

## CLYDESDALE HOUSING ASSOCIATION LIMITED

**Policy:** Fraud & Corruption Policy

**Date:** 29 May 2019

**Lead Officer:** Chief Executive

**Review Date:** May 2022

**Regulatory Standards:** **Standard 4**  
The governing body bases its decisions on good quality information and advice and identifies and mitigates risk to the organisation's purpose.

**Standard 5**  
The RSL conducts its affairs with honesty and integrity.

### **Regulatory Guidance:**

- 4.3 The governing body identifies risks that might prevent it from achieving the RSL's purpose and has effective strategies and systems for risk management and mitigation, internal control and audit.
- 5.1 The RSL conducts its affairs with honesty and integrity and, through the actions of the governing body and staff, upholds the good reputation of the RSL and the sector.
- 5.6 There are clear procedures for employees and governing body members to raise concerns or whistleblow if they believe there has been fraud, corruption or other wrongdoing within the RSL.

**Clydesdale Housing Association will provide this policy on request at no cost, in large print, in Braille, in audio or other non-written format, and in a variety of languages.**



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## **1. INTRODUCTION**

- 1.1 Clydesdale Housing Association attaches great importance to the proper management of our money. Our employees and Management Committee members are expected to be honest at all times, to be accountable for their actions and to submit themselves to scrutiny when required. We also expect other parties, organisations and individuals with whom we have business dealings to operate based on the same standards.
- 1.2 Consequently, we are committed to dealing firmly with all instances of fraud, theft, bribery, corruption or any other attempted financial malpractice.
- 1.3 We will treat attempted fraud and corruption in the same manner as actual fraud and corruption.
- 1.4 This policy sets out our framework for preventing, detecting and responding to any such instances.

## **2. SCOPE OF THE POLICY**

- 2.1 This policy applies to:
  - all employees;
  - Management Committee Members;
  - any other 'associated persons' including temporary workers, consultants, contractors, suppliers and any other person or body or subsidiary organisation engaged to act for us, or on our behalf.
- 2.2 Every employee, Management Committee member and associated person is responsible for maintaining the highest standards of personal, ethical and business conduct. Any breach of this policy is likely to constitute a serious disciplinary, contractual and criminal matter for the individual concerned and may cause serious damage to our reputation and standing.

## **3. PREVENTION AND DETECTION**

- 3.1 To assist in the prevention and detection of fraud and other financial malpractice, senior staff will:
  - Develop an open, honest and transparent working culture and environment
  - Operate a sound system of internal control
  - Highlight and attend to areas of special risk.
- 3.2 The starting point for successful prevention and detection is to create a culture which rejects impropriety, values honesty and puts the protection of the public interest first. It is achieved by senior staff operating with the core values of integrity, trust and openness and by requiring all their staff to do the same.
- 3.3 Employees, Management Committee members and associated persons will be encouraged to raise any concerns in relation to financial irregularities and malpractice. They will be made to feel any concerns will be taken seriously and know that, as long as the allegations are not malicious, they will not suffer as a result of raising them. Our Whistleblowing Policy sets out the way in which individuals can raise any concerns that they may have about the conduct of others in the organisation or the way in which the organisation

is run. The Whistleblowing Policy also provides for situations where the person to be investigated would normally be the investigator.

3.4 Employees, Management Committee members and associated persons are required to report when they have reason to believe that one or more of the following has occurred or is likely to occur:

- A criminal offence
- Failure to comply with a statutory or legal obligation
- Improper use of funds
- A miscarriage of justice
- Maladministration, misconduct, or illegal activity
- Endangerment of a person's health and safety
- Damage to the environment
- Deliberate supply of misleading and/or inaccurate information
- Deliberate concealment of any of the above.

3.5 To specifically set out our approach to preventing and prohibiting bribery in accordance with the Bribery Act 2010, we also have in place an Anti-Bribery Policy which must also be complied with by all employees, Management Committee members and associated persons or organisations acting for us or on our behalf.

3.6 We will operate a sound system of internal financial control designed to deliver our business objectives, protect staff and prevent misconduct. Staff will be made aware that failure to operate these internal controls is a serious, potentially disciplinary, matter.

3.7 Employees and Management Committee Members will be made aware of their obligations in respect of this policy as part of their induction training.

3.8 We will also consider what special risks occur in aspects of our business operations and make arrangements to manage these. Examples of higher risk areas include, but are not limited to:

- Access to on line banking, cash and cheques
- Ability to influence fees and charges (including writing off)
- Tendering and award of contracts
- Decisions on the award of services to individuals, including housing allocations
- Granting of permissions/approvals
- Acquisition, use and disposal of assets
- Ability to raise payments
- Claims (expenses, timesheets).

#### **4. INVESTIGATION OF IRREGULARITIES**

4.1 Any financial irregularities intimated or discovered must be reported to the Chief Executive, who will arrange for a formal investigation to be undertaken.

Any case potentially implicating the Chief Executive must be reported to the Chairperson of the Management Committee, who will appoint an Investigating Officer.

- 4.2 The purpose of the investigation is to establish the facts of who and what are involved in any potential irregularity. Professional advice on the investigation of financial irregularities will be obtained wherever required.
- 4.3 It is essential that strict confidentiality is maintained to avoid prejudicing the case and the rights of those concerned. Action should be taken to secure all evidence which might be needed to take the matter further.
- 4.4 The investigation must be controlled and fully documented. The key stages in the investigation process are:
  - Review and evaluate the evidence that any irregularity has occurred;
  - Decide whether any members of staff need to be suspended or otherwise restricted from access to any premises or facility on a protective basis while the investigation continues;
  - Establish the characteristics of normal operations as a comparator to what has been occurring;
  - Identify all anomalies, the timeframe over which they occur, and who was involved;
  - Formally interview staff to obtain their account of events, asking them to sign (without duress) the written record of the interview with which they concur;
  - Act to address any immediate deficiencies in the control arrangements;
  - Identify whether any members of staff have behaved improperly;
  - Prepare a formal report.
- 4.5 A decision on whether suspension is appropriate while an investigation is ongoing will be made by the Chief Executive or in cases where the Chief Executive is implicated, by the Chairperson of the Management Committee on the advice of the appointed Investigating Officer.

## **5. SANCTIONS**

- 5.1 Theft, fraud and corruption are serious offences and (following proper process) employees could face disciplinary action if there is evidence they have been involved in anything of this kind. Similarly, Management Committee members could face appropriate sanctions including removal from the Management Committee. Such action will not be delayed whilst awaiting the outcome of criminal or civil proceedings unless there are exceptional circumstances (e.g. on Police advice).
- 5.2 Where there are grounds to believe a criminal act has taken place the matter will be referred to the Police under a formal complaint without delay. There may also be times where early Police involvement will be deemed necessary because an investigation cannot make progress without their participation, and appropriate professional advice will be obtained to determine this if necessary.

- 5.3 The standard of proof required for a criminal prosecution is considerably higher than the 'reasonableness' test required for a disciplinary sanction. Therefore, in some circumstances a disciplinary hearing may be the only proposed course of action.

## **6. RECOVERY**

- 6.1 A key objective in dealing with financial irregularities is the full recovery of any loss. There are a number of routes available depending on the circumstances of the case.
- 6.2 It is acceptable to seek repayment directly from the employee concerned. This will not generally affect a Court case because, if a criminal act was involved, repayment does not alter this fact. Where repayment is to be made in this way, it should be made clear to the employee that such an arrangement will not affect our right to refer the matter to the Police, nor does it represent acceptance that the sum settled is the only amount of loss. Where involved, the Police should be advised of any restitution made.
- 6.3 A claim under our insurance policy does not depend on there being a Court case but there must be a demonstrable financial loss. If a claim is made the insurance company have the right to instigate their own action through the Courts to obtain redress against the individual.
- 6.4 If the case is going to Court after a formal complaint, we will ask the Procurator Fiscal to seek a compensation order to cover the loss.

## **7. REPORTING**

- 7.1 All incidents will be added to the Register of Fraud, Corruption, Bribery and Whistleblowing which will be presented to each meeting of the Association's Audit and Risk Sub Committee. The Register will include the date and description of any such incident, the outcome of the investigation and subsequent action taken. The Sub Committee will provide oversight of the Register ensuring that all cases are handled within the terms and timescales set out in the Policy. An annual report on any alleged, detected or attempted fraud, corruption or malpractice will be provided to the Management Committee.
- 7.2 All cases will be notified to the Scottish Housing Regulator without delay and in accordance with our policy and regulatory guidance regarding Notifiable Events. Notifiable events include (but are not limited to) fraud or the investigation of fraud; serious financial loss, actual or potential; a serious complaint, allegation, investigation or disciplinary action relating to the Management Committee or senior staff; a breach of the regulatory standards.
- 7.3 We are required to report all financial irregularities to our external auditors and in some cases to our Insurers and this will be undertaken in writing without delay.

## **8. RISK MANAGEMENT**

- 8.1 We will include the prevention, detection and prohibition of fraud and corruption in our annual risk assessment to help identify employees or officers who are in positions where they may be exposed to fraud and corruption and to raise awareness of this policy.
- 8.2 Through this process, we will identify high-risk areas and measures for controlling the risk of fraud and corruption. For example, paying invoices, handling cash and awarding contracts.
- 8.3 We will monitor and communicate with employees, Management Committee members and associated persons in posts assessed as higher risk on their obligations and requirements under this policy and our zero-tolerance approach to fraud.
- 8.4 We will seek to reduce or eliminate wherever possible the risk of an employee, Management Committee member or associated person responding to an inducement or fraud and corruption (financial or otherwise) in managing, reviewing and introducing systems, processes and procedures. This includes, but is not restricted to, activities such as housing allocation, procurement and recruitment and promotion.

## **9. EQUALITY, DIVERSITY AND INCLUSION**

- 9.1 We aim to promote equality and diversity and operate equal opportunities policies which inform all aspects of our business. We will ensure that we adhere to the Equality Act 2010 by being committed to equal and fair treatment for all and opposed to any form of unlawful discrimination.
- 9.2 In the application of this policy, no one will be treated differently or less favourably than others because of any of the protected characteristics as listed in the Equality Act 2010:
- age;
  - disability;
  - gender reassignment;
  - marriage and civil partnership
  - pregnancy and maternity;
  - race;
  - religion or belief;
  - sex;
  - sexual orientation;
- 9.3 Upon request, we will make information about this policy available in alternative formats, such as large print, audio, Braille, and community languages.

**10. POLICY REVIEW**

- 10.1 This policy will be reviewed every 3 years unless key changes are required earlier to comply with legislation, guidance or new learning
- 10.2 Where references are made to specific job titles, roles, groups or committees, such references shall be deemed to include any changes or amendments to these job titles, roles, groups or committees resulting from any restructuring or organisational changes made between policy reviews.

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| <b>Approved by the Committee of Management on:</b> |                                     |
| <b>Signed:</b>                                     | <b>Signed:</b>                      |
| <b>Secretary/Chairperson</b>                       | <b>Chief/Depute Chief Executive</b> |