

CORPORATE FRAUD AND WHISTLEBLOWING

24 Mar 2017

Deciding to report fraudulent behaviour in the workplace is not a decision to be taken lightly. The employee who does report it faces possible alienation from fellow colleagues, and may worry about the effect that any involvement may have on their professional career and reputation. Often, many turn a ‘blind eye’ in favour of a quiet life.

However, this is damaging to all parties involved. Rahman Ravelli see the likes of CEOs, Financial Directors and Senior Executives suffer the cost of internal fraud. Without expert legal representation, fraud crime affects a business from junior level right to the top.

In fact, the UK suffers heavily at the hands of corporate fraud. According to the latest global report by risk consultants Kroll, we are ranked second (only below Colombia) for fraudulent incidents, with theft of physical assets and misappropriation of funds being the main culprits.

While these are reported incidents, and will have been actioned upon, there is little indication as to what goes unreported. For this reason, businesses everywhere need to be putting whistleblowing policies in place.

Fortunately, serious fraud solicitors, Rahman Ravelli, are here to educate and advise business owners and high-ranking executives on what they can do to help.

What is ‘Whistleblowing’?

London Office
36 Whitefriars Street
London
EC4Y 8BQ
+44 (0)203 947 1539
enquiries@rahmanravelli.co.uk

Midlands Office
3 Brindley Place
Birmingham, West Midlands
B1 2JB
+44 (0)121 231 7025

Northern Office
Roma House, 59 Pellon Lane
Halifax, West Yorkshire
HX1 5BE
+44 (0)1422 346 666

Rapid Response Team
24 Hour Emergency Contact
0800 559 3500
Fax +44 (0)1422 430 526
DX16001 HX1

Whistleblowing is a term used to refer to people, often within a workplace, who expose information or activities that are deemed illegal or unethical. Whether an incident has taken place, is about to, or you think it will in the future, it is in the public interest for it to be reported and dealt with properly.

Whistleblowers are protected by the Public Interest Disclosure Act 1998, and as such are immune from any repercussions so long as they are a 'worker' within the UK.

What should you 'blow the whistle' for?

- If someone has committed a criminal offence
- When someone's health and safety is in danger
- When the environment is at risk of damage
- When a miscarriage of justice occurs
- If the company has broken the law
- If you believe someone is covering up some form of wrongdoing

Encourage an open-door policy

According to Aziz Rahman, Senior Partner at Rahman Ravelli, implementing a culture of vigilance within the workplace is paramount if you are to root out any criminal activity:

"Communication is vital in any aspect of a business, even more so where wrongdoing is concerned. As an employer, ensure that you stand on an even footing with your staff. This means that you can discuss any worries, concerns or troubles with each other.

"Encouraging this kind of transparency will be a great step in the right direction - it will also improve the general relationships you hold with staff.

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“When you consider the kinds of complex, multi-jurisdictional cases that Rahman Ravelli handle, a little transparency is just a minor improvement for a business to make – yet, it makes a huge difference when encouraging whistleblowers.”

Lead by example

“It’s little use implementing these policies if a member of senior management isn’t carrying them out. By reinforcing the importance of whistleblowing practices, you will make great progress in minimising workplace crime. The key here; lead by example.

“This also includes resources, too. If you offer readily-available resources and information to your employees, vigilance will never be too far from their mind.”

As we said earlier, it is imperative for businesses to implement a positive and encouraging whistleblowing policy. If they do not, the repercussions could be huge.

We spoke with Aisha Oakley, Head of Consultancy and HR Outsourcing at human resources provider Bradfield HR, who said that there is more than just brand reputation at stake:

“There can be many repercussions for failing to report activities which pose a threat to the safety of employees or indeed the general public. From a monetary perspective, businesses could face injury claims from employees or the public, or large financial penalties for activities which may have affected the environment, such as oil spills or flooding.

“If criminal offences have occurred, this could result in the business owner or managing director facing prosecution or a hefty fine if the business is found to have been non-compliant, even if the business owner or MD was not directly responsible.

“From a business perspective and reputational aspect, businesses want to be seen as promoting themselves as being socially and ethically responsible by having and adhering to the correct policies.

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“Therefore, any cases which come to light where a business has not been following guidelines could have irreparable damage in terms of brand.”

As damaging as a criminal record may be for the perpetrator, neglecting to report a crime can result in irreparable consequences for the business if the wrongdoings are uncovered later.

An investigation by the Serious Fraud Office (SFO) can have monumental repercussions on the business, not to mention the reputations of various CEO's and Financial Directors. Corporate fraud even poses a threat to FTSE 100 companies.

Rahman Ravelli recently published a guide on SFO processes; with a robust whistleblowing policy, an investigation by the SFO can be avoided altogether.

What should you do if wrongdoing has been witnessed?

There has been, in the past, an element of stigma surrounding the act of whistleblowing; this attitude of 'telling on your colleagues' has to be eradicated. With clear, actionable policies you can inform employees on how best to report an incident.

To get to the bottom of the matter, we spoke to Andrew Pepper-Parsons, Head of Policy at whistleblowing charity Public Concern at Work (PCAW). Andrew advised on the kinds of authorities you should seek in the event of wrongdoing being witnessed:

“Our advice to any member of staff who has witnessed wrongdoing in the workplace is to start by thinking how best to raise the concern with line management, designated contacts in the whistleblowing policy (if this is in place) or other senior managers.

“Where there is doubt about whether to raise the concerns or who to approach, a member of staff should seek advice from either a confidential advice line, their trade union, staff representatives or a professional body.”

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A solid whistleblowing policy should be implemented at the earliest stage possible, and reinforced throughout, Andrew continued:

“When those in charge make it clear that they are committed to encouraging staff to raise concerns and will not tolerate any reprisal against a member of staff for doing so, staff will be more likely to have confidence in the procedures.”

The matter of confidentiality is, of course, a worry for many whistleblowers. Some opt for complete anonymity, which has its merits. Depending on the gravity of the incident, however, you may have to disclose your full identity at a later stage should the matter progress.

Aisha Oakley of Bradfield HR commented further on the pros and cons of anonymous whistleblowing:

“It is really an individual’s choice. When an employee discloses information under the whistleblowing policy, an investigation will need to take place. Generally speaking, the individual will be kept anonymous as far as possible. All individuals who come forward are protected under the Public Interest Disclosure Act.

“If individuals decide to waive their anonymity, it can make it easier for the investigators to gather specific evidence and instances rather than an anonymous tip off, which may not allow them to necessarily fully investigate the matter.

“The idea of the whistleblowing policy is to improve practices so that it doesn’t happen again. But in order to do this it is important that as much information and evidence is gathered so that improvements can be put in place to ensure that the incident is not repeated.”

Remember that reinforcement is vital: train your employees and make sure they are familiar with the processes and policies you put in place. With the above advice in tow, you can prevent corporate fraud within the workplace before it can ever rear its head. It’s all about training, reinforcement and employee transparency.

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Rahman Ravelli advise firms from a wide range of industries and professional sectors, from directors of various financial institutions to doctors, dentists and academics. Backed by legal expertise and years of experience we help individuals mount the strongest defence possible.

To find out more about Rahman Ravelli's corporate fraud defence, please visit our corporate fraud advice page.

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