

# Group Fraud, Corruption and Bribery Policy

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Approval body	Group Audit Committee
Date of approval	14 August 2024
Review Year	2027
Customer engagement required	No
Trade union engagement required	Yes – For information
Equality Impact Assessment	No

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## **1. Introduction**

The Wheatley Housing Group and all of its Subsidiaries (“the Group”) is committed to conducting its operations with honesty and integrity and will treat all reports of suspected fraud, corruption and bribery seriously. The Group has zero tolerance for fraud and all alleged instances will be investigated, in any area of activity.

The Group Fraud, Corruption and Bribery Policy (the Policy”) is intended to provide staff and Board members with guidance about their responsibilities with regard to fraud prevention, including how to report suspected fraud and how management will act on reported allegations.

## **2. Policy Aims**

Fraud is an ever-present threat to the resources and reputation of the Group. Fraud may occur internally or externally and may be perpetrated by Board members, staff, customers, consultants, suppliers, contractors or development partners, or others; individually or in collusion with others.

The Group requires all Board members and staff (including temporary workers, agency staff and contractors) to act honestly and with propriety and integrity at all times, and to safeguard the public and private resources for which the Group is responsible.

The highest standards are also expected from all organisations that have dealings with the Group. Suppliers, contractors, consultants, partners and other organisations funded by the Group are therefore expected to adopt or abide by Group policies, procedures, protocols and codes of practice. The Group will consider the extent to which it has further involvement with any organisation that fails to abide by the expected standards.

This Policy:

- Describes the responsibilities of all Board members and staff in relation to the prevention and detection of fraud, corruption, and bribery;
- Sets out the responsibilities of staff and managers in relation to fraud, corruption and bribery training, and the application of this policy;
- Informs Board members and staff about signs of fraud, corruption or bribery so that they can exercise vigilance;
- Describes the process for reporting of any suspicions of fraud, corruption or bribery; and
- Describes the process for investigation of reported suspicions.

### ***Legal and Regulatory Framework***

This Policy takes account of relevant legal and regulatory requirements including:

- Bribery Act 2010;
- Criminal Finance Act 2017;
- Proceeds of Crime Act 2002;
- Economic Crime and Corporate Transparency Act 2023;

- Scottish Housing Regulator – Regulatory Standards of Governance and Financial Management; and
- National Care Standards.

Fraud is a **common law offence** in Scotland and therefore does not have a legal definition. However, the Fraud Act 2006 provides a useful definition which can be referred to. A person commits a fraud if they intend to make a gain for themselves or another, cause loss to another or to expose another to a risk of loss by:

- dishonestly making a false representation;
- dishonestly failing to disclose to another person information which they are under a legal duty to disclose; or
- dishonestly abusing a position that they occupy in which they are expected to safeguard, or not to act against, the financial interests of another person.

The **Bribery Act 2010**, which came into force 1st July 2011, also introduces a corporate offence of failing to prevent bribery, which requires adequate procedures to be in place and appropriately supported from the very top of the organisation.

The **Criminal Finance Act 2017** sets out that ‘relevant bodies’ should be criminally liable where they fail to prevent those who act for, or on their behalf, from criminally facilitating tax evasion. A relevant body is a company or partnership. Those who act for the relevant body are ‘associated persons’ (these can be an employee, agent, subcontractor or anyone performing services for on behalf of the relevant body).

The **Proceeds of Crime Act 2002** includes legislation related to money laundering offences, which can be seen as a type of fraud. The Group’s “*Group Anti-Money Laundering and Counter-Terrorism Policy*” provides more detail about these offences and how to report any suspicions of money laundering.

The **Economic Crime and Corporate Transparency Act 2023** includes a new failure to prevent fraud offence to hold organisations to account if they profit from fraud committed by their employees. Under the new offence, an organisation will be liable where a specified fraud offence is committed by an employee or agent, for the organisation’s benefit, and the organisation did not have reasonable fraud prevention procedures in place.

### ***Corporate Framework and Culture***

The Group has a wide range of interrelated policies, protocols, codes, rules, procedures, manuals and other guidance documents that provide a corporate framework to counter the possibility of fraudulent activity and / or bribes. These take account of relevant legislative requirements and regulatory standards and include:

- Financial Regulations and the Group Standing Orders;
- Group Whistleblowing Policy;
- Group Anti-Money Laundering and Counter-Terrorism Financing Policy;
- Group Policy on Gifts, Hospitality, Payments and Benefits;
- Employee Code of Conduct;
- Board Members’ Codes of Conduct;
- Group Data Protection Policy;

- Physical Security Policy; and
- Disciplinary Policies.

### ***Policy Review***

This Policy shall be reviewed at least every three years and more frequently where, for example, there is a need to respond to new legislation/policy guidance. Reviews will consider legislative, performance standard and good practice changes.

The Group will publish this Policy on our staff intranet, WE Connect, and on our website. A hard copy is also available on request. Customers may also request a copy of the Policy in other formats and community languages.

### **3. Policy Scope**

This Policy applies to all of the Group's activities. For partners, joint ventures and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this Policy.

The responsibility to control the risk of fraud, corruption and bribery occurring resides at all levels of the Group and this Policy covers all Board and Committee Members, employees, contractors and consultants.

The Group recognises that the decision to report a concern can be a difficult one to make, not at least because of the fear of reprisal from those responsible for the malpractice. The Group will not tolerate harassment or victimisation and will take action to protect staff when they raise a concern which they believe to be true. The Group's Whistleblowing Policy provides a mechanism for raising such concerns.

Any Board member or employee committing a fraudulent act or found to be involved with bribery in the performance of their duties, will be subjected to the Group's disciplinary procedures and may be reported to the Police. The internal action in relation to both Board members and employees will be in addition to any prosecution proceedings that might occur.

For the purpose of reporting, the following are defined as Notifiable Events by the Scottish Housing Regulator and the Care Inspectorate:

- Fraud or the investigation of fraud either internally, by the Police, or by an external agency or organisation;
- Serious financial loss; actual or potential;
- Default or financial difficulties of major suppliers or service providers;
- Serious and imminent potential cash flow issue;
- Any material reduction in stock or asset values; actual or potential; and
- Whistleblowing allegations.

### ***Roles and Responsibilities***

The **Group Chief Executive** carries overall responsibility for the maintenance and operation of this Policy, including establishment of procedures for the prevention and detection of fraud.

The **Director of Assurance** has delegated responsibility for management, review and improvement of the Policy, to whom all cases of suspected attempted and or actual fraud, corruption or bribery must be reported at the earliest opportunity.

The **Director of Governance** is responsible for notifying appropriate Regulators of all reports of fraud that result in a notifiable event, and how we are responding to them.

All **line managers** have day-to-day responsibility for the prevention and detection of fraud, corruption and bribery through:

- Identifying the risks to which systems, operations and procedures are exposed;
- Developing and maintaining effective controls to prevent and detect fraud; and
- Notifying the Director of Assurance of any potential fraudulent activity, impropriety or dishonest conduct by either staff or an external organisation such as a contractor, partner or customer.

When undertaking risk assessments as part of a biannual (or more frequent) review of risks; due diligence on a new partner, supplier or other associated person; or delivery of a new project, managers should consider financial crime. This means considering the motives and opportunities for any associated person to commit fraud, including tax evasion facilitation, and what controls can be used to mitigate these including communication plans, training and monitoring.

Staff from the Assurance team can provide advice and assistance on control issues and managers are encouraged to make use of this service.

All **staff members**, including managers, are responsible for:

- Familiarising themselves with the contents of this Policy and completing the Group's mandatory Business Ethics e-learning module.
- Acting with propriety in the use of Group resources and in the handling and use of Group funds whether they are involved with cash or payment systems, receipts or dealing with contractors, suppliers or customers; and
- Reporting details immediately to the Director of Assurance if they suspect or believe that there is evidence of irregular or improper behaviour or that a fraud may have been committed.

Staff should not accept gifts, hospitality or benefits of any kind from a third party which might be seen to compromise their personal judgement and integrity. Any potential conflicts of interest should be reported to their line manager or the Director of Assurance. Further guidance on all aspects of personal conduct and the acceptance of gifts and hospitality is contained in the Group Policy on Gifts, Hospitality, Payments and Benefits, Employee Code of Conduct and Board Members Codes of Conduct.

#### **4. Definitions**

The following definitions are provided for the purposes of this Policy and those who seek to commit fraudulent acts or bribes will be dealt with in accordance with this Policy:

**Fraud:** is the intentional use of deception by persons internal or external to the Group, which is carried out to obtain a financial advantage, or to deprive, disadvantage or cause loss to another party. The Fraud Act 2006 sets out three principal fraud offences:

- Fraud by false representation – e.g. providing false information on expense or overtime claim forms.
- Fraud by failing to disclose information – e.g. not declaring unspent criminal convictions in order to secure employment.
- Fraud by abuse of position – e.g. misappropriating and selling confidential data obtained through position.

The focus is on the dishonest behaviour of the subject and their intent to make a financial gain or cause a financial loss. The gain or loss does not have to succeed if there is intent.

**Theft:** is the dishonest appropriation of property belonging to another with the intention of permanently depriving the other of it. For example, retaining Group IT equipment provide to facilitate home-working after employment ends.

These definitions of fraud and theft cover such acts as deception, forgery, extortion (e.g. cyberattack), blackmail, conspiracy, collusion, embezzlement, false accounting / false representation, concealment of material facts, the offering of a gift or reward to influence a person's actions and misappropriation.

**Corruption:** is offering, giving, soliciting or acceptance of an inducement or reward which may improperly influence the action of any person.

**Bribery:** is offering, promising or giving someone a financial or other advantage to induce or reward that person to perform their functions or activities improperly; or requesting, receiving or accepting a bribe. A bribe is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.

## **5. How to report suspicious activity**

Advice and guidance on how to raise matters of concern can be obtained from the Group Assurance Team. All staff can contact the Director of Assurance ([ranald.brown@wheatley-group.com](mailto:ranald.brown@wheatley-group.com)) to discuss any concerns.

For minor issues, staff should normally raise concerns with their immediate line manager; unless they are not deemed an appropriate first contact or are the subject of the concern. In such instances, a more senior manager, the Head of Assurance or the Director of Assurance should be contacted.

For potentially serious and sensitive issues (e.g. corruption, bribery, fraud) the first step will be to approach the relevant Senior Manager. If that Senior Manager is the subject of the concern, a more senior Manager or the Director of Assurance should be contacted. If the concern refers to the Group Chief Executive, staff should raise the matter with the Chair of the Group Board. Line Managers conducting initial investigations should report the outcome of any investigations to the Director of



Assurance. The Group Whistleblowing Policy provides further guidance on alternative ways to raise concerns.

## **6. What happens to a raised concern**

The Group has a Fraud Response Plan which sets out a checklist of actions and a guide to follow in the event that fraud is suspected.

The purpose of the Fraud Response Plan is to provide guidance to employees and managers to define responsibilities for action and reporting lines in the event of suspected fraud or corrupt activity. The use of the plan should enable Wheatley Group to prevent loss of funds, recover losses and establish and secure the evidence necessary for any civil, criminal and/or disciplinary action.

**Appendix 1** sets out the Fraud Response Plan on a step-by-step basis. The steps set out in the Plan cover:

- Notifying suspected fraud, corruption or bribery;
- The investigation process;
- Securing evidence in legally admissible form;
- Liaison with Police and Internal Audit;
- Initiation of recovery action;
- Reporting process;
- Communication with the Scottish Housing Regulator/Care Inspectorate; and
- Lessons Learned.

Any incidents of suspected fraud will be recorded in the Group Fraud Register (the register). The register will be maintained by the Director of Assurance. The register will contain details of both attempted and detected frauds, corruption and or bribery and the actions taken. The register will also record the systems involved, in order to assist in the prevention of any recurrences.

Where required, we will also make regular reports to the Group Audit Committee / appropriate Board / Scottish Housing Regulator or Care Inspectorate on such incidents and action taken.

The Group views fraud very seriously. All instances will be investigated rigorously and promptly and appropriate action will be taken. Further advice may be obtained from the Director of Assurance by emailing either [Ranald.brown@wheatley-group.com](mailto:Ranald.brown@wheatley-group.com) or [Whistleblowing.Hotline@wheatleyhomes-glasgow.com](mailto:Whistleblowing.Hotline@wheatleyhomes-glasgow.com) . Concerns can also be raised by calling the Director of Assurance on **07391 019887**.

## **7. Equal Opportunities Statement**

This Policy complies fully with the Group's Equality and Diversity Policy. We recognise our pro-active role in valuing and promoting diversity, fairness, social justice and equality of opportunity by adopting and promoting fair policies and procedures.

We are committed to providing fair and equal treatment for all our stakeholders including tenants and will not discriminate against anyone on the grounds of race,

colour, ethnic or national origin, language, religion, belief, age, sex, sexual orientation, gender re-alignment, disability, marital status, pregnancy or maternity.

We check policies and associated procedures regularly for their equal opportunity implications. We take appropriate action to address inequalities likely to result or resulting from the implementation of the policy and procedures.

# Appendix 1 – Fraud Response Plan Process Map

## Fraud Response Plan

