Bribery, Fraud and Money Laundering Policy

Our policy to be transparent in our approach to bribery, fraud and money laundering

The basics

Bribery, fraud and money laundering will not be tolerated.
This document sets out the guiding principles which will be followed in respect of:

- Meeting the requirements of the Fraud Act 2006 and Bribery Act 2010
- Anti Money Laundering Act 2018
- The approach to fraud detection, prevention and reporting
- The Prevention of Social Housing Fraud Act
- Satisfying the requirements of the Governance and Financial Viability Standard
- Proceeds of Crime Act 2002
- Economic Crime and Corporate Transparency Act 2023

Our approach

Fraud Act 2006

Fraud is any dishonest act intended to gain personally or cause loss to others. It can include:

- False representation: e.g. lying or using fake websites
- Failure to disclose: e.g. hiding relevant info when legally required to share it
- Abuse of position: e.g. using a trusted role for personal gain

Staff will be trained to identify and report fraud.

Bribery Act 2010

Bribery is illegal and can lead to fines, imprisonment (up to 10 years), and disqualification from public contracts. Staff must follow these principles:

- Proportionality: anti-bribery policies and procedures are proportionate to our activities, sector and risks.
- Top-level commitment (zero tolerance): Our culture is clear that bribery is not acceptable.
- Risk assessment; We undertake risk assessments before undertaking activities.
- Due diligence: We ensure contractors have reciprocal anti bribery arrangements in place.
- Clear communication: We ensure that colleagues, Board and Contractors are aware of our arrangements.
- Regular monitoring: We review our procedures to prevent and detect bribery.

We will:

- Require annual conflict of interest declarations
- Set clear rules for gifts, hospitality, and contractor use
- Include anti-collusion clauses in contracts
- Implement financial controls for tendering

- Review controls regularly

Sanctions and Anti-Money Laundering Act 2018
We will comply with international sanctions and anti-money laundering laws. Money laundering includes hiding or keeping proceeds of crime.
We will:
- Appoint a Money Laundering Reporting Officer (MLRO)
- Train staff regularly
- Never ask for customer banking passwords
- Monitor large or unusual cash payments
- Reject cash payments over £9,000
- Accept home purchase funds only through solicitors

Fraud Detection and Reporting
Fraud involves using deception for gain or to cause loss.
We will:
- Investigate suspected fraud per our response plan (Appendix 1)
- Inform the Board and Regulator of any cases
- Maintain strong IT and approval controls
- Provide a staff and Board Code of Conduct

Social Housing Fraud Act 2013
Illegal subletting of social housing is a criminal offence.
We will:
- Monitor for unlawful subletting
- Enforce rules allowing room subletting (not whole homes)
- Ensure leaseholders seek approval before subletting

Governance & Financial Viability Standard
We will
- Stay updated on regulatory changes
- Annually assess and report compliance to the Board and Regulator
- Report any fraud-related losses
- Include fraud reporting in our Internal Controls Assurance
- Support co-regulation by involving tenants in service oversight

Economic Crime and Corporate Transparency Act 2023
We Will:
- Report suspicions of fraud, bribery or money laundering promptly

Key points for board/committee members and the regulator

This policy applies to all Board and Committee Members as well as colleagues.

We have other controls in place to prevent bribery, corruption and related inappropriate conduct. These include our:
- Employee terms and conditions including contracts of employment;
- Employees' Code of Conduct
- Board members Contract for Services Agreements
- Board members' Code of Conduct

- Probity (Payments and Benefits) Policy
- Scheme of Delegation/Financial Standing Orders
- Whistleblowing Policy
- Procurement guidelines
- Treasury Policy and Treasury Management Procedures
- Fraud Response Procedure

Policy updates

The Chief Executive / Company Secretary are responsible for updating this policy.

Policy updated and approved August 2025. Next review due August 2027.

Fraud Response Procedure

1 **Definition of Fraud**

1.1 The term "fraud" covers several criminal offences involving the use of deception to obtain benefit or causing detriment to individuals or organisations. Fraud is best defined as "the use of deception with intent to obtain an advantage, avoid an obligation, or cause loss".

2 **Introduction**

2.1 This document has a twofold purpose.

1) It provides direction to employees who find themselves tasked with investigating suspected theft, fraud, money laundering or corruption.
2) It outlines how evidence must be gathered and collated to ensure an informed initial decision is made and any evidence gathered will have been lawfully obtained and will be admissible if the matter proceeds to criminal or civil action.

2.2 If as an employee you suspect fraud, money laundering or corruption it is vital that you follow the guidance in this plan and report your suspicions to the Money Laundering Reporting Officer: The Head of Corporate Services/Company Secretary or invoke the Whistleblowing Policy. This is a brief guide on "what to do if you become aware of fraud" and details how Leeds Federated will respond to allegations of suspected or actual occurrences of fraud.

3 **Leeds Federated Policy**

3.1 Leeds Federated is committed to the eradication of fraud and financial irregularity. To this end it has developed a Whistleblowing Policy which aims to protect staff who report their genuine suspicions of fraud and corruption. Leeds Federated recognises the high cost of fraud and ensures that it works towards and maintains an anti-fraud culture. Leeds Federated policy towards any type of fraud is one of zero tolerance and decisive action will be taken against anyone who is involved in fraudulent or inappropriate activity.

3.2 In order to ensure a consistent approach to the protection of funds, all allegations of fraud, money laundering or corruption whether reported to a line manager, Head of Corporate Services/Company Secretary or using the Whistleblowing Policy will be investigated. Managers who attempt to investigate such matters themselves may find themselves falling foul of Leeds Federated's policy and are likely to encounter difficulties taking the matter forward to a satisfactory conclusion.

4 **REPORTING FRAUD**

4.1 If you suspect fraud or any other illegal act perpetrated by an employee, individual or collection of individuals against the organisation, raise this with your line manager or Head of Corporate Services/Company Secretary who can advise or discuss the matter informally. If you feel it appropriate you can also use the Whistleblowing Policy.

4.2 When you become aware that there may be a problem:

- **DO** make an immediate written note of your concerns, the details of any conversations you have heard, or documents you have seen and note the date, time, and names of the people involved.
- **DO** pass any documents that come into your possession to the person who has been appointed to investigate the allegation.
- **DO** act promptly – delays may result in further financial loss or the loss of evidence.
- **DON'T** ignore your concerns or be afraid of raising them. You will not suffer recrimination because of voicing a reasonably held suspicion.
- **DON'T** approach individuals yourself or convey your suspicions to other staff, except those authorised to deal with the matter.
- **DON'T** try to investigate the matter yourself.

5 ROLES AND RESPONSIBILITIES

5.1 Details of all incidents of fraud, attempted fraud, and money laundering will be recorded in the register kept for this purpose by the Head of Corporate Services/Company Secretary. The Leadership Team and Board will regularly review the register, and management must report to the Board all cases of fraud, attempted fraud and money laundering detailing the nature and extent of the fraud and any implications for the Association's internal control system. If there is nothing to report, the register will be taken to Board annually noting this.

5.2 Any suspected cases of fraud, money laundering or misappropriation will be reported immediately to the Head of Corporate Services/Company Secretary. The Head of Corporate Services/Company Secretary will investigate the circumstances in accordance with the Fraud Response Plan and, in consultation with the Chief Executive, will recommend action. Suspected cases of money laundering will be reported to the National Crime Agency (NCA) by the Money Laundering Reporting Officer (MLRO) (Head of Corporate Services/Company Secretary), or in his/her absence the Head of Finance and Procurement.

5.3 The Head of Corporate Services/Company Secretary will ensure a consistent approach to the conduct of any investigations. This will include ensuring that matters reported and that proper records of each investigation are kept from the outset, including accurate notes of when, where and from whom evidence was obtained, and by whom.

5.4 Where a member of staff is to be investigated, HR will be informed. Normally, the member of staff's line manager will also be informed.

6 OBJECTIVES OF A FRAUD INVESTIGATION

6.1 It is the responsibility of the Head of Corporate Services/Company Secretary to decide how allegations of fraud under £5000 or equivalent value will be investigated. The Chair of the Audit & Risk Committee must be informed of any allegations made and the outcome of any investigation.

6.2 If amounts more than £5000 or equivalent value, or senior staff are involved then the Chief Executive (if appropriate) and Chair of the Association and the Chair of the Audit & Risk Committee will be responsible for deciding how the matter is to be investigated. These decisions should be recorded in the fraud register. If there is evidence of senior staff involvement or Board Members are involved, consideration will be given to commissioning an external investigation. If it is established at an early stage that a criminal act may have taken place this will again shape the way the investigation is handled, and by whom. If it appears that a criminal act has occurred, it will be referred to the Police.

6.3 Fraudulent activity involving amounts over £5,000 or equivalent in value; any incident involving or implicating board members, irrespective of the monetary or equivalent value; or any incident involving or implicating senior management, again irrespective of the monetary or equivalent value will be reported promptly to the Regulator at the RSH, including details of the actual or attempted fraud and actions taken or to be taken.

6.4 Any single loss of £25,000 or more will be referred to the Regulator at the RSH. The RSH will report losses involving public money to Communities and Local Government and will take action to recover any public money found to have been fraudulently claimed from the RSH.

6.5 If it appears not to be a criminal matter, an internal investigation will be undertaken to:

- determine the facts
- consider what action should be taken against any staff found culpable
- consider what may be done to recover any losses to Leeds Federated which could include civil action for recovery
- identify whether Leeds Federated controls or procedures need to be improved

6.6 In some instances it may be appropriate to suspend staff whilst the investigation is pending. This will be in line with the Association's disciplinary procedure. It should be made clear to all involved that this does not imply guilt.

6.7 For staff members the investigation and any resultant action will be carried out in line with the Association's disciplinary policy. If a Board member is involved the Rules of the Association will apply.

6.8 Where the Chief Executive in consultation with the Head of Corporate Services/Company Secretary considers that civil action for recovery is appropriate, the case will be referred to a legal consultant / representative to act on the Association's behalf.

6.9 If at any point during the investigation it emerges that a criminal act has taken place the Police will be informed. Thereafter, the police will normally lead the investigation.

6.10 Where the police are unable to progress a criminal prosecution, e.g. because the burden of proof is insufficient to convince the Crown Prosecution Service to proceed, the Chief Executive in liaison with the Head of Corporate Services/Company Secretary, will take a view as to the expediency of civil action particularly in relation to recovering losses. The Association will make all reasonable attempts to recover lost assets.

6.11 The Chief Executive or Head of Corporate Services/Company Secretary will also liaise with the Leeds Federated Finance department as to the possibility of recovering losses from Leeds Federated insurers. Leeds Federated will have in place fidelity insurance which protects organisations from loss of money, securities, or inventory resulting from crime. Common Fidelity claims include alleged employee dishonesty, embezzlement, forgery, robbery, safe burglary, computer fraud, wire transfer fraud, counterfeiting and other criminal acts. Leeds Federated will ensure that it complies with the terms of the Fidelity Insurance. Failure to do so could mean that the Association is unable to reclaim its losses under the terms of the policy.

7 THE RESPONSE

7.1 The authority to investigate in accordance with this plan is contained in the Leeds Federated Standing Orders:

To assist them in their work, the Chief Executive and her/his authorised representative(s) has/have authority to: -

(i) Enter at all reasonable times any Leeds Federated premises or land subject to any statutory or contractual restrictions that might apply;

(ii) Access all records, documents, correspondence and data relating to the business of Leeds Federated, including those of a contractor acting on their behalf and to remove any such records as is necessary for the purpose of their work;

(iii) Require and receive such explanations from any employee, Member or contractor of Leeds Federated as are necessary concerning any matter under examination;

(iv) Require any employee of Leeds Federated to produce cash, or any other Leeds Federated property under her/his control; and

(v) Have direct access to the the Chairs of the Board of Management and Finance, Audit & Corporate Strategy Committee.

7.2 **Evidence Gathering:** The Head of Corporate Services/Company Secretary, or officers authorised by him or her, will normally manage investigations and will be responsible for gathering evidence. Where there are reasonable grounds for suspicion, the Police will be involved at an early stage. All employees MUST co-operate with the investigation process. Failure to co-operate may itself constitute a disciplinary offence.

7.3 The Head of Corporate Services/Company Secretary will seek to establish whether there is any physical evidence that fraud has occurred and will collect the evidence, recording the time and place that the evidence was obtained. S/he will establish whether there are any witnesses to the events and will interview witnesses to obtain written statements. File notes of all actions and discussions will be maintained. The Head of Corporate Services/Company Secretary will then consider whether the employee should be interviewed.

7.4 **Interview Procedure:** The Head of Corporate Services/Company Secretary, having established that there is reasonable suspicion, will advise the employee that he or she is to be interviewed in accordance with Leeds Federated policies and procedures and will inform the employee of their right to be accompanied by a trade union representative or work colleague.

7.5 The interview will normally be conducted by a director or Head of Service and, where appropriate, the employee's line manager. The employee will normally be given reasonable notice of the date and time and an explanation of the reason for the interview

7.6 If not recorded under caution, the interview will be recorded with a hand-written note of what has been said, and the employee will be given the opportunity at the end of the interview to read the notes and sign each page acknowledging its accuracy. Amendments to the notes can be agreed with the interviewer. Where individuals who are not employees need to be interviewed, this will normally be done by the Police.

8 **CLOSING THE INVESTIGATION**

8.1 The Head of Corporate Services/Company Secretary will conclude the investigation by deciding whether there is a case to answer and by making recommendations, in a written report to management, as to appropriate action, as well as improvements to systems and procedures. The Head of Corporate Services/Company Secretary will establish the correct procedure for progressing the matter through Leeds Federated disciplinary framework. For acts of dishonesty, false accounting, gross negligence, deception, or theft, employees can expect to be dismissed. All matters investigated will be dealt with in accordance with Leeds Federated policies and procedures.