
Audit and Assurance Committee Meeting

| | |
|---------------------|---|
| Date of Meeting | Tuesday 5 October 2021 |
| Paper Title | Anti-Fraud Policy |
| Agenda Item | 14 |
| Paper Number | AAC1-H |
| Responsible Officer | Jim Godfrey, Finance and Resources Director |
| Status | Disclosable |
| Action | For approval |

1. Executive Summary

1.1. This paper provides a review of the Anti-Fraud policy for GCRB.

2. Recommendations

2.1. The Committee is invited to **recommend** that the Board approve this policy.

3. Background

- 3.1.** The Scottish Government is committed to the prevention, detection, reporting and correct handling of all instances of fraud within the public sector. As such it has set out relevant guidance for all public sector bodies within the Scottish Public Finance Manual (SPFM).
- 3.2.** In accordance with the SPFM, it is a requirement that GCRB maintains a policy statement regarding fraud. The approval of this policy ensures GCRB is compliant with the Financial Memorandum and is consistent with a previous recommendation of the Internal Auditor.
- 3.3.** The original policy was approved by GCRB in October 2017 and reviewed in October 2019. The policy has been reviewed and updated once more in accordance with best practice.

4. Risk and Compliance Analysis

- 4.1.** The risk of fraud within GCRB is considered to be low. However, this policy affirms the commitment of GCRB to the highest ethical standards and communicates its position.
- 4.2.** Approval of the attached policy will ensure that GCRB is compliant with relevant legislation, good practice and the Scottish Public Finance Manual.
- 4.3.** Through the conditions of grant associated with the Regional Outcome Agreement, GCRB is required to conduct its affairs in accordance with the expected standards of good governance, which include establishing appropriate arrangements in relation to Anti-Fraud.

5. Financial and Resource Analysis

- 5.1.** There are no specific financial implications arising from the proposed policy.

6. Equalities Implications

- 6.1.** There are no equalities implications arising from this report.

7. Learner Implications

- 7.1.** The direct impact of this policy on learners is expected to be low.

GLASGOW COLLEGES' REGIONAL BOARD

Anti-Fraud Policy

October 2019

| Document Control Information | |
|---|---------------------------------------|
| Lead Responsibility: | Finance and Resources Director |
| Reviewed by the Executive Director: | September 2019 |
| Approved by the Board of Management: | TBC |
| Date of Next Review: | October 2021 |

1. Introduction

The purpose of this policy is to establish a framework within Glasgow Colleges' Regional Board (GCRB) that facilitates the prevention, detection, investigation and elimination of fraud.

GCRB has a commitment to high legal, ethical and moral standards. All employees, board members, temporary/agency staff, voluntary workers and staff of assigned colleges are expected to share this commitment. This policy is established to facilitate the development of procedures which will aid in the investigation of fraud and related offences.

The board already has procedures in place that reduce the likelihood of fraud occurring. These include documented procedures, systems of internal control and risk assessment. In addition, the board tries to ensure that a risk and fraud awareness culture exists in this organisation. This document is intended to provide direction, and help, to those who find themselves having to deal with suspected cases of theft, fraud or corruption.

2. Purpose

This policy applies to any irregularity, or suspected irregularity, involving employees as well as consultants, suppliers, contractors, and/or any other parties with a business relationship with this organisation. GCRB expects anyone acting on its behalf to have arrangements in place to prevent fraud. This includes suppliers who provide services and others who represent GCRB.

GCRB is committed to taking all practical steps:

- to prevent being subjected to fraud;
- to facilitate confidential and protected reporting of known or suspected fraud in association with GCRB's Public Interest Disclosure ("Whistle-blowing") policy and procedures;
- to identify and detect any instances of fraud at the earliest opportunity;
- to investigate any instances of fraud, with police involvement where appropriate;
- to take appropriate action to deal with any instances of fraud and with any perpetrators after investigation.

The following principles apply to this policy:

- This policy is **proportionate to the risks** faced and the nature, scale and complexity of GCRB's activities.
- The **top-level commitment** is sought to prevent fraud and promote a culture in which fraud is unacceptable.
- GCRB will apply **due diligence** procedures in respect of persons who perform services for, and on behalf of, GCRB in order to mitigate fraud risks.
- GCRB will ensure its anti-fraud policy is embedded and understood through internal and external **communication**.

Fraud and Corruption Policy

- GCRB will **monitor and review** this policy to prevent fraud and make improvements where necessary. The risks GCRB faces may change and this policy will be subject to regular review.

3. Scope

This policy applies to everyone working on behalf of GCRB including employees, board members, temporary/agency staff, voluntary workers and staff of subsidiary companies. It applies to all activities of GCRB. GCRB expects anyone acting on its behalf to have arrangements in place to prevent bribery and corruption. This includes agents and others who represent GCRB, and suppliers who perform services for GCRB in the UK and overseas.

4. Definitions

Fraud comprises both the use of deception to obtain an unjust or illegal financial advantage and intentional misrepresentations affecting the financial statements by one or more individuals among management, staff or third parties. It is taken to include theft, misuse of property, corruption, the alteration of financial or other records or any unauthorised act which results directly or indirectly in financial gain to the perpetrator or to any third party.

This may involve:

- Falsification, or alteration, of accounting records or other documents.
- False accounting and/or making fraudulent statements with a view to personal gain or gain for another: for example falsely claiming overtime, travel and subsistence, sick leave or special leave (with or without pay).
- 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.

This policy also includes:

- Theft - including any misappropriation, stealing, and damage, malicious or otherwise, incurred in the course of a theft, and actual or attempted break-in.
- Computer misuse/fraud - where information technology equipment has been used to manipulate programs or data dishonestly (for example, 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 fraud. Theft or fraudulent use of computer time, and resources, is included in this

Fraud and Corruption Policy

definition.

- Corruption - where someone is influenced by bribery, payment or benefit in kind to unreasonably use their position to give some advantage to another. Bribery is also covered in GCRB's Anti-Bribery Policy.

Fraud and Corruption Policy

5. Prevention

The Board is absolutely committed to maintaining an honest, open and well intentioned atmosphere within the organisation. It is, therefore, also committed to the elimination of any fraud within the organisation, and to the rigorous investigation of any such cases. The Board wishes to encourage anyone having reasonable suspicions of fraud to report their concerns to the GCRB Executive Director. Alternatively, concerns may be reported to the Senior Independent Member if suspicions of fraud relate to the actions of the GCRB Executive Director. Therefore, it is also the Board's policy, which will be rigorously enforced, that no employee will suffer in any way as a result of reporting reasonably held suspicions. For these purposes, 'reasonably held suspicions' shall mean any suspicions other than those which are shown to be raised maliciously. Where appropriate, the organisation will deal with occurrences in accordance with the Public Interest Disclosure Act.

Robust control mechanisms are in place to prevent fraud. Everyone has a responsibility for maintaining documented control systems and must be seen to be setting an example by complying fully with all procedures, regulations and controls. The effectiveness of controls will be subject to periodic review by the College's internal auditors.

All members of the GCRB community have a responsibility to protect the assets and reputation of the Glasgow college region and are expected to be alert to the potential for fraud.

The key elements of GCRB's strategy to combat theft, fraud and corruption are:

- An open and honest culture;
- Adequate preventative measures;
- Confidential methods for reporting;
- Robust systems for detection and investigation;
- Understanding and awareness of systems and procedures within the College;
- Consistent and thorough methods for dealing with perpetrators after investigation.

6. Policies

All Board members, and employees, need to be aware of and have ready access to this policy and to associated policies including the Financial Procedures, Scheme of Delegation and Codes of Conduct.

Fraud and Corruption Policy

7. Procedures

The GCRB Executive Director is responsible for ensuring that appropriate internal controls are properly maintained and appropriate procedures are in place. GCRB will, at all times, have internal control systems and processes including adequate separation of duties to ensure that, as far as possible, errors, fraud and corruption are prevented.

GCRB has a suite of policies and procedures in place which seeks to enable the Fraud and Corruption Policy to be fully implemented and supported including:

- Financial Regulations
- Public Interest Disclosure (Whistle Blowing) Policy
- Scheme of Delegation
- Gifts and Hospitality Policy
- Disciplinary Policy and Procedure
- Procurement Strategy and Procedures