

## 1.0 Policy Statement

Saffron Housing Trust is committed to maintaining the highest standards of integrity, transparency, and accountability. We have a zero-tolerance approach to fraud, bribery, and corruption and are dedicated to preventing, detecting, and addressing any instances that could compromise our ethical standards, financial resources, or reputation.

This policy applies to all employees, board members, consultants, contractors, and third parties associated with Saffron. We expect everyone to act honestly, with integrity, and in compliance with all applicable laws, including the Bribery Act 2010 and the Fraud Act 2006. Any individual found engaging in fraudulent or corrupt behaviour will face appropriate disciplinary and legal action, including possible prosecution and recovery of misappropriated assets.

Saffron is committed to fostering a workplace culture that promotes transparency and ethical conduct. We encourage employees to report any concerns related to fraud, bribery, or corruption without fear of retaliation. We will ensure that all reports are investigated thoroughly and confidentially and that appropriate measures are taken to prevent recurrence.

Our goal is to safeguard Saffron's assets, reputation, and stakeholders by implementing effective controls, maintaining rigorous oversight, and adhering to best practices in governance and ethical conduct.

## 2.0 Policy Scope & Objectives

- 2.1 The policy applies to all board members, employees, contractors, consultants, and any third parties interacting with the organisation. It also extends to subsidiaries, joint ventures, or associated entities to ensure a consistent approach across operations.
- 2.2 It covers all organisations activities where there is a risk of fraud, bribery, or corruption, including procurement, financial transactions, gifts and hospitality, conflicts of interest, and any transactions involving external parties.
- 2.3 **Prevent Fraud, Bribery, and Corruption.** Establish preventive controls to identify and mitigate risks, including employee training, rigorous procurement processes, and financial oversight.
- 2.4 **Promote Ethical Conduct.** Foster a culture of integrity and accountability, encouraging transparency and adherence to ethical standards across all business operations.
- 2.5 **Ensure Compliance.** Align the organisation's practices with relevant legal and regulatory requirements, such as the Bribery Act 2010, Fraud Act 2006, and anti-money laundering regulations.

- 2.6 **Meets the Regulator for Social Housing's (RSH) requirement** to provide an annual report on any losses from fraudulent activity, and the NHF's Codes of Conduct and Governance which require housing associations to adopt and comply with appropriate policies and procedures to prevent fraud, bribery and corruption.
- 2.7 **Detect and Report Incidents.** Provide mechanisms to identify, report, and investigate potential fraud or bribery incidents, including secure reporting channels and a clear process for internal and external whistleblowing.
- 2.8 **Safeguard Organisations Assets.** Protect the organisation's financial and reputational assets by minimising the risk of financial loss, reputational damage, or legal penalties associated with fraudulent or corrupt activities.
- 2.9 **Commit to Prosecution and Recovery.** Ensure that any individuals or entities found engaging in fraud, bribery, or corruption face appropriate legal consequences and that the organisation pursues recovery of lost assets.

## 3.0 Definitions

- 3.1 **Fraud.** The Fraud Act 2006 lists three ways in which fraud can be committed by:
- **False representation**-dishonestly making a representation knowing or thinking it untrue or misleading.
  - **Abuse of power**- dishonest abuse of a position expected to safeguard the financial interests of another person.
  - **Failing to disclose information**-where there is a legal obligation to do so.
- 3.11 Fraud is often divided into three categories:
- **Internal fraud** – perpetrated by people within an organisation, most often by those with access to moveable assets such as cash.
  - **External fraud** – perpetrated by people outside the organisation. It includes theft, deception and computer hacking.
  - **Collusion** – involves two or more parties who may be within the organisation, external or internal and external parties working together.
- 3.12 In all types of fraud, an offence must have occurred, the person must have acted dishonestly and acted with the intent of making a gain for themselves or someone else or inflicting a loss (or a risk of loss) on another.
- 3.13 The Act defines two specific supporting offenses related to fraud:
- **Possession of Articles for Use in Fraud.** This offense covers situations where an individual is found with items intended for use in fraudulent activities. For example, using a counterfeit passport to prove identity falls under this category.

- **Making or Supplying Articles for Use in Fraud.** This offense involves producing or distributing items that facilitate fraud. An example would be creating or providing a fake passport for another person's use.
- 3.2 **Bribery.** The Bribery Act 2010 came into force on 1 July 2011, repealing and replacing the old laws on bribery with a new comprehensive anti-bribery code. There are four offences:
- **Bribing Another Person.** This offense involves offering, promising, or giving a financial or other advantage to another person to influence their actions inappropriately.
  - **Being bribed** – This occurs when an individual requests, agrees to receive, or accepts an advantage in exchange for acting improperly.
  - **Bribing a Foreign Public Official.** This offense involves offering, promising, or giving an advantage to a foreign public official to influence them in their official capacity to secure or retain business.
  - **The Corporate Offense.** This is a strict liability offense for organisations that fail to prevent bribery conducted on their behalf. Under this offense, a commercial organisation is liable if someone providing services for them commits bribery unless the organisation can demonstrate that it had "adequate procedures" in place to prevent such conduct.
- 3.21 A bribe is given to influence the recipient's conduct. It may be money, goods, property, privilege, object of value, advantage or any or other inducement. The key element being this inducement is designed to influence the actions of an official in the organisation.
- 3.22 Some actions, such as abuse of position could be classed as either fraud or bribery or both, depending on the circumstances.
- 3.23 In order not to commit the offence of failing to prevent bribery, organisations must be able to demonstrate they have adequate procedures in place to prevent bribery in line with the following six principles:
- **Proportionality** - action taken to prevent bribery should be proportionate to the risks faced and the size of the organisation.
  - **Top level commitment** - those at the top are in the best position to ensure the organisation conducts business without bribery.
  - **Risk Assessment** - understand the risks that could occur.
  - **Due Diligence** - know who we deal with to prevent retaining people/organisations who might be less than trustworthy.
  - **Communication** - communicate policies, procedures and offer appropriate training to staff and those who work with us to raise awareness and deter bribery.

- **Monitoring and review** - the risks Saffron faces and the effectiveness of its procedures may change over time, so it is important they are regularly reviewed to monitor any changes in potential risks (i.e. when entering new markets).

3.3 **Corruption.** Abusing your position for direct or indirect personal gain by offering, giving, soliciting or accepting inducements designed to influence official action or decision making. The adopted Code of Conduct states that in your role with the housing association, you must not offer, seek or accept bribes or inducements to act improperly or corruptly.

## 4.0 **Anti-Fraud, Bribery and Corruption Approach**

4.1 Saffron's Anti-Fraud, Bribery, and Corruption approach is built on a set of interconnected procedures aimed at deterring, detecting, and addressing any attempts at fraudulent or corrupt activity. These procedures include:

- **Risk Assessment and Prevention.** Regular evaluations of potential fraud, bribery, and corruption risks, particularly in high-risk areas like procurement, contracts, and financial transactions. This includes developing controls to mitigate identified risks and promoting awareness among employees about these threats.
- **Clear Reporting Channels.** Providing secure and accessible ways for employees, board members, and residents to report any suspected fraudulent or corrupt activities. Reporting channels are designed to protect the anonymity of whistleblowers where necessary and encourage prompt reporting without fear of retaliation.
- **Due Diligence.** Ensuring thorough due diligence on third parties, contractors, suppliers, and anyone involved in procurement or partnership arrangements with Saffron. This process checks for any potential conflicts of interest, prior fraudulent history, or risks of unethical conduct.
- **Employee Training and Awareness.** Regular training for employees and associated personnel to increase awareness of what constitutes fraud, bribery, and corruption, and how to recognise and report it. Training programs also emphasise ethical decision-making and compliance with relevant laws, including the Bribery Act 2010.
- **Effective Monitoring and Internal Controls.** Implementing controls for monitoring transactions and high-risk activities within Saffron to detect irregularities early. These controls include regular financial audits, approval processes for expenditures, and checks to ensure compliance with the organisation's anti-fraud policies.
- **Investigation and Enforcement.** Ensuring that any reports of fraud, bribery, or corruption are investigated thoroughly and swiftly. Established processes guide how investigations are conducted, with enforcement

actions taken, including disciplinary measures, prosecution, or recovery of assets, as appropriate.

These procedures create a strong framework to prevent fraud, bribery, and corruption, encouraging a culture of accountability, transparency, and ethical responsibility across all levels of the organisation.

## 5.0 Training

- 5.1 Saffron recognises that the continuing success of its anti-fraud, bribery and corruption policy and its general credibility will depend on the effectiveness of programmed training and responsiveness of employees throughout the organisation.
- 5.2 In order to facilitate this, Saffron supports the concept of induction training for new Board Members and employees and ongoing refresher courses, particularly for those involved in internal control systems.

## 6.0 Discloser of Interests

- 6.1 Both board members and employees are required to comply with the RSH's Governance and Financial Viability Standard, along with any locally approved codes. A key part of this will be an annual declaration of interests.
- 6.2 All Board Members, Employees and Involved Residents are **required** to complete and sign an annual declaration of interest form.
- 6.3 A register of interests will be maintained by the Company Secretary and will be available for public inspection.
- 6.4 If a new interest arises before the next annual declaration, it **must** be disclosed immediately rather than waiting until the annual review. The adopted Code of Conduct requires that you formally inform the housing association, at the earliest opportunity, of any interests that may currently, potentially, or in the future be seen as conflicting with your duties.

## 7.0 Responsibilities

- 7.1 It is the responsibility of Directors and Managers to have in place and operate adequate systems of internal control within their areas of responsibility. This will help to prevent and detect fraud.
- 7.2 Every member of staff has a duty to alert their Line Manager where they believe the opportunity for fraud exists because of weak procedures or lack of effective supervision.
- 7.3 Any actual or suspected fraud or suspicious acts should be reported to their Line Manager or Director. For guidance staff should refer to the Speaking Up (Whistleblowing) policy. Saffron wishes to encourage anyone having reasonable suspicions of fraud to report them. Therefore, no employee will

suffer in any way as a result of reporting reasonably held suspicions. For these purposes 'reasonably held suspicions' means any suspicions other than those which are raised maliciously and found to be groundless.

- 7.4 If a member of staff discovers criminal activity by a colleague that does not directly affect Saffron, there may still be a legal obligation to inform the police. Any member of staff who is uncertain of their obligations should seek advice from a director.
- 7.5 If a staff member has reasonable grounds to suspect criminal or corrupt activity, they are expected to report their suspicions—even without conclusive evidence. Failure to do so may lead to disciplinary action. (Refer to the Speaking Up (Whistleblowing) policy for information on protection rights.)

### 8.0 Reporting

- 8.1 Any discovery or suspicion of theft or fraud should generally be immediately reported to the Line Manager in the first instance. If the reporting staff member is suspicious of the Line Manager and or that several persons are involved in a suspected or actual fraud, they should report the incident directly to the **Chief Commercial Officer**. If the line manager is the Chief Commercial Officer, then the member of staff should report their suspicions to the Chief Executive.
- 8.2 Once notified by a staff member, the Line Manager should contact the Chief Commercial Officer. Under no circumstances should a Line Manager undertake their own investigation.
- 8.3 Upon notification, the Chief Commercial Officer will arrange an initial investigation to assess the severity of the situation. At this stage, they may collaborate with relevant Directors to implement any immediate actions needed to secure the situation. They may also examine and remove any records required.
- 8.4 Immediately after this assessment, the following will be notified of the initial situation and of the proposed scope of any investigation:
- The Chief Executive.
  - The Chair of Audit & Risk Committee.
  - The RSH if the loss is greater than £5,000 or any amount involving any board members or Directors.
  - Saffron's insurers if there is an insured loss
- 8.5 For incidents involving third parties, it may be necessary to contact the police immediately. However, for internal frauds, the decision on when to involve the



police will be made by the Chief Executive and Chair of Audit & Risk Committee.

- 8.6 The timing of notifying the police will be at the Chief Executive's discretion. Typically, police involvement will follow an initial investigation of the circumstances, unless the loss is expected to be significant.
- 8.7 The RSH will be updated if there is likely to be a loss which was previously grant funded as they may wish to recover the grant.
- 8.8 Following the initial notification to the Chair of the Audit Committee, the Board will be appraised of the situation by a confidential verbal or written report at their next meeting. The Board will be updated at subsequent meetings of any significant developments.
- 8.7 On completion of the investigation, whatever the outcome, a confidential report will be presented to the Board and sent to the RSH (if appropriate).
- 8.8 The fraud, bribery and corruption or attempted fraud, bribery and corruption will be recorded in the Fraud Register held by the Company Secretary. This Register will be presented to the Audit and Risk Committee on a regular basis.
- 8.9 Saffron must submit an annual fraud return to the RSH within six months after the financial year-end.

## **9.0 Fraud, Bribery and Corruption Response**

- 9.1 Saffron will take all steps to:
- Minimise the risk of subsequent losses.
  - Improve the chance and scale of recoveries.
  - Reduce any adverse commercial effects.
  - Demonstrate that Saffron retains control of its affairs in a crisis.
  - Make a clear statement to employees and other parties that the organisation is not a "soft target" for fraud or attempted fraud.
- 9.2 If the Chief Commercial Officer determines that it is possible that a fraud has taken place and the magnitude of the fraud warrants immediate action, steps will be taken to:
- Secure the assets at risk both directly or by notifying (for example) banks and other parties holding assets, by withdrawing signing authorities and by removing suspects from positions of authority.
  - Secure accounting and other records, including those held on computer and take backups of all relevant computer data.
  - Change passwords and access controls.
  - Where necessary to ensure the investigation is not impeded, consult with the Chief Executive, Director of People and Culture and Company Secretary to arrange the immediate suspension or removal of suspects from the premises.

- 9.3 The Chief Commercial Officer is authorised to be given access to any information requested and have access to all staff with reasonable notice.
- 9.4 If required, external specialist consultants or the police will be utilised, subject to approval of the Chief Executive or in their absence the Chair of the Audit & Risk Committee.
- 9.5 All information relating to the investigation will be confidential and held securely. Findings will not be released to third parties without the permission of the Chief Executive and the Chair of the Audit & Risk Committee.

## 10.0 Regulatory, Legal and Standards considerations

- the Bribery Act 2010
- Fraud Act 2006
- Regulator of Social Housing's Governance and Financial Viability Standard
- National Housing Federation Code of Conduct 2022

## 11.0 Related Policies and Standards

- Speaking up (Whistle Blowing) Policy
- Probity Policy
- Gifts and Hospitality Policy

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