

Fraud, Bribery and Corruption Policy



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1. Purpose and Scope

What is fraud and what does it mean for me?

- 1.1 Fraud is the act of depriving a person or organisation of something by deceit. The word is used to describe such acts as theft, deception, forgery, extortion, embezzlement, misappropriation and collusion.
- 1.2 Fraud is generally categorised as:
 - Asset misappropriation
e.g. theft of cash, goods, equipment, falsifying overtime/expenses
 - Fraudulent Statements
e.g. backdating agreements/contracts, falsifying assets
 - Corruption
e.g. kickbacks to staff by a supplier in return for favourable treatment, favouring a supplier in which a member of staff has an interest, bribery.
- 1.3 Attempted fraud is when completion of the act has been prevented. Both fraud and attempted fraud are equally serious.
- 1.4 The framework referred to as the “fraud triangle” (in Appendix B) is a good way of understanding fraud and why it might happen. Generally, all three elements of the triangle must exist for an individual to act unethically;
Motive/Need: Most individuals require some form of need or motive to commit a criminal act. Motive can include money problems, gambling debts, alcohol or drug addiction. Greed can also become a motive, but it usually needs to be associated with injustice.
Opportunity: An opportunity to commit the act must be present. In the case of fraud, usually a temporary situation arises where there is a chance to commit the act without a high chance of being caught.
Rationalisation: Rationalisation involves a person reconciling his/her behaviour (stealing) with the commonly accepted notions of decency and trust. Sometimes the rationalisation is that revenge is appropriate, but most often it is a justification that the defrauded value was earned.
- 1.5 We have a zero tolerance approach to fraud, bribery and corruption. Help **is** available if any member of staff thinks there is no alternative other than to defraud the Park Authority. You should speak to HR or your line manager or seek support from our confidential counselling service if you begin to feel overwhelmed by your situation.
- 1.6 This policy explains more about how the Park Authority works to prevent and detect fraud, bribery and corruption and your role in keeping us safe from those threats. Bribery is covered separately in the policy as it is the subject of specific legislation.

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This policy applies to all staff at the Park Authority whether temporary or permanent, as well as to Board members, consultants, contractors, and agents acting for, or on behalf of, the Park Authority ("associated persons").

- 1.7 We are committed to achieving the highest possible standards of integrity, openness, probity and accountability in public life. Reporting any concerns and working to prevent incidents helps us to maintain those standards, protect staff and the public and to protect our reputation. We will not accept any level of fraud, bribery or corruption; consequently, any case will be thoroughly investigated and dealt with appropriately in accordance with our Fraud Response Plan at Appendix A.
- 1.8 We are committed to ensuring that opportunities for fraud and corruption are reduced to the lowest manageable level of risk and we will attempt to stay ahead of new fraud threats. The Chief Executive as Accountable Officer is responsible for maintaining a sound system of internal control that supports the achievement of our policies, aims and objectives, while safeguarding public funds and assets in accordance with the Scottish Public Finance Manual (SPFM).
- 1.9 The Executive team sets the tone by leading by example and ensuring that fraud risks are managed along with the wider range of risks faced by the Park Authority as a public body. Our Fraud Risk Register captures the main risks and is used by the Executive team as a tool to manage those risks. As stewards of public funds we all must stay alert to the risk of fraud, bribery and corruption and we must all contribute to managing these risks. We can all ensure that control actions are in place in order to minimise risk when designing any new function or process. Specific areas will monitor and ensure the security of physical or IT assets and services.

2. Prevention

- 2.1 The best way to combat fraud, bribery and corruption is to establish an environment where it cannot happen in the first place. We must all always be alert to the risk of fraud, other forms of theft, bribery and corruption and remain vigilant in preventing and detecting them. Anything unusual could be an indication of fraudulent activity and you should trust your instinct if something doesn't feel right, particularly if it comes from an unknown source.
- 2.2 External fraud could be an attack on our IT or on our Finance systems, for instance by a virus in an email or false invoicing, or someone passing themselves off as a supplier or representative of the Park Authority or partner organisation. Any suspicions about activity which you think could be wrong should be reported as soon as possible in order to minimise the risk of substantial damage.
- 2.3 Internal fraud can be stealing supplies/goods/tools/equipment, falsifying records for their personal benefit and/or receiving kick-backs. It will generally be something that

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deprives or steals from the organisation. Danger signs of internal fraud include evidence of excessive spending by staff engaged in cash/contract work, inappropriate relationships with suppliers, reluctance of staff to take leave, requests for unusual patterns of overtime and where there seems undue possessiveness of records. Our own internal control systems, including systems for spot-checking are our greatest weapons against fraud. You should resist any pressure from colleagues to circumvent internal controls or to over-ride control mechanisms.

- 2.4 You must ensure that all records in relation to any contracts or business activities, including financial invoices and all payment transactions with clients, suppliers and public officials are accurately maintained so that in the event of fraud being identified we can establish how the activity could have taken place.
- 2.5 You should seek guidance from the Procurement Manager and/or Legal team. You should undertake due diligence before entering into any contract, arrangement or relationship with a potential supplier of services, agent, consultant or representative

3. Reporting Procedures

- 3.1 When you suspect that a fraudulent activity is taking or has taken place you must report it and this should be to your line manager in the first instance. If, for some reason, that is not practicable then you should report it to Human Resources, to Finance or to a member of the Executive team. If the suspected fraud is in the form of an email you should alert the IT Helpdesk as soon as possible and not open any attachments or links. You should not confront any individual suspected of wrongdoing nor attempt to investigate the matter yourself as this could negatively affect any follow up action; your responsibility at this stage is to report the activity. We recognise that it is rarely easy for anyone to report suspected fraud where a colleague may be involved, however in order to protect our organisation we must be given the opportunity to investigate and properly resolve any suspected instance of fraud. If you report genuine suspicions you will be supported by Human Resources throughout the investigation.
- 3.2 Once suspected fraud has been reported we will take action to investigate the circumstances. You will be asked to provide as much detail as possible so that the matter can be thoroughly investigated. We will try to act as quickly as possible in order to minimise the risk of subsequent loss. We will ensure that appropriate recovery action is taken or, failing recovery, where there has been a financial impact, the Finance team will initiate action to write off any losses. Where necessary, we will remedy any weaknesses in internal control and we will consider changing systems and procedures so that a similar instance cannot take place.
- 3.3 Information you provide will be treated confidentially and, where possible, only those involved in the investigation and resolution will be made aware of the

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circumstances, however the Director of Corporate Services, or another member of the Executive team if appropriate, will ensure that appropriate notification is given to Internal Audit, the Audit and Risk Committee and the Scottish Government Sponsor Hub are informed as they must be made aware of cases of suspected or proven fraud, including attempted fraud, discovered during each financial year.

- 3.4 The Director of Corporate Services, or another member of the Executive team if appropriate, is responsible for monitoring individual cases and making sure that any system changes are effective where there has been a breakdown or absence of control. Internal Audit can provide independent verification to the Accountable Officer that we have taken suitable action.

4. Consequences

We will look into all cases of actual or suspected fraud vigorously and promptly and we will take appropriate action in accordance with our Fraud Response Plan in Appendix A. It is possible that, if you are under investigation, depending on how serious the matter is, you could face suspension while a matter is investigated. You may face disciplinary action for potential gross misconduct if you have committed fraud or if you have allowed fraud to take place through being actively negligent. The penalty for this may include summary dismissal. Where appropriate the Executive team may decide to inform Police Scotland.

5. Role of Internal Audit / Audit and Risk Committee

- 5.1 Internal Auditors will deliver their opinion on the adequacy of our arrangements for risk, control and governance (including those for managing the risk of fraud) to the Audit and Risk Committee and through their audit work help to promote fraud awareness and an anti-fraud culture. They can also assist us to deter and prevent fraud by examining and evaluating the effectiveness of control measures in view of the extent of the potential exposure/risk to the Park Authority.
- 5.2 Both auditors and the Audit and Risk Committee will ensure that the Park Authority has reviewed its risk exposure and identified the possibility of fraud as a business risk, and will assist us in conducting fraud investigations.

6. Bribery/Corruption

- 6.1 Bribery is covered within this policy, but falls under separate legislation, under the Bribery Act 2010. Bribery can be defined as an inducement or reward offered, promised or provided in order to gain any commercial, contractual or personal advantage, financial or otherwise. This means that you are not allowed to offer, promise, give, solicit or accept any bribe; this could be cash, a gift or other

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inducement to, or from, any person or company. This also applies to indirect contributions, payments or gifts. This can also be known as corruption.

- 6.2 As part of our risk management processes we assess the risks of our key business activities on a regular basis and, where relevant, will identify activities and/or staff who are in positions where they may be exposed to bribery.

7. Link to Other Policies

- 7.1 You should read this policy in conjunction with the Staff Code of Conduct and the Staff Register of Interests Policy.
- 7.2 Our Staff Register of Interests Policy covers the requirement for you to record all personal interests which could be considered, by someone outside the organisation, to have the potential to impact upon your decision-making. It is important that any such interests are recorded to ensure that our decision-making processes bear up to external scrutiny and you are protected from allegations of misconduct as a result of your personal interests.
- 7.3 The Staff Register of Interests Policy also provides you with advice on what to do if you, in the course of your day to day work or as a result of your work, receive offers of gifts and hospitality or provide gifts and hospitality to others on behalf of the Park Authority. You must submit a record of all corporate hospitality, entertainment or gifts whether it is accepted or not to the Information Officer who maintains a log of gifts and hospitality. You must provide details of the value of the gift, and the person or organisation making the gift. You should be aware that failure to complete and submit this information may constitute evidence of a criminal offence in terms of the Bribery Act 2010.
- 7.4 This policy is closely related to the Whistleblowing policy, which sets out an additional way for you to raise concerns about suspected unlawful conduct or financial malpractice.

8. Useful Links

Action Fraud is a police agency and is the UK's national reporting centre for fraud and cyber crime.

Action Fraud website

<http://www.actionfraud.police.uk/>

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9. **Equality and Diversity Impact Assessment**

An equality and diversity impact assessment was carried out and no discriminatory effects were identified for any particular group within the workforce. This will be monitored on an ongoing basis.

10. **Best Value**

The policy meets the best value criteria, specifically in terms of governance and accountability, as a public authority our working practices are subject to public scrutiny and our decision making cannot be called into question.

11. **Review**

This Policy will be reviewed where a requirement to do so is identified as a result of any defect or deficiency being noted, or where there is a change to relevant legislation or related Park Authority policies or at least every three years, whichever is the earliest.

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Fraud Response Plan

Appendix A

1. Purpose

This Fraud Response Plan sets out arrangements to ensure that when suspected fraud against us is reported, we take prompt and effective action to:

- investigate the circumstances;
- minimise the risk of subsequent loss to us;
- ensure that appropriate recovery action is taken or, failing recovery, to initiate action to write off any losses;
- repair any weaknesses in our internal control procedures;
- where appropriate start disciplinary and legal procedures; and
- demonstrate that we are not a soft target for attempted fraud.

2. Overview of Fraud Response Plan

When it is suspected that a fraud or attempted fraud, including bribery or corruption, is taking or has taken place a Fraud Response Coordinator will be appointed as soon as possible in accordance with the procedure outlined at 3 below. This will mean that we can attempt to limit the damage caused by the activity and put steps in place to recover any losses, or to change any procedures which enabled the fraud or attempted fraud. It is important that the response is coordinated so that we know that all steps have been followed and that all relevant people have been involved in the resolution of the matter.

3. Fraud Response Coordinator

The Fraud Response Coordinator (the “Coordinator”) will usually be the Director of Corporate Services or, if more appropriate, another Director or senior Manager as nominated by the Chief Executive or Convener. The Coordinator will be responsible for:

- considering the circumstances and deciding the next steps;
- arranging for a formal investigation to be carried out into the alleged fraud, bribery or corruption;
- receiving and collating any evidence following an allegation of fraud;
- arranging for all necessary steps to be taken to secure the assets of the organisation;
- arranging for the suspension of any member of staff if necessary during the investigation;
- liaising with internal and external auditors, including deciding whether to specifically inform external auditors outwith any normal reporting processes;
- informing outside agencies (for instance Police Scotland) as appropriate;
- notifying the Sponsor Hub of any unusual or major incidents;

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- informing and preparing a report for the Audit and Risk Committee of all formal investigations into suspected or actual fraud;

4. Immediate Action by the Fraud Response Coordinator

The Coordinator will, as a matter of urgency, consider the allegations and decide if further action or investigation is needed. If it is needed, the Coordinator will then:

- decide the scope and nature of any investigative work we need to carry out in order to establish the facts;
- decide who should be involved in the investigation, and confirm the investigative arrangements and reporting lines;
- secure our records and assets, including any restrictions on access to our offices and computer system;
- decide whether we should inform the Police/Procurator Fiscal Service;
- consider the suspension of any member(s) of staff who are the subject of allegations;
- set a timetable for completion of each action.

5. Selection of Investigating Officer

Depending on the level of fraud suspected, the Coordinator may carry out the investigation or appoint an investigating officer (an “investigator”). If the matter being investigated is complex, consideration will be given to appointing an investigator from outside the organisation, such as from our Internal Auditors. HR will be involved in the decision to appoint an investigator and will support any manager who is appointed as an investigator, in the same way as they support managers investigating grievances. This will ensure that the investigator is assisted in following processes and is not closely associated with any person suspected.

6. Actions following investigation

Once the investigator has finished their investigation the Coordinator will decide what further action we need to take, this may include:

- determining the financial effects of the fraud;
- pursuing recovery of funds;
- implementing disciplinary procedures;
- considering, in association with Internal Audit, the adequacy of internal control procedures;
- maintaining security of relevant records and assets;
- liaising with the Police/Procurator Fiscal as necessary;

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- identifying any failings which allowed the fraud or attempted fraud to happen;
- making recommendations for improvement within the report to the Audit and Risk Committee for action by the organisation.

7. Report to the Audit and Risk Committee

Following the initiation of a formal investigation into an allegation of fraud the Coordinator will, at the earliest opportunity, prepare a report to the Audit and Risk Committee detailing:

- the nature of the alleged fraud;
- the nature of and results of the investigation undertaken;
- any financial loss incurred;
- any disciplinary action undertaken;
- any communication with outside agencies such as the Police;
- any recommendations for improvements in internal systems and controls;
- any other relevant details.

8. Follow Up and Review of Cases

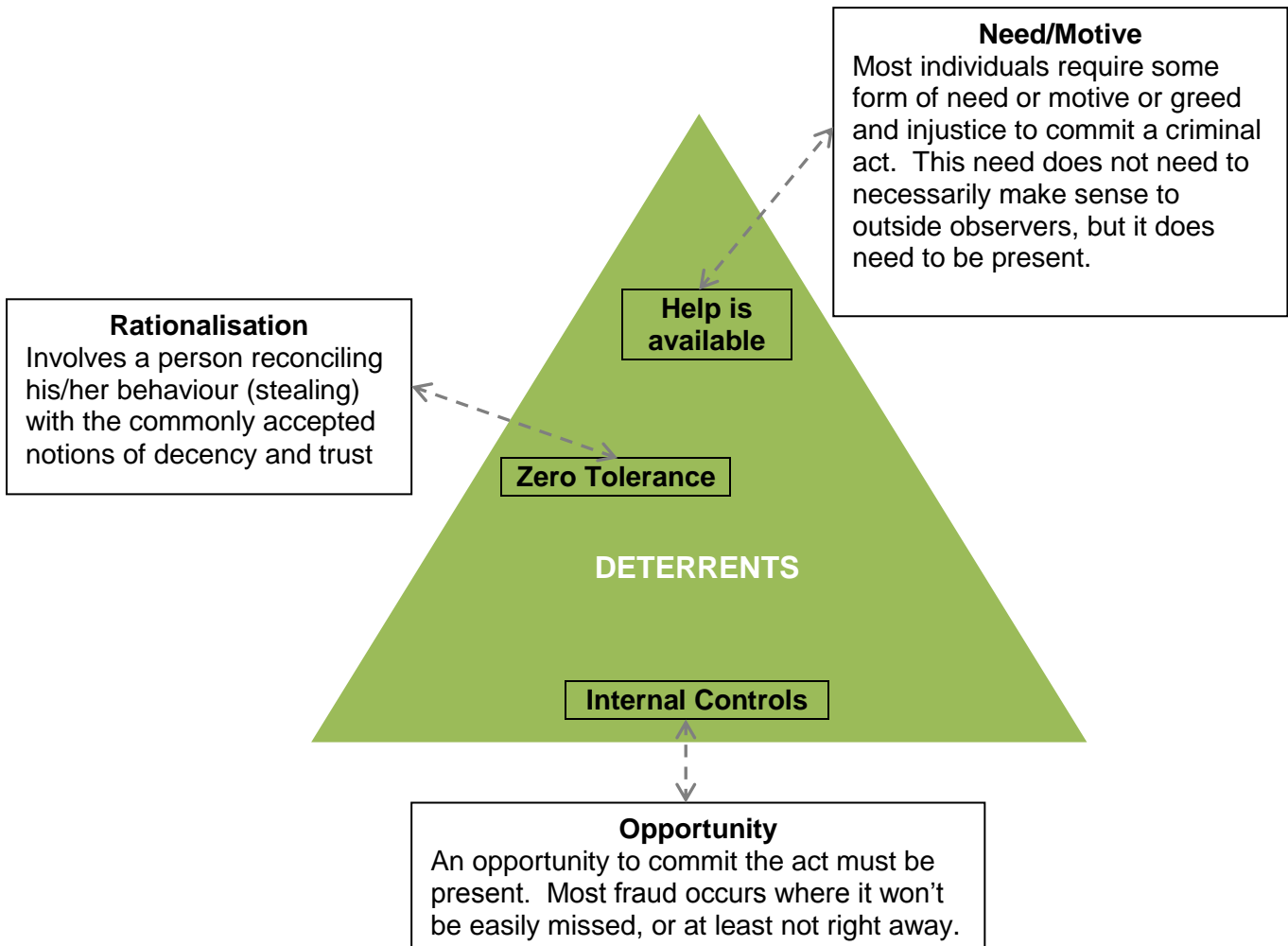
- 8.1. Where there is evidence of fraud or serious misconduct, we need to consider what action to take to prevent it happening again. The final report to the Audit and Risk Committee will include recommendations. Where wider lessons can be learned by other public sector bodies we will inform the Sponsor Hub and ask them to make recommendations to the SG's Director of Finance. The Coordinator will be responsible for ensuring that the agreed recommendations are implemented.
- 8.2. The Audit and Risk Committee can consider whether we have any lessons to learn in terms of the handling of cases and whether the Fraud Response Plan and related guidance, for example on disciplinary procedures, is operating effectively. The Committee should make recommendations to us for any changes we need to make to our procedures in light of the outcome of individual cases and should consult on any recommended changes including with the Internal Auditors.

9. Confidentiality

Those investigating the allegations as well as members of the Executive and of the Audit and Risk Committee will receive information relating to individual cases. All information will be handled confidentially and only be passed to those with a need to know. Only if you are found to have acted improperly will a record be put on your HR file. If you are involved with an investigation as an investigator, witness or suspect you will receive support from HR.

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Appendix B



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Document Control Sheet

Appendix C

Prepared By	Governance and Legal Manager
Date Effective From	December 2017
Review Frequency	As required / 3 years
Contact	Governance Manager mailbox

Revision History:

Version:	Date:	Summary of Changes:	Name:
1_0	December 2017	New policy, using previous Anti-Fraud and Corruption Policy (dated June 2004) as basis	Governance and Legal

Approvals:

Name/Title	Date	Version
Audit and Risk Committee	8 th December 2017	V1_0

Distribution: This document has been distributed to

Name:	Title:	Date of Issue:	Version:
All staff		12 th December 2017	V1_0