

Fraud and Financial Irregularity Policy & Response Plan

Descriptor	Changes made	Date	Version
Policy first implemented		Nov 2011	0.1
Review no.1	Updated to include Bribery Act Requirements	Nov 2013	0.2
Review no.2	Annual Review	Nov 2015	0.3
Review no.3	Chief Executive Foreword Added	Sept 2017	0.4
Review no. 4	Updated to include Financial Irregularity	June 2019	0.5
Review no. 5	Refreshed to include staff/colleague/employee descriptors recommended by HR	Nov 2021	0.6
Review no. 6	Refreshed to include updated delegated and FSA responsibilities	Nov 2023	0.7
Review no. 7	Refreshed to: Update Title to include Response Plan; Include the Fraud & Financial Irregularity Response Plan as Annex A and not a separate document; Remind colleagues of reporting lines; Include Economic Crime & Corporate Transparency Act 2023 requirements.	Dec 2025	0.8

Name of policy being superseded (if applicable)	Fraud and Financial Irregularity Policy 0.7
Related Policies	Financial Stewardship Policy: Skills & training Whistle Blowing Policy
Related SOPs	Fraud and Financial Irregularity Response Plan (Annex 1)
Related Guidance	Concerns Form Completion
Equality Impact Assessment completed	No
Island Community Impact Assessment completed	No
Intended Audience	All Colleagues
For publication	Internal and external publication
Team responsible for policy	Compliance
Policy owner contact details (email)	Irene.coll@sds.co.uk
Policy due for review (date)	December 2027

Policies should have a clear purpose and perform at least one of the following functions. Please identify all the functions this policy performs.	If statement applies, please mark with and X below
Outline how we allocate limited resources to deliver services or outcomes	
Outline how SDS adheres to legislation, statutory duty etc	X
Ensure fair and consistent allocation of benefits	
Protect organisational assets, including data	X
Define expectations around the employee/employer relationships	X
Other (please specify)	

Contents

1. Policy Summary	3
2. Policy Purpose and Objectives: Chief Executive Statement	3
3. Strategic Context.....	4
4. Definitions	4
5. Scope.....	4
6. Policy Detail	7
7 Further Guidance	7
Annex 1 Fraud and Financial irregularity Response Plan.....	9

1. Policy Summary

Skills Development Scotland (SDS) requires all employees at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible. SDS will not accept any level of fraud or corruption or financial irregularity; consequently, any case will be thoroughly investigated and dealt with appropriately. SDS is committed to ensuring that opportunities for fraud and financial irregularity – both internal and external – are reduced to the lowest possible level of risk.

2. Policy Purpose and Objectives: Chief Executive Statement

As a Non-Departmental Public Body of Scottish Government, Skills Development Scotland works to deliver an investment in public services which exceeds £200 million each year. This brings with it the possibility that these funds may be the subject of internal or external attempts to defraud.

As Chief Executive and Accountable Officer, I have a responsibility to ensure that our fraud policy and operational approaches are consistent with the best practice guidance available, and with the recommendations of the Scottish Public Finance Manual.

However, my ambition for our organisation is that we aim to go beyond the guidance and be at the leading edge of countering fraud, corruption and error. I am determined that Skills Development Scotland has a zero tolerance approach to fraud, and will maintain a zero-tolerance culture throughout our organisation.

We implemented mandatory training on the implications of the Bribery Act 2010, when the legislation was enacted, and anti-fraud training is a compulsory module in the SDS Academy from 2017. In addition, we have redesigned our National Training Programmes Compliance team to have an explicit remit for countering fraud and error, and we work in alignment with other bodies funded by the Scottish Government.

Colleagues have joined the organisation because they believe in the spirit and values that we promote. I am committed to ensuring these are protected by making clear that Skills Development Scotland will always act to deter and detect fraud, to investigate allegations, and to take appropriate action.

Damien Yeates
Chief Executive

3. Strategic Context

The Scottish Public Finance Manual (SPFM) sets out guidance for the prevention, detection, reporting and handling of fraud and financial irregularity.

4. Definitions

The term “fraud” is commonly used to describe a wide variety of dishonest behaviour such as deception, forgery, false representation and concealment of material facts. It is usually used to describe the act of gaining or depriving a person of something by deceit, which may involve the misuse of funds or other resources, or the supply of false information. SDS also uses the term financial irregularity to cover those cases where there is ambiguity over intent.

Computer fraud covers the use of information technology equipment to manipulate programmes or data dishonestly (e.g., by altering, substituting or destroying records, or creating spurious records), or where the use of an IT system was a material factor in the perpetration of a fraud or financial irregularity. The fraudulent use of computer time and resources is included in this definition. Historically in the public sector most internal fraud that has come to light has been linked to claims for travel and subsistence and overtime, irregularities in procurement procedures and the abuse of flexible working hours. Examples of external fraud include providing false information in applications for grants and other forms of assistance, submitting bogus invoices or claiming for services not delivered in accordance with contract terms.

5. Scope

The Chief Executive of SDS, as Accountable Officer, is responsible for establishing and maintaining sound systems of internal control that support the achievement of SDS’s policies, aims and objectives. The systems of internal control are designed to respond to and manage the whole range of risks that SDS faces. The systems of internal control are based on an on-going process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively. Managing fraud and financial irregularity risk will be seen in the context of the management of this wider range of risks.

The Chief Executive is responsible for ensuring that Directorates are aware of fraud and financial irregularity risks and have appropriate procedures in place to prevent and detect fraud and financial irregularity that are consistent with

and reflect the guidance in the SPFM. These include a requirement for reporting cases of fraud to the sponsor Directorate within the Scottish Government. In addition, business areas are currently responsible for ensuring they complete a Financial Stewardship Assessment (FSA) for each Skills and Training programme, initiative or grant which provide funds to third parties and ensure the counter fraud arrangements set out in the FSA are implemented as intended.

The SDS Board should support the Chief Executive identify those operational areas where the risk of fraud, financial irregularity or other loss is greatest. This will help inform internal audit activities and should also provide pointers to where SDS should target their counter fraud and financial irregularity measures.

The SDS Audit and Risk Committee should support the Chief Executive on issues of risk, control and governance and associated assurance. The Audit and Risk Committee therefore has a general responsibility for monitoring the operation and effectiveness of counter-fraud and financial irregularity arrangements and should receive appropriate reports on fraud and financial irregularity activity.

Overall responsibility for ensuring that necessary controls are in place for managing the risk of fraud and financial irregularity in SDS is delegated by the Chief Executive to the Director of Finance, Information Governance, Resilience and Risk (FIGRR). The responsibilities of the Director of FIGRR include:

- Establishing an effective Fraud and Financial Irregularity Policy and Fraud and Financial Irregularity Response Plan.
- Ensuring that core financial systems are designed and operated to minimise the risk of fraud.
- Coordinating assurance about the effectiveness of counter-fraud and financial irregularity policies to support the Governance Statement provided alongside SDS's accounts.
- Ensuring that all employees are aware of the SDS's Fraud and Financial Irregularity Policy and know what their responsibilities are in relation to combating fraud.
- Ensuring that appropriate counter-fraud training and development opportunities are available to appropriate staff.
- Ensuring that vigorous and prompt investigations are carried out if fraud or financial irregularity occurs or is suspected.
- Ensuring that appropriate action is taken to minimise the risk of similar frauds and financial irregularity occurring in future.

Internal Audit is required to:

- Deliver an opinion to the Audit and Risk Committee/Chief Executive on the adequacy of arrangements for risk, control and governance (including those for managing the risk of fraud and financial irregularity) and ensuring that SDS promotes a counter fraud and financial irregularity culture.
- Assist in the deterrence and prevention of fraud and financial irregularity by examining and evaluating the effectiveness of control commensurate with the extent of the potential exposure/risk in the various segments of SDS's operations.
- Ensure that management has reviewed its risk exposures and identified the possibility of fraud and financial irregularity as a business risk.
- Assist management, if requested, in conducting fraud and financial irregularity investigations.

SDS managers are responsible for:

- Ensuring that an adequate system of internal control exists within their areas of responsibility consistent with relevant guidance in the section of Fraud in the SPFM and that controls operate effectively and as intended.
- Assessing the types of risk involved in the work for which they are responsible.
- For each Skills and Training programme, initiative or project, producing a Financial Stewardship Assessment which records counter fraud risks, mitigation arrangements and risk appetite.
- Regularly reviewing and testing the counter fraud control systems for which they are responsible.
- Ensuring that counter fraud controls are being complied with and their systems continue to operate effectively.
- Implementing new controls to reduce the risk of similar fraud or financial irregularity occurring where these have taken place.
- Where directed, undertaking preliminary enquiries to establish relevant facts about suspicions of fraud and financial irregularity brought to their attention and reporting relevant cases to the SDS Fraud and Irregularity Response Group – subject to the reporting procedures set out in the SDS Fraud and Financial Irregularity Response Plan (Annex 1).

Each SDS employee is responsible for:

- Acting with propriety in the use of official resources and the handling and use of public funds whether they are involved with cash or payments systems, receipts or dealing with suppliers.

- Being alert to the possibility that unusual events or transactions could be indicators of fraud or financial irregularity.
- Reporting details immediately through the appropriate channel if they suspect that a fraud or financial irregularity has been committed or see any suspicious acts or events (see Further Guidance below).
- Cooperating fully with whoever is conducting internal checks or reviews or fraud or financial irregularity investigations.

6. Policy Detail

Managers and employees must always be alert to the risk of fraud, financial irregularity theft and corruption. Danger signs of internal fraud/financial irregularity include evidence of excessive spending by employees engaged in cash/contract work, inappropriate relationships with suppliers, reluctance of employees to take leave, requests for unusual patterns of overtime and where there seems undue possessiveness of records. Junior employees should resist any pressure from line managers to circumvent internal controls or to over-ride control mechanisms. Such action could be indicative of fraudulent activity and should be reported – see Further Guidance below.

It is an offence under the Bribery Act 2010 for public servants in their official capacity to accept any gift or consideration as an inducement or reward for doing, or refraining from doing, anything; or showing favour or disfavour to any person. Furthermore, any money, gift or consideration received by a public servant from a person or organisation holding or seeking to obtain a government contract will be deemed by the courts to have been received corruptly unless proved to the contrary.

The Economic Crime and Corporate Transparency Act 2023 (ECCTA) came into force on 1 September 2025. It is an offence under this Act for organisations such as SDS to not have reasonable fraud prevention measures in place.

7 Further guidance

The Fraud and Financial Irregularity Response Plan (Annex 1) sets out processes for reporting suspicions of fraud or financial irregularity. Employees should in the first instance report, in writing or telephone, such suspicions to their line managers. Line managers should then follow the processes set out in the Fraud and Financial Irregularity Response Plan.

If you don't feel able to use this route, you can report concerns directly to the Chair of the Fraud and Irregularity Response Group (FFIRG) (Andrew

Livingstone or Irene Coll, FFIRG Co-coordinator in his absence). All matters will be dealt with in confidence and in strict accordance with the terms of the Public Interest Disclosure Act 1998. This statute protects the legitimate concerns of employees. For further guidance, see also the SDS Whistle Blowing Policy and Procedure.

SDS procedures for acceptance of gifts or hospitality are laid down in the Procurement Policy Manual (for staff involved in purchasing and contracting) and, in more detail, in the SDS Code of Conduct, available to all SDS employees on the SDS Intranet – Connect.

SDS arrangements for ensuring risk based and proportionate fraud prevention measures are designed in and implemented across its Skills & Training Programme/Project/Initiatives are set out in the SDS Financial Stewardship Policy: Skills & Training.

Annex 1 Fraud and Financial Irregularity Response Plan

1. Introduction
2. Scope of Fraud and Financial Irregularity Response Plan (FFIRP)
3. Purpose of the Fraud and Financial Irregularity Response Group (FFIRG)
4. Reporting and Handling of Fraud/Financial Irregularity Concerns
5. Role of FFIRG Members
6. Review of Cases and Continuous Improvement
7. Confidentiality

Appendices

1. FFIRG Report Template
2. Role of FFIRG Members
3. External Investigations Instructed by FFIRG

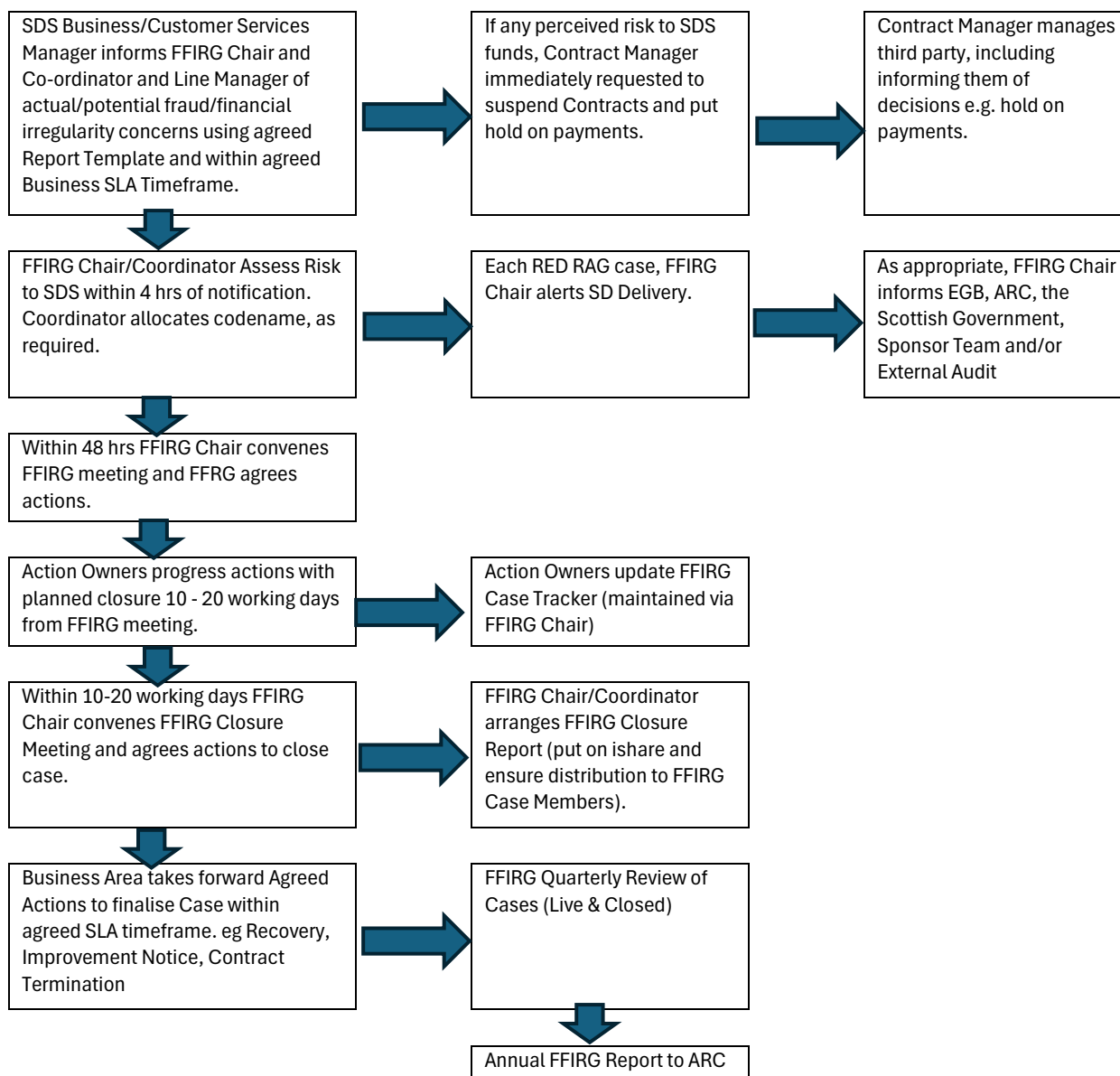
1. Introduction

1.1 This Fraud and Financial Irregularity Response Plan (FFIRP) sets out arrangements to ensure that when actual, alleged or potential fraud or financial irregularity against SDS are reported, prompt and effective action is taken to:

- Investigate the circumstances.
- Minimise the risk of subsequent loss.
- Ensure that appropriate recovery action is taken or, failing recovery, to initiate action to write off any losses.
- Remedy any weaknesses in internal control procedures.
- Initiate disciplinary and legal procedures, where appropriate.

1.2 The summary arrangements for dealing with potential or suspected financial irregularity or fraud are set out in Exhibit 1.

Exhibit 1 Dealing with Actual, Alleged or Potential Fraud or Financial Irregularity



Source: FFIRG, June 2019, updated December 2025

2. Scope of Fraud and Financial Irregularity Response Plan

2.1 This Fraud and Financial Irregularity Response Plan (FFIRP) applies to both internal and external fraud and financial irregularity. External is fraud /financial irregularity perpetrated by third parties against SDS (e.g. contract fraud/financial irregularity or fraudulent applications for grants or expenses).

2.1 If there is **any** suspicion of collusion on the part of SDS employees in the suspected or discovered external fraud/financial irregularity, the procedures relating to internal fraud/financial irregularity should apply.

2.3 The procedures detailed in this FFIRP will also apply in respect of SDS employees who are seconded or loaned to other bodies. In such cases, the body to which the employee is seconded will be consulted on the handling of the investigation. The procedures also apply to individuals who are loaned/ seconded to SDS, with reference to the Secondment Agreement and with the cooperation of the seconding organisation.

2.4 Areas out with scope of the Fraud and Financial Irregularity Response Plan

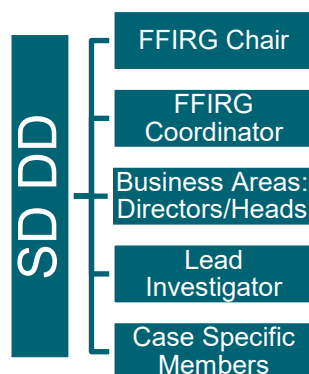
- Any invalid claims or invoices that could reasonably be argued were submitted in good faith should not normally be regarded as fraud/financial irregularity.
- If the allegation is of straightforward theft, which does not qualify as fraud/financial irregularity, the Director of Finance should be notified and SDS disciplinary procedures should be followed for internal cases.
- Where there is robust evidence of theft, the theft should be reported to Police Scotland.
- If the allegations constitute a complaint, which does not appear to be fraud or financial irregularity related, the SDS complaint procedures should be followed.

3. Purpose of the Fraud and Financial Irregularity Response Group (FFIRG)

3.1. The primary purpose of the FFIRG is to:

- take prompt and effective action to deal with cases of actual or potential fraud/financial irregularity involving SDS employees (i.e. internal fraud) and external fraud/financial irregularity by claimants/suppliers.
- identify areas of improvement to prevent reoccurrence

3.2 The FFIRG membership is:



3.3 As at December 2025, the people occupying FFIRG roles are:

Role	Name
Senior Director Delivery	Neville Prentice
FFIRG Chair	Andrew Livingstone, Director of FIGRR
FFIRG Chair Delegate	Diane Greenlees, Director of National Operations
FFIRG Coordinator	Irene Coll, Head of Compliance
FFIRG Coordinator Delegate	Iain Brown, Governance & Compliance Manager
Business area Directors and Operational Leads: As required	National Operations: Director Diane Greenlees, Nat Ops Head of Service Fiona Stewart; Industry, Employers & Skills Planning: Directors, Gordon McGuinness; Chris Brodie
Case by Case Basis	Representative from relevant business areas. For example, any internal fraud/financial irregularity cases would involve reps from HR; colleagues from SDS Legal will provide FFIRG with legal advice as required.
Lead Investigators	Iain Brown, Governance and Compliance Manager Liz McEwan, Governance and Compliance Manager

3.4 The FFIRG may co-opt additional members with knowledge or expertise to assist in consideration of a specific case or require individual employees to attend its meetings.

3.5 Where the suspected fraud or financial irregularity involves a member of the Directors Group, the FFIRG will be chaired and constituted by the Chair of the SDS Audit and Risk Committee (ARC).

4. Reporting and Handling of Fraud/Financial Irregularity Concerns

4.1 Reporting Concerns

Source of Concern	Process	Reporting Lines
Reporting fraud concerns via the SDS Complaints processes	The Customer Services (CS) team pass fraud related concerns to FFIRG Coordinator and to Complaints Champion in each Business Area for business to progress/escalate.	Business Area report concerns to: <ul style="list-style-type: none"> • FFIRG Chair: Andrew Livingstone (Diane Greenlees Delegate)
Reporting via Business Areas	Business Area Colleagues use the FFIRG Report Template (Appendix 1) to escalate fraud related concerns to line manager/FFIRG.	<ul style="list-style-type: none"> • FFIRG Coordinator: Irene Coll (Iain Brown Delegate) • Business Area Director • Business Area Head of Service

4.2 Timeframes for Handling Fraud/Financial Irregularity Concerns

4.2.1 Timeframes for responding to and handling fraud and financial irregularity concerns are:

Timeframe	Activity
Within 3 working days of Business Area being aware of financial irregularity or fraud concerns	Business Area uses FFIRG Report Template to escalate concerns about fraud/financial irregularity to FFIRG Chair and FFIRG Coordinator and (unless exceptional circumstances) copy to Business Area Director and Head/Line Manager.
Immediately	If any perceived risk to SDS funds being paid to third party, Business Area Contract Manager immediately arranges to suspend SDS contracts and put a hold on any outstanding payments pending the outcome of any investigations. Contract Manager to ensure appropriate liaison with third party e.g. Learning Provider.
Within 4 working hours of notification to FFIRG	FFIRG Chair and Coordinator review RAG rating of case given by Business Area and provide FFIRG RAG rating, if different. FFIRG Chair and Coordinator agree any immediate actions. Coordinator allocates Codename to case, if required.
Within 48 working hours of notification to FFIRG	FFIRG Chair arranges to provide FFIRG members with copy of Business Area FFIRG Report. FFIRG meet to determine whether the evidence available substantiates actual or potential fraud/financial irregularity; FFIRG agree scope of any further action/investigation and resources to be allocated. FFIRG Chair reports to SD Delivery on any Red RAG cases. FFIRG Coordinator enters case details onto Fraud/Financial Irregularity Tracker
Within 10- 20 working days of initial FFIRG Meeting	Lead Investigator oversees gathering of sufficient, relevant and reliable evidence to enable FFIRG to decide action - how best to close or extend investigations. Lead Investigator provides Investigations Findings Report to FFIRG members. FFIRG agrees Next Steps – Closure or Further investigation/Analysis. FFIRG Chair approves, in consultation with SD Delivery, resource for any required investigation extension. FFIRG Coordinator updates Fraud and Financial Irregularity Tracker with Action Taken/Planned and /or In Progress
Within 2 working days of FFIRG Case Closure	FFIRG Chair provides Case Closure Update to SD Delivery for Red RAG cases.
Within 5 working days of FFIRG Case Closure	Business Area takes forward agreed FFIRG Closure Meeting decisions e.g. Recovery, Improvement Notice, Termination Notice etc
Within 10 working days of Case Closure	FFIRG members review case and where appropriate use a FFIRG Improvement Plan, with clear Action Owners, to record any areas for improvement and set out arrangements for reviewing progress.

5. Role of FFIRG Members

5.1 The specific role and responsibilities of FFIRG members are set out at Appendix 2.

- Appendix 2.1 Role of FFIRG Chair
- Appendix 2.2 Role of FFIRG Coordinator
- Appendix 2.3 Role of FFIRG Business Area Members
- Appendix 2.4 Role of FFIRG Lead Investigator

5.2 Responsibility for executive actions, insofar as they are appropriate to the case, will rest with the functional areas as follows:

HR

- consider suspending SDS employees pending the outcome of any investigations (and review the notice of suspension at regular intervals throughout the period of investigation).
- implement disciplinary procedures against employees where there is evidence they have perpetrated fraud/financial irregularity.
- implement disciplinary procedures where the actions of employees may have facilitated the fraud/financial irregularity.

Finance

- consider the impact on the SDS budget and take any action to deal with the consequences.
- arrange, where necessary, for notation of the SDS accounts.
- notify, where necessary, External Audit.

Business Areas

- protect accounting and other records; safeguard assets possibly at risk; restrict access to offices and files/records of employees involved by altering or withdrawing cards/passwords. Liaise with EIS Directorate on restricting or removing EIS systems access.
- consider in consultation with the Lead Investigator how to safeguard other funds possibly at risk.
- identify and plug any immediately obvious gaps in financial controls.
- initiate action to recover funds, if there is a clear case of doing so in advance of the investigation closure.

Details of investigation involving external third parties are set out in Appendix 3.

6. Review of Cases and Continuous Improvement

6.1 Where evidence of fraud or financial irregularity has been identified, the FFIRG should consider whether any action needs to be taken to prevent a recurrence. In such cases, a FFIRG Improvement Action Plan should be drawn up. In practice, much of the required action is likely to relate directly to recommendations proposed by the Lead Investigator and a cross reference to these recommendations should be made in the FFIRG Improvement Plan.

6.2 Action Owners set out in the Improvement Action Plan are responsible for taking forward their specified actions. Note, there may be lessons for SDS to learn from an episode of fraud/financial irregularity and the FFIRG's Action Plans should include appropriate recommendations for the Executive Governance Group (EGG) to pursue.

6.3 The FFIRG Chair is responsible for monitoring that the Action Owners report on progress with implementing agreed recommendations for subsequent recording on the FFIRG Fraud and Financial Irregularity Tracker.

6.4 FFIRG members will use the FFIRG Financial Irregularity Tracker to review live and closed cases at FFIRG review meetings.

6.5 The Director of HR is responsible for informing the FFIRG Chair of the outcome of internal fraud/financial irregularity cases where an allegation of gross misconduct has been made.

- In any case where such an allegation has been brought but a disciplinary hearing does not uphold the misconduct, the Director of HR is responsible for informing the FFIRG Chair of the reasons for the hearing's decisions.
- The FFIRG Chair must consider whether, considering this information, there are lessons to be learned in terms of the handling of cases and whether the FFIRP and related guidance, for example on disciplinary procedures, is operating effectively.
- The FFIRG Chair is responsible for making recommendations for any changes to procedures that it considers necessary considering the outcome of individual cases.
- The Director of HR is responsible for consulting relevant interests, including staff side/Union partners, on any recommended changes.

6.6 If appropriate, where employees have been dismissed or subject to other disciplinary action for matters other than fraud /financial irregularity (e.g. abuse of IT systems), the Director of HR is responsible for informing the FFIRG Chair of the circumstances of the case and the FFIRG Chair is responsible for assessing whether a further review by FFIRG should be undertaken to establish whether or not there has been possible misuse of other systems by the same employee(s) resulting in fraud/financial irregularity.

7. Confidentiality

7.1 Members of the FFIRG will receive all information relating to individual cases. They must treat all information relating to individual employees and suppliers on a confidential basis and should ensure that it is only passed on to colleagues on a strictly need to know basis. Any breach of confidentiality by FFIRG members will be dealt with and may be treated as gross misconduct.

7.2 HR should place a record on file for SDS employees, only for those allegations which have resulted in disciplinary outcomes.

Report Template Notification of Actual/Potential Fraud / Financial Irregularity

Insert RAG Colour

Skills Development Scotland**Fraud/Financial Irregularity Response Group (FFIRG)**

Date:	xx/xx/20xx	For Information/Decision
Title of Paper:		

Key Facts of Case		
Date SDS 1st Aware		
Fund/Programme(s)		
Name of Organisation(s)		
SDS In Year Contract Value £		
Estimate £ at Risk (actual/potential loss)		
Are Further Payments On Hold?	Yes	
	No	
Other Risks e.g. to participants		
Initial RAG Assessment (See below)	What RAG	
	Why	
Any details of suspected "wrong doers" ?	Name (s)	
	Position	
What has happened/allegations?		
Where is it happening? i.e. locations		
How long has it been going on for?		
Who is notifying SDS of concerns?	Name	
	Position	
How was issue/allegation identified?		
Any sensitivities?		
Recommendations and Actions required		

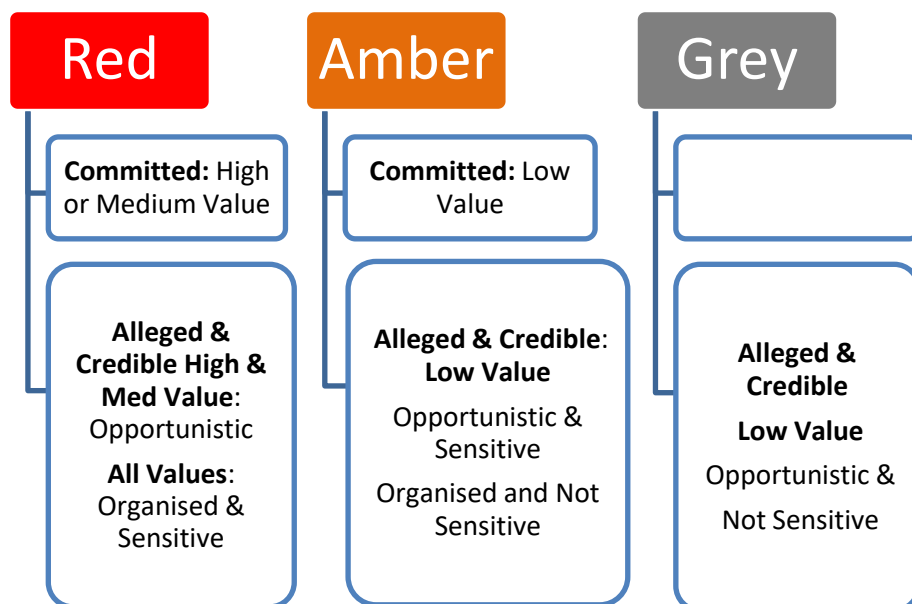
Any recommendations you want FFIRG to consider: <i>If not – include broad recommendation for example: FFIRG to consider the case and recommend next steps.</i>
Key Background Information FFIRG Need to Inform Decisions
<p>How administration of funding operates:</p> <p>How/Why suspected fraud/financial irregularity may have arisen:</p>
Any Next Steps Planned by Person/Operational Team Reporting Case
<p>Author: Name and Job Title:</p>
<p>Date: xx/xx/xx</p>

Annex 1: Timeline of Actions/decisions taken to date

Annex 2: Any Third Party Contact Details

Annex 3: Supporting Evidence/Additional Information

RAG Ratings: Fraud/Financial Irregularity (FFI)



High Value = potential or actual over £50k;

Medium Value = potential or actual £10k to £50k;

Low Value = potential or actual up to £10k.

Opportunistic = indications are that one-off activity taking advantage of specific circumstances.

Organised = repeat behaviour and/or more than one party involved.

Sensitive/Not Sensitive = case specific, consider who is affected, programme profile; "Daily Record" test

Timeline of events

Date	Details of Activity on Timeline (write in active voice)	Evidence
Xx/xx/xx	What identified, and when identified by whom and how	
Xx/xx/xx	Detail of information received, decision made or action taken	
Xx/xx/xx		
Xx/xx/xx		
Xx/xx/xx		
Xx/xx/xx		
Xx/xx/xx		

Third Party Contact Details

Third Party Contact Details:		
Name		
Position		
Address		
Contact Details	e-mail	
	phone	

Supporting Evidence/Additional Information

	Details of Information	How Obtained	Where stored - link
1			
2			
3			

Role of SDS FFIRG Chair

The role of the of the SDS FFIRG Chair is to ensure the following objectives are met:

1	Objective	Objective Detail
1	RAG rating	RAG rating determined for each case within 4 hrs of being notified to FFIRG
2	Initial Action	<p>Where it is not immediately clear from the evidence presented that a fraud/financial irregularity may have been committed or attempted, the FFIRG Chair should ensure limited initial action is taken to determine whether there is substance to the concerns/allegations.</p> <p>For example, colleagues may be asked to gather additional evidence to confirm the accuracy of particular concerns/allegations and report back to the Chair. Such preliminary work must be undertaken with the utmost urgency and within 2 working days at the most. The aim at this stage should be to gather sufficient evidence to enable the FFIRG Chair to reach a view on whether the concerns/allegations of fraud/financial irregularity are likely to be substantiated</p>
3	Protect Funds	If any perceived risk to SDS funds, ensure Business Areas have arrangements to suspend contracts and arrange a hold on any further payments within 4 hrs of FFIRG being notified.
4	Reporting	<p>Ensure SD Development and Delivery is notified of individual cases:</p> <ul style="list-style-type: none"> • Red RAG, verbal/e-mail notification, within 4 hrs of assessment • Each case, funds at risk and next steps, within 2 working days of assessment • Each case, Closure Update, within 10 working days • By exception, weekly progress reports for cases not closed within 10 days
5	Follow up	<p>Ensure arrangements are in place to notify relevant FFIRG members and send copy of Business Area FFIRG Report (on FFIRG Report Template) within 2 working days of receipt of Report from Business Area.</p> <p>Within same 2 working days, FFIRG meeting to consider the case and agree next steps, resource to be invested, reporting lines and timetable for completion of agreed actions. This includes agreeing the scope and nature of any investigative work required to establish the facts, which may include:</p> <ul style="list-style-type: none"> • the examination of the conduct of employees who are the subject of allegations in relation to travelling and subsistence claims, flexible working hours, overtime claims, etc. • contacting claimants and/or examining documentary or electronic evidence • visits to supplier/training provider premises to gather evidence
6	Internal Case	Within 2 working days, if SDS employees are implicated/subject of allegations in the potential fraud/financial irregularity, FFIRG Chair to manage consideration of case for suspension and make outcome available to the person arranged by HR to carry out any appropriate

		disciplinary investigation or hearing. In addition, remind Business Area to secure records and assets, including restrictions on access to offices and computer terminals (if not already done so).Likely to be relevant to internal fraud/financial irregularity
7	Closure Report	Within 10 working days, arrange for FFIRG to receive report on and discuss investigation findings, agree closure position for each case, or by exception put forward business case for further investigation approval. FFIRG Chair to ensure arrangements are in place for FFIRG Financial Irregularity Tracker to be updated with FFIRG Closure/further action decisions.
8	Police Scotland	Decide, in consultation with others, whether Police Scotland should be informed, N.B. Police Scotland is willing to provide advice on an informal basis. However, Police Scotland are obliged to report formal approaches to the Procurator Fiscal. In the latter case, Police Scotland/the Procurator Fiscal would expect SDS to have conducted its own enquiries/limited investigations and to have established at least a reasonable case before referral to the Economic Crime Unit.
9	FFIRG Financial Irregularity Tracker	Ensure there are arrangements in place for regular/ monthly update of live cases including updates to the FFIRG Financial Irregularity Tracker for all “live” cases.
10	Continuous Improvement	For live cases, Chair quarterly whole FFIRG meetings. As appropriate, consider lessons learned and review progress with any outstanding improvement actions.
11	External Reporting	As appropriate, inform the SDS Executive Governance Board (EGB), the SDS Audit and Risk Committee (ARC), the Scottish Government (SG) Sponsor Team and/or External Audit about relevant cases.
12	Annual Report	Arrange for Annual Report for the SDS Audit and Risk Committee, copied as appropriate for information to the SDS Board and the SG Sponsor team.

Role of SDS FFIRG Coordinator

The role of the of the SDS FFIRG Coordinator is to ensure the following objectives are met:

	Objective	Objective Detail
1	FFIRG Report	Business Areas are supported to provide FFIRG with sufficient information re escalated cases so FFIRG can make informed decisions (Report Template Annex 1).
2	Concerns via Complaints Form	Customer Services are supported to obtain maximise information from third parties about concerns (use of Concerns/Complaints Form).
3	FFIRG Input	FFIRG members are consulted about concerns affecting their operational areas.
4	Fraud/Financial Irregularity Tracker	Ensure FFIRG Financial Irregularity Tracker is updated as cases progress to enable accurate and current reporting to the FFIRG Chair and SD Delivery.
5	FFIRG Input to Tracker	Ensure decisions taken by FFIRG are reflected in FFIRG Financial Irregularity Tracker and as appropriate the Fraud and Financial Irregularity Policy & Response Plan.
6	Payments	Arrangements are in place to ensure any payments to third parties on hold remain so until FFIRG decision/criteria to lift hold are met.
7	Progress	Investigation activity/actions agreed by the FFIRG are progressed as planned.
8	Reporting	FFIRG Chair is supported to provide Case Reports to SD Delivery: <ul style="list-style-type: none"> • Red RAG, verbal/e-mail notification, within 4 hrs of Business Area Manager FFIRG Report to FFIRG chair • Each case, funds at risk and next steps, within 2 working days of FFIRG Report from Business Area • Each case, Closure Report, within 10 working days, • By exception – weekly progress reports for cases not closed within 10 days
9	Police Scotland	Liaise with and report to Police Scotland as appropriate
10	Review	Where there are live cases under review, ensure arrangements are in place for quarterly FFIRG review meetings,

Role of FFIRG Business Area Members

The role of the of the SDS FFIRG Business Area Members is to ensure the following objectives are met:

	Objective	Objective Detail
1	FFI Aware	Colleagues in business areas are aware of and alert to the risk of fraud and financial irregularities in their business area.
2	Raising Concerns	Colleagues alert their Head of Service/Director/FFIRG Chair of any fraud/financial irregularity concerns they have.
3	Evidence	Colleagues, and where appropriate, with the support of their Head of Service gather/assess evidence to substantiate any fraud/financial irregularity concerns.
4	FFIRG Report	Colleagues, and where appropriate, with the support of their Head of Service report financial irregularity/fraud concerns using the FFIRG Report template for FFIRG review and action.
5	Suspend Contracts	If directed by FFIRG, Business Area Manager immediately arranges to suspend SDS contracts and put a hold on any outstanding payments pending the outcome of any investigations. Liaise with contractor.
6	Review Suspension	Review with FFIRG the notice of suspension at regular intervals throughout the periods of investigation.
7	Actions	Agreed actions for their Business Area are implemented. Update FFIRG co-ordinator. Nb Codename to be used as appropriate to ensure confidentiality.
8	Payment Recovery	Progress payment recovery in line with agreed protocols.
9	Legal Input	Liaise with Legal on contractual implications under contract legislation and ensure contractor is appropriately informed
11	Briefing	As appropriate provide briefing reports for Corporate Affairs and/or the SG Sponsor Team.

Role of Lead Investigator

The role of the of the SDS FFIRG Lead investigator is to ensure the following objectives are met:

	Objective	Objective Detail
1	Investigation	Identify approach, methods, plan and lead investigation.
2	Controls	Identify weaknesses in systems and controls which may have facilitated the alleged fraud/financial irregularity.
3	Continuous improvement	Recommend as appropriate improvement required to systems and controls – supplier and/or SDS and any lessons for SDS as whole.
4	Financial Impact	Determine the financial effects of the fraud/financial irregularity.
5	Recovery Report	Advise business areas on level of recovery. Support FFIRG reporting: Evidence based report on case drafted – 48 hr Report, 10-day Closure Report, Business Case for Extension and Subsequent Progress Reports. Update Case Tracker.
6	External Briefing	As required, prepare briefing for partners of SDS that could be affected
7	Internal Briefing	Prepare briefing for SDS comms. as appropriate

External Investigations Instructed by FFIRG

1. Any investigations that the FFIRG may decide to initiate can be undertaken by internal colleagues or a third party Investigating Officer, depending on the circumstances. As a general rule, internal investigations should be undertaken prior to any investigation by a third party Investigating Officer.
2. However, if the FFIRG considers that the urgency of a case is such that separate reports are impractical, it may instruct a joint internal/external investigation. In such cases the FFIRG should ensure that the respective roles are clearly defined. No process should conflict with policies or processes in place within SDS.
3. The FFIRG should consider carefully the terms of reference of any investigative work it decides is necessary to establish the facts.
4. Investigations should not be restricted solely to allegations against an employee that may lead to an allegation of gross misconduct or in the case of a claimant/supplier, fraud/financial irregularity. If there is a possibility that instances of serious misconduct or maladministration (e.g. misconduct other than fraud/financial irregularity) may also have occurred, these should be investigated at the same time as the fraud/financial irregularity allegations.
5. The terms of reference agreed by the FFIRG for any investigation should not preclude the reporting of any evidence of fraud or serious misconduct/mal administration which was not identified in the initial report to the FFIRG.
6. Where the FFIRG decides an investigation by a third party Investigating Officer is required:
 - For internal fraud the Head of HR should be involved in the appointment of the third party Investigating Officer.
 - For external fraud the Head of Compliance should be involved in the appointment of the third party Investigating Officer.
 - In both cases, the FFIRG Chair will be informed in advance of the proposed appointment for comment/endorsement.
7. The Investigating Officer should be at least equivalent to SDS 6 level with the ability to gather and analyse evidence and have previous experience of investigative work. In addition, depending on the case, they will need specialist knowledge such as a good understanding of HR policies and procedures and/or regularity and propriety issues.
8. Normally the Investigating Officer will be a person who has not had close personal or work-related ties with the employee or organisation under investigation. The Investigating Officer should not have any personal relationship, past or present, with the employee or organisation being investigated or with that employee's immediate family. Investigating Officers should be required to declare that they have no such interests in the case.
9. The Investigating Officer is expected to take account of any Compliance, HR reports or other relevant work. Where such work has been undertaken, the Investigating Officer must consult with Compliance or HR on their preliminary findings before reporting back to the FFIRG. Where material differences are identified between the findings of Compliance, HR and the Investigating Officers findings, these should be discussed, and wherever possible resolved, before the Investigating Officer reports formally to the FFIRG. In the event of the FFIRG receiving conflicting reports, it may decide to instruct further investigations.