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# **Anti-Fraud and Corruption Policy**

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**Version 2 2008**

# Anti-Fraud and Corruption Policy

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# Anti-Fraud and Corruption Policy

## 1. The Company's Overall Position

We do not tolerate fraud of any kind or in any circumstance, whether committed by employees of the Company, customers or partners.

- We are committed to fighting fraud, corruption and dishonesty throughout the Company
- We are determined to root out fraud and corruption carried out by employees who are abusing their position and by others attempting to obtain assets or services to which they are not entitled.
- We expect our staff and our board to demonstrate the highest standards of conduct at all times. These standards are made clear in our **codes of conduct** and are reinforced by our disciplinary procedures.
- All Service Managers are responsible, within their service areas, for putting into place and maintaining effective systems of internal control and making sure all our resources are put to appropriate uses. All those involved with the Company have a responsibility to assist in the prevention and detection of fraud and corruption.
- The Company will seek to prosecute, either by legal or civil means, those found committing fraud and corruption.
- The Company considers the misuse of financial or other assets to be an act of gross misconduct a term with a particular meaning in the context of the Company's disciplinary procedures.

Managers have a responsibility to notify suspicions of fraud or corruption and make those suspicions known to the Finance and IT Manager who will advise upon and co-ordinate the approach to be taken. Where any suspicion involves the Finance and IT Manager the report should be made to the Head of Finance and Resources.

Independent advice will be sought when required from the Company's internal auditors at the time.

The Company is committed to support all investigatory agencies in their work combating fraud and corruption both within and outside the Company.

All employees are encouraged to tell us if they have concerns and such reports should initially be made via the employees' line manager. There may however be occasions where this is inappropriate, the approach to be taken when this is so is dealt with in the Company's Confidential Reporting Policy, Whistleblowing Policy (available on the intranet). It is however considered a serious disciplinary matter where an employee raises spurious concerns.

## **2. The Operational Framework and Culture**

The Company has a range of inter-related policies and procedures that provide a corporate framework to counter fraudulent activity, and includes:

- Codes of conduct for board members and employees
- Financial regulations and contract procedures
- Accounting procedures and records
- Budget monitoring control and reporting
- Internal control systems
- Procurement strategy
- Risk Management Strategy
- Internal audit
- Recruitment and selection policies
- Disciplinary procedures
- Fraud response plan
- Whistleblowing policy
- Training

## **3. The Prevention of Fraud**

3.1 The Company is acutely aware that fraud and corruption can be costly in both financial and reputational terms. The prevention of fraud is a key objective of the Company and respective roles and responsibilities are outlined below.

### **3.2. The Company's Employees**

3.2.1 A key preventative measure in the fight against fraud and corruption is to put in place effective processes at the recruitment stage. These will establish, as far as possible, the previous record of potential employees in terms of propriety and integrity. In this regard temporary staff should be treated in the same manner as permanent staff.

3.2.2 Staff recruitment will be undertaken in accordance with the Company's recruitment and selection policies. Whenever possible, written references will be obtained regarding the known honesty and integrity of potential employees before formal employment offers are made.

3.2.3 All staff must abide by the Company's code of conduct for employees which sets out requirements for personal conduct, including an expectation that staff will be alert to their responsibility in respect of fraud and to report concerns.

3.2.4 The Company has in place disciplinary procedures; those found to have committed acts of impropriety will be dealt with according to those procedures. Where criminal activity is identified the matter will be referred to the police for investigation and possible prosecution. In addition, restitution will be sought through the civil courts for any losses incurred by the Company.

### 3.3. **Rykneld Homes Board**

3.3.1 Board Members of Rykneld Homes are required to operate within the requirements of:

- The Companies Acts
- The Companies Articles of Association
- The Rykneld Homes' Code of Conduct for Board Members

3.3.2 These matters and other guidance are specifically brought to the attention of new board members at their induction course and are contained in the director's handbook.

3.3.3 In approving this Anti Fraud and Corruption Policy an expectation is placed upon the board that they will play an important role through leading by example and being seen to support it.

### 3.4. **Internal Controls Systems**

3.4.1 The Company has Financial Regulations, contract and accounting procedures in place together with various rules and codes of conduct. Staff are expected to comply with best practice outlined in these documents.

3.4.2 The Company Secretary together with the Director of Finance and Resources are responsible for ensuring proper arrangements are made for the Company's financial affairs. These responsibilities include the regular review of the core documents referred to above and the commissioning of an internal audit service.

3.4.3 The Company's aim is to have sound financial systems and procedures which incorporate efficient and effective internal controls. Separation of duties is fundamental to sound control systems. Service managers are responsible for maintaining effective internal controls including the prevention and detection of fraud and all illegal acts. The Company's internal auditors will monitor report and advise on these controls.

## **4. Detection and Investigation**

- 4.1 It is the responsibility of all board members, service directors and managers to maintain robust control systems and to ensure full compliance with these controls by all their respective members of staff. Where work is undertaken or is proposed to be undertaken on the Company's behalf by others the relevant Director must ensure that they have robust and embedded anti fraud and corruption strategies. This obligation also applies where it is proposed that the Company enter into a partnership arrangement where it does not lead on the production of the financial framework to be employed.
- 4.2 The Company's internal auditors annually compile a range of audits to test for fraud and corruption; and to advice on the suitability of current practices, based upon an assessment of risk. They also liaise and assist the work of the Company's external auditors.
- 4.3 Despite the maintenance and regular review of internal controls it may well be that an instance of fraud is discovered by chance or by the alertness of a member of staff or the general public. The Company's financial regulations make specific reference to the actions required from staff, they must:
- Report actual or suspected instances of fraud to the Finance and I T manager or in particular instances where this approach is considered inappropriate to the Director of Finance and Resources
  - Other members of staff should report to their line manager and where they consider this to be inappropriate use the Company's Whistleblowing Policy as a guide.
  - All members of staff are required to report their findings to the police when they are advised to do so by the Director of Finance and Resources

The Company's internal auditors will undertake fraud investigations. All substantiated allegations of fraud will be risk assessed. How to proceed in each instance will be the subject of an agreement between the Director of Finance and Resources and the Head of the Audit Consortium, where appropriate service sections must

- Report allegations swiftly
  - Record all evidence
  - Ensure that evidence is sound and adequately supported
  - Secure evidence collected
- 4.4 Reporting suspected irregularities is essential to the success of the anti fraud and corruption policy and ensures:
- Consistent treatment of information
  - Proper investigation by an independent and skilled audit team

- The optimum protection of the Company's interest

4.5 Depending on the nature and anticipated scale of the allegations investigators will in most cases work closely with:

- Service Managers
- HR Services
- Legal Services
- Other agencies

This is to ensure that all allegations and evidence are treated properly so that where appropriate recoveries are made for the Company.

4.6 The Company's Whistleblowing Policy provides a clear path to follow for individuals wishing to raise concerns without fear of recrimination or victimisation. The Company will take appropriate action to protect any individual who has raised a concern in good faith. The code clearly sets out the reporting procedure for matters involving suspected fraud.

4.7 The Company's disciplinary procedures will be used to their fullest extent where fraudulent activity has been identified.

4.8 Where financial impropriety is discovered relating to an employee, a board member or in an organisation in receipt of funding from the Company either in cash or in kind, the matter may be referred to the police. Such decisions are a matter for agreement between the Director of Finance and Resources and the Head of the Audit Consortium. Where they cannot reach agreement or where the complexity of the fraud requires further advice the matter should be resolved in consultation with the Head of Legal Services at NEDDC.

## **5. Training**

5.1 The Company recognises that the success and credibility of its Anti fraud and Corruption Policy is dependant upon it being understood and accepted by as many as possible inside and outside the organisation.

5.2 The Company has a programme of induction training in place, particularly for those who have responsibilities in the area of internal control procedures. The duties and responsibilities of existing staff are also regularly highlighted and reinforced. The possibility of disciplinary action against those employees who choose to ignore such guidance and training is clearly stated in the Company's disciplinary procedures.

5.3 Those involved in the review of internal control systems and investigative work will receive regular training and advice. The training plans for the Audit Consortium will reflect this.

- 5.4 It is the responsibility of Senior Management Team to communicate the Anti Fraud and Corruption Policy to their staff and to promote awareness of the possibility of fraud in their directorates.

## **6. The Prevention of Further Loss**

- 6.1 Where initial investigation provides reasonable grounds suspecting wrongdoing the Director of Customer Services and the Head of the Audit Consortium will decide how to prevent further loss. This may include the suspension of those suspected, with or without pay. The timing of any decision should take into account the possibility of the removal or destruction of evidence.
- 6.2 Proper consideration should be given to how those suspected are approached, their removal, denial of access to property and IT.
- 6.3 Where the suspected fraud indicates a possible weakness in systems the Audit Consortium will investigate immediately.

## **7. Conclusions**

- 7.1 The Company has in place a robust network of systems and procedures to assist in the fight against fraud and corruption. We are determined that these arrangements will be amended to reflect current best practice in both prevention and detection. These systems and procedures will therefore be subject to continuous review.
- 7.2 This Anti-Fraud and Corruption Policy provides a comprehensive framework for tackling fraudulent and corrupt acts. The approval of this policy by the board demonstrates our commitment to protecting both the Company's and our partners' funds and to minimising losses through fraud and corruption.
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## Definition of Fraud

**Fraud is defined in the Fraud Act 2006 as;**

### **1 Fraud**

(1) A person is guilty of fraud if he is in breach of any of the sections listed in subsection (2) (which provide for different ways of committing the offence).

(2) The sections are—

- (a) section 2 (fraud by false representation),
- (b) section 3 (fraud by failing to disclose information), and
- (c) section 4 (fraud by abuse of position).

(3) A person who is guilty of fraud is liable—

- (a) on summary conviction, to imprisonment for a term not exceeding 12 months or to a fine not exceeding the statutory maximum (or to both);
- (b) on conviction on indictment, to imprisonment for a term not exceeding 10 years or to a fine (or to both).

(4) Subsection (3)(a) applies in relation to Northern Ireland as if the reference to 12 months were a reference to 6 months.

### **2 Fraud by false representation**

(1) A person is in breach of this section if he—

- (a) dishonestly makes a false representation, and
- (b) intends, by making the representation—

- (i) to make a gain for himself or another, or
- (ii) to cause loss to another or to expose another to a risk of loss.

(2) A representation is false if—

- (a) it is untrue or misleading, and
- (b) the person making it knows that it is, or might be, untrue or misleading.

(3) “Representation” means any representation as to fact or law, including a representation as to the state of mind of—

- (a) the person making the representation, or
- (b) any other person.

(4) A representation may be express or implied.

(5) For the purposes of this section a representation may be regarded as made if it (or anything implying it) is submitted in any form to any system or device designed to receive, convey or respond to communications (with or without human intervention).

### **3 Fraud by failing to disclose information**

A person is in breach of this section if he—

- (a) dishonestly fails to disclose to another person information which he is under a legal duty to disclose, and
- (b) intends, by failing to disclose the information—
  - (i) to make a gain for himself or another, or
  - (ii) to cause loss to another or to expose another to a risk of loss.

### **4 Fraud by abuse of position**

(1) A person is in breach of this section if he—

- (a) occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person,
- (b) dishonestly abuses that position, and
- (c) intends, by means of the abuse of that position—
  - (i) to make a gain for himself or another, or
  - (ii) to cause loss to another or to expose another to a risk of loss.

(2) A person may be regarded as having abused his position even though his conduct consisted of an omission rather than an act.

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