

COUNTER FRAUD STRATEGY

The size and nature of the Council's services, as with other large organisations, puts the Council at risk of loss due to fraud, theft, corruption and crime. Management are committed to minimising this risk and at the same time taking appropriate action against those who attempt to defraud the Council, whether from within the authority or from outside. Refinements to the Council's approach to tackling fraud, taking account of reducing resources, include a focus on fraud prevention and detection and promotion of a counter fraud culture across the Council to improve its resilience to the risk of fraud.

The Council's Counter Fraud Strategy is based upon the national counter fraud standard CIPFA's Code of Practice on 'Managing the Risk of Fraud and Corruption' published in December 2014.

Counter fraud and corruption culture

The Council expects its employees and elected members to act within the law and the high ethical standards of integrity, honesty and openness, which are reflected in the Council's Code of Conduct internal codes, rules and procedures. The Appraisal Process and Competency Framework is based on shared values for the provision of public services and sets out examples of the positive standards of behaviours to fulfil roles. The Council also expects that all outside individuals and organisations, including service users, partners, suppliers, and contractors will act to the same standards.

Plans and policies

The Integrity Group will assist with developing, reviewing and updating the policies, procedures and guidelines across the Council to mitigate the risk of fraud, theft, corruption and crime, and ensure these are communicated effectively throughout the Council. As a minimum the policy framework for managing the risk of fraud will include: Counter Fraud Policy; Whistleblowing Policy; Anti Money Laundering Policy; Anti-Bribery & Corruption Policy; Gifts & Hospitality Policy and register; Conflict of Interest Policy and register; Codes of Conduct and Ethics; Information Security Policy; and Cyber Security Policy.

Management will ensure that Service specific plans, policies, procedures, processes and guidelines contain detailed information on how to prevent or reduce the Council's vulnerability to fraud, theft, corruption or crime as part of their service provision to ensure that income is maximised and assets are safeguarded.

Deter and detect

Management will continuously monitor and review the corporate governance and internal control systems, which include financial regulations, scheme of delegation, standing orders, data security, codes of conduct, procedures and guidelines, to ensure that fraud prevention and detection practices are effective and robust, and that reasonable and proportionate risk mitigating actions are in place.

In addition, Management at a Service level will continue to identify those areas, existing or new, which are vulnerable to fraud, theft, corruption or crime, will design controls to prevent or reduce the vulnerability, and will assess the effectiveness of the controls in place. Management will nominate counter fraud champions to support them to fulfil these responsibilities in tackling fraud.

A proactive approach to fraud detection will continue to be followed, including enhanced use of techniques such as data matching and intelligence sharing with partner organisations within the provisions of the General Data Protection Regulations. Positive publicity about the successful detection or prevention of a fraud is a vital deterrent to others contemplating defrauding the public purse.

The Council will continue to work with other organisations to manage its fraud risks and share best practice. This will include participation in counter fraud forums at local and national levels, such as the Scottish Local Authorities Investigators Group (SLAIG) and the NHS's Counter Fraud Service (CFS), and participation in the National Fraud Initiative (NFI), a data matching exercise for public bodies. Internal Audit will provide the resource to engage in these forums and to be the key contact for NFI. Management at a Service level will provide the resource for investigating NFI data matches and progressing outcomes.

The Integrity Group will consider emerging fraud risks, carry out counter fraud controls assessments, agree appropriate fraud mitigation actions thus identifying sustainable preventative measures, and raise awareness of risks and implications as a method of prevention.

Training and awareness

The Council will continue to support its people to develop the appropriate skills and competencies relevant to their roles in order to enable them to tackle fraud effectively. The provision of awareness and training programmes for employees on counter fraud prevention and detection will mainly be done through the use of E Learning modules which will be targeted to appropriate members of staff. Management will ensure that staff undertake appropriate training to enable them to understand and apply the counter fraud policy requirements and behaviours to fulfil roles within their own service areas. Management will nominate counter fraud champions to support them to fulfil these responsibilities in tackling fraud.

In its communications with employees and elected members, the Council will incorporate the key message that internal control systems to counter fraud, theft, corruption or crime are designed both to safeguard assets and to protect their integrity if challenged.

In the Council's dealings with outside individuals and organisations it will ensure that they are aware of the Council's stance towards tackling fraud, theft, corruption or crime. The Council will encourage the reporting of suspected fraud, theft, corruption or crime through confidential reporting or whistleblowing arrangements and reassure those who fear reprisals that it will protect their rights [Report potential corporate fraud - Scottish Borders Council \(scotborders.gov.uk\)](https://www.scotborders.gov.uk/report-potential-corporate-fraud).

Response Action and Investigations

Directors and Managers will report all actual or suspected cases of fraud, theft, corruption or crime to the Chief Officer Audit & Risk by email fraud@scotborders.gov.uk, and initiate an investigation, the aim of which is to take corrective action, minimise losses and help prevent further frauds.

Anyone suspected of fraudulent behaviour will be treated fairly and courteously within the principles of Article 6 and Article 8 of the Human Rights Act 1998. All investigations will be strictly confidential and intelligence or evidence will be gathered and held securely in accordance with the Data Protection Act 2018 and to a standard that would be admissible in court. Investigators will not carry out directed surveillance without proper authorisation as detailed in Regulation of Investigatory Powers (Scotland) Act 2000 and the Council's code of practice.

Where initial investigations identify evidence of criminality, the matter will be reported to Police Scotland and the Council will co-operate fully with any Police investigation.

Where investigations reveal evidence of fraudulent or dishonest behaviour, corrupt practice or theft by a member of staff, appropriate steps will be taken including disciplinary action in accordance with the HR policies.

Steps will also be taken to recover losses resulting from fraud, theft, corruption or crime including the recovery of assets and money, which may involve joint working with public sector partners.

Monitoring and Review

Managers will carry out a periodic review of the efficacy of their counter fraud arrangements, ensure that vulnerabilities within processes are addressed, and implement other counter fraud improvement actions identified during internal and external audit reviews or by the Integrity Group.

The Integrity Group will carry out an annual assessment of the efficacy of the Council's counter fraud arrangements using the Counter Fraud Maturity Model and will monitor the implementation of improvement actions to improve the Council's resilience to fraud, corruption, theft and crime.

Internal Audit will continue to review the efficacy of counter fraud internal controls put in place by Management and provide independent assurance over fraud risk management, strategy and activities. The developments that have occurred in respect of digital transformation, e.g. Business World ERP system, presents the opportunity for Internal Audit to increase the use of data analytics and implement continuous auditing to enhance the assurance to Management.

The Audit and Scrutiny Committee will oversee the adequacy and effectiveness of the Council's systems of internal financial control and framework of internal control through scrutiny of annual reports on the assessment of fraud risks and controls, and the monitoring of the counter fraud strategy, actions and resources.

This strategy will be reviewed annually to ensure its continued relevance and effectiveness. This strategy will be subject to document control, version control, and be revised to reflect changes in legislation, counter fraud management best practice, and significant changes in corporate governance.