

## Glasgow City Region City Deal

Anti-Bribery, Corruption and Fraud Measures

Final Report

**Internal Audit**

May 2022



**Glasgow City Region City Deal  
Anti-Bribery, Corruption and Fraud Measures**

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FS 57095  
Management System Certification

## **Glasgow City Region City Deal Anti-Bribery, Corruption & Fraud Measures**

### **1. Introduction**

- 1.1 As part of the 2021/22 Internal Audit Plan, we have undertaken a review across the Glasgow City Region City Deal Programme Management Office (the PMO) and Member Authorities of the arrangements in place relating to Anti-Bribery, Corruption and Fraud Measures.
- 1.2 The Scottish Government issues a grant pass down letter each financial year to the lead authority for the City Deal infrastructure programme, the content of which is then replicated in the grant offer issued to member authorities by the lead authority. There are conditions within the grant letter which state that the grantee shall take all reasonable steps to prevent its employees breaching the terms of the Bribery Act, and that adequate controls are in place to prevent bribery. It further notes that the grantee shall not engage in any fraudulent activity and should have appropriate and proportionate control systems in place to prevent and detect such activity. Additionally, if the grantee becomes aware of or suspects any fraudulent activity that may impact the programme or use of the grant, they must notify the Scottish Ministers and provide any information required to assess the impact. These requirements are reflected in the Assurance Framework.
- 1.3 The Programme Management Toolkit outlines the expectation that member authorities should ensure they have appropriate financial controls in place to mitigate risks of human error and/or deliberate fraud where staff are involved with financial transactions and provides a list of proposed controls to support this.

- 1.3 The purpose of the audit was to examine the measures which member authorities have in place in relation to anti-bribery, corruption and fraud within their organisations, with particular focus on those functions supporting their City Deal programme. The scope of the audit included a review of:

- The anti-bribery, corruption and fraud measures within the lead and member authorities;
- Financial controls around City Deal transactions;
- Documented policies and procedures;
- Roles and responsibilities of key officers and teams;
- Training, support and awareness of measures among the PMO and member authority officers, and
- Record keeping arrangements.

### **2. Audit Opinion**

- 2.1 Based on the audit work carried out a reasonable level of assurance can be placed on the control environment. The audit has identified some scope for improvement in the existing arrangements and two recommendations which management should address.

### **3. Main Findings**

- 3.1 We are pleased to report that a number of key controls are in place and generally operating effectively. All member authorities have a whistleblowing policy in place and different methods to allow for both employees, members of the public and other stakeholders to report suspicions of fraud, including both anti-bribery and corruption. In addition, all member authorities have a Code of Conduct which employees must adhere to, and they require select officers to complete

Declarations of Interest. This can be dependent on their grade, or it can also relate to their role or piece of work being undertaken.

- 3.2 We observed that for all member authorities, they have adequate financial controls in place to mitigate against the risk of bribery or fraud. These include appropriate segregation of duties for payment (invoice) approvals and in relation to the creation and amendment of vendor bank details.
- 3.3 Additionally, we found that there are clear reporting lines in place within each member authority for officers to reporting cases of bribery, corruption or fraud within their own organisation. Details of fraud or corruption which may impact on City Deal projects must also be reported as part of the Annual Assurance returns.
- 3.4 However we noted that there are some areas where improvements could be made. We identified that whilst, member authorities hold various policies and procedures detailing their approach and measures to prevent bribery, corruption and fraud, we noted that some had not been reviewed for some time, with others not displaying details of when they were last updated.
- 3.5 In addition, we observed that anti-bribery, corruption and fraud is not recorded as a risk on the registers held by member authorities or by the Region PMO.
- 3.6 An action plan is provided at section four outlining our observations, risks and recommendations. We have made two recommendations for improvement. The priority of each recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	1
Low	Lower level controls absent, not being operated as designed or could be improved.	1
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

- 3.7 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.8 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.9 It is recommended that the Head of Audit and Inspection submits a further report to Cabinet on the implementation of the actions contained in the attached Action Plan.

#### 4. Action Plan

**Title of the Audit:** Glasgow City Region City Deal – Anti-Bribery, Corruption and Fraud Measures

No.	Observation and Risk	Recommendation	Priority	Management Response
<b>Key Control:</b> Member authorities have up-to-date documented policies and procedures detailing their anti-bribery, corruption and fraud measures.				
1	<p>In line with the City Deal Project Management toolkit, each member authority should ensure they have appropriate financial controls in place to mitigate risks of human error and/or deliberate fraud.</p> <p>We identified that all member authorities hold various policies and procedures detailing their approach and measures to prevent bribery, corruption and fraud. However, we noted that some had not been reviewed for some time, with others not displaying details of when they were last updated.</p> <p>Failure to hold up-to-date documented policies or guidance increases the risk that they do not reflect current working arrangements or legislation.</p>	<p>The PMO should remind member authorities to review and update their current policies and procedures in relation to anti-bribery, corruption and fraud measures.</p> <p>Thereafter, each member authority should ensure that these are approved by senior officers and communicated to relevant staff and reviewed at appropriate intervals.</p>	Medium	<p><b>Response:</b> Recommendation accepted.</p> <p>A reminder will be issued by the PMO to the Lead Officers at 6 June 2022 Lead Officers' Group meeting. An email will be issued on 6 June 2022 requesting that Member Authorities confirm with the PMO when they have completed their recommended actions.</p> <p><b>Officer Responsible for Implementation:</b> Head of Glasgow City Region Programme Management Office</p> <p><b>Timescale for Implementation:</b> 6 June 2022 for PMO reminder to be issued End of August 2022 for Member Authorities to review, update and approve policies and procedures.</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
<b>Key Control:</b> The risk of bribery, corruption and fraud is recognised within programme and project risk registers.				
2	<p>We identified that anti-bribery, corruption and fraud is not recorded as a risk on the registers held by member authorities or by the Region PMO.</p> <p>Including Bribery, Corruption or Fraud on risk registers would help to ensure that these risks are considered and any mitigating actions undertaken.</p>	<p>To promote good practice, the PMO should advise member authorities to consider if the risk of Bribery, Corruption and Fraud should be added to their respective programme or project risk registers.</p> <p>The Region PMO should also consider adding it to their own programme risk register.</p>	Low	<p><b>Response:</b> Recommendation accepted.</p> <p>The PMO will advise Member Authorities to consider the inclusion of bribery, corruption and fraud risk to their risk registers at 6 June 2022 Lead Officers' Group meeting.</p> <p>The PMO will include, monitor and manage risk within Programme Risk Register from July 2022.</p> <p><b>Officer Responsible for Implementation:</b> Head of Glasgow City Region Programme Management Office</p> <p><b>Timescale for Implementation:</b> 6 June 2022 for PMO to advise Member Authorities. July 2022 for inclusion of risk within Programme Risk Register</p>

