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# **ANTI FRAUD AND CORRRPTION POLICY**

Personnel & Office Services  
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ANTI FRAUD & CORRUPTION POLICY

# ANTI FRAUD AND CORRUPTION POLICY

## 1 STATEMENT OF INTENT

The Board aims to provide an excellent public service and needs to ensure propriety and accountability in all matters. The Board is determined to protect itself and the public from fraud and corruption and is committed to the rigorous maintenance of a strategy for the prevention and detection of fraud and corruption, which will provide a framework for:-

- encouraging fraud deterrence and prevention
- raising awareness of fraud and corruption and promoting their detection
- performing investigations and facilitating recovery
- invoking disciplinary proceedings and referral to Police and/or Procurator Fiscal
- monitoring, publishing and updating the policy and its related procedures and performance

## 2 DEFINITIONS

### 2.1 Fraud

The Board regards “fraud” as being any intentional distortion of financial statements and other records/information, and the misappropriation of assets. This may involve:-

- falsification or alteration of accounting records, other documents or information
- misappropriation of assets or theft
- suppression or omission of information from records or documents
- suppression or omission of the effects of transactions from records or documents
- recording transactions which have no substance
- wilful misrepresentation of information/transactions or of the Boards’ state of affairs

### 2.2 Corruption

The Board defines the term “corruption” as the offering, giving, soliciting or accepting of any inducement or reward which would influence the actions taken by the body, its members or officers.

Main areas of activity, which are susceptible to corruption may include:-

- contracts
- asset purchase
- information gathering activities required for statutory purposes

### **3 ELEMENTS OF THE ANTI-FRAUD AND CORRUPTION STRATEGY**

The Board's Anti-Fraud and Corruption Strategy is based on a series of comprehensive and related elements designed to frustrate any fraudulent or corrupt act. These elements are:-

- i Operating Culture
- ii Deterrent and Preventative Measures
- iii Fraud Response Policy and Detection & Investigation Procedure

#### **3.1 Operating Culture**

- 3.1.1 The Board is determined that the culture and tone of the organisation meets the expectations of the Committee on Standards of Public Life and is committed to the 7 Nolan Principles of objectivity, leadership, accountability, honesty, selflessness, and integrity.
- 3.1.2 The Board expects Councillors and employees to lead by example in ensuring opposition to fraud and corruption, and in ensuring adherence to rules and regulations, and to National and Local Codes of Conduct, and that all procedures and practises are beyond reproach.
- 3.1.3 The Board requires all individuals and organisations with which it deals in any capacity to behave towards the Board with integrity and without intent or actions involving fraud or corruption.
- 3.1.4 Board employees and members of the public are important elements in the stance against fraud and corruption and are positively encouraged to raise any concerns they may have on these issues which impact on Board activities using the Board's Public Interest Disclosure Policy, and the Board's Complaints Procedure. The attached Response Plan indicates the process and steps which shall be undertaken on receipt of information regarding suspected irregularity.
- 3.1.5 Training and guidance is vital in maintaining the effectiveness of the Strategy for the Prevention and Detection of Fraud and Corruption and its general credibility. The Board supports induction and work related training to ensure that responsibilities and duties are regularly highlighted and reinforced and best practise is followed by all staff.
- 3.1.6 The Board's Internal Auditor, under the direction of the Treasurer, is required to investigate activities suspected of involving fraud and corruption. To undertake this audit staff shall be properly and regularly trained.
- 3.1.7 Where appropriate the Board co-operates with other local authorities and public sector bodies in the prevention, detection and investigation of fraud and corruption.

#### **3.2 Deterrent and Preventative Measures**

- 3.2.1 The Boards' Standing Orders, Financial Regulations and Scheme of Delegation together with Organisational procedures set out a framework for dealing with the affairs of the Board and all employees have a duty to comply with their provisions.
- 3.2.2 Thorough documentation, including working manuals and operating procedures, is expected of all financial and operational systems and these must be issued to all relevant staff. Every effort must be made to continually review and develop these systems in line with best practise to ensure efficient and effective internal controls, including the effective segregation of duties as appropriate, and to deter fraudulent activity and detect error.
- 3.2.3 /....

- 3.2.3 The adequacy and appropriateness of the Boards' financial systems is independently monitored and assessed by External Audit and the control and operating systems by City of Edinburgh Internal Audit. Senior Management of the Board is committed to continuously improving the systems for which it is responsible, both through their own self-assessments and by positive responses to audit recommendations.
- 3.2.4 Councillors must have regard to the National Code of Local Government Conduct and acceptance of their appointment includes an undertaking to be guided by the National Code.
- 3.2.5 Employee recruitment is required to be in accordance with procedures laid down by the Board and in particular written references must be obtained and other appropriate checks made to confirm the honesty and integrity of potential employees before appointments are made.
- 3.2.6 Board employees are required to and are also expected to follow any Code of Conduct related to their personal professional qualifications.
- 3.2.7 As a basic principle, any offers of gifts or hospitality from a ratepayer, agent or member of the public, as a result of Board staff undertaking their duties, must be refused. It is recognised however that where staff are involved in lengthy negotiations and discussions particularly with ratepayer agents, the refusal of an invitation to a light lunch or snack would seem churlish. The acceptance of such an invitation would be acceptable. Any invitation to more lavish entertainment should in the first instance be refused, where upon the Depute Assessor may be consulted.
- 3.2.8 Any fee, commission, or any other payment collected or received by a Board employee, arising in any way from or through their Board employment is not permitted to be retained except with the consent of the Assessor.
- 3.2.9 Board employees must declare any possible conflicts of interest which they may have while conducting the business of the Board and these must be noted in a register maintained for that purpose.

### **3.3 Fraud Response Policy and Detection & Investigation Procedure**

- 3.3.1 The Board will be robust in dealing with any financial malpractice, and can be expected to deal timeously and thoroughly with any person who attempts to defraud the Board or who engages in corrupt practises, whether they are members, employees, suppliers, or unrelated third parties.
- 3.3.2 If members of the Board or its staff discover any fraud or irregularity that affects the affairs of the Board they must immediately tell the Assessor. The Assessor will arrange for an investigation to be carried out where appropriate.
- 3.3.3 An appointed senior officer who may be assisted by the Treasurer's Internal Audit Service shall investigate all instances of fraud or irregularity in the Board.
- 3.3.4 The Boards' Disciplinary Procedures will be used where the outcome of the investigation indicates improper behaviour on the part of employees.
- 3.3.5 Where loss has been suffered through fraudulent activity the Board will pursue the perpetrator for recovery, including taking appropriate legal action.
- 3.3.6 The Assessor will ensure that matters are reported to the Police if there are reasonable grounds for believing that a criminal offence has been committed.
- 3.3.7 /...

- 3.3.7 The Assessor is responsible for the smooth running of this protocol and where clarification is required his or her decision will be final.

## **4 REVIEW**

- 4.1 The Board shall review current procedures and, where necessary, put in place a framework of systems and procedures to deter and investigate fraud and corruption. It shall ensure that any new arrangements are fair and are monitored and updated to keep pace with future developments in preventative, deterrent and detection techniques regarding fraudulent or corrupt activity.
- 4.2 To this end, the Board shall monitor a continuous review of these arrangements through its own Audit Manager, the Chief Internal Auditor in the Treasurer's Internal Audit Section and External Auditors.

# FRAUD RESPONSE PLAN

