

Item:
19



Report to Partnership Meeting 25 April 2025

PARTNERSHIP

HITRANS Anti-Bribery and Anti-Fraud Policies and Procedures Update

Purpose of Report

The Report seeks approval from the Partnership for updates to three policies and procedures that were introduced in 2013 in relation to Bribery, Corruption and Fraud Prevention.

Background

The requirement for public sector bodies to have rigorous policies covering financial management, control and personnel means that HITRANS as a statutory Regional Transport Partnership is required to have the same range of policies as much larger organisations. In complying with this requirement HITRANS receives support from Comhairle nan Eilean Siar on legal and personnel matters while Highland Council provide support to our finance functions.

HITRANS work closely with our partner Councils and the other model 1 Regional Transport Partnerships in meeting our obligations in producing policies and procedures to support the work of the Partnership.

As part of the Planning Process in advance of the 2024/25 Audit of HITRANS Accounts colleagues at Audit Scotland noted a number of policies that have become dated and need review. These include policies and procedures that guide the work of the Partnership in managing the risk of Bribery, Fraud and Corruption which date back to April 2013. This report asks Members to consider and approve the following updated policies and procedures:

- Anti-Bribery Policy
- Anti-Bribery Procedure
- Anti-Fraud and Anti-Corruption Policy.

Anti-Bribery Policy

The Policy applies to all employees and covers all activities undertaken by HITRANS. In our dealings with third parties, we will promote the adoption of practices and arrangements consistent with the principles set out in this policy.

The updated Anti-Bribery Policy is attached as Appendix A of this report.

Anti-Bribery Procedure

The Anti-Bribery Procedure should be read in conjunction with HITRANS's Anti Bribery Policy and Anti-Fraud and Corruption Policy. The procedure is intended to provide a tool for assessing and mitigating risk of bribery.

The full Procedure is included as Appendix B to this report.

Anti-Fraud and Anti-Corruption Policy

The Anti-fraud and Anti-corruption policy forms part of the HITRANS's governance arrangements. Its aim is to ensure that the Partnership's resources are used for their intended purpose and that any losses through fraud and corruption are minimised.

The Anti-Fraud and Anti-Corruption Policy is included as Appendix C to this report.

RISK REGISTER

RTS Delivery
Impact – Neutral

Policy
Impact - Neutral

Financial
Impact – Neutral

Equality
Impact –Neutral

Recommendation

1. Members and are asked to note the report.
2. Members are asked to approve the updated Anti-Bribery Policy (Appendix A)
3. Members are asked to approve the updated Anti-Bribery Procedure (Appendix B)
4. Members are asked to approve the updated Anti-Fraud and Anti-Corruption Policy (Appendix C).

Report by:	Ranald Robertson
Designation:	Partnership Director
Date:	2 nd April 2025
Background Paper:	Appendix A – Anti-Bribery Policy Appendix B - Anti-Bribery Procedure Appendix C - Anti-Fraud and Anti-Corruption Policy

Appendix A – Anti-Bribery Policy



ANTI-BRIBERY POLICY

(Covering all employees)

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April 2025

1. Introduction

1.1 HITRANS is committed to maintaining the highest standards of integrity in its operations and dealings. We recognize that bribery and corruption undermine business ethics, fair competition, and the reputation of the organization. In alignment with this commitment, we uphold all applicable anti-bribery laws, including the UK Bribery Act 2010 and any other relevant legislation.

1.2 Bribery in any form will not be tolerated. Employees and anyone acting on behalf of HITRANS must adhere to our zero-tolerance stance on bribery, and any substantiated violations will lead to disciplinary action, including dismissal, where applicable.

1.3 This Policy provides essential principles and guidelines to ensure HITRANS complies with legal requirements and operates ethically. Employees have a shared responsibility to follow these principles, ensuring that bribery and corruption do not take place within the organization.

1.4 This Policy should be read alongside HITRANS's Anti-Bribery Procedures, Anti-Fraud and Corruption Policy, and the Employee Code of Conduct.

1.5 Employees are encouraged to report concerns of bribery or corruption and provided with guidance on how to handle these situations.

2. Scope

2.1 This Policy applies to all employees of HITRANS and covers all activities, whether business-related or personal, that may have an impact on the organization.

2.2 In our dealings with third parties, contractors, and external partners, HITRANS will encourage the adoption of practices consistent with this anti-bribery policy.

3. Compliance

3.1 All employees must confirm that they have read, understood, and agreed to comply with this Policy at the point of employment, with an annual confirmation thereafter.

3.2 Non-compliance with this Policy may lead to disciplinary action, including dismissal, depending on the severity of the violation.

4. What is Bribery?

4.1 Bribery involves offering, giving, receiving, or soliciting anything of value to influence the actions of a person or organization, for the purpose of gaining a personal, commercial, regulatory, or contractual advantage.

4.2 Bribes can take many forms, including money, gifts, services, or hospitality.

4.3 Bribery is a criminal offense under the Bribery Act 2010 and other relevant laws, with penalties ranging from imprisonment to unlimited fines.

4.4 HITRANS will ensure that it takes reasonable steps to prevent bribery, and failure to do so may expose the organization to legal liability.

5. HITRANS Position on Bribery

5.1 HITRANS strictly prohibits employees and anyone acting on behalf of the organization from offering, accepting, or engaging in bribery or unlawful inducements.

5.2 Using intermediaries, such as third-party agents or consultants, to facilitate bribery is also prohibited.

5.3 HITRANS is committed to preventing bribery by:

- Establishing appropriate controls and procedures to reduce bribery risks.
- Educating and training employees on the risks of bribery and how to avoid them.
- Encouraging employees to report concerns about bribery or corruption.
- Investigating and acting on instances of suspected bribery.
- Enforcing strong disciplinary measures against employees involved in bribery.
- Including anti-bribery clauses in employee contracts and commercial agreements.

6. Preventing Bribery – Adequate Procedures

6.1 To comply with the Bribery Act 2010, HITRANS must ensure it has implemented “adequate procedures” to prevent bribery. The adequacy of procedures will depend on the organization's size, risks, and complexity.

6.2 HITRANS's anti-bribery measures are based on six key principles as recommended by the UK government:

- **Top-Level Commitment:** HITRANS leadership demonstrates a commitment to preventing bribery.
- **Risk Assessment:** HITRANS will regularly assess bribery risks across its operations.
- **Proportionate Procedures:** Anti-bribery procedures will be proportionate to the identified bribery risks.
- **Due Diligence:** Third parties and business partners will be subject to thorough due diligence processes.
- **Communication:** Anti-bribery policies will be communicated to all employees, contractors, and partners.
- **Monitoring and Review:** HITRANS will continuously monitor and review its anti-bribery procedures to ensure effectiveness.

6.3 The Anti-Bribery Procedure offers detailed guidance on how to assess and mitigate bribery risks, aligning with the six principles outlined above.

7. Employee Responsibilities

7.1 Employees must read and understand this Policy and the related Anti-Bribery Procedure and seek advice if unsure about any situations that might involve bribery.

7.2 All employees are responsible for:

- Complying with this Policy.
- Avoiding actions or behaviours that might lead to or suggest bribery.
- Seeking advice before accepting gifts or hospitality.
- Reporting any concerns or suspicions about potential bribery or corruption.

7.3 Employees must not:

- Offer, give, or accept bribes, gifts, or hospitality with the intention of gaining an unfair advantage.
- Engage in bribery through third parties or intermediaries.
- Accept bribes from others, regardless of the form (monetary or otherwise).

7.4 If employees are unsure about the appropriateness of a situation, they should consult with their line manager or the designated ethics officer.

8. Consequences of Improper Behaviour

8.1 Any allegations of bribery will be investigated thoroughly and may lead to disciplinary action, up to and including dismissal.

8.2 HITRANS will report all instances where criminal behaviour may have occurred to the relevant authorities.

8.3 Where financial losses are incurred due to bribery, HITRANS will pursue recovery actions, where possible.

9. Gifts & Hospitality

9.1 Gifts, hospitality, or favours, particularly those that may influence or appear to influence business decisions, may be construed as bribes.

9.2 Employees must exercise caution when offering or accepting gifts or hospitality and should always consider the potential for any conflict of interest.

9.3 Small, token gifts or hospitality may be appropriate, but employees should always seek approval from their manager before accepting or offering anything of value.

9.4 All gifts or hospitality beyond small, token items should be recorded in the Gifts and Hospitality Register to ensure transparency.

10. Review

10.1 This Policy and the associated Anti-Bribery Procedure will be reviewed regularly to reflect organizational changes, legislative updates, and evolving best practices in anti-bribery and corruption prevention.

10.2 HITRANS will make amendments as necessary to ensure that its approach to bribery remains effective and aligned with the highest standards of corporate governance.

Policy Reviewed and Updated on 2 April 2025

This updated Anti-Bribery Policy is effective from 7 April 2025

Appendix B - Anti-Bribery Procedure



ANTI-BRIBERY PROCEDURE

(covering all employees)

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10. Appendix B – Additional Resources

April 2025

1. Introduction

1.1 This Procedure should be read in conjunction with HITRANS's Anti-Bribery Policy and Anti-Fraud and Corruption Policy.

1.2 This procedure is designed to provide a comprehensive framework for identifying, assessing, and mitigating bribery risks within HITRANS and ensuring compliance with the Bribery Act 2010.

1.3 Regular reviews of this procedure will ensure it reflects current legal guidelines, organisational developments, and risk environment.

2. The Bribery Act 2010

2.1 The Bribery Act 2010 came into force on 1 July 2011 and remains a fundamental piece of legislation that guides anti-bribery measures in the UK.

2.2 Under the Act, HITRANS is legally required to put in place adequate procedures designed to prevent bribery by or of persons associated with the organisation. This includes contractors, employees, agents, and third parties acting on HITRANS's behalf.

2.3 Failure to comply could result in criminal liability, both for individuals and the organisation, which may include significant fines and custodial sentences.

2.4 The Act is based on six principles, which are reflected in the procedural steps:

- Top Level Commitment
- Risk Assessment
- Proportionate Procedures
- Due Diligence
- Communication
- Monitoring and Review

3. Step 1 – Establish Responsibility for Bribery Prevention Measures

3.1 The Partnership Director has overall responsibility for ensuring that HITRANS complies with the Bribery Act 2010 and for overseeing the implementation of anti-bribery measures across the organisation.

3.2 HITRANS will designate an Anti-Bribery Officer (or team) to assist in the daily management and implementation of the procedure. This individual/team will also be responsible for the continuous training of employees and the monitoring of compliance.

4. Step 2 – Carry Out a Risk Assessment

4.1 A comprehensive risk assessment should be carried out regularly to identify areas where HITRANS might be vulnerable to bribery.

4.2 The risk assessment will consider the nature of HITRANS's business activities, geographical locations, relationships with third parties, and the potential value and complexity of transactions.

4.3 A key aspect of the risk assessment is its annual review and updates to ensure all emerging risks are addressed. This may include:

- Transactions: Risk of bribery related to high-value or complex transactions.
- Business Areas: Sectors or regions with high bribery risk.
- Third Parties: Relationships with contractors, suppliers, and partners.

4.4 Risk levels should be assigned to different activities, and resources should be allocated accordingly to mitigate risks effectively.

5. Step 3 – Implement Proportionate Bribery Prevention Measures

5.1 Based on the risk assessment, HITRANS will implement anti-bribery measures that are proportionate to the risks identified. These measures will aim to:

- Minimise exposure to bribery.
- Ensure that all transactions are transparent and compliant.
- Maintain strict controls over expenses, hospitality, and procurement practices.

5.2 Specific controls may include:

- Comprehensive due diligence procedures for suppliers and contractors.
- Clear approval processes for financial transactions.
- Anti-bribery clauses in all contracts and agreements.

6. Step 4 – Review Due Diligence Measures

6.1 Due diligence involves assessing and monitoring any third parties HITRANS works with to ensure they comply with anti-bribery standards. This includes vetting suppliers, contractors, and potential business partners.

6.2 HITRANS should ensure its due diligence processes are:

- Thorough and documented.
- Proportionate to the level of risk posed by the business relationship.

6.3 It is also crucial to ensure that appropriate monitoring and auditing of third parties continues throughout the lifespan of any contractual or business relationship.

7. Step 5 – Communication and Training

7.1 Internal Communication: The Anti-Bribery Policy and Procedure will be communicated regularly to all employees via internal communications channels, such as team briefings, emails from senior management, and training modules.

7.2 External Communication: HITRANS will also communicate its anti-bribery stance to all third parties, including contractors, suppliers, and partners, and ensure that they understand and comply with similar anti-bribery standards.

7.3 Training: All staff will undergo annual training on the importance of anti-bribery measures and how to recognise and report potential bribery. Specific training will be provided to staff in higher-risk areas.

7.4 Ongoing Awareness: Continuous communication will ensure that anti-bribery policies are maintained at the forefront of employees' minds, particularly as the risk landscape evolves.

8. Step 6 – Monitoring and Review

8.1 The Partnership Director will ensure that the Anti-Bribery Procedure is regularly reviewed to incorporate:

- Updates to the Bribery Act or any new legislation.
- Results of audits, investigations, and employee feedback.
- Changes in HITRANS's operations or risk profile.

8.2 Reviews will ensure the effectiveness of the procedure and identify opportunities for improvement. Annual monitoring reports will be prepared and discussed at senior management meetings.

Appendix C - Anti-Fraud and Anti-Corruption Policy



HITRANS – Anti-fraud and Anti-corruption Policy

Introduction

The Anti-fraud and Anti-corruption Policy forms part of HITRANS's governance framework and aims to ensure that the Partnership's resources are used for their intended purpose, minimizing losses through fraud, corruption, and unethical behavior. This policy outlines the Partnership's commitment to fostering an anti-fraud culture and maintaining high ethical standards in the administration of public funds. It is part of the framework, which will:

- Encourage fraud deterrence and prevention.
- Ensure that there are adequate arrangements to prevent bribery of Partnership staff and Members.
- Raise awareness of fraud and corruption and promote their detection.
- Govern the performance of investigations and facilitate the recovery of any losses to the Partnership.
- Invoke disciplinary proceedings and referral to law enforcement authorities, such as the Police and/or Procurator Fiscal, as appropriate.
- Regularly review the policy and update as required to address emerging threats and best practices.

This policy outlines the approach within the Partnership and defines the roles and responsibilities for dealing with the threat of fraud and corruption, both internally and externally. It applies to:

- Employees
- Members
- Agency staff
- Contractors
- Consultants
- Suppliers
- Service users
- Staff and committee members of organizations funded by the Partnership
- Staff and principals of partner organizations.

The Partnership expects a high standard of conduct from its employees and Members. It also requires all individuals and organizations with whom it deals, in any

capacity, to behave towards the Partnership with integrity, refraining from actions involving fraud or corruption.

This updated policy is designed to address the contemporary challenges that have emerged since 2013, such as digital fraud, procurement risks, and the importance of third-party due diligence, while maintaining a strong focus on prevention, detection, and investigation.

Definitions

For the purposes of this policy, the following definitions are used:

Fraud – "The intentional distortion of financial statements and other records, and the misappropriation of assets." This may include:

- Falsification or alteration of accounting records or other documents.
- Misappropriation of assets or theft.
- Suppression or omission of the effects of transactions from records or documents.
- Recording transactions that have no substance.
- Wilful misrepresentation of transactions or the Partnership's state of affairs.

Corruption – "The offering, giving, soliciting, or accepting of any inducement or reward (bribe) which could influence the actions taken by the Partnership, its members, or staff." Activities susceptible to corruption and bribery include:

- Contracts
- Disposal of assets
- Planning consents and licences

- Benefit fraud – "Knowingly obtaining housing and/or Partnership tax benefit to which there is no or a lesser entitlement."

Contemporary Challenges and Additional Considerations

Given the evolving landscape of fraud and corruption, the following contemporary issues must also be considered:

- **Cybercrime and Digital Fraud:** As technology continues to evolve, cybercrime, including phishing, hacking, and other forms of digital fraud, has become a growing concern. The Partnership must address the risk of online financial fraud, data breaches, and the misuse of digital systems. The policy should reflect the importance of cybersecurity measures to prevent digital fraud.
- **Procurement Fraud:** With an increasing number of public contracts and partnerships, the risk of procurement fraud has risen. This includes bribery, kickbacks, or collusion during procurement processes. The policy should address the importance of transparency, rigorous due diligence, and oversight in procurement activities to prevent procurement fraud.

- **Whistleblowing Mechanisms:** The policy should emphasize the importance of secure, anonymous whistleblowing mechanisms. Employees, contractors, and other stakeholders must feel confident in reporting fraudulent or corrupt behavior without fear of retaliation.
- **Third-party Risks:** As organizations engage more with third-party suppliers, contractors, and service providers, the potential for corruption and fraud by third parties increases. The policy should outline the responsibility of ensuring anti-fraud and anti-corruption measures extend to third-party relationships, including vetting and monitoring.

Prevention

The Partnership recognizes that everyone has a role in preventing fraud and corruption. The following key groups are involved in prevention:

- **Employees:** Employees are often the first line of defense in preventing fraud and corruption. Recruitment and selection will adhere to the Partnership's policies, ensuring appropriate references and, where applicable, Disclosure Scotland checks. Employees must remain vigilant and report concerns of fraud or corruption through the appropriate channels, including their Line Manager or HR Advisor.
- **Management:** Management must ensure robust systems and internal controls are in place, including up-to-date financial regulations, contract standing orders, and a scheme of delegation. Regular training on fraud prevention will be provided, and management will ensure that the risk of fraud is assessed regularly.
- **Third-party Due Diligence:** The Partnership will conduct due diligence when engaging with third-party vendors, contractors, and suppliers to ensure that they adhere to anti-fraud and anti-corruption standards. Regular audits and monitoring should be implemented to ensure compliance.

Deterrence

To deter possible fraud and corruption, the Partnership will maintain appropriate systems of internal control. Section 95 of the Local Government (Scotland) Act 1973 requires all Local Authorities to have adequate systems and controls to ensure the proper administration of their financial affairs. The Partnership's Financial Regulations, supported by relevant guidance notes, Contract Standing Orders, and Scheme of Delegation, provide the framework to address this.

Additionally, management must ensure the implementation of sound financial systems and procedures, incorporating efficient and effective internal controls. This may include documented operating procedures and separation of duties as a fundamental control.

Detection and Investigation

Any suspected fraud or corruption should be reported to the Partnership Director in line with the Partnership's Financial Regulations. Investigations will follow established protocols to ensure a consistent and thorough approach. Where evidence of wrongdoing is found, appropriate disciplinary actions will be taken, and law enforcement may be engaged if necessary.

Investigations will also identify control weaknesses in the Partnership's procedures, which will be addressed through corrective actions and the production of a "control weaknesses" audit report.

Awareness and Training

This policy will be communicated to all employees, Members, and external stakeholders. It will be published on the Partnership's website and promoted through internal training sessions to ensure awareness.

The Partnership Director is responsible for ensuring all employees are aware of the policy and understand the importance of compliance. Ongoing training will be provided, especially in light of emerging risks such as cybercrime and procurement fraud.

Policy Review

This policy will be reviewed regularly to ensure it remains relevant in addressing contemporary fraud and corruption risks. Adjustments will be made as necessary to account for evolving challenges, legal changes, and best practices. The Partnership is committed to continuous improvement in its anti-fraud and anti-corruption efforts.

Policy Reviewed and Updated on 2 April 2025

This updated Anti-Bribery Policy is effective from 25 April 2025