

## Prevention of Fraud Policy

Publication date: 5 May 2016

Publication code FIN-0516-096

## 1. Policy Background

The Care Inspectorate aims to be an honest, ethical and transparent institution. As such, it is opposed to fraud in the way it conducts its business. This document sets out the Care Inspectorate's policy objectives and approach to fraud prevention, documents the roles and responsibilities of the key parties and outlines the Care Inspectorate's Fraud Response Plan.

## 2. Care Inspectorate's Objectives

The term 'fraud' is used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

In order to minimise the risk and impact of fraud, the Care Inspectorate's objectives are:

- i) to create a culture which deters fraudulent activity, encourages its prevention whilst promoting its detection and reporting; and
- ii) to identify and document its planned response to cases of fraud or corrupt practices.

In order to achieve these objectives, the Care Inspectorate has taken the following steps:

- The development and publication of a formal statement of expectations on standards of personal conduct, propriety and accountability;
- The establishment of adequate and effective systems of internal financial and management control (and a clear requirement to comply with them). The Care Inspectorate has established an Audit Committee and engaged an independent Internal Audit Service with an ongoing responsibility to review and report on these systems;
- The development and publication of a formal statement of the procedures to be followed by employees who have a suspicion of, or concern about, possible or actual malpractice within the Care Inspectorate.

These three steps are described in greater detail in the following sections.

## 3. Personal Conduct

The Care Inspectorate aims to promote an organisational culture which encourages the prevention of fraud by raising awareness of the need for high standards of personal conduct. Appropriate guidance, including whistleblowing, is provided in the Code of Conduct for staff.

## 4. Systems of Internal Control

Management has the primary responsibility for preventing and detecting improprieties including fraud and corruption. The next line of defence against fraud is therefore the establishment of operational systems that incorporate adequate and effective internal controls designed to minimise the incidence of fraud, limit its impact and ensure its prompt detection.

Controls include high-level management controls such as budgetary control (designed to identify fraud that results in shortfalls in income or overspending against expenditure) and organisational controls that apply in areas of procurement such as separation of duties, internal checks and staff supervision.

Organisational Development policies are also a key part of setting the culture and deterring fraud. This includes seeking to reduce the risk of employing dishonest staff by checking references and information supplied by employees during the course of the recruitment process and ensuring all staff are briefed on the Code of Conduct at induction.

Management monitor cases of public sector fraud to assist in the identification of effective control measures. This is also supported by Audit Scotland's technical bulletins.

Internal audit assists management in preventing fraud by examining and evaluating the adequacy and effectiveness of action taken. Whilst it is not a primary function of internal audit to detect fraud, internal audit work should be planned to take into consideration the risk of impropriety, fraud and corruption occurring.

In line with the requirements of the Executive Framework between the Sponsor Department and the Care Inspectorate, the Care Inspectorate has established an Audit Committee and an independent Internal Audit Service that provides advice to the Committee and management in respect of control matters. Internal Audit conducts a cyclical programme of reviews of the adequacy and effectiveness of the systems that have been put in place (including those intended to minimise the potential exposure to fraud and corruption). The Internal Audit Service also highlights any areas that it considers should be documented in greater detail.

## **5. Formal Statement of Procedures**

The Fraud Response Plan sets out the Care Inspectorate's policies and procedures for ensuring that all allegations and reports of fraud or dishonesty are properly followed-up, are considered in a consistent and fair manner and that prompt and effective action is taken to:

- a. Minimise the risk of any subsequent losses;
- b. reduce any adverse operational effects;
- c. improve the likelihood and scale of recoveries;
- d. demonstrate that the Care Inspectorate retains control of its affairs in a crisis; and
- e. Make a clear statement to employees and others that it is not a 'soft target' for attempted fraud.

## **6. Communication**

The Care Inspectorate shall make all current employees and board members aware of its prevention of fraud policy and procedures by way of their publication on the organisation's intranet. New employees shall be advised of the organisation's prevention of fraud policy and procedures when accepting an offer of employment from the organisation. Training for employees regarding the Act and the organisation's policies and procedures may be provided from time to time in accordance with the organisation's existing employee development policies.

The Care Inspectorate shall also publish its prevention of fraud policy and procedures on its website in order that those with whom it does business are made aware of the organisation's position on bribery.

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