

KENYA HIGHLANDS SACCO

WHISTLE-BLOWING POLICY AND PROCEDURE



Definition of Terms

Complaint	An allegation or concern that is subject to investigation by the appropriate authority.
Detriment	Victimization or reprisal of a whistle-blower which can take any or a combination of the following forms; dismissal, termination, redundancy, undue influence, duress, withholding of benefit and/or entitlements and any other act that has negative impact on the whistle-blower.
Good Faith	This is evident when a report or concern is made without malice or consideration of personal benefit and the employee has a reasonable basis to believe that the report is true; provided, however, a report does not have to be proven to be true to be made in good faith. Good faith is lacking when the disclosure is known to be malicious or false.
Investigation	A process designed to gather and analyze information in order to determine whether misconduct has occurred and if so, the party or parties responsible.
Misconduct	A failure by a staff member or other relevant stakeholder to observe the rules of conduct or standards of behaviour prescribed by an organization.
Suspect	A person who is alleged to have committed a misconduct and subject of investigation.
The SACCO	Kenya Highlands SACCO
Whistle-blower	Any person(s) including employee, management, directors, depositors, service providers, creditors and other stakeholders of an institution who reports any form of unethical behaviour or dishonesty to the appropriate authority.
Whistle-blowing	The act of reporting an observed/perceived unethical misconduct of employees, management, directors and other stakeholders of an institution by an employee or other person to appropriate authority. It is an early warning system that enables an organization to find out when something is going wrong in time to take necessary corrective action.

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1. INTRODUCTION

Kenya Highlands SACCO in ensuring a high ethical standard in all its business activities has established a code of ethics which sets out the standard of conduct expected in the management of its businesses across the SACCO. All stakeholders are expected to comply with these standards in the discharge of their duties.

In furtherance of this, Kenya Highlands Whistle-blowing Policy and Procedure provides a channel for the employees and other relevant stakeholders to raise concerns about workplace malpractices, in a confidential manner; for the SACCO to investigate alleged malpractices and take steps to deal with such in a manner consistent with the SACCO's policies and procedures and relevant regulations.

Whistle-blowing for the purpose of this policy is the act of reporting perceived unethical conduct of employees, management, Directors, and other stakeholders by an employee or other persons to appropriate authorities.

This policy and procedure manual outlines the SACCO's Policy on whistle-blowing and the procedure for investigating and dealing with all reported cases of illegal and unethical conduct and any other misconduct across the SACCO.

1.1. Objective of the Policy

This policy and procedure manual is intended to encourage staff and other relevant stakeholders to report perceived unethical or illegal conduct of employees, management, directors and other stakeholders across the SACCO to appropriate authorities in a confidential manner without any fear of harassment, intimidation, victimization or reprisal of anyone for raising concern(s) under this policy. Specific objectives of the policy are:

- a. To ensure all employees feel supported in speaking up in confidence and reporting matters they suspect may involve improper, unethical or inappropriate conduct within the SACCO;
- b. To encourage all improper, unethical or inappropriate behaviour to be identified and challenged at all levels of the organization;
- c. To provide clear procedures for reporting and handling such concern(s);
- d. To proactively prevent and deter misconduct which could impact the financial performance and damage the SACCO's reputation;

- e. To provide assurance that all disclosures will be handled seriously, treated as confidential and managed without fear of reprisal of any form; and
- f. To help promote and develop a culture of openness, accountability and integrity.

1.2. Scope of the Policy

This policy and procedures manual is designed to enable employees and other relevant stakeholders to report any perceived act of impropriety which should not be based on mere speculation, rumours and gossips but on knowledge of facts. Reportable misconducts covered under this policy include:-

- All forms of financial malpractices or impropriety such as fraud, corruption, bribery, theft and concealment;
- Failure to comply with legal obligations, statutes, and regulatory directives;
- Actions detrimental to Health and Safety or the work environment;
- Any form of criminal activity;
- Improper conduct or unethical behaviour that undermines universal and core ethical values such as integrity, respect, honesty, accountability and fairness;
- Other forms of corporate governance breaches;
- Connected transactions not disclosed or reported in line with regulations;
- Insider abuse;
- Non-disclosure of interests;
- Sexual or physical abuse of staff, customers, prospective staff, service providers and other relevant stakeholders; and
- Attempt to conceal any of the above listed acts.

The above listed reportable misconducts or concerns are not exhaustive. However, judgment and discretion is required to determine misconduct that should be reported under this policy. The general guide in identifying reportable misconduct is to report concerns which are repugnant to the interest of the SACCO and the general public and appropriate sanctions applied.

1.3. Board and Management Commitment to the Policy

The Board and Management are aware that a robust internal system for employees and other relevant stakeholders to disclose workplace malpractices without fear of reprisal shows that employees take their responsibilities seriously, and also helps to avoid the negative publicity that often accompanies disclosures to external parties.

The Board of Directors and Management is therefore committed to promoting a culture of openness, accountability and integrity, and will not tolerate any harassment, victimization or discrimination of the whistle-blower provided such disclosure is made in good faith with reasonable belief that what is being reported is fact.

1.4. Policy Statement

- i. Kenya Highlands SACCO is committed to the highest standards of openness, probity, accountability and high ethical behaviour by helping to foster and maintain an environment where employees and other stakeholders can act appropriately, without fear of reprisal.
- ii. To maintain these standards, the SACCO encourages employees and relevant stakeholders who have material concerns about suspected misconduct or any breach or suspected breach of law or regulation that may adversely impact the SACCO, to come forward and report them through appropriate channels (in certain cases on a confidential basis) without fear of retribution or unfair treatment.
- iii. The SACCO conducts its business on the principles of fairness, honesty, openness, decency, integrity and respect. It is the intention of this policy to encourage employees and other relevant stakeholders to report and disclose improper or illegal practices or activities. The SACCO is committed to investigate promptly any reported misconduct and to protect those who come forward to report such activities. The SACCO further assures that all reports shall be treated in strict confidence.
- iv. The SACCO's operating procedures are intended to detect and prevent or deter improper activities. However, the best systems of controls may not provide absolute safeguards against irregularities. This policy is intended to investigate and take appropriate action against any reported misconduct or concern.

2. ROLES & RESPONSIBILITIES

The following are the roles and responsibilities of key parties in the whistle-blowing process:

i. Whistle-blower

Whistle-blowers are expected to act in good faith and should refrain from making false accusations when reporting his/her concern(s), and also provide further evidence at his/her disposal to aid investigation of the issues reported.

ii. Suspect

Suspect has a duty to cooperate with investigators during the period of investigation including provision of relevant information, documents or other materials as may be required by the investigator.

iii. Investigator/ Head of Internal Audit

The Head of Internal Audit is expected to;

- a) Handle all matters with high professionalism, confidentially and promptly. He/ she shall be independent and unbiased in carrying out investigation.
- b) Acknowledge all concern(s) reported and report on the progress of investigation to the whistle-blower.
- c) On a quarterly basis provide to the Chairman of the Audit & Risk Assessment Committee a summary of all cases reported and the result of the investigation.
- d) Refrain from discussing or disclosing matters under investigation.

iv. Head of Human Resources

The Head of Human resources shall handle the report of investigation that relates to the entity's employees in line with the laid down disciplinary procedure as contained in the entity's staff hand book.

v. Board Audit and Risk Assessment Committee

The Supervisory Committee shall make available to the Board of Directors Quarterly reports submitted by the Head of Internal Audit on whistle-blowing, and also treat all whistle-blowing concern(s) brought to the attention of the committee with urgency.

vi. Internal Auditor & Human Resource Manager

Review, update the Whistle-blowing policy and procedure and obtain requisite Board approval.

3. WHISTLE-BLOWING PROCEDURE

The Whistle-blowing procedure involves steps that should be taken by the whistle-blower in reporting misconduct, and steps required for the investigation of the reported misconduct.

The following procedures shall guide the Whistle-blowing process:

3.1. Internal Whistle-blowing Procedure

Internal Whistle-blowing involves staff members across the SACCO raising concerns about unethical conduct. The following procedure shall be adopted for the purpose of internal Whistle-blowing:

3.1.1. Raising Concern(s) by Whistle-blower - Medium & Format;

- i. An internal Whistle-blower may raise concern through any of the following media (this can be done either by declaration or in confidence/ anonymously):
 - a) Formal letter to the Chief Executive Officer or Head of Internal Audit.
 - b) Dedicated phone number/ communicator chat.
 - c) Dedicated email address:
- ii. Where the concern is received by staff other than the Chief Executive Officer or the Head of Internal Audit, the recipient of such concerns shall be required to;
 - a) Immediately pass the concern(s) to the Head of Internal Audit with copy to the Chief Executive Officer.
 - b) If the concerns affect the Head of Internal Audit, or the Chief Executive Officer, the Board shall be notified; and where a Director is involved, such concern shall be directed at the Chairman of the Supervisory Committee.
- iii. The concern(s) shall be presented in the following format;
 - a) Background of the concerns (with relevant dates)
 - b) Reason(s) why the Whistle-blower is particularly concerned about the situation.
- iv. Disciplinary measures in line with the staff handbook shall be taken against any staff that receives concerns and fails to escalate. Also disciplinary measure shall be taken against an internal Whistle-blower who acted out of malice.

3.1.2. Investigation of Concerns & Update of Investigation

- i. The Head of Internal Audit shall on receipt of the concern(s) acknowledge receipt of the same from the Whistle-blower within 2 working days, and immediately commence investigation. The purposes of investigation are to:
 - a. Establish if a wrongdoing has occurred based on the concern(s) raised, and if so to what extent; and
 - b. To minimize the risk of further wrongdoing, prevent any further loss of assets, damage to the SACCO's reputation and if possible protect all sources of evidence.
- ii. If preliminary investigation shows that the concern falls within the whistle-blowing reportable concerns, then further investigation shall be carried out. If otherwise or the concern is outside the reportable misconduct, then the Head of Internal Audit shall refer the matter to appropriate quarters for further action.
- iii. Where necessary the Head of Internal Audit shall give update of the progress of investigation to the whistle-blower if the concerns fall within the reportable concerns.
- iv. Finally, if the concern raised by the Whistle-blower is frivolous or unwarranted, the Head of Internal Audit shall ignore such concern, if necessary disciplinary measure in line with Human Resources policy shall apply to staff that raise concern out of malice.

3.1.3. Report of Investigation & Action on Report

- i. Upon conclusion of investigation, the Head of Internal Audit shall submit his/her report to the Human Resources or the appropriate authority for further action(s). Where necessary the Head of Internal Audit shall escalate to the Chief Executive Officer. However, quarterly report to keep the Supervisory Committee abreast of developments in Whistle-blowing shall be submitted by Head of Internal Audit.
- ii. All disciplinary action relating to the report shall follow the SACCO's disciplinary procedure as contained in the staff hand book.

3.1.4. Non Satisfaction with Result of Investigation/Action

- i. In the event that the whistle-blower is not satisfied with the extent of investigation and or the action taken based on the outcome of the investigation, the Whistle-blower is at liberty to report to the Chairman of the Supervisory Committee.

- ii. Any internal Whistle-blower that feels victimized can report his/her grievance(s) to the Chairman, Supervisory Committee. This is without prejudice to the fundamental right of the internal Whistle-blower to seek redress in the court of law.

3.2. External Whistle-blowing Procedure

External whistleblowers are non-staff of the SACCO. External whistleblowers can fall into any of these categories: contractors, service providers, shareholders, depositors, analysts, consultants, job applicants, and the general public. External Whistle-blowing shall follow the following procedure:

3.2.1. Raising Concern(s) by Whistle-blower: - Medium & Format

- i. An external whistle blower may raise concern through any of the following media(this can be done either by declaration or in confidence/anonymously):
 - a) By a formal letter to the Chief Executive Officer and or Head of Internal Audit.
 - b) Dedicated phone number as contained on the website;
 - c) Dedicated email address;
 - d) Directly to the Chief Executive Officer or the Head of Internal Audit.
- ii. Where the concern is received by staff other than the Chief Executive Officer or the Head of Internal Audit, the recipient of such concerns shall be required to immediately pass the concern(s) to the Head of Internal Audit with copy to the Chief Executive Officer but ensuring confidentiality of the concern.
- iii. If the concerns affect the Head of Internal Audit, the Chief Executive Officer is notified, and where the CEO is involved, such concern shall be directed at the Chairman of the Supervisory Committee. The concern(s) shall be presented in the following format;
 - a) Background of the issue(with relevant dates)
 - b) Reason(s) why the whistle-blower is particularly concerned about the situation.
- iv. Disciplinary measures in line with the staff hand book shall be taken against any staff that receives concerns from an external whistle-blower and fails to pass same to the appropriate authority.

3.2.2. Investigation of Concerns and Update on Progress of Investigation

- i. The Head of Internal Audit shall on receipt of the concern(s) acknowledge receipt from the whistle-blower within 2 working days, and immediately commence investigation. The purpose of investigation is to:
 - a. Establish if a wrongdoing has occurred based on the concern(s) raised, and if so to what extent; and
 - b. To minimize the risk of further wrongdoing, prevent any further loss of assets, damage to the group`s reputation and if possible protect all sources of evidence.
- ii. If preliminary investigation shows that the concern falls within the Whistle-blowing reportable concerns, then further investigation shall be carried out. If otherwise, the Head of Internal Audit shall refer the matter to the appropriate quarters for further action.
- iii. If the concern raised by the whistle-blower is frivolous or unwarranted, the Head of Internal Audit shall ignore such concern.
- iv. Where it is established that a criminal activity has taken place, the matter may be referred to the Police Force, and where necessary, appropriate legal action taken.
- v. Where necessary the Head of Internal Audit shall give update of the progress of investigation to the whistle-blower.

3.2.3. Report of Investigation & Action on Report

- i. Upon conclusion of investigation, the Head of Internal Audit shall submit his/her report to the Human Resources or the appropriate authority for further action(s). Where necessary the Head of Internal Audit shall escalate to the Chief Executive Officer. However, quarterly report to keep the Chief Executive Officer abreast of developments in Whistle-blowing shall be submitted by Head of Internal Audit.
- ii. If the concern(s) relates to a Director, the matter shall be referred to the Chairman of the Supervisory Committee for further action.
- iii. If the concern(s) relates to an external party (service provider), the Board of Directors shall immediately review the Service Level Agreement with such service provider, and if necessary terminate the agreement.

3.2.4. Non Satisfaction with Result of Investigation/Action

In the event that the whistle-blower is not satisfied with the extent of investigation and or the action taken based on the outcome of the investigation, the whistle-blower is at liberty to report to the Chairman of the Supervisory Committee for further action.

- v. An external whistle-blower shall be at liberty to report to appropriate regulatory body or seek further redress in the court of laws if he/she is not satisfied with the action taken to address the concern(s).

3.3. Time Limit for Investigation

It shall be the policy of the SACCO to handle investigations promptly and as fairly as possible. While it might not be possible to set a specified time frame for the conclusion of investigation due to the diverse nature of potential concerns, the Head of Internal Audit shall endeavour to resolve all concerns within four weeks. Where for any reason, proper resolution is unable to be achieved within this time frame; the Head of Internal Audit shall advice the Chief Executive Officer accordingly, and report to the Chairman of the supervisory committee.

4. PROTECTION & COMPENSATION FOR WHISTLE-BLOWER

- i. It shall be the policy of the group to protect whistle-blowers who disclose concerns, provided the disclosure is made;
 - a) In the reasonable belief that that it is intended to show malpractice or impropriety;
 - b) To an appropriate person or authority; and
 - c) In good faith without malice or mischief.
- ii. While all disclosures resulting from Whistle-blowing shall be treated with high level of confidentiality, staff and other relevant stakeholders are encouraged to disclose their name to make the report more credible. The SACCO shall take the following into consideration in considering anonymous disclosure:
 - a) Seriousness of the issues being reported;
 - b) The significance and credibility of the concern; and
 - c) The possibility of confirming the allegation.
- iii. The SACCO shall not subject a whistle-blower to any detriment. Where a whistle-blower feels unfairly treated owing to his/her actions, the whistle-blower shall be at liberty to report to any regulatory body with oversight on the SACCO's businesses. This is without prejudice to the right to take appropriate legal action.
- iv. Where necessary, compensation of whistle-blowers whether internal or external that have suffered detriment shall be at the discretion of Management taking into consideration regulatory guidance on compensation of whistle-blower to be issued from time to time.
- v. Any retaliation, including, but not limited to any act of discrimination, reprisal, harassment, suspension, dismissal, demotion, vengeance or any other occupational detriment, direct or indirect, recommended, threatened or taken against a whistle-blower because he/she has made a disclosure in accordance with this policy will be treated as gross misconduct and dealt with accordingly.
- vi. Whistle-blowers must ensure that they do not make disclosure outside of the prescribed channels (e.g. media-print or electronic), or their disclosures may not be protected.

5. EMBEDDING A STRONG WHISTLE-BLOWING REGIME

While regulation and best practice in corporate governance requires entities irrespective of their size and location to have a Whistle-blowing policy, the SACCO believes that simply having a Whistle-blowing policy is not enough to create a culture in which employees are genuinely encouraged to disclose unethical behaviours.

In creating an enabling environment which ensures that Whistle-blowing regime is effective across the SACCO they are required to adopt the following measures:

i. Board and Management commitment

The Board and Management are expected to clearly support and sponsor Whistle-blowing. This will include respecting the policy and dedicating a senior management staff preferably the Head of Audit as the advocate for whistle-blowing, who shall be authorized to implement and undertake investigation

ii. Communication & Training

All employees should be aware of the existence of a Whistle-blowing regime. This can be achieved through regular compulsory training by Human Resource Department, newsletters, emails and presentations.

Annual declaration by all staff of having read and understood the policy shall also be encouraged.

iii. Proper Investigation and Action

All Whistle-blowing disclosures or concerns must be investigated promptly and properly, and appropriate action taken upon conclusion of investigation. Furthermore, all Whistle-blowing investigation shall be kept confidential.

iv. Feedback on effectiveness of policy

Regular survey on the effectiveness of the policy should be conducted at regular interval preferably by Internal Audit Department. Such questions to gauge employee satisfaction or survey shall include:

- a) Have you read the Whistle-blowing policy?

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Whistle Blowing Policy

- b) If yes, when last did you read the policy?
- c) Do you know who to contact to make disclosure?
- d) Do you feel you work in an open environment in which you are encouraged to speak up and you can safely voice any concerns without fear of reprisal?
- e) What would you change about how the policy operates?
- f) Are you comfortable with the name (“Whistle-blowing”) of the policy?
- g) If No, what other name will you suggest?

v. **Reward**

Reward system to encourage a strong and effective Whistle-blowing culture can be institutionalized in the SACCO.

Departments can be assessed on the average number of man hours training that the team attended on Whistle-blowing training.

6. ACCEPTANCE & REVIEW

This policy document remains the property of Kenya Highlands SACCO. However, its custody and management shall rest with the Head of Internal Audit who also has oversight on the Compliance function.

This policy document and procedure manual shall be subject to review every two (2) years or as may be deemed necessary. All suggestions for review and or amendments shall be forwarded to the Head of Internal Audit for necessary action.

This document was discussed and approved for implementation as a policy and procedures of the Society in respect to this Policy with effect from _____ 2017.

It is approved under Minute Number _____ of Board of Directors Meeting held on _____

APPROVED BY:

Chairman: _____ Date _____

Vice Chairman: _____ Date _____

Hon. Secretary: _____ Date _____

Treasurer: _____ Date _____

C.E.O: _____ Date _____

Kenya Highlands SACCO
Whistle Blowing Policy

APPENDIX
Staff Declaration

I have received the Kenya Highlands SACCO Whistle-blowing Policy, which I have read and understood.

NAME: _____

STAFF NO: _____

SACCO: _____

SIGNATURE: _____

DATE: _____

Please return this page to Human Resources Department.