



ANTI-FRAUD AND ANTI-BRIBERY STRATEGY

Title	Anti-Fraud and Anti-Bribery Strategy
Who should use this	All Staff
Author	SAC/Adapted by Head of Valuation Services & Assistant ERO
Approved by Management Team	
Approved by Joint Board	10 th November 2015
Reviewer	Assessor & ERO
Review Date	2018

Review History

REVIEW NO.	DETAILS	RELEASE DATE
1	NEW STRATEGY – OCTOBER 2015	
2		
3		
4		
5		
6		

Contents

		Page
1	Statement of Intent	3
2	Operating Culture	4
3	Deterrence and Prevention	5
4	Detecting and Investigating Fraud, Bribery and Corruption	8
5	Training	9
6	Fraud Response Plan	9
	<i>What does the Board want to know about?</i>	9
	<i>What should an employee do if they suspect fraud?</i>	10
	<i>What should a member of the public do if they suspect fraud in the Board?</i>	10
	<i>How will the Board deal with allegations of fraud?</i>	11
	<i>Alternative methods for reporting a concern</i>	12

1. Statement of Intent

1.1 Ayrshire Valuation Joint Board is committed to providing the highest quality of service to all its stakeholders. This Anti-Fraud and Anti-Bribery Strategy outlines the measures taken by the Board to protect itself against malpractice through either fraud or corrupt practice. The Board is committed to fighting fraud, whether attempted from inside or outside of the Board, in order to protect public funds. Suppliers, contractors, employees, Elected Members and service users are expected to act with integrity and without intention to commit fraud or bribery against the Board. Any investigative activity required will be conducted without regard to any person's relationship to this organisation, or to their position or length of service. This strategy aims to promote an attitude of zero tolerance to fraud. No fraud is acceptable, regardless of the value or scale.

1.2 Definitions

The Board regards fraud, bribery, theft and corruption as follows:

(1) ***Fraud***

Fraud is the use of deception with the intention of obtaining personal gain, avoiding an obligation or causing loss to another party. Fraud can be used to describe a wide variety of dishonest behaviour such as forgery, false representation and the concealment of material facts. In relation to Housing or Council Tax Benefit, knowingly obtaining benefit to which there is no, or lesser, entitlement, is regarded as fraud. The fraudulent use of IT resources is included in this definition, where its use is a material factor in carrying out a fraud.

(2) ***Bribery***

A bribe is a financial or other type of advantage that is offered or requested with the intention of inducing or rewarding improper performance of a function or activity. It can take many different forms and could be the offering, promise or authorisation of anything of value, or a reward or the giving of aid, donations or voting designed to exert improper influence. Bribes may not always be monetary and may include gifts or hospitality.

(3) ***Theft***

Theft is the dishonest appropriation of property belonging to another with the intention of permanently depriving the other of it.

(4) ***Corruption***

Corruption within the Board is 'the offer or acceptance by an Elected Member or employee (or any member of such a person's family) of a payment, favour or gift as a reward or an incentive for actions (or inactions) contrary to the proper conduct of their duties'.

1.3 The above definitions cover such acts as deception, forgery, extortion, blackmail, conspiracy, collusion, embezzlement, false accounting / false representation, concealment of material facts, the offering of a gift or reward to influence a person's actions and misappropriation.

- 1.4 In addition, this strategy covers ‘the failure to disclose an interest in order to gain financial or other pecuniary gain’.
- 1.5 Further guidance on types of fraud is contained within the Fraud Response Plan as set out in Section 6 below.
- 1.6 For brevity and ease of reference, this strategy will use the term ‘fraud’ throughout to cover all of the above types of dishonest act.
- 1.7 The Board will actively support and foster relationships with the police and other external agencies in order to combat fraud. Where the Board has suspicions that criminal activity may have occurred, it will consult with the police.
- 1.8 The Board’s strategy is based on a series of comprehensive and related elements designed to deter any fraudulent or corrupt act. These elements are:
 - Operating Culture;
 - Deterrence and Prevention;
 - Detection and investigation procedures;
 - Training; and
 - Fraud Response Plan.

2. Operating Culture

- 2.1 The Board is determined that the culture and tone of its organisation meet the expectations of the Committee on Standards of Public Life, and is also committed to the 7 Nolan principles of: *objectivity, openness, leadership, accountability, honesty, selflessness and integrity*.
- 2.2 The Board expects Elected Members and employees, suppliers and contractors, to lead by example in opposing fraud. Anyone associated with the work of the Board must adhere to this Anti-Fraud and Anti-Bribery Strategy. Elected Members must also adhere to the Councillors’ Code of Conduct. Employees must adhere to the approach outlined in the Board’s Code of Conduct. Everyone within the Board must ensure that all procedures and practices are beyond reproach.
- 2.3 The Ethical Standards in Public Life etc. (Scotland) Act 2000 imposes on all relevant public bodies a duty to help their Elected Members to comply with the relevant code; and establishes the Standards Commission for Scotland to oversee the new framework and deal with alleged breaches of the Code.
- 2.4 Managers are expected to strive to create an environment in which employees feel able to approach them with any concerns they may have about suspected irregularities. The Board will encourage both Elected Members and employees to inform us if they suspect a case of fraud. A Fraud Response Plan is set out at Section 6 of this strategy and this explains how we deal with all information fairly and in a confidential manner with those who provided the information. The Board encourages employees to raise any concerns. If employees make allegations in good faith but they are not confirmed by an investigation, no action, (disciplinary or otherwise), will be taken against the employee who raised the concern. However,

the Board must ensure that any investigative process is not misused and, therefore, any abuse, such as raising unfounded malicious allegations against a colleague, will be dealt with as a disciplinary matter.

- 2.5 The Board has an Equalities at Work Policy which aims to ensure that no service user or employee receives less favourable treatment than any other.
- 2.6 The Board expects its Managers to deal firmly and quickly with anyone who is found to be involved in fraudulent or corrupt acts. The Assessor will refer matters to the police as soon as she suspects any criminal activity has been carried out. The Board will continue to seek the advice of the police in relation to the prevention and detection of fraud.
- 2.7 This strategy is intended to complement the provisions of the Public Interest Disclosure Act 1998 (PIDA). This Act provides protection for workers who make certain disclosures of information in the public interest, commonly known as 'whistleblowing'. This strategy provides procedures to enable employees to raise matters of concern with the Board without fear of reprisal.

3. Deterrence and Prevention

- 3.1 The Board operates within a sound framework for dealing with its affairs. A full list of the relevant Board Policies and Procedures is available on SharePoint. Elected Members and employees have a duty to be aware of and comply with their provisions. Managers must ensure that employees have access to these documents. If anyone fails to adhere to these Policies and Procedures, the Board may take formal action against them. This may include a sanction up to including dismissal for employees or referring Elected Members to the Commissioner for Ethical Standards in Public Life in Scotland. It may include referring the matter to the police and referral to the Procurator Fiscal resulting in a criminal prosecution. The Board will seek to recover any assets or money misappropriated through fraudulent activity.
- 3.2 Employees must follow the Board's Code of Conduct which is available on SharePoint. A breach of the Code may result in disciplinary action. It is the responsibility of each employee to maintain membership of, or registration with, a professional body or registration authority where membership or registration is a requirement of his/ her post. They are also required to follow any code of conduct related to their personal professional qualifications as applicable to their employment with the Board.
- 3.3 Managers are expected to introduce and implement measures which are designed to ensure efficient and effective internal controls to deter fraudulent activity and detect error. Examples of these include:
 - (1) clear written rules and procedures which are regularly updated and of which the employees for whom they are responsible are aware;
 - (2) regularly reviewing and testing the control systems for which they are responsible including spot checks on procedures and systems;
 - (3) avoiding accumulation of backlogs;
 - (4) regular rotation of employees, particularly in key posts;

- (5) designing in safeguards against fraud when designing new systems or processes;
 - (6) a committed response to any allegation of fraud reported including ensuring that any fraud or suspected fraud is reported to the relevant Line Manager;
 - (7) ensuring that employees are aware of the Board's Standing Orders Relating to Contracts and Financial Regulations;
 - (8) reviewing and changing systems or procedures after any incident of fraud; and
 - (9) effective segregation of duties
- 3.4 The above are examples only to assist managers and are not an exhaustive list of measures which might be taken by them.
- 3.5 The Defalcation Procedure (which also forms part of the Discipline procedure) is operated by the Board, and which applies to all employees. This procedure contains provisions for dealing with, among other things, allegations of fraud.
- 3.6 The Board is committed to working and co-operating with other organisations to prevent organised fraud. Wherever possible, subject to data protection rules, the Board will be prepared to help and exchange information with other Boards and public bodies to deal with fraud. South Ayrshire Council's Internal Audit Section plays an important role in the detection of fraud. They independently review the adequacy, efficiency and effectiveness of internal controls within the Board. **It is the responsibility of Managers to ensure that corrective action is taken.**
- 3.7 The adequacy and appropriateness of the Board's financial systems are also independently monitored and assessed by the Board's External Auditors. The financial and non-financial systems are also independently audited by South Ayrshire Council's Internal Audit Section. Managers shall be committed to continuously improving the systems both through their own self-assessments and by positive and prompt response to audit recommendations.
- 3.8 The key role of Elected Members is to take an overview of the Anti-Fraud and Anti-Bribery Strategy and for management to ensure that the strategy is well publicised and its implementation monitored. Managers are responsible for ensuring that the Board develops and maintains effective controls to prevent fraud.
- 3.9 The Audit and Governance Panels of North, South and East Ayrshire Councils may perform a scrutiny role in relation to the application of this strategy.
- 3.10 The Board has fostered good working relationships with the Trade Unions and will continue to consult with them to ensure that appropriate control measures are in place and that all employees are aware of how to report allegations of fraud.
- 3.11 Employees should treat any offer of a gift or hospitality if it is made to them personally with extreme caution. The overriding principle is that employees should not compromise their position as public service workers by accepting gifts or hospitality and allowing themselves to reach the position where they might be, or might be thought by others to have been, influenced in making an important

decision as a consequence. Further guidance on gifts and hospitality including the register of gifts and hospitality is provided in the Employee Code of Conduct.

- 3.12 Before retaining any fee, commission or other payment collected or received from or through their employment with the Board, employees should consult their Line Manager.
- 3.13 Employees should not use any information obtained in the course of their employment for personal gain or benefit nor should they pass it on to others who might use it in such a way. The Board cannot disclose information about individuals unless the disclosure of the information is fair and lawful in terms of the Board's powers under the Data Protection Act 1998 and other relevant pieces of legislation.
- 3.14 A key preventative measure in dealing with fraud is to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, both temporary and permanent. In particular, appropriate employment checks, including written references, will be obtained in respect of all successful applicants before a provisional offer of employment is confirmed.
- 3.15 Orders and contracts must be awarded in accordance with the Board's approved Standing Orders Relating to Contracts and Financial Regulations. Employees who are involved in any form of tendering exercises must follow approved procedures and must clearly act in a fair and impartial manner when dealing with contractors, sub-contractors and suppliers. All known relationships of a business or private nature with external contractors or potential contractors should be made known to the Assessor or Nominated Senior Officer who will enter the details into the Board's register of interest (see point 3.16 below).
- 3.16 Employees and Elected Members must declare any possible conflicts which they may have in contracts entered into by the Board (see the Employee Code of Conduct and the Councillors' Code of Conduct). Such situations can arise with externalisation of services, internal tendering, planning and land issues etc. Effective role separation will ensure decisions made are seen to be based upon impartial advice and avoid questions about improper disclosure of confidential information. Where such conflicts do arise, these should be openly disclosed and recorded in the register of interests and the relevant Member/ officer should not be involved in the decision-making process. A register of interests is kept by the Assessor. The Assessor has responsibility under Section 5 of the Local Government and Housing Act, 1989, to guard against, among other things, illegality, impropriety and maladministration in the Board's affairs. Additionally, Elected Members/ co-opted Members and employees have a duty to be open and honest about any incidents that they may have been involved in outside of their Board role, which could adversely impact on the Board's reputation or the ability to fulfil their Board role with impartiality.
- 3.17 ***Role of Partners, Contractors, Suppliers and Other Organisations Associated with the Board***

All organisations associated with the Board are expected to take a proactive role in preventing the occurrence of fraud regarding any dealings with the Board, in line with the due diligence expectations portrayed by the Bribery Act 2010. The standards expected are often set out through legal agreements, which specify the requirements of the Board, when setting up partnerships and other contractual

arrangements. However in the interests of good working relationships and continued dealings with the Board, all associated organisations have a general duty to be vigilant regarding the possibility of fraud, irrespective of any legal agreement, with a view to reporting any suspicions in accordance with the principles stemming from the Board's own policies, procedures and standards, which includes possible referral to the Police.

4. Detecting and Investigating Fraud, Bribery and Corruption

- 4.1 All employees and Elected Members have an important and valued role to play in preventing and tackling malpractice at work. Employees are responsible for ensuring that they follow the instructions given to them by management, particularly in relation to the safekeeping of the assets of the Board. Employees are expected always to be aware of the possibility that fraud may exist in the workplace and be able to share their concerns with management. If for any reason they feel unable to speak to their own Line Manager they must refer the matter to either another Line Manager, the Assessor or South Ayrshire Council Audit Services. Reporting cases in this way is essential to this Anti-Fraud and Anti-Bribery Strategy. This ensures that suspected cases of fraud are investigated using the Defalcation Procedures, that there is a standard process for dealing with and recording all suspected cases of fraud and the proper implementation of a structured response to any suspected act of fraud.
- 4.2 The above information is explained in more detail in the Concerns at Work Policy. Employees reporting concerns in this way are afforded certain rights through legislation (Public Interest Disclosure Act 1998). The Board is committed to investigating concerns in confidence and taking firm management action where malpractice is established.
- 4.3 Managers have responsibility for preventing and detecting fraud, but it is often the alertness of members of the public to the possibility of fraud and their good citizenship which aids detection. Allegations and complaints are key sources of detection regarding fraud and as such the Board treats this type of information seriously and in line with The Concerns at Work Policy.
- 4.4 Cases relating to potential housing benefit fraud will be referred to the Department for Work and Pensions Single Fraud Investigation Service (with the exception of benefit fraud involving Board Elected Members and officers, which will be investigated by South Ayrshire Council's Internal Audit Section). Cases relating to potential Council Tax reduction fraud will be referred to the Assessor.
- 4.5 All instances of suspected fraud or other similar irregularity in the Board are normally investigated by the Assessor or Nominated Senior Officer in accordance with the Defalcation Procedures and may lead to criminal prosecution.
- 4.6 The Board is committed to investigating all apparent fraud matches produced from the bi-annual Audit Scotland National Fraud Initiative report. All cases of suspected fraud will be investigated in line with the policy and procedures stated above in 4.1 and 4.2.

5. Training

- 5.1 The Anti-Fraud and Anti-Bribery Strategy will be communicated to employees via the SharePoint.
- 5.2 All new employees will be made aware of the strategy through the Induction Pack and employee essentials training module on South Ayrshire Council's Online Access to Skills and Training package ('COAST').
- 5.3 Training will be sourced as required for employees who are involved in investigations into fraud.

6. Fraud Response Plan

- 6.1 The Board's Anti-Fraud and Anti-Bribery Strategy outlines the principles underpinning preventing, reporting and investigating fraud. This Fraud Response Plan reinforces the Board's approach by detailing the ways which employees or members of the public can report their concerns about suspected fraud.

6.2 *What does the Board want to know about?*

The Board wants to know about fraud, bribery theft or corruption (all as defined in section 1.2). Examples of fraudulent acts may include:

- (1) **Financial Issues** – for example, where individuals or companies have fraudulently obtained money from the Board (invalid invoices, inflated travel or other expense claims, theft, false overtime claims).
- (2) **Systems Issues** – for example, where a process/ system exists which is open to abuse by either employees or public (planning applications, tendering arrangements).
- (3) **Equipment Issues** – for example, where Board equipment is misused for personal use (vehicles, phones, computers, machinery).
- (4) **Asset Issues** – for example, where there is a misuse of resources (theft of materials or equipment).
- (5) **Employee Issues** – for example, working for personal financial gain during the working day.
- (6) **Any Other Issues of Irregularity** – for example, where officers or Elected Members receive improper hospitality or give confidential information to gain financially as a result of their office or official duties.

Such issues could:

- (1) be unlawful;
- (2) be against the Board's Standing Orders Relating to Contracts or any of the policies listed on SharePoint;
- (3) fall below established standards or practices; and/ or

- (4) amount to improper conduct.

This is not an exhaustive list.

The Bribery Act 2010 creates 4 offences with heavy maximum penalties in the event of conviction:

- (1) making a bribe (10 years imprisonment and/ or an unlimited fine);
- (2) accepting a bribe (10 years imprisonment and/ or an unlimited fine);
- (3) bribing a foreign public official (10 years imprisonment and/ or an unlimited fine); and
- (4) corporate offence of failing to prevent bribery on behalf of a commercial organisation. (unlimited fine).

This is not an exhaustive list.

6.3 ***What should an employee do if they suspect fraud?***

- (1) Employees and Elected Members are expected to raise any concerns that they may have, without fear of recrimination. Such concerns will be treated in the strictest confidence and will be properly investigated. Employees reporting concerns in this way are afforded certain rights through legislation (the Public Interest Disclosure Act 1998). The Board will do its best to protect employees' identities if they raise concerns and do not wish their names to be disclosed. However, it must be appreciated that the investigation may have to reveal the source of information and a statement may be required as part of the evidence. This strategy encourages individuals to put their names to allegations. Concerns expressed anonymously are much less powerful but they will be considered at the discretion of the Board.
- (2) Concerns should be raised with your immediate manager. If that is not appropriate you should contact the Assessor, Head of Valuation Services, Principal Admin. Officer or the Audit Services/Programme Review Manager of South Ayrshire Council.

6.4 ***What should a member of the public do if they suspect fraud in the Board?***

The Board encourages members of the public who suspect fraud in the Board to contact Ayrshire Valuation Joint Board in any of the following ways:

By phone	01292 612221
By e-mail	assessor@ayrshire-vjb.gov.uk
By letter to the Assessor at	9 Wellington Square, Ayr KA7 1HL

The Assessor will acknowledge receipt of the information and investigate as appropriate. This may include inviting the member of the public to submit further information.

The Assessor may request that an officer of the Board should give a report to a full group meeting or sub-group meeting of the Board. In such cases, the full group meeting or sub-group meeting of the Board will determine the next steps to be taken.

Where appropriate, the Assessor may choose to confirm the outcome of any investigations to the member of the public who submitted the relevant information.

6.5 ***How will the Board deal with allegations of fraud?***

(1) The action taken by the Board will depend on the nature of the concern. The matters raised may be:

- investigated internally;
- referred to the police;
- reported to the external auditor; and/ or
- the subject of an independent investigation.

(2) Subject to the identity being provided, the Board will contact the whistleblower acknowledging that their concern will be dealt with according to this strategy.

The Board will do its best to protect the whistleblower's identity if requested. It must be appreciated, however, that any investigation process may have to reveal the source of information and a statement may be required as part of the evidence.

(3) Concerns expressed anonymously will be considered at the discretion of the Board. In exercising this discretion, the factors to be taken into account would include:

- the seriousness of the issues raised;
- the credibility of the concerns; and
- the likelihood of confirming the allegations from attributable sources.

(4) If whistleblowers make allegations in good faith but they are not confirmed by an investigation, the matter will be closed. It is important that members of staff feel confident that they can bring concerns to the Board without fear of reprisal if the concerns are not confirmed by an investigation. It is stressed, however, that the Board will protect itself and its employees from malicious allegations by taking disciplinary action where appropriate. The Board will also try to ensure that the negative impact of either a malicious or unfounded allegation is minimised.

(5) The Board accepts that those people who reported the alleged fraud need to be assured that the matter has been properly addressed and, subject to legal and legislative constraints, will endeavor to provide them with information about the outcomes of any investigation.

6.6 ***Alternative methods for reporting a concern***

- (1) **The Accounts Commission** – is the organisation appointed to scrutinise the Board's finances and performance. By law, they must be completely independent from the Board.
- (2) **Scottish Public Services Ombudsman** – this is an independent body set up by the Government to deal with the final stage of complaints against public bodies in Scotland.