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ANTI-FRAUD, BRIBERY & CORRUPTION POLICY

1. INTRODUCTION

This document details Edinburgh College's policy on Anti-Fraud, Bribery and Corruption.

The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government (SG) and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety.

Edinburgh College follows the regulatory requirements and applicable legislation on the prevention, detection, reporting and handling of fraud, including the Fraud Act 2006, the Bribery Act 2010 and the Criminal Offences Act 2017. The college also adheres to the guidance set out in the Scottish Public Finance Manual and participates in the National Fraud Initiative.

The Criminal Finances Act 2017 is the UK Government's recent risk based approach to combat corruption, money laundering and tax evasion. The Act came into effect in April 17, with two new corporate offences relating to the failure to prevent the facilitation of tax evasion in September 2017; relating to the evasion of domestic UK tax and to foreign tax evasion. The College considers if other associated persons have the opportunity, motivation or means to criminally facilitate tax evasion offences and if so how this risk might be managed.

The National Fraud Initiative (NFI) is a sophisticated data matching exercise that matches data within and between public sector and private sector bodies to prevent and detect fraud as well as overpayments to suppliers. Edinburgh College has started participating in this initiative which is carried out every two years.

The College is committed to conducting business fairly, openly and honestly and in accordance with the highest ethical and legal standards.

2. PURPOSE

- 2.1. The purpose of this policy is to set out Edinburgh College's position on fraud, bribery and corruption and its approach to preventing, detecting, reporting and investigating fraud, bribery and corruption.

Edinburgh College:

- Has a duty to ensure that it safeguards assets and public money that it is responsible for.
 - Expects the highest standards of conduct and integrity from all persons that have dealings with it, including staff, Board members, contractors, volunteers, students and the general public.
 - Is committed to the elimination of fraud and corruption, and to ensuring that all activities are conducted ethically, honestly, and to the highest standards of openness and accountability so as to protect public safety and public money.
- 2.2. All suspicions or concerns of fraudulent or corrupt practice will be investigated. There will be no distinction made in an investigation and/or action between cases that generate financial benefits and those that do not.

3. SCOPE

- 3.1. This policy provides an overview of the measures designed to alleviate attempted fraudulent or corrupt acts.
- 3.2. The terms of this policy will apply to all College staff and stakeholders. Failure to adhere to this policy may lead to disciplinary action being taken against any individual/s concerned.
- 3.3. The Executive and Leadership Team have functional responsibility for ensuring that fraud and corruption are prevented, and any suspected or known occurrence is immediately reported to the Chief Operating Officer.
- 3.4. The Chief Operating Officer has overall responsibility for the College's Anti-Fraud, Bribery & Corruption Policy.
- 3.5. The Head of Finance is responsible for the consistent application of the policy.
- 3.6. Fraud can be perpetrated by persons outside as well as inside an organisation and by collusion. The term "fraud" is commonly used to describe a wide variety of dishonest behaviour such as deception, forgery, false representation, and concealment of material facts. It is usually used to describe the act of depriving a person of something by deceit, which may involve the misuse of funds or other resources, or the supply of false information. Computer fraud covers the use of information technology equipment to manipulate programs or data dishonestly (e.g. by altering, substituting or destroying records, or creating spurious records), or where the use of an IT system was a material factor in the perpetration of a fraud. The fraudulent use of computer time and resources is included in this definition.
- 3.7. Corruption can be interpreted as "the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person".

The College adheres to the Bribery Act 2010 which covers, amongst other things, the offences of bribing another person, of allowing to be bribed and organisational responsibility. Such offences include:

- The offer, promise, or giving of financial or other advantage to another person in return for the person improperly performing a relevant function or activity.
- Requesting, agreeing to receive or accepting a financial or other advantage intending that, in consequence a relevant function or activity should be performed improperly.
- Commercial responsibility for a person associated with the institution, and bribing another person for the purpose of obtaining or retaining business for the institution.

The College also adheres to the Criminal Finances Act 2017 as outlined in section 1 above.

- 3.8. In addition, this policy also covers "the failure to disclose an interest in order to gain financial or other pecuniary benefit."
- 3.9. Fraud is distinct from accidental error or negligence.
- 3.10. For ease of understanding this policy is separated into the areas below:
 - Promoting an Anti-Fraud Culture
 - Responsibilities
 - Role of Audit
 - Prevention
 - Detection and Investigation
 - Awareness & Monitoring
- 3.11. The term "College staff" refers to everyone employed by the college, including temporary and agency workers, and members of the Board.

4. PROMOTING AN ANTI-FRAUD CULTURE

- 4.1. The prevention/detection of fraud/corruption and the protection of public money are responsibilities of everyone, both internal and external to the college. The College's Board members, Executives and all other employees play an important role in creating and maintaining this culture. Staff are encouraged to raise concerns regarding fraud and corruption, regardless of seniority or status, in the knowledge that such concerns will be treated in confidence. Students and the public also have a role to play in this process, and should inform the College if they believe that fraud/corruption may have occurred.
- 4.2. Concerns should be raised when Board members or College employees, students or a member of the public reasonably believe that one or more of the following actions has occurred, is occurring or is likely to occur:
 - A criminal offence.
 - A failure to comply with a statutory or legal obligation.
 - Improper or unauthorised use of public or other official funds.
 - A miscarriage of justice.
 - Maladministration, misconduct or malpractice.
 - Deliberate concealment of any of the above.
- 4.3. The College will ensure that any allegations received in any way, including by anonymous letter or telephone call, will be taken seriously and investigated in an appropriate manner.
- 4.4. The College will deal firmly with those who defraud the College or who are corrupt, or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as employees/members of the public raising malicious allegations) may be dealt with as a disciplinary matter. When fraud or corruption has occurred due to a breakdown in the College's systems or procedures, the Executive will ensure that appropriate improvements in systems of control are implemented in order to prevent a re-occurrence.
- 4.5. Key elements of the College's strategy to alleviate fraud and corruption are:
 - An open and honest culture.
 - Adequate preventative measures.
 - Systems for detection and investigation.
 - Understanding and awareness within the College.

5. RESPONSIBILITIES

5.1. Responsibilities of Board Members

As nominated representatives, all members of the College Board have a duty to protect the College and public money from any acts of fraud and/or corruption. This is achieved through existing practice, compliance with the Code of Conduct for Members, the College's Constitution including Financial Regulations and Policies and relevant legislation. Conduct and ethical matters are specifically brought to the attention of members during induction and include the declaration and registration of interests. The Head of Corporate Development advises members of new legislative or procedural requirements.

5.2. Responsibilities of the Executive and Leadership Team

- The Executive and Leadership Team are responsible for the communication and implementation of this policy.
- They are also responsible for ensuring that their employees are aware of the College's policies and procedures and the College's Financial Regulations and that the requirements of each are being met.

- They are expected to create an environment in which their staff are able to approach them with any concerns they may have about suspected irregularities. Special arrangements may be applied from time to time, for example where employees are responsible for cash handling, which should be supported by relevant training, and internal control checks.
- The College recognises that a key preventative measure in dealing with fraud and corruption is for managers to take effective steps at the recruitment stage to establish, as much as possible, the honesty and integrity of all potential employees. As in other public bodies checks are undertaken for employees working with or who may have contact with children or vulnerable adults.

5.3. **Responsibilities of the Chief Operating Officer**

All suspected instances of fraud or corruption should be reported to the Chief Operating Officer.

The responsibilities of the Chief Operating Officer include:

- Making arrangements for the proper administration of the College's financial affairs and the responsibility for the administration of those affairs.

Proper administration' of those affairs encompasses all aspects of College financial management and compliance including:

- Compliance with the statutory requirements for accounting and internal audit.
- Managing the financial affairs of the College.
- The proper exercise of a wide range of delegated powers both formal and informal as shown in the College's financial regulations and specific policies.

Under these statutory responsibilities the Chief Operating Officer contributes to the Anti-Fraud, Bribery and Corruption framework of the College.

Following up any issues or concerns identified through the National Fraud Initiative.

5.4 **Responsibilities of Employees**

Each employee is governed in their work by the College's Financial Regulations, and other policies. Included in the College policies are guidelines on gifts and hospitality, and codes of conduct associated with professional and personal conduct and conflict of interest. In addition, employees are responsible for ensuring that they follow any instructions given to them, particularly in relation to the safekeeping of the assets of the College. Employees are always expected to be aware of the possibility that fraud, corruption and theft may exist in the workplace, and they should feel comfortable being able to share their concerns with management.

6. **ROLE OF AUDIT**

6.1. Internal audit plays a preventative role in trying to ensure that systems and procedures are in place to prevent and deter fraud and corruption. Internal audit may be requested to investigate cases of suspected financial irregularity, fraud or corruption, in accordance with agreed procedures/requirements. Internal auditors are empowered to:

- Have access at all reasonable times to any College premises or land.
- Have access to all records, documentation and correspondence relating to any financial and other transactions as considered necessary.
- Have access to records belonging to third parties such as contractors when required.
- Request and receive such explanations as are regarded necessary concerning any matter under investigation.
- Request any employee of the College to account for cash, stores or any other College property under his/her control or possession.

Internal auditors liaises with senior management to recommend changes in procedures to

reduce risks and prevent losses to the College. They also have direct access to the Chairman of the Audit and Risk Assurance Committee and the Board.

6.2. Role of Audit Scotland and External Audit

Independent external audit is an essential safeguard of the stewardship of public money. This is currently overseen by Audit Scotland through specific powers in appointing the College's external auditors. The external auditor's reviews are designed to test (amongst other things) the adequacy of the College's financial systems and arrangements for preventing and detecting fraud, bribery and corruption. It is not the external auditors' function to prevent fraud and irregularities, but the integrity of public funds is at all times a matter of general concern. External auditors are always alert to the possibility of fraud and irregularity, and will act without undue delay if grounds for suspicion come to their notice.

6.3. Role of Students and the Public

This policy, although primarily aimed at those within, or associated with the College, enables concerns raised by college students and the public to be investigated, as appropriate, by the relevant person in a proper manner.

6.4. Conflicts of Interest

Board members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise with externalisation of services, tendering, planning and daily transactions etc. Effective role separation and internal controls will ensure that decisions made are based upon impartial advice and avoid questions about improper disclosure of confidential information.

7. PREVENTION

7.1. The adoption of proper and adequate measures to prevent fraud and corruption are the responsibility of the Executive, Leadership Team, Board and other College staff. This is a key element of the Criminal Finances Act 2017.

7.2. Preventative measures can be classified under two broad headings:

7.3. Policies and Procedures. Frameworks and Codes.

- The Executive, Leadership Team, Board members and staff need to be aware of and have ready access to the College's agreed policy framework and procedures including the Financial Regulations, Policies, Code of Conduct, and any other relevant practice and procedural documents.
- References will be taken up for all new permanent and temporary staff to verify their suitability, honesty and integrity.

7.4. Systems

- The College has and will maintain in place systems and procedures which incorporate internal controls, including adequate separation of duties to ensure that as far as possible, errors, fraud and corruption are prevented.
- A Finance Procedures Manual details key financial systems and provides guidance, which underpins the College's Financial Regulations.
- The Executive and Leadership Team are responsible for ensuring that appropriate internal controls are properly maintained.

8. DETECTION AND INVESTIGATION

8.1. Internal audit plays an important role in the detection of fraud and corruption. Included within the operational audit plans are reviews of system controls including financial controls and specific fraud and corruption tests, spot-checks and occasionally un-announced visits.

- 8.2 In addition to planned internal audit visits, there are many systems and management controls in place to deter fraud and corruption but it is often the vigilance of employees that aids detection. In some cases frauds are discovered by chance or “tip-off” and the College will ensure that such information is properly dealt with.
- 8.3 Detailed guidance on any investigation procedure is available in a separate College document.
- 8.4 **Disciplinary Action**
Disciplinary action will be taken in addition to, or instead of, criminal proceedings depending on the circumstances of each individual case. After an initial investigation, if any allegations of improper behaviour by Board members or employees are considered to be a disciplinary matter the College’s Disciplinary Procedures will be used to facilitate a thorough investigation. Theft, fraud, bribery and corruption are serious offences which may constitute gross misconduct against the College and employees will face disciplinary action if there is evidence that they have been involved in these activities.
- 8.5 **Prosecution**
In terms of proceedings the College will take action in relevant cases to deter others from committing offences against the College.
- 8.6 **Publicity**
The College will optimise publicity opportunities associated with anti-fraud, bribery and corruption activity within the College. Wherever possible, where the College has suffered a financial loss, action will be taken to pursue the recovery of the loss.

The anti-fraud, bribery and corruption policy will be publicised.

9. AWARENESS & MONITORING

- 9.1 The College recognises that the general credibility of this policy will depend in part on the effectiveness of training and awareness of the Executive, Board members and staff and will therefore continue to raise awareness accordingly.
- 9.2 The College recognises that the continuing effectiveness of the Anti-Fraud, Bribery & Corruption Policy depends largely on the awareness and responsiveness of the Executive, Board members and employees.
- 9.3 It is essential that the Executive, Board members and staff are made aware of this policy when they join the College, and have ready access to this policy and all other relevant documents, policies and procedures which regulate the College’s activities.
- 9.4 Action will be taken on a regular basis to remind the Executive, Board members and staff of the importance that the College places on eliminating and preventing fraud and corruption.
- 9.5 This policy and associated procedures will be reviewed annually and reported to Executive, Leadership Team and Board Members.

10. EFFECTIVE DATE OF POLICY

This policy is effective from 1st June 2018 and supersedes all previous policies related to Edinburgh College Anti-Fraud, Bribery & Corruption. This policy will be reviewed whenever changes affect it, or in 3 years, whichever is the earlier.