



KINGDOM
Group

Anti Fraud Bribery & Corruption Policy

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Approved: August 2014
Next Review: August 2019

ANTI FRAUD, BRIBERY & CORRUPTION POLICY

1. Statement of Intent

This policy covers Kingdom Housing Association Limited and our subsidiary company Kingdom Initiatives Limited and will be referred to as 'Kingdom' throughout the policy, unless specifically stated.

This policy applies to all individuals working at all levels and grades, including senior managers, officers, directors, employees, consultants, contractors, agency staff, casual workers, seconded staff together with Committee and Board members (collectively "workers").

We are committed to the principles of good corporate governance and sustainability and will endeavour to develop fair and consistent policies, procedures and practices.

Kingdom is responsible for significant amounts of finance and other resources. There is a high overall value of organisational assets, there are large amounts of money received and paid out and there is a high volume of supporting contractual and financial transactions. There is always a risk that dishonest people will try to defraud Kingdom or its stakeholders.

This policy aims to raise awareness of the risks and the need to manage, monitor and control processes, mitigate risks and prevent fraud, bribery and corruption.

Procedures, practices and controls will be developed and implemented to ensure compliance with this policy.

In line with our commitment to equality and diversity, this policy can be made available in a variety of formats, including large print, translated into another language or other media. We will make any reasonable adjustments to assist you if you have a disability.

2. Definitions

Various definitions of Fraud, Bribery & Corruption exist, for the purposes of this policy the following is provided.

Fraud – 'any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain'.¹

Bribery – 'as giving or receiving a financial or other advantage, in connection with the improper performance of a position of trust, or a function that is expected to be performed impartially or in good faith'.²

Corruption – 'includes bribery, which is the offering, promise or giving and the requesting or accepting of a bribe'.³



3. Accountability

The Board of Management and Board of Directors have ultimate responsibility for directing the affairs of Kingdom.

The Board of Management of Kingdom are charitable trustees, with responsibility to ensure Kingdom is solvent, well run and delivers the charitable outcomes for the beneficiaries for which it has been set up.

Trustees also have a legal duty to safeguard the charity's money and assets and to act prudently.

The Senior Management Team (SMT) is responsible for ensuring that Kingdom's assets are protected and for the implementation of this policy.

To demonstrate accountability, the Board of Management, Board of Directors and SMT will therefore:

- Ensure there are appropriate internal and financial controls in place to make sure all funds are accounted for,
- Keep proper and adequate financial records,
- Take appropriate actions to protect funds,
- Act responsibly.

4. Legal Requirements

The Bribery Act 2010 came into effect on 1 July 2011 and creates the following offences:

- The offence of bribing another person – this can occur where a person offers, promises or gives a financial or other advantage to another individual to perform improperly a relevant function or activity, or to reward a person for the improper performance of such a function or activity. It is not an issue whether the person given the bribe is the same person which will perform the function or activity concerned.
- The offence of being bribed – this is where a person receives or accepts a financial or other advantage to perform a function or activity improperly. It does not matter whether the recipient of the bribe receives it directly or through a third party, or whether it is for the recipient's ultimate benefit or not.
- Bribery of a Foreign Public Official – this is where a person directly or through a third party offers, promises or gives any financial or other advantage to a Foreign Public Official in an attempt to influence them as a public servant and to obtain or retain business, or any related advantage in the conduct of business.



- A corporate offence of failure to prevent bribery – Kingdom could be guilty of bribery where a person associated with the organisation, such as an employee, agent or even sub contractor, bribes another person intending to obtain or retain business for the organisation or to obtain or retain an advantage in the conduct of business for the organisation. It will, however, be a defence if an organisation has ‘adequate procedures’ in place to prevent bribery.

The ‘adequate procedures’ defence puts the onus on Kingdom to prove, on the balance of probabilities, that it had ‘adequate procedures’. Adequate procedures are not defined and would be considered on a case by case basis in court. However these would be expected to include an appropriate Bribery Policy, training for staff, and policies and procedures covering areas where an increased risk of bribery and corruption was identified.

Individuals found guilty under the Bribery Act 2010 of bribing another person, being bribed or bribing Foreign Public Officials could face fines and penalties for summary conviction (imprisonment for a term not exceeding 12 months) or conviction on indictment, (imprisonment for a term not exceeding 10 years) and Kingdom could also be found guilty and be required to pay a fine.

In Scotland criminal fraud is mainly dealt with under the common law and a number of statutory offences. The main fraud offences in Scotland are: common law fraud; uttering; embezzlement; and statutory frauds. Conviction may result in a fine or imprisonment or both. Only certain sections of the Fraud Act 2006 apply in Scotland.

Fraud can also feature in a civil context as a delict (or tort) allowing recovery of loss, for example where a party is induced to enter into a contract through fraudulent misinterpretation. As with criminal fraud, the false statement must be made with the relevant intention; however, unlike for the crime of fraud, recklessness or negligence is sufficient for civil fraud.

5. Principles

The following principles will be applied to implement this policy.

Top level Commitment – The Board of Management, Board of Directors, SMT and Kingdom’s Managers are committed to preventing fraud, bribery and corruption by persons associated with Kingdom. They will foster a culture within Kingdom in which bribery is never acceptable.

Risk Assessment – Kingdom will assess the nature and extent of its exposure to potential external and internal risks associated with this policy.

Proportionate Procedures – procedures will be proportionate to the risks to Kingdom and will recognise the nature, scale and complexity of Kingdom’s activities. The procedures will be clear, practical, accessible, effectively implemented and enforced.



Due Diligence – Kingdom will undertake due diligence procedures, taking a proportionate and risk based approach, in respect of persons who perform or will perform services for or on behalf of Kingdom, in order to mitigate identified risks associated with this policy.

Communication – Kingdom will aim to ensure that its fraud, bribery and corruption prevention policies and procedures are embedded and understood throughout the organisation through internal and external communication and training that is proportionate to the risks it faces.

Monitoring and Review – Kingdom will monitor and review procedures and practices designed to prevent fraud, bribery and corruption by persons associated with it and make improvements where necessary.

6. Prevention

Kingdom aims to prevent fraud, bribery and corruption, by adhering to the following policies, processes and procedures:

- Recruitment and Selection.
- Code of Conduct for Employees, Committee and Board Members.
- Declaration of Interest processes and Registers.
- Whistleblowing.
- Standing Orders.
- Financial Regulations.
- Financial Systems.
- Internal and External Audit.
- PVG/Disclosure Scotland Checks.
- Risk Assessments, Management & Control.
- Procurement, including procurement procedures related to contractors, consultants, agents and suppliers.
- Data Protection, including confidentiality agreements with contractors, agents and partner,
- IT Security.
- Disciplinary procedures.

Any actual or attempted fraud, bribery or corruption on the part of workers is in breach of this policy and is likely to amount to gross misconduct. It is impossible to give exhaustive examples or guidance as to what would be precluded under this policy. Kingdoms Codes of Conduct, Management Guidelines and procedures offer some further guidance to individuals as to what is not acceptable and examples of situations which might give cause for concern. All workers are required to avoid any acts or omissions that might amount to a breach of this policy and, if in doubt, first refer the matter to the Corporate Support Services Director before taking action.



7. Detection & Prevention

In an attempt to eliminate fraud, bribery and corruption, Kingdom will seek to apply a cost effective way to detect and prevent fraud, bribery and corruption, through procedures and processes, such as the following.

A governance structure which promotes the expectations of the Board of Management, Board of Directors and the SMT.

Risk exposure will be assessed periodically to identify potential events that require mitigation. The SMT and Departmental Managers will record the key risks and mitigation measures in the risk register.

Prevention techniques and control measures will be established, where feasible, to mitigate the possible impacts on Kingdom.

Detection techniques and practices will be applied to uncover fraud, bribery and corruption events when preventative measures fail or unmitigated risks are realised.

Reporting processes will be implemented through a co-ordinated approach to investigation and corrective action used to help ensure potential fraud, bribery and corruption is addressed appropriately.

8. Reporting

All workers must report any suspected acts of fraud, bribery or corruption. Subject to clause 8.3 these must be reported in writing to the Departmental Director or through the agreed Whistleblowing Policy as appropriate. The person to whom the matter is reported must then comply with the remainder of this clause.

Any reported concerns must be referred to the Finance & IT Director or the Chief Executive. In the absence of both the concerns must be referred to another member of Kingdom's Senior Management Team (SMT).

In the event that the concerns may implicate any particular individual or individuals (including members of the SMT) the concerns should be referred to a member of the SMT other than that individual or those individuals.

Cases potentially implicating the Chief Executive and/or any member of the SMT must also be reported to the Chairperson.

An entry must be recorded in the Fraud Register, which is held by the Governance Manager..



9. Investigation and Subsequent Procedure

An Investigation Officer will be appointed by the Corporate Support Services Director unless the Corporate Support Services Director is a subject of the investigation, in which case the Chief Executive or the Chairperson will appoint an Investigation Officer.

Kingdom has procedures and processes in place for all investigations.

Where appropriate, action will be taken after an investigation. This may involve:

- Disciplinary action against workers, which could result in dismissal,
- Civil legal action against third parties,
- Reference to the Police for further investigation.

10. Recovery of Losses

Kingdom will normally seek to recover any losses it incurs as a result of fraud, corruption or bribery. Any monies offered toward the recovery of a loss are normally accepted without prejudice to any other action Kingdom may wish to take.

Kingdom may choose to pursue any avenues of recovery before or after seeking to claim under any insurance arrangements it may have in place from time to time.

11. Reporting to The Scottish Housing Regulator and Other Agencies

All concerns of potentially fraudulent activity will be notified by the Corporate Support Services Director or, if appropriate, another member of the SMT, to The Scottish Housing Regulator as soon as possible in accordance with the regulatory guidance regarding Notifiable Events in place from time to time.

Where required and depending on the particular case, notification will also be provided to relevant funders or other agencies who are involved with the work of Kingdom.

12. Responsibilities for Compliance

Ultimate responsibility for compliance lies with the Board of Management and Board of Directors.

Monitoring of this policy is the responsibility of the Audit & Corporate Governance Sub Committee.

Review of this policy will be undertaken by the Corporate Support Services Director and the SMT.

The Corporate Support Services Director is responsible for reporting to the Audit & Corporate Governance Sub Committee on all relevant matters associated with this policy.



The Corporate Support Services Director is responsible for highlighting to staff, where appropriate, any current fraud scams or current bribery risks that the Scottish Housing Regulator or other compliance bodies inform Kingdom about.

The Governance Manager will be responsible for ensuring all registers and records are properly maintained.

It is the responsibility of each Departmental Director to ensure that this policy and related policies are applied within their own department.

Departmental Managers are responsible for the development, review and implementation of all processes and procedures within their area of service delivery, to ensure compliance with this policy. This includes identifying and arranging any necessary departmental training for staff, in respect of relevant procedures and processes.

Awareness of this policy will be covered as part of the organisational induction programme. All existing workers will receive regular training in respect of this policy and related policies.

It is not the responsibility of internal auditors or external auditors to find fraud, however during their audit work, they must have regard to fraud, bribery and corruption risk and if any such instances of fraud, bribery and corruption are noted, they must raise them with Kingdom for following up.

13. Monitoring

The SMT will monitor the implementation and operation of this policy, including the review of strategic risks which may prompt amendments to the policy or procedures.

This policy will be reviewed 5 years from the date of implementation or latest review, which will be the date the policy is approved by the Committee of Management/Board of Directors, or earlier if deemed appropriate. In the event that this policy is not reviewed within the above timescales, the latest approved policy will continue to apply.

References

- ¹ – Managing the Business Risk of Fraud: A Practical Guide – The Institute of Internal Auditors.
- ² – The Bribery Act 2010.
- ³ – Financial Conduct Authority (FCA).



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Policy drawn up with reference to:

- Internal Audit Report: Review of Anti Fraud, Bribery & Corruption, Report No: 2014/03, 7 November 2013.
- Ministry of Justice Guidance; The Bribery Act 2010.
- Fraud Advisory Panel; Fraud in Scotland Fact Sheet, August 2012.
- A Legal Guide to UK Anti Bribery & Corruption (UK Higher Education International Unit in Association with Eversheds LLP) December 2012.
- Managing the Business Risk of Fraud: A Practical Guide (The Institute of Internal Auditors).
- Scottish Housing Regulator Guidance on Notifiable Events, April 2012.
- Scottish Housing Regulator, Regulatory Standards of Governance & Financial Management, April 2012.
- The Bribery ACT 2010
- The Fraud Act 2006

Reference made to similar policies from:

- Argyll Community Housing Association.
- James Watt College.
- Tay Road Bridge Joint Board.
- University of the Highlands & Islands.
- Clydebank College.

Review by Internal Auditors

- Henderson Loggie Chartered Accountants, May 2014.

Legal Review

- Anderson Strathern LLP, May 2014

Prepared by: Bill Banks

Draft 1: Senior Management Team, April 2014.

Draft 2: Managers, Service Co-ordinators and SMT ; May 2014

Draft 3: SMT ; June 2014

Audit & Corporate Governance Sub Committee Review of Policy on 18 August 2014

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Policy Approved Yes

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Policy Approved Yes

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