



# **Fraud and Corruption Policy and Procedures**

## **(Incorporating West Lothian College Fraud Response Plan)**

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## Statement of Inclusiveness

West Lothian College is an inclusive organisation and all policies, procedures, strategies, plans, provisions, criteria, functions, practices and activities, including decisions and the delivery of services are assessed to consider the impact on staff and students covered by the Equalities Act 2010 by the completion of an Equalities Impact Assessment (EIA). Protected characteristics are defined as age, disability, gender reassignment, marriage or civil partnership (in employment only), pregnancy and maternity, race, religion or belief, sex, sexual orientation.

### 1 Purpose

The purpose of this document is to communicate the college policy and procedures for the avoidance of fraud and corruption.

### 2 Policy Statement

The college is committed to providing a high standard of service and accountability. An important aspect of this is a policy which protects against fraud and corruption within the college and from external sources.

### 3 Definitions

**'Fraud'** means the illicit gaining of cash or other benefit by deception.

**'Corruption'** means the dishonest influence of actions and decisions.

#### **'Bribery'**

A bribe is an offer or promise of a financial or other advantage, designed to induce another person to perform improperly in their position of trust and responsibility. The Bribery Act 2010 is UK-wide legislation that:

- Makes it a criminal offence to give, promise or offer a bribe and to request, agree to receive or accept a bribe either at home or abroad.
- Increases the maximum penalty for bribery from seven to 10 years imprisonment, with an unlimited fine.
- Introduces a corporate offence of failure to prevent bribery by persons working on behalf of a business.

### 4 Scope

4.1 The college recognises that it is already subject to a high degree of external scrutiny of its affairs by a variety of parties. This includes the general public, staff, students, Internal Auditors, Board of Governors,

Members of the Scottish Parliament (MSPs), OSCR, the Scottish Funding Council (SFC), External Auditors, Skills Development Scotland, HM Revenue and Customs and Audit Scotland.

- 4.2 The college has internal and external auditors who advise the Board of Governors about the adequacy of arrangements for the prevention and detection of fraud and corruption.
- 4.3 While this external scrutiny assists in protecting against fraud and corruption, the college believes a clear statement of its own policy is needed.
- 4.4 The key elements of the college's policy to combat fraud and corruption are:
  - An open and honest culture
  - Adequate preventative measures
  - Systems for detection and investigation
  - Understanding and awareness within the college
  - The adoption of a 'Whistle Blowing' policy.
- 4.5 This policy should be read in conjunction with the college's Financial Regulations and Equality, Diversity and Inclusion Policy (2021).

## **5 Expectations and Responsibilities**

- 5.1 Board members and staff at all levels are expected to behave with integrity and propriety and to act within the law and the regulations, procedures and practices laid down in relation to the conduct of the college's business. The college believes this is achieved best through the promotion of an atmosphere of honesty and openness.
- 5.2 The Board is responsible for ensuring that the risks associated with fraud and corruption are managed effectively across all parts of the college and encourages members and staff to raise any concerns they have about fraud and corruption immediately they occur. It will treat all concerns raised seriously and in confidence.

## **6 Senior Officers**

The college has four senior officers who have particular responsibility for regulating the conduct of the college and its activities. These are:

- **Principal and Chief Executive**

Responsible for the overall management and direction of the college and for ensuring adequate resources for services.

- **Vice Principal, Finance and Estates**

Responsible for the financial management of the college, procurement, student funds, estates developments and sustainability .

- **Vice Principal, Learning and Attainment**

Responsible for the curriculum portfolio, schools and the Outcome Agreement, quality of the learning experience, University partnerships and alternative income.

- **Vice Principal, People, Performance and Improvement**

Responsible for quality enhancement, human resources and people development, information systems and digital infrastructure and health and safety

## **7 Making Suspicions Known**

7.1 Concerns should be raised with the Vice Principal, Finance and Estates or with any of the above officers in the absence of the Vice Principal, Finance and Estates.

7.2 If the concern is thought to involve the Vice Principal, Finance and Estates and/or the Principal the concern should be raised with the Chair of the Audit Committee via a letter addressed to the Board Governance Advisor marked "For the attention of the Chair of the Audit Committee – Private and Confidential – to be opened by the addressee only"

7.3 More detailed guidance and advice on how to raise any concerns is contained within the Whistle Blowing Policy.

7.4 If anyone feels they are unable to raise their concerns through any of the above routes they may contact 'Protect' (formerly Public Concern at Work), The Green House, 244-254 Cambridge Heath Road, London E2 9DA (Tel: **020 3117 2520** ) or email [protect-advice.org.uk](mailto:protect-advice.org.uk))

## **8 Prevention**

8.1 The adoption of proper and adequate measures to prevent fraud and corruption are the responsibility of the Board, The Principal, Executive Leadership Team, Faculty directors and Heads of service areas. Preventative measures can be classified under two broad headings:

### 8.1.1 Policies and procedures frameworks and codes

- All Board members and staff need to be aware of, and have ready access to, the college's agreed policies and procedures e.g. Financial Regulations
- Standing orders, codes of conduct, and any relevant practice and procedure documents
- Staff must adhere to all college policies and procedures and any relevant professional codes
- References will be taken up for all permanent and temporary staff to verify their suitability, honesty and integrity.

### 8.1.2 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 procedure manual details key financial systems and provides guidance, which underpins the college's Financial Regulations.

### 8.1.3 Responsibilities

Directors and heads with responsibility for awarding contracts, making payments, and other financial transactions must ensure they have clear control procedures. It is important that:

- There is adequate separation of duties and proper authorisation processes for payments
- Staff dealing with these procedures are familiar with them.
- Accounting and other records, such as cash balances, bank balances, physical stock counts, are reconciled with the actual position
- Staff who are bankrupt or insolvent are not employed on duties which might permit the misappropriation of public funds.

Directors and heads are responsible for:

- Ensuring that effective internal controls are operating within their areas of responsibility

- Assessing the types of risk involved in the operations for which they are responsible and responding to minimise the opportunity for fraud
- Reporting relevant cases to the Vice Principal Finance and Estates.

Each member of staff is responsible for:

- Acting with propriety in the use of official resources and the handling and use of public funds
- Being alert to the possibility that unusual events or transactions could be indicators of fraud
- Reporting details immediately through the appropriate channel if they suspect that a fraud has been committed or see any suspicious acts or events
- Cooperating fully with whoever is conducting internal checks or reviews or fraud investigations.

## **9 Identification of Fraud**

External and internal fraud is not always easy to identify. Often suspicion may be raised but it is not acted on and reported. Fraud is often committed where there is:

- Opportunity to commit fraud. This is where internal controls are weak and access to assets and information allows fraud to occur
- Rationalisation that justifies fraudulent behaviour. This can be for a variety of reasons. The Scottish Government has a zero tolerance approach to fraud
- Motivation or a need for committing fraud. This can be for financial reasons or other motivating factors.

## **10 Danger Signs**

10.1 Managers and staff must always be alert to the risk of fraud, theft and corruption. Danger signs of external fraud include:

- Photocopies of documents when originals would be expected
- Discrepancies in information e.g. signatures and dates
- Unexpected queries from stakeholders or suppliers e.g. bank account detail changes
- Requests for non-standard types of payment
- Unexpected trends or results e.g. from reconciliations

10.2 Danger signs of internal fraud include:

- Evidence of excessive spending by staff in cash/contract work

- Inappropriate relationships with suppliers
- Reluctance of staff to take leave
- Undue possessiveness of or anomalies between work records
- Pressure from colleagues to avoid normal control procedures
- Abnormal travel and subsistence claims, overtime or flexible working hours patterns.

## **11 Reporting and Investigation**

- 11.1 Concerns should be reported to one of the individuals referred to above or in accordance with the college's Whistle Blowing Policy. A detailed investigation of any concerns raised will be undertaken.
- 11.2 All cases of actual or suspected fraud will be vigorously and promptly investigated and appropriate action will be taken. Police Scotland will be informed where considered appropriate. In addition disciplinary action will be considered not only against those members of staff found to have perpetrated frauds but also against managers whose negligence is held to have facilitated frauds. Both categories of offence can be held to constitute gross misconduct, the penalty for which may include dismissal or summary dismissal.
- 11.3 In the event that fraud is suspected on the part of contractors, employees internally, or by staff involved in agency or contract work on behalf of other bodies, procedures and responsibilities for reporting and initial investigation are the same as for staff. The college will inform and involve employing contractors or agencies when appropriate.
- 11.4 Where corruption is suspected or public funds have been put at risk or lost due to a suspected breakdown of college policies and procedures, the Principal may launch an investigation into the fraud.
- 11.5 In the event of an investigation being undertaken the Principal should inform the Chair of the Board of Governors and Scottish Funding Council if appropriate.
- 11.6 Any investigations must be reported at the next Audit Committee meeting and at the audit clearance meeting for the appropriate financial year.
- 11.7 If the impact on the college or its assets is significant, OSCR, the Charity Regulator, should be notified.

## **12 Awareness**



- 12.1 The college recognises that the continuing effectiveness of the Fraud and Corruption Policy and Procedures depends largely on the awareness and responsiveness of Board members, staff and students. It is essential that both Board members and staff are made aware of the policy when they join the college and, in addition, have ready access to all other relevant documents, policies and procedures which regulate the college's activities.
- 12.2 Board members and staff will be made aware of the importance the college places on avoiding and preventing fraud and corruption.

### **13 Review**

- 13.1 This policy will be reviewed whenever changes affect it or after three years, whichever is the earlier, by the Vice Principal, Finance and Estates.



# **West Lothian College Fraud Response Plan**

Author: Jennifer McLaren, Vice Principal, Finance & Estates

Date: September 2024 (Revised)

## **Introduction**

The Fraud Response Plan sets out the steps that should be taken in the event that a suspected fraud has taken place. The Response Plan should be read in conjunction with the college's Fraud and Corruption Policy and Procedure.

### **All Members of Staff**

- Inform the Principal or the Vice Principal, Finance and Estates or in his/her absence a member of the Executive Leadership Team. If the allegation concerns the Vice Principal, Finance and Estates or the Principal contact the Chair of the Audit Committee in writing via the Board Governance Adviser to inform that a suspected fraud has taken place and discuss any particular aspect that may require special handling.

### **Chair of Audit Committee (only where allegation concerns the Principal or Vice Principal Finance and Estates)**

- Consider suspending the person and whether recovery action is required.
- Consider what actions need to be taken to report the fraud to the Police and for them to establish the facts. Engage specialist advice as required.

### **Executive Leadership Team (all other allegations of suspected fraud)**

- Consider suspending the [person/project/supplier payment] and whether recovery action is required.
- Consider what actions need to be taken to report the fraud to the Police and for them to establish the facts. Engage specialist advice as required.
- In consultation with the Vice Principal, Finance and Estates consider what actions, if any, need to be taken to raise awareness about any wider effects of the alleged/attempted fraud.
- Appoint an Investigation Officer and consider what HR support is required and availability of staff involved in the investigation for statements.
- Vice Principal, Finance and Estates to keep the Executive Leadership Team, including the Principal, updated as appropriate and ensure the Audit Committee is fully apprised of the potential fraud, the potential risk and the actions to be taken.
- In consultation with the Scottish Funding Council, Vice Principal, Finance & Corporate Services to consider losses and special payments implications as set out in the [Scottish Public Finance Manual](#).
- Vice Principal, Finance & Estates to consider reporting requirements in respect of the Financial Memorandum, the Scottish Public Finance Manual and OSCR.

## Equality Impact Assessment

Before carrying out an EIA, you should familiarise yourself with the college's EIA Policy Statement and Guidance, along with further information and resources which are available on Sharepoint.

EIA covers **strategies, policies, procedures, plans, provisions, criteria, functions, practices and activities, including decisions and the delivery of services**, but will be referred to hereinafter as 'policy/practice'.

<b>Policy/Practice (name or brief description):</b>	<b>Fraud and Corruption Policy and Procedures</b>
<b>Strategy/Policy includes Equalities Statement of Inclusiveness?</b>	<b>Yes</b>
<b>Reason for Equality Impact Assessment (choose from the following options):</b>	
<ul style="list-style-type: none"> <li>• Proposed new policy/practice</li> <li>• Proposed change to an existing policy/practice</li> <li>• Undertaking a review of an existing policy/practice</li> <li>• Other (please give detail):</li> </ul>	Review of an existing policy

<b>Person responsible for the policy area or practice:</b>	
Name:	Jennifer McLaren
Job title:	Vice Principal, Finance and Estates
<b>An Equality Impact Assessment must be carried out if the policy/practice:</b>	
<ul style="list-style-type: none"> <li>• affects <b>operational</b> or <b>strategic functions</b> of the College</li> <li>• is relevant to the promotion of equality (in terms of the Public Sector Equality Duty 'needs' as set out in the Policy and Guidance)</li> </ul>	
Why the EIA is being carried out	<b>The policy directly affects the operational functions of the college</b>
<b>Equality Groups</b>	
Relevant to the Policy/Practice, identify which of the undernoted equality groups are impacted upon:	
<ul style="list-style-type: none"> <li>• Age</li> <li>• Disability</li> <li>• race (including ethnicity and nationality)</li> <li>• religion or belief</li> <li>• sex</li> <li>• sexual orientation</li> <li>• gender reassignment</li> <li>• pregnancy and maternity</li> <li>• marriage or civil partnership</li> </ul>	<b>None</b>

**Record your assessment against the following statements:**

Statement	Equality assessment
Detail the evidence of the needs of the identified equality groups and any gaps in information	The purpose of the Policy is to communicate the college policy and procedures for the avoidance of fraud and corruption. There are no identified needs or missing gaps in relation to the equality groups.
Will application of this policy/practice lead to discrimination (direct or indirect), harassment, victimisation, less favourable treatment for particular equality groups?	No.
If yes, how will the policy/practice be changed to contribute to advancing equality of opportunity	N/A.
State how this policy/practice will foster good relations:	The Policy ensures consistent practice is applied so that there is no less favourable treatment for particular equality groups.
Will the policy/practice create any barriers for any other groups?	No
If yes, how will the policy/practice be changed to contribute to advancing equality of opportunity	No
Which equality groups or communities have been consulted in the development and review of this policy/practice?	The Executive Leadership Team was consulted during the review process.

**Equality Impact Assessment Outcome**

Select one of the four options below to indicate how the development/review of the policy/practice will be progressed and state the rationale for the decision. (Delete the options that do not apply):

**Option 1:** No change required – the assessment is that the policy/practice is/will be robust.

**Option 2:** Adjust the policy or practice – this involves taking steps to remove any barriers, to better advance equality and/or to foster good relations.

**Option 3:** Continue the policy or practice despite the potential for adverse impact, and which can be mitigated

**Option 4:** Stop the policy or practice as there are adverse effects cannot be prevented/mitigated against.

**Option 1**

**Monitoring**

When will the policy/practice next be reviewed?

**The Policy is reviewed every three years or whenever change affects any part of it**

<b>Publication of EIA</b>	
<p>Can this EIA be published in full, now? Please state Yes or No</p> <p>If No – please specify when it may be published or indicate restrictions that apply:</p>	<b>Yes</b>
<b>Sign-off</b>	
<p>EIA undertaken by</p> <p>Name:</p> <p>Date:</p> <p>Accepted by person responsible for the policy/practice named above:</p> <p>Name:</p> <p>Date:</p>	<p><b>Jennifer McLaren</b></p> <p><b>11 September 2024</b></p> <p><b>Paula White</b></p> <p><b>11 September 2024</b></p>

Retain a copy of this form for your own records and attach a copy to the bottom of the document to which it refers.