

## **FRAUD RESPONSE POLICY AND PROCEDURE**

### **1. Aim – Introduction**

The Library is committed to taking all practicable steps to prevent all types of fraud within the organisation (internal fraud) and to prevent the organisation being defrauded by external bodies (external fraud).

For a definition of fraud and more information about fraud prevention, please see the **Library's Fraud Prevention Policy and Procedure**.

This document outlines the Library's response to suspected fraud.

The Library is more likely to deter fraudsters if we are fully aware of the risks, keep control systems under regular review, and respond effectively whenever fraud is suspected or discovered.

### **2. Principles**

- Suspected fraud will be reported as soon as it is identified – to an individual's Director or Associate Director, to the Associate Director of External Relations, or to our Internal Audit contractor.
- Investigation into suspected fraud will be prompt and thorough.
- Any lessons to be learned will be brought to the attention of relevant managers.
- Disciplinary action will be considered not only against those found to have perpetrated fraud, but also against managers and others whose negligence is held to have facilitated fraud. Both categories of offence can be held to constitute gross misconduct, the penalty for which may include summary dismissal.

### **3. Responsibilities**

#### **3.1 Responsibilities of all staff**

- Be alert to possible fraud.

- Report suspected fraud to their Director or Associate Director, or directly to the Associate Director of External Relations, immediately.
- If staff feel unable to raise the matter with any member of Library staff, our Internal Audit contractor BDO provides a point of contact independent of Library management. Any information it receives will be dealt with in confidence and acted on as necessary. BDO has access to the Audit Committee Chair if they consider the matter is not being adequately dealt with.

The contact point at BDO is: Claire Robertson on 0141 248 3761 or email [Claire.Robertson@bdo.co.uk](mailto:Claire.Robertson@bdo.co.uk).

### 3.2 Responsibilities of the Finance Department

- Provide advice as required.
- When suspected fraud is reported, act promptly and effectively to:
  - Safeguard funds possibly at risk.
  - Address any immediately obvious gaps in financial controls.
  - Initiate action to recover misappropriated funds, if there is a clear case for doing so in advance of a full investigation.
  - Establish any financial implications for programme and running costs.
  - Consider the case for recovery action.

### 3.3 Responsibilities of the Security Team

- When suspected fraud is reported, act promptly and effectively to:
  - Protect accounting and other records including, in consultation with IS, those held electronically. Computers used may be required to be quarantined.
  - Safeguard assets possibly at risk.
  - Restrict access to offices and records of individuals involved.
  - Pursue cases of simple theft.

### 3.4 Responsibilities of Director or Associate Directors

- Report suspected fraud to the Associate Director of External Relations promptly.
- Assist in investigating suspected fraud.

### 3.5 Responsibilities of the Associate Director of External Relations

- When suspected fraud is reported, act promptly and effectively to:

- Notify the National Librarian, as Accountable Officer, of the report.
- Notify the Finance Department of the report.
- Make an initial assessment of the circumstances.
- Notify the Police/Crown Office, if appropriate.
- Minimise the risk of subsequent loss.
- Ensure appropriate recovery action is taken or, failing recovery, initiate action to write off any losses.
- Remedy any weaknesses in internal control procedures.
- Initiate disciplinary and/or legal procedures, where appropriate.
- Make recommendations for improvement for action by the appropriate line managers, the Sponsor Department and any other interests (especially if there are lessons to be learned for the Scottish Government as a whole), as appropriate.
- Provide reports to LLT and the Audit Committee on the progress of cases and outcomes.
- When suspected internal fraud is reported, refer to the Library's **Discipline Policy and Procedure** for the additional response in relation to staff members involved.
- Maintain a record of reported frauds.

Note: [Police Scotland](#)'s website provides advice on different types of fraud and how you can report fraud to them. The Police are obliged to report formal approaches to the Procurator Fiscal.

### 3.6 Responsibilities of the Director of Business Support

- Report cases of fraud to the Audit Committee.
- Ensure any losses due to fraud are disclosed appropriately in the notes to the annual accounts. Losses are subject to the guidance on Losses and Special Payments.

### 3.7 Responsibilities of the National Librarian, as Accountable Officer

- Report cases of fraud to the Board as part of the National Librarian and Chief Executive's report.
- Report cases of fraud to the Sponsor Department.

## 4. Related Policies

See also the Library's **Discipline Policy and Procedure**, **Whistleblowing Policy**, **Fraud Prevention Policy and Procedure**, and **CCTV Policy/CCTV Procedures**.