



SCOTTISH
FIRE AND RESCUE SERVICE

Working together for a safer Scotland

FINANCE AND CONTRACTUAL SERVICES

FINANCE AND PROCUREMENT

ANTI-FRAUD POLICY STATEMENT

Author/Role	Eileen Baird
Date of Risk Assessment (if applicable)	N/A
Date of Equality Impact Assessment	19 November 2013
Date of Impact Assessment (commenced)	N/A
Date of Impact Assessment (concluded)	N/A
Quality Control (name)	John Thomson
Authorised (name and date)	Sarah O'Donnell – 19 December 2013
Date for Review	December 2015

NOT PROTECTIVELY MARKED

1 **INTRODUCTION**

2 **DEFINITION OF FRAUD**

3 **REDUCING THE OPPORTUNITY FOR FRAUD**

4 **THE IMPORTANCE OF MONITORING**

5 **THE IDENTIFICATION OF FRAUD**

6 **AVENUES FOR REPORTING FRAUD**

7 **RESPONSIBILITIES**

8 **OUTLINE OF FRAUD RESPONSE PLAN**

NOT PROTECTIVELY MARKED

1. INTRODUCTION

- 1.1 The Scottish Fire and Rescue Service (SFRS) is committed to the Scottish Government's zero tolerance approach to fraud. No fraud or corruption is acceptable, regardless of the value or scale.
- 1.2 To achieve this, SFRS requires all staff at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible.
- 1.3 SFRS is committed to ensuring that opportunities for fraud and corruption are reduced to the lowest possible level of risk.
- 1.4 The circumstances of individual frauds will vary, however SFRS takes fraud very seriously. All cases of actual or suspected fraud will be vigorously and promptly investigated and appropriate action will be taken.

2. DEFINITION OF FRAUD

- 2.1 No precise legal definition of fraud exists. It is a term used to describe a wide variety of dishonest behaviour such as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.
- 2.2 Fraud is usually used to describe depriving someone of something by deceit. It is the use of deception with the intention of obtaining personal gain, avoiding an obligation or causing loss to another party. The fraudulent use of IT resources is included in this definition where its use is a material factor in carrying out a fraud.

3. REDUCING THE OPPORTUNITY FOR FRAUD

- 3.1 The opportunity for fraud must be reduced wherever possible. The risk of fraud can be reduced by ensuring proper separation of duties so that, for example, more than one person has to be involved in ordering, receiving and authorising payments for goods and services.
- 3.2 Where resources are limited and separation of duties is not possible, alternative management controls such as supervisory checking should be employed.
- 3.3 In addition, accounting and other records such as cash balances, bank balances, physical stock counts should be reconciled with the actual position.

4. THE IMPORTANCE OF MONITORING

- 4.1 Managers have the prime responsibility for ensuring systems are sound and operating as intended. Both Internal and External auditors have a role in carrying out independent reviews of systems and the adequacy of controls in place.

5. THE IDENTIFICATION OF FRAUD

- 5.1 External and internal fraud is not always easy to identify. 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
 - Thinking by individuals whereby they conclude that fraudulent behaviour is justified. SFRS has a zero tolerance approach to fraud

- Motivation or a need for committing fraud. This can be for financial reasons or other motivating factors

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

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

5.3 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

6. AVENUES FOR REPORTING FRAUD

6.1 SFRS has in place avenues for reporting suspicions of fraud. Staff should report any such suspicions to their line manager or where appropriate, to the Head of Internal Audit.

- 6.2 All matters will be dealt with in confidence and in strict accordance with the terms of the Public Interest Disclosure Act 1998.
- 6.3 Vigorous and prompt investigations will be carried out into all cases of actual or suspected fraud discovered or reported, however it is important that the investigative process is not misused. Any abuse of this process such as raising unfounded and malicious allegations will be dealt with as a disciplinary matter.
- 6.4 All persons who are the subject of an investigation into suspected fraud or corruption will be treated fairly and courteously at all times.

7 RESPONSIBILITIES

7.1 Chief Officer

- 7.1.1 In accordance with the Financial Regulations, paragraph 4.10 – Prevention of Fraud Corruption and Bribery, the Chief Officer is responsible for identifying and managing the risk of fraud and corruption, for ensuring that appropriate risk management, internal control and governance arrangements are in place and for ensuring that Best Value is achieved.
- 7.1.2 The system of internal control is designed to respond to and manage the whole range of risks that SFRS faces. It is based on an on-going process designed to identify key risks, to evaluate the nature and extent of those risks and manage them effectively. Managing fraud risks should be seen in the context of overall management of risks.
- 7.1.3 The Chief Officer is also required to make arrangements to keep records of, and prepare and forward promptly to the Scottish Government, an annual report on fraud and theft suffered by SFRS and notify the Scottish Government at the earliest opportunity of any unusual or major incidents.

7.2 Director of Finance and Contractual Services

7.2.1 Overall responsibility for managing the risk of fraud has been delegated to the Director of Finance and Contractual Services whose specific responsibilities in this regard include:

- Developing a fraud risk profile and undertaking a regular review of the fraud risks associated with each key organisational objective in order to keep the profile current
- Establishing an effective anti-fraud policy and fraud response plan, commensurate to the level of risk identified in the fraud risk profile
- Designing an effective control environment to prevent fraud, commensurate with the fraud risk profile
- Establishing appropriate mechanisms for:
 - Reporting fraud risk issues
 - Reporting significant incidents of fraud
 - Co-ordinating assurances about the effectiveness of anti-fraud policies to support the Statement of Internal Control
- Liaising with the Audit and Risk Assurance Committee
- Making sure that all staff are aware of SFRS anti-fraud policy and know what their responsibilities are in relation to combating fraud
- Developing skill and experience competency frameworks in relation to anti-fraud
- Ensuring that appropriate anti-fraud training and development opportunities are available to appropriate staff
- Ensuring that vigorous and prompt investigations are carried out if fraud occurs or is suspected
- Ensuring that appropriate legal and/or disciplinary action is taken against perpetrators of fraud, in conjunction with the Director of Personnel and Organisational Development

- Ensuring that appropriate disciplinary action is taken against supervisors where supervisory failures have contributed to the commission of fraud, in conjunction with the Director of Personnel and Organisational Development
- Ensuring that appropriate disciplinary action is taken against staff who fail to report fraud, in conjunction with the Director of Personnel and Organisational Development
- Taking appropriate action to recover assets or losses
- Ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future

7.3 Director of People and Organisational Development

7.3.1 In order to ensure that suitable candidates are recruited into SFRS, the Director of People and Organisational Development should seek to ensure that previous employment records of new employees, both temporary and permanent, are reviewed prior to the offer of appointment by ensuring that offers are made conditional upon suitable references being obtained.

7.3.2 In conjunction with the Director of Finance and Contractual Services, the Director of People and Organisational Development should ensure that appropriate disciplinary action is taken against perpetrators of fraud, supervisors whose failures have contributed to fraud, any employee unreasonably failing to report fraud or any employee making malicious false claims under this policy.

7.4 SFRS Managers

7.4.1 All SFRS managers are directly responsible for the prevention and detection of fraud within their own areas. They must assess the types of risks involved in the areas for which they are responsible, ensure that an appropriate level of internal control exists to safeguard against the risk of fraud and corruption, review and

test the control systems regularly to ensure that such controls are being complied with and work effectively.

7.4.2 SFRS managers are responsible for implementing new controls necessary to reduce the risk of similar frauds occurring where frauds have taken place.

7.4.3 In particular, SFRS managers should ensure that duties are organised so that no one person can carry out a complete transaction without some form of checking process being built into the system. Control of any key function should not be vested in one individual.

7.4.4 Managers are also required to take seriously any allegations of fraud reported to them and be assured that there are reasonable grounds for concern. Where this is the case, they should notify Internal Audit and the Director of Finance and Contractual Services without delay.

7.5 All SFRS Employees, including Board Members

7.5.1 All SFRS employees and Board members have a critical role to play in the prevention of fraud and corruption. Specifically, SFRS employees and Board members should:

- Act with propriety in the use of official resources and the handling and use of public funds
- Conduct themselves in accordance with the seven principles of public life as set out in the Nolan Committee i.e.

- Selflessness
- Integrity
- Objectivity
- Accountability

- Openness
 - Honesty
 - Leadership
- Be alert to the possibility that unusual events or transactions could be indicators of fraud
 - Report details immediately through the appropriate channels if they suspect that a fraud has been committed or see any suspicious acts or events
 - Co-operate fully with anyone conducting internal checks or reviews or fraud investigations

7.6 Internal Audit

- 7.6.1 Internal audit is responsible for providing an opinion to the Chief Officer on the adequacy of arrangements for managing the risk of fraud and ensuring that SFRS promotes an anti-fraud culture.
- 7.6.2 They also assist in the deterrent and prevention of fraud by examining and evaluating the effectiveness of control measures commensurate with the potential exposure/risk of fraud or corruption.
- 7.6.3 Internal audit ensure that management has reviewed its risk of fraud or corruption.
- 7.6.4 They assist management in conducting fraud investigations and outlining improvements in internal controls required as a result.

7.7 Audit and Risk Assurance Committee

- 7.7.1 Ownership of this anti-fraud policy and corporate oversight for fraud and irregularities is maintained by the Audit and Risk Assurance Committee.

8. Outline of Fraud Response Plan

8.1 SFRS has a [Fraud Response Plan](#) (attached) which sets out how to report suspicions of fraud and to whom.

8.2 It outlines how investigations will be conducted and concluded and it forms a key part of SFRS's anti-fraud policy.