



FRAUD POLICY

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The purpose of this statement is to set out the policy of the Society towards the prevention and detection of fraud and the procedures to be followed if fraud is detected or suspected.

Policy

Fraud of any type represents a threat to the good name and standing of Scotmid and all associated trading entities. The policy therefore is

- to promote awareness among staff of the risk of fraud
- to establish and maintain controls aimed at preventing and detecting fraud and
- to take effective action whenever fraud is discovered or suspected
- to report all confirmed incidences of fraud to the police.

Responsibilities of staff

All members of staff have a duty to

- a. act honestly and with integrity at all times
- b. ensure they comply with the policy on acceptance of gifts or hospitality (see separate policy) which might be seen to compromise their judgment or integrity
- c. comply with controls and seek to safeguard the Society assets for which they are responsible
- d. take special care when handling receipts and payments and dealing with contractors and suppliers
- e. ensure they do not offer or receive what could be interpreted as bribes
- f. report immediately to their line manager any actual or suspected act of fraud which they discover; or alternatively use the whistleblowing routes set out in the staff handbook, and
- g. seek clarification from an appropriate manager on any issue where propriety is uncertain or ambiguous.

Responsibilities of management

Heads of Department/ Department Managers are responsible for

- a. ensuring that their staff are aware of the risks of fraud and of the responsibilities of individuals with regard to the prevention and detection of fraud
- b. ensuring that any relevant hospitality or gifts offered are not excessive in value and do not have conditions attached
- c. rejecting any offers of hospitality or gifts which might compromise their judgement or integrity
- d. identifying risks to which systems and procedures may be exposed

- e. developing and maintaining appropriate controls to manage such risks and ensuring that they are complied with, and
- f. alerting Profit Protection and Internal Audit if they suspect fraud.

The Head of Internal Audit and Financial Controller are available to all departments who may need advice regarding appropriate Financial controls.

Procedures

Heads of Department should contact Profit Protection and Internal Audit if fraud is identified. They should not alert any staff members suspected of carrying out the fraud. An investigating officer will conduct any necessary investigation.

Disciplinary action

Where a member of staff is found to have perpetrated a fraud, the investigating officer will refer the matter to the Police, who may then wish to take criminal proceedings. The normal disciplinary process will be carried out with any staff members involved.

Learning from experience

Where an instance of fraud has occurred, management must consider what changes need to be made to systems and procedures to ensure that such frauds do not recur.