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Counter fraud, bribery & corruption
Policy and procedure

Version Control

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1. INTRODUCTION

This document details Edinburgh College's policy on Counter Fraud, Bribery and Corruption.

The Scottish Public Finance Manual ("SPFM") is issued by the Scottish Ministers to provide guidance to the Scottish Government ("SG") and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety.

The Criminal Finances Act (2017) is the UK Government's risk-based approach to combat corruption, money laundering and tax evasion. The Act came into effect in April 2017, with two new corporate offences relating to the failure to prevent the facilitation of tax evasion in September 2017; relating to the evasion of domestic UK tax and to foreign tax evasion. The College considers if other associated persons have the opportunity, motivation or means to criminally facilitate tax evasion offences and if so how this risk might be managed.

The College works closely with its Internal and External Auditors in the deterrence, prevention and detection of fraud and other irregularities to safeguard its assets and to mitigate the likelihood of fraud.

The National Fraud Initiative ("NFI") in Scotland is a counter-fraud exercise led by Audit Scotland, and overseen by the Cabinet Office for the UK as a whole. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems that might suggest the existence of fraud or error. It means that public bodies can act if any fraud or error has taken place, and it allows auditors to assess fraud prevention arrangements which those bodies have in place.

Edinburgh College follows the regulatory requirements and applicable legislation on the prevention, detection, investigation and enforcement of Counter Fraud, Bribery and Corruption including the

Fraud Act (2006), the Bribery Act (2010) and the Criminal Offences Act (2017). The College also adheres to the guidance set out in the SPFM and participates in the National Fraud Initiative

This document is closely aligned to the Scottish Government's Counter Fraud strategy, which outlines the approach for the prevention, detection, reporting and handling of fraud. Such that the SPFM and College's Financial Regulations are directly applicable.

2.   PURPOSE

The purpose of this policy is to set out Edinburgh College's position and its approach to deter, prevent, detect and investigate counter fraud, bribery and corruption and enforce appropriate and effective sanctions

Edinburgh College:

- Has a duty to ensure that it safeguards assets and public money that it is responsible for;
- Expects the highest standards of conduct and integrity from all persons that have dealings with it, including Board members, staff, contractors, volunteers, students and the general public; and
- Is committed to the elimination of fraud and corruption, and to ensuring that all activities are conducted ethically, honestly, and to the highest standards of openness and accountability so as to protect public safety and public money.

2.1   A Counter Fraud Maturity Model supports this policy and provides guidance on how mature the College's counter fraud controls are and will evaluate its counter fraud maturity against the Scottish Government's Counter Fraud Maturity Model (Annex A).

2.2   The Model provides a focus on continual improvement in updating policies regularly to respond to and communicate any changes to governance standards. Consideration of the College's current

policies, controls and procedures that are in place show as a minimum the College is at the 'established' stage of the model. The maturity of each counter fraud control is shown below and also highlighted on the Counter Fraud Maturity Model.

3. SCOPE

3.1   The terms of this policy will apply to all College staff and stakeholders. Failure to adhere to this policy may lead to disciplinary action being taken against any individual/s concerned.

3.2   This policy shall comply with current and future legislation.

4. PROMOTING A COUNTER FRAUD CULTURE

4.1   The College has a zero-tolerance approach to fraud. There is no acceptable level of fraud. There is a role for all members of staff in establishing an effective counter fraud culture by engaging and being alert to the risk of external and internal fraud; identifying suspicious activities and control weaknesses; and reporting any suspicions quickly and appropriately.

Our approach to counter fraud aims to ensure that a zero-tolerance culture to fraud is maintained and that fraud is effectively managed at all levels of the College's service delivery as follows:

- Committing to clear ethical standards through a formal counter fraud policy;
- Communicating our attitude to fraud by raising awareness of our policy to all staff;
- Supporting all staff in their responsibilities in preventing and detecting fraud through guidance and training;
- Providing managers with specialist support in designing, operating and reviewing internal controls;
- Maintaining comprehensive procedures for preventing and detecting fraud that must be carefully followed and monitored;
- Protecting members of staff through a robust process for reporting suspicions of fraud;

- Using data and technology efficiently in the systems in place to combat fraud; and
- Sharing knowledge of vulnerabilities and lessons learned through strong communication channels.

5.   RESPONSIBILITIES

5.1   The College is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and to ensure that affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

5.2   Responsibilities of Board Members

As nominated representatives, all members of the College Board have a duty to protect the College and public money from any acts of fraud and corruption. This is achieved through the Governance Framework including compliance with the Code of Conduct for Members and the College's Financial Regulations. Conduct and ethical matters are specifically brought to the attention of members during induction and include the declaration and registration of interests.

5.3   Responsibilities of the Executive and Leadership Team

The Executive and Leadership Team are responsible for the communication and implementation of this policy and for ensuring that employees are aware of the College's Financial Regulations, policies and procedures and that the requirements of each are being met.

5.4   Responsibilities of the Chief Operating Officer

All suspected instances of fraud or corruption should be reported to the Chief Operating Officer.

The responsibilities of the Chief Operating Officer include:
- Making arrangements for the proper administration of the College's financial affairs and the responsibility for the administration of those affairs;
- Compliance with the statutory requirements for accounting and audit;

- The proper exercise of delegated powers as set out in the College's financial regulations and policies; and
- Following up any issues or concerns identified through the National Fraud Initiative.

5.5 Responsibilities of Employees
Each employee is governed in their work by the College's Financial Regulations and other policies, including procedures on gifts and hospitality, codes of conduct associated with professional and personal conduct and conflict of interest.

5.6 Students and the Public
This policy enables concerns raised by college students and the public to be investigated

Conflicts of Interest
Board members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise with externalisation of services, tendering, planning and daily transactions etc. Effective role separation and internal controls will ensure that decisions made are based upon impartial advice and avoid questions about improper disclosure of confidential information.

6.   ROLE OF AUDIT

6.1.   The College works closely with its Internal and External Auditors in the deterrence, prevention and detection of fraud and other irregularities to safeguard its' assets and to mitigate the likelihood of fraud.

6.2   Internal Audit

Internal audit provides the Board of Management and the Principal with independent assurance on the Boards' overall risk management, internal control and corporate governance processes to ensure that systems and procedures are in place to prevent and deter fraud and corruption. The internal audit annual plan advises the Audit Committee on findings and gives the committee

assurances on the College's operational controls. Internal audit may be requested to investigate cases of suspected financial irregularity, fraud or corruption in accordance with agreed procedures. Internal auditors are empowered to:

- Have access to all records, documentation and correspondence relating to any financial and other transactions as considered necessary.
- Have access to records belonging to third parties such as contractors when required.
- Request and receive such explanations as are regarded necessary concerning any matter under investigation.

Internal auditors liaise with senior management to recommend changes in procedures to reduce risks and prevent losses to the College. They also have direct access to the Chairman of the Audit and Risk Assurance Committee and the Board.

6.3 External Audit

This is currently overseen by Audit Scotland through specific powers in appointing the College's external auditors. Auditors review the arrangements in place to maintain standards of conduct including Codes of Conduct for Board members and staff, the College's fraud policy and associated fraud response plan ensuring there are established procedures for preventing and detecting any breaches of standards. Reviews are designed to test the adequacy of the College's financial systems and arrangements for preventing and detecting fraud, bribery and corruption.

7. PREVENTION

7.1. The College will prevent fraud through improving systems and controls, promoting an anti-fraud culture and supporting the effective management of fraud risks.

7.2. Preventative measures can be classified under two broad headings: Policies and Procedures, Frameworks and Codes:

- Board members, Executive and Leadership teams and staff must be aware of and have access to the College's policy and procedures framework including the Financial Regulations and Code of Conduct.
- References will be taken up for all new permanent and temporary staff to verify their suitability, honesty and integrity.

Systems:
- The College has and will maintain 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.
- Finance Procedures detail key financial systems and provides guidance, which underpins the College's Financial Regulations
- The Executive and Leadership Team are responsible for ensuring that appropriate internal controls are properly maintained.

8.   DETECTION, INVESTIGATION AND ENFORCEMENT

8.1   The College will handle fraud by being proactive in analysing data to identify areas at risk of fraud, by being effective and professional in our investigations of specific cases and by maintaining a robust whistle blowing procedure.

8.2   All suspicions or concerns of fraudulent or corrupt practice will be investigated. There will be no distinction made in an investigation and/or action between cases that generate financial benefits and those that do not.

8.3   Concerns should be raised when Board members, employees, students or a member of the public reasonably believe that one or more of the following actions has occurred, is occurring or is likely to occur:

- A criminal offence;
- A failure to comply with a statutory or legal obligation;
- Improper or unauthorised use of public or other official funds;
- A miscarriage of justice;
- Maladministration, misconduct or malpractice;

- The offer, promise, or giving of financial or other advantage to another person in return for the person improperly performing a relevant function or activity;
- Requesting, agreeing to receive or accepting a financial or other advantage intending that, in consequence a relevant function or activity should be performed improperly;
- Bribing another person for the purpose of obtaining or retaining business for the College; and
- Deliberate concealment of any of the above.

8.2   Internal audit plays an important role in the detection of fraud and corruption. Included within the operational audit plans are reviews of system controls including financial controls and specific fraud and corruption tests, spot-checks and occasionally un-announced visits.

8.3   When fraud or corruption has occurred due to a breakdown in the College's systems or procedures, the Executive will ensure that appropriate improvements in systems of control are implemented in order to prevent a re-occurrence.

8.4   After an initial investigation, if any allegations of improper behaviour by Board members or employees are considered to be a disciplinary matter the College's Disciplinary Procedures will be used to facilitate a thorough investigation.

8.5   **Disciplinary Action**
        The College will deal firmly with those who defraud the College or who are corrupt, or where there has been financial malpractice.

        Disciplinary action will be taken in addition to, or instead of, criminal proceedings depending on the circumstances of each individual case.

        Theft, fraud, bribery and corruption are serious offences which may constitute gross misconduct against the College and employees will face disciplinary action if there is evidence that they have been involved in these activities.

8.6   **Prosecution**
In terms of proceedings the College will act in relevant cases to deter others from committing offences against the College.

8.7   **Publicity**
The College will optimise publicity opportunities associated with counter fraud, bribery and corruption activity within the College. Wherever possible, where the College has suffered a financial loss, action will be taken to pursue the recovery of the loss.

9.   GOVERNANCE AND MONITORING

9.1   *This policy underpins the College's strategic aims and responsibilities outlined in its Strategic Plan. The College will continue to provide high quality services, minimise inconvenience to students and stakeholders, and take full advantage of secure digital solutions to safeguard public funds and do its utmost to prevent fraud.*

9.2.   *Counter fraud arrangements will be evaluated following the implementation of the Counter Fraud Maturity Model. Progress will be monitored by the Audit & Risk Assurance Committee and will be reported through the Annual Governance Statement.*

9.3   *The internal audit annual plan advises the Audit Committee on findings and gives the committee assurances on the College's operational controls. In addition, the College's external auditors annually review the operational controls and present their findings to the Audit & Risk Assurance Committee.*

9.4   *These governance arrangements provide the College's Principal & Chief Executive, and the Scottish Funding Council's Chief Executive as the accountable officer for the Further Education Sector, with the assurances required to complete the annual governance statement which is published with the Annual Report and Accounts.*

9.5   *The College will evaluate its counter fraud maturity against the Scottish Government's Counter Fraud Maturity Model to monitor our development with a view to progressing through the stages of the life cycle to become a leading institution.*

10. Effective date of policy

This policy is effective from 1 April 2023 and supersedes all previous policies related to Edinburgh College Fraud, Bribery & Corruption. This policy will be reviewed whenever changes affect it, or in 2 years, whichever is the earlier.

11. ANNEX A: COUNTER FRAUD MATURITY MODEL

Counter Fraud Controls	Initial	Developing	Established	Progressive	Leading
Ethics	Ethical standards are in place and communicated but are not comprehensive.	Clear ethical standards are in place including a formal counter fraud policy.	Clear ethical standards are in place through a formal counter fraud policy, and codes of conduct.	Clear ethical standards are promoted through a formal counter fraud policy, and codes of conduct including the prevention of bribery and corruption.	Counter fraud policy is embedded within the overall organisational strategy and business planning.
Policies	A fraud response plan is in place.	A fraud response plan is in place alongside other policies such as register of interests.	A fraud action plan is in place alongside other policies such as register of interests.	Fraud is dealt with effectively through implementation of a comprehensive fraud action plan, and other policies such as register of interests.	Focus is on continual improvement in updating policies regularly to respond to, and communicate, any changes to governance standards.
Training & Development	Guidance in preventing fraud, bribery and corruption is available to staff.	Guidance in preventing fraud, bribery and corruption is available to staff. Training is promoted but not supported corporately.	Guidance and training in preventing fraud, bribery and corruption is available to staff.	All staff and stakeholders are supported in their responsibilities in preventing fraud, bribery and corruption through guidance and	Knowledge and skills are updated regularly keeping up to date with any changes to professional standards.
Risk Assessment	Fraud risk assessments are ad hoc.	Fraud risk assessments are undertaken in key areas of the organisation.	Fraud risk assessments are undertaken across the organisation.	Fraud risk assessments are comprehensive and undertaken across the organisation.	Fraud risk assessments are embedded within the overall organisational risk assessment processes.
Monitoring Controls	Designing, operating and reviewing internal	Managers are encouraged to counter fraud designing,	Support is available for	Managers are provided with specialist support in	Using data, and technology, efficiently in current and future

	controls are not integrated.	operating and reviewing internal controls.	designing, operating and reviewing internal controls.	designing, operating and reviewing internal controls.	systems, to combat fraud and error.
Reporting Arrangements	Processes for reporting suspicions of fraud are not clear.	A process is in place for reporting suspicions of fraud.	Protecting members of staff through a robust process for reporting suspicions of fraud.	Members of staff are protected through a robust process for reporting suspicions of fraud, bribery and corruption.	Quantitative and qualitative reporting of fraud metrics is in place for the organisation.
Investigation & Response	Allegations of fraud are investigated as a priority as resources allow.	All allegations of fraud are investigated.	All allegations of fraud are investigated by skilled staff.	A comprehensive and coordinated approach is applied to all allegations of fraud including professional investigation by skilled staff.	High-risk areas are proactively assessed and analysed for potential fraud by professionally trained staff.
Communication	Communications to deter fraud are issued occasionally to staff.	The commitment to deter fraud is communicated by raising awareness of policies to staff.	The commitment to deter fraud is communicated by raising awareness of policies to all staff on a regular basis.	The commitment to deter fraud, bribery and corruption is communicated by raising awareness of policies to all staff on a regular basis.	Comprehensive communication lines in place to deter fraud, bribery and corruption by raising awareness of policies to all staff and stakeholders.

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