



FRAUD RESPONSE PLAN

DOCUMENT VERSION CONTROL

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1. Introduction

SEStran is committed to the highest possible standards of openness, probity and accountability in all its affairs. It is determined to maintain a culture of honesty and opposition to fraud and corruption.

In line with that commitment, SEStran Anti Fraud and Corruption Policy outlines the principles SEStran is committed to in relation to preventing, reporting and managing fraud and corruption.

This Fraud Response Plan reinforces SEStran's robust approach by setting out the ways in which employees or members of the public can voice their concerns about suspected fraud or corruption. It also outlines how SEStran will deal with such complaints.

SEStran Policy

SEStran is determined to protect itself and the public from fraud and corruption and is committed to the rigorous maintenance of a strategy for the prevention and detection of fraud and corruption.

SEStran wishes to encourage anyone who has reasonable suspicions of fraud or corruption to report them. SEStran has published a whistle blowing policy, which aims to ensure that concerns are raised and dealt with in an appropriate manner. Employees raising genuine concerns will be protected and their concerns looked into.

2. Definitions

2.1 Fraud

SEStran regards "fraud" as being any intentional distortion of financial statements and other records, and the misappropriation of assets. This may involve

- Falsification or alteration of accounting records or other documents
- Misappropriation of assets or theft
- Suppression or omission of the effects of transactions from records or documents
- Recording transactions which have no substance
- Wilful misrepresentations of transactions or of SEStran's state of affairs
- Falsification of Expense Claims

2.2 Corruption

SEStran defines the term "corruption" as the offering, giving, soliciting or accepting of any inducement or reward which would influence the actions taken by the body, its members or officers.

Fraudulent or Corrupt Acts may include:

System Issues	Where a process exists which is prone to abuse by either employees or the public
Financial Issues	Where individuals or companies have fraudulently obtained money from SEStran (e.g. invalid invoices/work not done)
Equipment Issues	Where SEStran equipment is used for unauthorised personal use
Resource Issues	Where there is a misuse of SEStran resources (e.g. theft of equipment or materials)
Contractual Issues	Where decisions on the award or administration of contracts with outside suppliers have been influenced as a result of receipt of an inducement or reward from the supplier or his representative.
Other Issues	Where activities undertaken by SEStran employees may be unlawful; against Standing Orders or policies; or amounts to improper conduct.

The above list is not exhaustive. If you are in any doubt about the seriousness of your concerns further advice can be obtained from the Director.

3. Safeguards

3.1 Harassment or Victimisation

SEStran recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice.

SEStran will not tolerate harassment or victimisation and will take action under the Equal Opportunities and Dignity at Work and Disciplinary Procedures to protect those who raise a concern in good faith.

3.2 Confidentiality

SEStran will do its best to protect an individual's identity when he or she raises a concern and does not want their name to be disclosed. It must be appreciated however that the investigation process may reveal the source of the information and a statement by the individual may be required as part of the evidence.

3.3 Anonymous Allegations

SEStran encourages individuals to put their names to allegations. Concerns expressed anonymously are much less powerful, but they will be considered at the discretion of SEStran. In exercising this discretion, the factors to be taken into account would include: the seriousness of the allegation made; the credibility of the concern; and the likelihood of confirming the allegation from attributable sources.

3.4 Untrue Allegations

If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the originator. If however, individuals make malicious or vexatious allegations, action may be considered against the individual making the allegation in accordance with the SEStran Disciplinary Procedures.

4. Roles and Responsibilities

4.1 Director

Responsibility for investigating fraud and corruption lies with the Director. Where appropriate/necessary s/he is also responsible for informing other relevant parties such as City of Edinburgh Council Internal Audit department and The Treasurer to SEStran or the Police regarding investigations.

The Director will inform and consult with the Treasurer to SEStran in cases where the loss is potentially significant or where the incident may lead to adverse publicity.

The Director will maintain a log of all reported suspicions, including those dismissed as minor or otherwise not investigated. The log will contain details of actions taken and conclusions reached and will be presented to the Performance and Audit Committee for inspection annually.

Significant matters will be reported to the Performance and Audit Committee/Board as soon as practical.

The Director will normally inform the City of Edinburgh Council Chief Internal Auditor and the Treasurer to SEStran at the first opportunity.

While the Director will retain overall responsibility, the City of Edinburgh Chief Internal Auditor will normally be responsible for leading any investigation.

4.2 Chief Internal Auditor

The City of Edinburgh Council provides an Internal Audit Service to SEStran. The Internal Audit section operates independently of SEStran.

In the event of an investigation being instigated, the Chief Internal Auditor will:

- Initiate a diary of events to record the progress of the investigation throughout;
- Agree the objectives, scope and timescale of the investigation and the resources required with the Director at the outset of the investigation;
- Ensure that proper records of each investigation are kept from the outset, including accurate notes of when, where and from whom evidence was obtained and by whom.

4.3 Human Resources Advisor

Where a member of staff is to be interviewed as part of an investigation the Director and/or the Chief Internal Auditor will consult with and take advice from the Human Resources Advisor. Human Resources advice is provided to SEStran by Falkirk Council.

The Human Resources Advisor will advise those involved in the investigation in matters of employment law, SEStran policy and other procedural matters (such as disciplinary or complaints procedures) as necessary.

4.4 Line Managers

If a member of staff raises a concern with their Line Manager the details must be passed immediately to the Director for investigation.

4.5 Staff

All staff have a responsibility to protect the assets of SEStran, including information and goodwill as well as property.

4.6 Performance and Audit Committee

The Performance and Audit Committee will review the log of reported suspicions and any investigations.

The Performance and Audit Committee will report any Internal control weaknesses identified by the investigation to the SEStran Board.

5. Managing the Investigation

Investigations will try to establish at an early stage whether it appears that a criminal act has taken place.

This will shape the way that the investigation is handled and determine the likely outcome and course of action.

If it appears that a criminal act has not taken place, an internal investigation will be undertaken in accordance with SEStran Disciplinary Procedures to:

- determine the facts;
- consider what, if any, action should be taken against those involved;
- consider what may be done to recover any loss incurred; and

- Identify any system weakness and look at how internal controls could be improved to prevent a recurrence.

The City of Edinburgh Chief Internal Auditor will present the findings of his/her investigation to the Director who will make the necessary decisions and maintain a record of the subsequent actions in relation to concluding the matter.

Once concluded, details of the case will be reported to the SEStran Performance and Audit Committee for information.

5.1 Disciplinary Action

Where an investigation involves a member of staff and it is determined that no criminal act has taken place the Director will liaise with the Human Resources Advisor or his/her nominee to determine which of the following may have occurred and therefore whether, under the circumstances, a disciplinary hearing should be convened to consider whether the allegations may constitute:

- Gross misconduct (i.e. acting dishonestly but without criminal intent);
- Negligence or error of judgement was seen to be exercised; or
- Nothing untoward occurred and therefore there is no case to answer.

The SEStran Disciplinary Procedures will be followed in any disciplinary action towards an employee.

Where after having sought the relevant legal advice the Director judges it cost effective to do so SESTRAN will normally pursue civil action in order to recover any losses. The Director will refer the case to SESTRAN legal advisers for action.

5.2 Criminal Action

Where initial investigations point to the likelihood of a criminal act having taken place the Chief Internal Auditor will, with the agreement of the Director, contact the police and SEStran Solicitor at once. Legal services are provided to SEStran by Fife Council.

The Director will also advise the Treasurer to SEStran of the action being taken at this point.

The advice of the police will be followed in taking forward the investigation.

Where there are sufficient grounds, SEStran will, in addition to seeking recovery of losses through civil proceedings, also seek a criminal prosecution. The Director will be guided by the police in arriving at a decision on whether a criminal prosecution is to be pursued.

Where appropriate the Director will consider the possibility of recovering losses from SEStran insurers.

6. The Response – Gathering Evidence

The Chief Internal Auditor will normally be responsible for managing investigations, including interviewing witnesses and gathering any necessary evidence. However, each case will be treated according to the particular circumstances and professional advice will be sought where necessary.

Where there are reasonable grounds for suspicion, the police will be involved at an early stage but the Chief Internal Auditor may still undertake part or all of the investigations on their behalf, as agreed between the Director, Chief Internal Auditor and the police.

Normally notification to the Police should not delay or alter the internal investigation. The reason for this is that the Police may not treat a financial irregularity as a priority, and in any case, will not divulge their evidence to SEStran for a disciplinary hearing.

6.1 Witness statements

If a witness is prepared to give a written statement the Human Resources Advisor or Chief Internal auditor will take a chronological record using the witness's own words. The witness will be asked to sign the typed document as a true record.

6.2 Physical Evidence

The Chief Internal Auditor will take control of any physical evidence and maintain a record of where, when and from whom it was taken. Where the evidence consists of several items these will be tagged with a reference number, which corresponds with the written record of the investigation.

The Chief Internal Auditor will also ensure that any electronic evidence is appropriately handled and dealt with in accordance with the Data Protection Act.

6.3 Interviewing individuals

Before interviewing any individual(s) the Chief Internal Auditor will provide a verbal or written report of the investigation to the Director.

The Director may consult with the Human Resources Advisor, the Treasurer to SEStran and the police before deciding how to proceed.

6.4 Employees

If the Director decides to proceed with interviewing an individual, and where the individual is a SEStran employee, the interview will be carried out in accordance with the SEStran Disciplinary Procedures.

The individual(s) being interviewed should be informed of the reason for the interview and a record made of all that is said during the interview.

The individual(s) being interviewed will also be given the opportunity to be supported by a recognised trade union official or fellow employee.

Once the interview is over the individual will be given the opportunity to read the typed record and sign each page in acknowledgement of its accuracy.

All other persons present will also be asked to sign to acknowledge accuracy.

If it becomes apparent during this type of interview that a criminal act has taken place, the interview will be terminated and the individual concerned advised to seek legal advice. Police advice sought at this point.

6.5 External organisations/individuals

Where external organisations/individuals are involved interviews will generally be undertaken by the police unless the Director is able to gain the co-operation of the organisations management or auditors.

7. What should an employee do if they suspect Fraud or Corruption

Step 1

If an employee has a concern about malpractice, he or she should consider raising it initially with their Line Manager. This may be done orally or in writing.

The Line Manager should record details of concern and discuss with the Director.

An employee should specify from the outset if they wish the matter to be treated in confidence so that appropriate arrangements can be made.

Step 2

If an employee feels that they are unable to raise a particular matter with their Line Manager, for whatever reason, they should raise the matter with the Director or the Human Resources Advisor.

Step 3

If these channels have been followed and the employee still has concerns, or if the employee feels that the matter is so serious or potentially involves fraud allegations against a senior level of management and that they therefore feel that they cannot discuss it with any of the above, they should discuss the matter with the Director or alternatively raise the concern following SEStran Policy for Public Interest Disclosure.

8. Policy for Public Interest Disclosure

SEStran Policy for Public Interest Disclosure is intended to encourage and enable employees to raise serious concerns within SEStran rather than overlooking the problem or blowing the whistle to the media or other external bodies.

The Policy for Public Interest Disclosure can be obtained from SEStran web site.

9. What should a member of the public do if they suspect fraud or corruption

SEStran encourages members of the public who suspect fraud and corruption to contact the Director or City of Edinburgh Council Internal Audit Section in the first instance.

The Director can be contacted at:-

Director
SEStran
Area 3D (Bridge)
Victoria Quay
Edinburgh
EH6 6QQ
Telephone 0131 524 5150

City of Edinburgh Council Internal Audit can be contacted at:-

Chief Internal Auditor
City of Edinburgh Council
Level 2.5
Waverley Court
4 East market Street
Edinburgh
EH8 8BG
Telephone 0131 469 3194

10. Alternative methods for taking a complaint forward

- **City of Edinburgh Internal Audit** – employees may wish to raise concerns directly with Internal Audit who can be contacted on 0131 469 3194.....
- **Treasurer to SEStran** – Contact details...SEStran Accountant 0131-469 -3117.....
- **SEStran HR Advisor** – Falkirk Council 01324 506 233
- **Public Concern at Work (website <http://www.pcaw.co.uk>)**– this is a charity which provides free and strictly confidential legal help to anyone concerned about a malpractice which threatens the public interest. They operate a helpline on 020 7404 6609 or can be e-mailed at helpline@pcaw.co.uk

11. Matters raised maliciously

Employees who raise a matter that they know to be untrue will be subject to the relevant disciplinary policy as referred to in section 3.4.

12. Review

This document will be reviewed annually by SEStran.