

# Fraud Response Policy and Procedure

Last revised November 2023

Contents

[1. Scope 3](#_Toc174091649)

[2. Aim 3](#_Toc174091650)

[3. Principles 3](#_Toc174091651)

[4. Responsibilities 4](#_Toc174091652)

[5. Related policies and procedures 6](#_Toc174091653)

[6. Appendix A 8](#_Toc174091654)

[7. Document information 9](#_Toc174091655)

[8. Document control 9](#_Toc174091656)

## Scope

This policy and procedure applies to:

* All members of staff of the National Library of Scotland including employed staff, agency staff, work placements and volunteers.
* All Library Board members

## Aim

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.

## Principles

* Suspected fraud will be reported as soon as it is identified – to an individual's director, to the Director of Engagement, to our internal auditors or to our external auditors.
* 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.

## Responsibilities

### Responsibilities of all staff

* Be alert to possible fraud.
* Report suspected fraud to their director, or directly to the Director of Engagement, immediately. Wherever appropriate, use the fraud reporting & investigation form (appendix A).
* If staff feel unable to raise the matter with any member of Library staff, our internal auditors (WBG) or external auditors (Audit Scotland) provide a point of contact independent of Library management. Any information it receives will be dealt with in confidence and acted on as necessary. Internal and external auditors have access to the Board's Audit Committee Chair if they consider the matter is not being adequately dealt with.

The email contact for Audit Scotland is [correspondence@audit-scotland.gov.uk](mailto:correspondence@audit-scotland.gov.uk).

The email contact for WBG is [gg@wbg.co.uk](mailto:gg@wbg.co.uk)

### 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.

### Responsibilities of the security team

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

* Protect accounting and other records including, in consultation with the information security team, 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.

### Responsibilities of Chief Operating Officer and directors

* Report suspected fraud to the Director of Engagement promptly using the Fraud Reporting & Investigation Form (Appendix A).
* Assist in investigating suspected fraud.

### Responsibilities of the Director of Engagement

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 Scottish Government 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 the Library Leadership Team and the Board's 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.
* Review and sign off the fraud reporting & investigation form. Maintain a record of reported suspected frauds.

Note: Police Scotland's [website](https://www.scotland.police.uk/advice-and-information/scams-and-frauds/) 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.

### Responsibilities of the Chief Operating Officer

* Report cases of fraud to the Board's 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.

### 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 Scottish Government Sponsor Department.

## Related policies and procedures

* Discipline Policy and Procedure.
* Whistleblowing Policy.
* Fraud Prevention Policy and Procedure.
* CCTV Policy/CCTV Procedures.
* Information Security Policy.
* Acceptable Use of ICT Equipment Policy.

## Appendix A

**CONFIDENTIAL fraud reporting and investigation template**

Please record any suspected instances of fraud to your director, or directly to the Director of Engagement. If you feel unable to report internally, you can report to our internal auditors (WBG) or our external auditors (Audit Scotland) who have direct access to the Board's Audit Committee Chair. Their email contacts are [gg@wbg.co.uk](mailto:gg@wbg.co.uk) and [correspondence@audit-scotland.gov.uk](mailto:correspondence@audit-scotland.gov.uk) respectively.

|  |  |
| --- | --- |
| **Fraud report number** | Leave blank |
| Reported by (this may be left blank) | Input |
| Reported to | Input |
| Date of report | Input |
| Details of the suspected fraud (including any key dates and supporting evidence) | Input |
| **Investigation** | Input information below |
| Key personnel involved in review | Input |
| Findings | Input |
| Completed by | Input |
| Date completed | Input |
| **Actions following investigation** | Input information below |
| Details of any action taken to address any identified weaknesses | Input |
| Completed by | Input |
| Date completed | Input |
| **Final review and sign off by Director of Engagement** | Input information below |
| Details of any lessons learned and application | Input |
| Date of review and sign off | Input |

This form can also be used for recording instances of Whistleblowing.

## Document information

* Document name: Fraud Response Policy & Procedure.
* Document status: approved.
* Contact: Board Support & Compliance Officer.
* Approval.
  + Date of Whitley approval: Not applicable.
  + Date of Audit Committee approval: November 2023.
* Equality Impact Assessment Completed: April 2015.
* Date of next review: November 2025.
* Business classification: Approved policies.
* Retention: 1 year after superseded (review for historical & business value).

## Document control

| Date | Action |
| --- | --- |
| August 2019 | Superseded |
| November 2020 | Superseded |
| November 2021 | Superseded |
| November 2022 | Superseded |
| November 2023 | Approved |