



ANTI-FRAUD & CORRUPTION POLICY

DOCUMENT VERSION CONTROL

Date	Author	Version	Status	Reason for Change
Nov 2007	SEStran	1.0	FINAL	Policy Adopted
Oct 2017	SEStran	1.1	FINAL	Version control added

1. **Statement of Intent**

SEStran aims to provide excellent public service and needs to ensure propriety and accountability in all matters. SEStran 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

SEStran regards "fraud" as being any intentional distortion of financial statements and other records, and the misappropriation of assets. This may involve

- Falsification or alteration of accounting records or other documents including expense claim forms
- Misappropriation of assets or theft
- Suppression or omission of the effects of transactions from records or documents
- Recording transactions which have no substance
- Wilful misrepresentations of transactions or of SEStran's state of affairs

2.2 Corruption

SEStran 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. Areas of activity, which could be susceptible to corruption may include

- Contracts
- Asset disposal
- Certifications

3. **Elements of the Anti-Fraud and Corruption Strategy**

SEStran'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: -

1. Operating Culture
2. Deterrent and Preventative Measures
3. Fraud Response Policy and Detection & Investigation Procedure

3.1 Operating Culture

- 3.1.1 SEStran 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, openness, leadership, accountability, honesty, selflessness and integrity.
- 3.1.2 SEStran expects Members 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 practices are beyond reproach.
- 3.1.3 SEStran requires all individuals and organisations with which it deals in any capacity to behave towards SEStran with integrity and without intent or actions involving fraud or corruption. SEStran includes within its standard Conditions of Contract clauses to protect against collusion or corrupt gifts or payments including the sanction of cancellation of the contract and recovery of losses in the event of collusion, corrupt or illegal practices related to any contract between the supplier and SEStran.
- 3.1.4 Partnership Board Members, 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 SEStran activities, using the guidance in SEStran's Fraud response plan.
- 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. SEStran supports induction and work-related training, particularly for employees involved in internal control systems, to ensure that their responsibilities and duties are regularly highlighted and reinforced and best practice is followed.
- 3.1.6 As part of its responsibilities the Treasurer's Internal Audit Service is required to investigate activities suspected of involving fraud and corruption. Its audit and training plans are required to provide adequate coverage of the risk of fraud and corruption and also to reflect the requirement for audit staff to be properly and regularly trained.
- 3.1.7 Where appropriate, SEStran 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 SEStran's Standing Orders, Financial Rules and Scheme of Delegation set out a framework for dealing with the affairs of SEStran 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 relevant staff. Every effort must be made to continually review and develop these systems in line with best practice to ensure efficient

and effective internal controls, including the effective segregation of duties, and to deter fraudulent activity and detect error.

- 3.2.3 The adequacy and appropriateness of SEStran's financial systems is independently monitored and assessed by External Audit and the control and operating systems by Internal Audit. Senior Management is committed to continuously improving the systems for which it is responsible, both through their own self-assessments and by positive response to audit recommendations.
- 3.2.4 Partnership Board Members 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 SEStran's recruitment procedures 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 SEStran employees are required to and are also expected to follow any Code of Conduct related to any relevant personal professional qualifications related to their employment.
- 3.2.7 Any offers of gifts or hospitality, which are in any way related to their SEStran duties, must be discussed by the employee with their line manager and acceptance of offers of gifts or hospitality may be required to be registered in a hospitality register.
- 3.2.8 Any fee, commission or any other payment collected or received by a SEStran employee, arising in any way from or through their SEStran employment, is not permitted to be retained except with consent of the Director. Any employee in breach of these regulations may be liable to summary dismissal subject to the relevant SEStran Disciplinary Procedures.
- 3.2.9 Partnership Board members and employees must declare any possible conflicts of interest, which they may have in contracts entered into by SEStran and these must be noted in a register, maintained for that purpose.

3.3 Fraud Response Policy and Detection & Investigation Procedure

- 3.3.1 SEStran will be robust in dealing with any financial malpractice, and can be expected to deal timeously and thoroughly with any person(s) who attempts to defraud SEStran or who engages in corrupt practices, whether they are Members, employees, suppliers or unrelated third parties.
- 3.3.2 If members of SEStran or SEStran staff discover any fraud or irregularity that affects the affairs of SEStran, they must immediately tell the Director, or alternatively, follow the procedures in the SEStran Public Interest Disclosure Statement of Policy. The Director will arrange for an investigation to be carried out where appropriate in accordance with the relevant SEStran disciplinary procedures.
- 3.3.3 All instances of fraud or irregularity are investigated by the Treasurer's Internal Audit Service in conjunction with SEStran.

- 3.3.4 Depending upon the nature of the investigation, the Treasurer's Internal Audit Service will normally work closely with SEStran management and other agencies such as the Police, to ensure that all matters are properly investigated and reported upon.
- 3.3.5 The detailed arrangements for the investigations of any suspected fraud or irregularity are contained in the Internal Audit Service Investigation procedures guide. Any investigations will also comply with the relevant SEStran disciplinary procedures.
- 3.3.6 The relevant SEStran Disciplinary Procedures will be used where the outcome of the investigation indicates improper behaviour on the part of employees.
- 3.3.7 Where loss has been suffered through fraudulent activity, SEStran will pursue the perpetrator for recovery, including taking appropriate legal action.
- 3.3.8 The Director will ensure that matters are reported to the Police if there are reasonable grounds for believing that a criminal offence has been committed.
- 3.3.9 The Director is responsible for the smooth running of this protocol and clarification where necessary.

4. Review

- 4.4.1 SEStran has in place a clear framework of systems and procedures to deter and investigate fraud and corruption. It will ensure that these arrangements are fair and are monitored and updated on a two-year basis, to keep pace with future developments in preventative, deterrent and detection techniques regarding fraudulent or corrupt activity.
- 4.4.2 To this end, SEStran maintains a continuous review of these arrangements through, in particular, the Performance and Audit Committee, the Director, the Treasurer's Internal Audit and Review Service and Audit Scotland.