

Agenda Item	9iii
Report No	VAL 13/14

THE HIGHLAND & WESTERN ISLES VALUATION JOINT BOARD

ANTI-FRAUD AND ANTI-CORRUPTION POLICY

1. Introduction

1.1 The Anti-fraud and Anti-corruption policy forms part of the Joint Board's governance arrangements. Its aim is to ensure that the Board's resources are used for their intended purpose and that any losses through fraud and corruption are minimised.

1.2 This policy outlines the Board's commitment to creating an anti-fraud culture and maintaining high ethical standards in the administration of public funds. It is part of the framework which will:

- Encourage fraud deterrence and prevention;
- Raise awareness that it is a serious offence to commit an offence under the Bribery Act 2010. In particular, bribing another person, accepting a bribe, agreeing to a bribe, offering a bribe or promising a bribe;
- Ensure that there are adequate arrangements in place to prevent the bribery of Board staff and Board Members;
- Raise awareness of fraud and corruption and promote their detection;
- Govern the performance of investigations and facilitate recovery of any losses to the Board;
- Invoke disciplinary proceedings and referral to the Police and / or Procurator Fiscal as appropriate;
- Regularly review the policy and update as required.

1.3 The policy outlines the approach within the Board, and defines the roles and responsibilities for dealing with the threat of fraud and corruption, both internally and externally. It applies to:

- Employees
- Members
- Agency staff
- Contractors
- Consultants
- Suppliers
- Service users
- Staff and committee members of organisations funded by the local authority
- Staff and principals of partner organisations.

1.4 The Board expects a high standard of conduct from its employees and Members. It also requires all individuals and organisations with whom it deals, in any capacity, to behave towards the Board with integrity, and without intent or actions involving fraud or corruption.

2. Definitions

2.1 For the purposes of this policy, the following definitions are used:

Fraud – “the intentional distortion of financial statements and other records, and the misappropriation of assets.” This may include:

- Falsification or alteration of accounting records or other documents
- Misappropriation of assets or theft
- Suppression or omission of the effects of transactions from records or documents
- Recording transactions which have no substance
- Wilful misrepresentation of transactions or the Board’s state of affairs.

Corruption – “the offering, giving, soliciting or accepting of any inducement or reward (bribe) which could influence the actions taken by the Board, its members or staff.”

Activities, which may be susceptible to corruption and bribery, include:

- Contracts
- Disposal of assets
- Alterations to the Council Tax List, Valuation Roll or Electoral Register

3. Prevention

The Board recognises that everyone has a role in preventing fraud and corruption, and the key groups of people involved in prevention are listed below.

3.1 Employees

3.1.1 Employees are often the first line of defence in preventing fraud and corruption and a key component is the effective recruitment of staff.

3.1.2 Staff recruitment will be undertaken in accordance with the Board’s policy for the Recruitment and Selection of staff. Suitable references will be obtained, and Disclosure Scotland checks undertaken, where appropriate, before a formal offer of employment is made.

3.1.3 All employees are required to comply with the Board’s Code of Conduct for Employees, which sets out the minimum conduct expected. A breach of this Code may result in action being taken in accordance with the Board’s Disciplinary Procedure. Where an employee is a member of a professional institute, they must also comply with their institute’s professional Code.

3.1.4 Employees should be alert to the possibility of fraud and corruption, and report any concerns to their Line Manager. Where the employee is of the opinion that this cannot be done, but has concerns of malpractice or

wrongdoing, alternatively, they can report this through the Board's Whistleblowing Policy.

3.2 Members

3.2.1 All Board Members are required to comply with the Code of Conduct for Councillors published by the Standards Commission for Scotland. Any breaches of this Code will be dealt with by the Standards Commission, who may apply sanctions.

3.3 Internal Audit

3.3.1 All cases of suspected fraud and corruption must be reported immediately to the Head of Internal Audit & Risk Management (Highland Council) who will decide on the appropriate action to be taken.

3.4 External Audit

3.4.1 Copies of reports from internal audit investigations will be provided to the Board's External Auditors.

3.4.2 Any benefit investigations where the sums are £5,000 or above, must be reported to Audit Scotland.

3.4.3 The External Auditors will collate details of all such investigations and the sums involved. Any individual sums of £5,000 or above, arising from either internal audit or benefit investigations, will be reported to Audit Scotland Headquarters, as soon as the details are available.

4. **Deterrence**

4.1 In order to deter possible fraud and corruption, the Board will have appropriate systems of internal control.

4.2 Section 95 of the Local Government (Scotland) Act 1973 requires all Local Authorities to have adequate systems and controls to ensure the proper administration of their financial affairs. The Boards' Financial Regulations, supported by the relevant guidance notes, Contract Standing Orders, and Scheme of Delegation, provide the framework to address this.

4.3 Management must ensure that sound financial systems and procedures, incorporating efficient and effective internal controls, are in place. This may include documented working manuals and operating procedures, which should be issued to relevant staff. Separation of duties is a fundamental internal control, and should be in place to act as a deterrent against fraud.

4.4 The Board may share information with other authorities and agencies for the purposes of preventing and detecting fraud. This may include participation in the National Fraud Initiative.

5. Detection and Investigation

- 5.1 Where fraud or corruption is suspected this should be reported to the Head of Internal Audit & Risk Management (Highland Council), in accordance with the Board's Financial Regulations, which state *"Whenever any matter arises which involves, or is thought to involve, irregularities concerning finance, assets or property of the Board or any suspected irregularity in the exercise of the functions of the Board, the Assessor shall immediately notify the Head of Internal Audit and Risk Management (Highland Council) who shall take such steps as he considers necessary"*.

Action taken by the Head of Internal Audit and Risk Management (Highland Council) will comply with the Highland Council's Fraud and Corruption policy.

- 5.2 This is essential to ensure that a consistent approach is followed with regard to suspected fraud and corruption, and a proper investigation is undertaken by an independent and experienced Internal Audit team.
- 5.3 The Internal Audit investigation will be undertaken in accordance with the procedures prescribed in the Section's Internal Audit Manual.
- 5.4 Where the investigation identifies any wrongdoing on the part of a Board employee, this will be dealt with in accordance with the Board's Disciplinary Procedure.
- 5.5 Where the investigation identifies any control weaknesses in the Board's procedures or non-adherence to the Board's policies and procedures, this will be addressed through the production of a "control weaknesses" audit report, which will make the necessary recommendations to address the identified weaknesses.

6. Awareness and Training

- 6.1 This policy will be communicated to all employees, Board Members and external stakeholders, and published on the Board's website and to ensure awareness.
- 6.2 The Assessor is responsible for ensuring that their employees are aware of this Policy and the need for adherence.
- 6.3 Senior Management should ensure that all members of staff are adequately trained in order to perform their duties. This includes the need for induction and work related training, particularly for those employees involved in internal control systems. These should be regularly highlighted and enforced.