

Highland Council - Counter Fraud Policy

1. Introduction

- 1.1 The Counter Fraud Policy forms part of the Highland Council's governance arrangements. Its aim is to ensure that the Council's resources are used for their intended purpose and that any losses through fraud and corruption are minimised.
- 1.2 This policy outlines the Council's commitment to creating an anti-fraud culture and maintaining high ethical standards in the administration of public funds. It is part of the framework, which will:
- Encourage fraud deterrence and prevention.
 - Ensure that there are adequate arrangements in place to prevent the bribery of Council staff and Members.
 - Raise awareness of fraud and corruption and promote their detection.
 - Govern the performance of investigations and facilitate recovery of any losses to the Council.
 - Invoke disciplinary proceedings and reporting to the Police and/ or Procurator Fiscal as appropriate.
 - Regularly review the policy and update as required.
- 1.3 The policy outlines the approach within the Council and defines the roles and responsibilities for dealing with the threat of fraud, theft, bribery and corruption, both internally and externally. It applies to:
- Employees
 - Members
 - Agency staff
 - Contractors
 - Consultants
 - Suppliers
 - Service users
 - Staff and committee members of organisations funded by the Council
 - Staff and principals of partner organisations.
- 1.4 The Council expects a high standard of conduct from its employees and Members. It also requires all individuals and organisations with whom it deals, in any capacity, to behave towards the Council with integrity, and without intent or actions involving fraud or corruption.

2. Definitions

- 2.1 For the purposes of this policy, the following definitions are used:

Fraud – Fraud covers a wide variety of activities. Essentially a fraud will be committed when someone makes a false representation to another in order to gain from that. This may include:

- Falsification or alteration of accounting records or other documents

- Misappropriation of assets
- Suppression or omission of the effects of transactions from records or documents.
- Recording transactions which have no substance.
- Wilful misrepresentation of transactions or the Council's state of affairs.

Theft – Theft is the taking of property belonging to someone else without their permission and with deliberate, dishonest intent.

Corruption – a form of dishonesty or a criminal offence which is undertaken by a person or an organization which is entrusted in a position of authority, in order to acquire illicit benefits or abuse power for one's personal gain.

Bribery – offering, giving, receiving, or soliciting of any item of value to influence the actions of an official, or other person, in charge of a public or legal duty.

Activities, which may be susceptible to corruption and bribery, include:

- Contracts
- Disposal of assets
- Planning consents and licences

3. Prevention

Fraud risk identification is essential to understand specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the Council and its service users. Fraud risks should be routinely identified, considered, and managed as part of the Council's risk management arrangements.

The Council recognises that everyone has a role in preventing fraud and corruption, and the key groups of people involved in prevention are listed below.

3.1 Employees

- 3.1.1 All employees have a responsibility for ensuring that fraud risks are identified, considered, and managed as part of the Council's risk management arrangements.
- 3.1.2 Employees are often the first line of defence in preventing fraud and corruption and a key component is the effective recruitment of staff. Staff recruitment will be undertaken in accordance with the Council's policy for the Recruitment and Selection of staff. Suitable references will be obtained, and Disclosure Scotland checks undertaken, where appropriate, before a formal offer of employment is made.
- 3.1.3 All employees are required to comply with the [Council's Code of Conduct for Employees](#), which sets out the minimum conduct expected. A breach of this Code may result in action being taken in accordance with the Council's

Disciplinary Procedure. Where an employee is a member of a professional institute, they must also comply with their institute's professional Code.

- 3.1.4 Employees should be alert to the possibility of fraud and corruption and report any concerns to their Line Manager. Where the employee is of the opinion that this cannot be done, but has concerns of malpractice or wrongdoing, alternatively, they can report this through the [Council's Whistleblowing Policy](#) (see 3.3.4).

3.2 Members

- 3.2.1 All Members are required to comply with the [Code of Conduct for Councillors](#) published by the Standards Commission for Scotland. Any breaches of this will be dealt with by the Standards Commission, who may apply sanctions.

3.3 Internal Audit

- 3.3.1 Where fraud or corruption is suspected by a Council employee this should be reported to the Strategic Lead (Corporate Audit & Performance) in accordance with the Council's Financial Regulations. Dependent upon the allegations it may be decided to report the matter directly to the Police or to undertake an internal fraud investigation by the Corporate Fraud Team which is part of the wider Internal Audit Team. See further details at section 5.
- 3.3.2. Cases of suspected fraud can also be reported by the general public by calling the Hotline on 0800 854183, e-mailing corporate.fraud@highland.gov.uk or using the [Fraud Referral Form Online](#). Council employees who wish to remain anonymous can also use any of these options to report their fraud concerns.
- 3.3.3 The team is also responsible for investigating allegations of wrongdoing (whistleblowing). The staff whistleblowing policy provides further information on how to report concerns and the process that is followed. Whistleblowing concerns can be reported by calling the Hotline number above, e-mailing whistleblowing@highland.gov.uk or using the [Whistleblowing Form Online](#).
- 3.3.4 Benefits are delivered by Social Security Scotland and the Department of Work and Pensions (DWP). It is necessary to know which organisation pays which benefit in order to report suspected fraud to the correct one.

[Social Security Scotland:](#)

Details of the benefits paid can be found at:

<https://socialsecurity.gov.scot/benefits>

You can report [online](#), by calling free on 0800 158 2701 or by post to: Social Security Scotland. PO Box 10299. Dundee. DD1 9FT.

All other benefits are paid by the DWP and cases of suspected fraud can be reported to them [online](#), by calling the DWP National Benefit Fraud Hotline on 0800 854 440 or by post to: Mail Handling Site A, Wolverhampton, WV98 2BP.

Separate arrangements are in place for reporting by Council staff who process Benefit claims (see 4.5).

4. Deterrence

- 4.1 In order to deter possible fraud and corruption, the Council will have appropriate systems of internal control.
- 4.2 Section 95 of the Local Government (Scotland) Act 1973 requires all Local Authorities to have adequate systems and controls to ensure the proper administration of their financial affairs. The Council's Financial Regulations, supported by the relevant Instruction Notes, Contract Standing Orders, and Scheme of Delegation provide the framework to address this.
- 4.3 Management must ensure that sound financial systems and procedures, incorporating efficient and effective internal controls, are in place. This may include documented working manuals and operating procedures, which should be issued to relevant staff. Separation of duties is a fundamental internal control and should be in place to act as a deterrent against fraud.
- 4.4 The Council may share information with other authorities and agencies for the purposes of preventing and detecting fraud. This includes participation in the National Fraud Initiative (NFI).
- 4.5 All employees involved in the administration of benefit claims will be given fraud awareness training, and this will be regularly updated. Any concerns or potential cases of fraud will be reported as set out at 3.3.1. For claims with a Housing element to the Universal Credit, these will be referred promptly to the DWP using their prescribed Counter Fraud, Compliance & Debt team (CFCD) referral process. The Corporate Fraud Team act as the Single Point of Contact for the CFCD, Police Scotland and other agencies including Immigration Services.

5. Investigations

- 5.1 It is essential to ensure that a consistent approach is followed with regard to suspected fraud and corruption, and a proper investigation is undertaken by an independent and experienced team.
- 5.2 The investigation will be undertaken in accordance with the procedures prescribed in the Section's Internal Audit Manual. Where a criminal offence is suspected then Interviews Under Caution may occur. An investigation report will be produced and issued to the appropriate senior officer.
- 5.3 The senior officer should consider this report and where it identifies any wrongdoing by one or more Council employees, this should be dealt with in accordance with the Council's Disciplinary Procedure.
- 5.4 Furthermore, if the investigation identifies that any criminal offences have occurred, the Corporate Fraud Team will report this directly to the Procurator Fiscal using the prescribed reporting system.

- 5.5 Where the investigation identifies any control weaknesses in the Council's procedures or non-adherence to the Council's policies and procedures, this will be addressed through the production of a "control weaknesses" audit report, which will make the necessary recommendations to address the identified weaknesses. A copy of this report will also be provided to the Council's External Auditors.
- 5.6 Any individual sums of £5,000 or above, will be reported to the External Auditors by the Strategic Lead (Corporate Audit & Performance) as soon as the details are available. Where a firm is appointed as the External Auditors, they will collate the details and report these to Audit Scotland. Audit Scotland may choose to include anonymised details of reported frauds as part of their annual fraud and irregularity reports published as part of their counter-fraud activities.

6. Awareness and Training

- 6.1 This policy will be communicated to all employees, Members and external stakeholders, and published on the Council's website to ensure awareness.
- 6.2 The Assistant Chief Executives are responsible for ensuring that this information is cascaded through their Service structures so that their employees are aware of this Policy and the need for adherence.
- 6.3 Managers should ensure that all members of staff are adequately trained in order to perform their duties. This includes the need for induction and work-related training, particularly for those employees involved in internal control systems. These should be regularly highlighted and enforced.

This policy will be regularly reviewed by the Strategic Lead (Corporate Audit & Performance) in order to reflect changes, which occur within the Council.

Any such revisions will be approved by the Audit Committee.

See also the [Fraud Awareness Leaflet](#)

Version Control:

V1 4 October 2011

V1.1 25 February 2020 (updated for new job titles)

V2 13 June 2024 (renamed, revised, amended and reapproved).