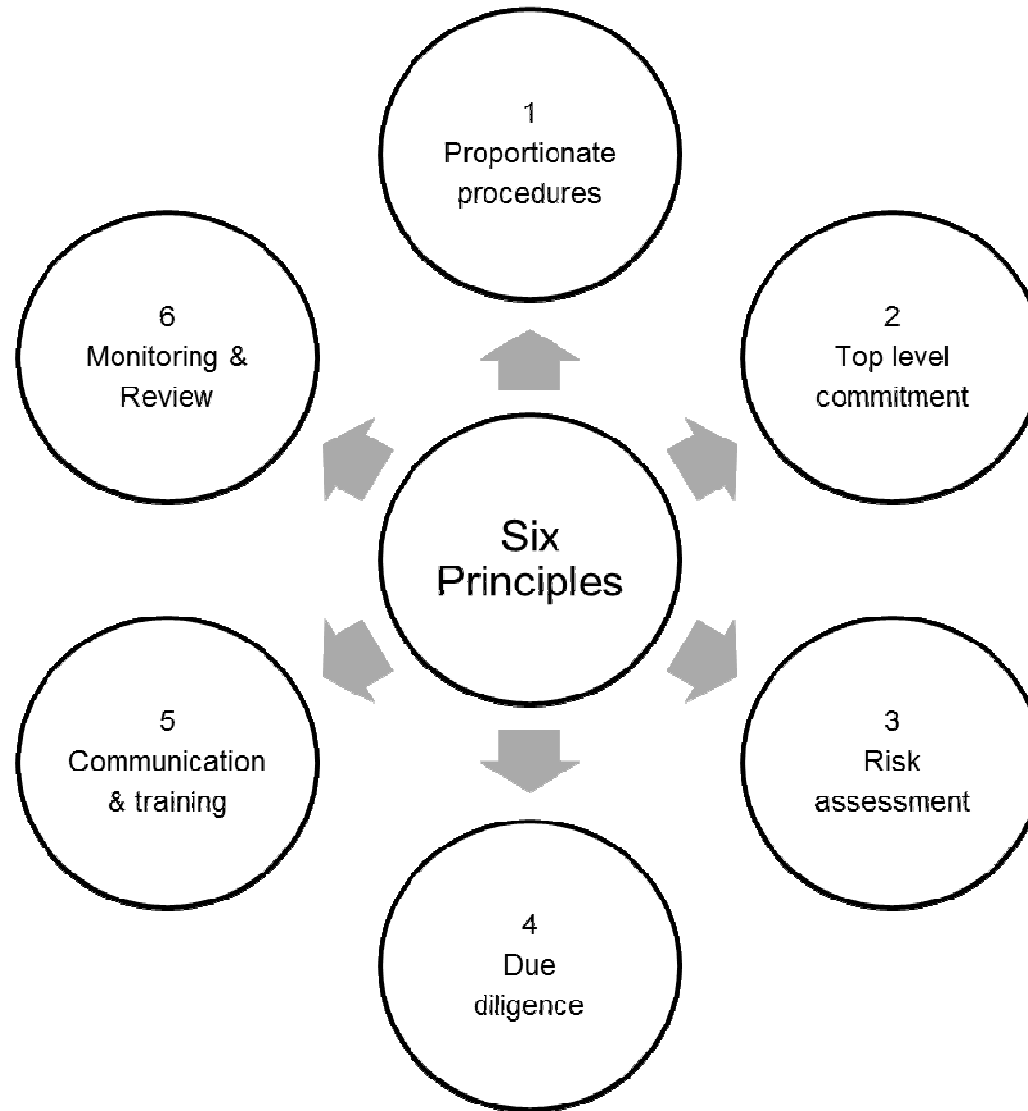


Magistrates court employee

- First case under Bribery Act
- Bribe to influence criminal proceedings
- £500



Adequate procedures



Impact on public sector

- Revising and communicating policies and procedures, internally and externally
- Contractual relationships
- Gifts and hospitality
- Monitoring and review stage
- Internal resources v external viewpoint

Where could bribery happen
at your workplace ?

How could it happen ?

Via

- Gifts and hospitality
- Cash and cash equivalents
- Discounts / credits
- Charitable donations
- And.....

Current frauds

- Supplier – change of bank account details
- Vouchers – e.g. re decorations
- Fuel cards – who, how and when
- Payroll – leavers / agency



Some fraud warning signs

Undue secrecy

High staff turnover

Remote sites

Achieving budget whilst peers and other departments struggle

Poor relationship with Internal and External Audit

Doesn't seek promotion

Managing the risk of fraud

PREVENTION

Fraud risk assessment
Internal controls
Communication and training
Governance related policies

DETECTION

Internal audits / fraud auditing
Data mining
Whistleblowing lines

RESPONSE

Fraud response plan
Roles and responsibilities
Technical assistance
Protocols with other agencies

Fraud risk assessment

Directors

What concerns do they have ?
How do they gain assurance ?

Analysing the results

Score risks
Consider existing controls
Consider previous internal audits

Designing an action plan

Control issues
Policy gaps
Awareness – internally and externally

The workers

Workshop style brainstorming session

Testing the controls

Design
Operation
Staff awareness

Continuous review

Fraud auditing
Data mining
Communication and understanding

Summary

Bribery Act applies now

Check your private sector partners

Communicate your policies

Check your fraud risks and controls

Fraud auditing

Don't relax !

Finding out more

www.insightoutmagazine.com

www.justice.gov.uk/guidance/making-and-reviewing-the-law/bribery.htm

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Any questions ?

