



## **POLICY: FRAUD**

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#### **Related documents:**

- Whistleblowing Policy (Employee Handbook)
- Disciplinary Procedure (Employee Handbook)
- Anti-Bribery and Corruption Policy
- Anti-Bribery and Corruption, Gifts and Hospitality Policy (Employee Handbook)

Copies of this Policy may be made available in alternative formats on request.

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## **POLICY: FRAUD**

All reference to 'we', 'our' or 'us' in this Policy should be read as meaning Sandbourne Housing Association.

### **1. Purpose and aim of Policy**

- 1.1 We recognise that it is essential to minimise the potential for fraud to take place within our Association.
- 1.2 One of the ways that we can do this is by making all staff and Board members aware of:
  - 1.2.1 our policy on fraud;
  - 1.2.2 their personal responsibilities in relation to their conduct; and
  - 1.2.3 what action they should take if they have knowledge of fraud taking place.
- 1.3 This policy covers the first two points above: our Whistleblowing Policy (Employee Handbook) incorporates the procedure to be followed if fraud is discovered.

### **2. Definitions**

- 2.1 The term "fraud" is used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. "Fraud" is usually used to describe depriving someone of something by deceit, which might either be straight theft, misuse of funds or other resources, or more complicated crimes like false accounting, misuse of computer records and the supply of false information. The definition of fraud as given in the Fraud Act 2006 will be used as the basis for deciding whether an activity is fraudulent or not.
- 2.2 Computer fraud is where information technology equipment has been used to manipulate programs or data dishonestly (for example, by altering, substituting or destroying records, or creating spurious records), or where the use of an IT system was a material factor in the perpetration of fraud. Theft or fraudulent use of computer time and resources, including unauthorised personal browsing on the internet (see IT and Social Media Policy in Employee Handbook), is included in this definition.

### **3. Our statement on fraud**

- 3.1 We will not tolerate fraud carried out by our tenants, contractors, suppliers, staff or Board members. All allegations of fraud will be investigated thoroughly and appropriate action will be taken if an allegation is substantiated. The form of action that is taken will depend on the level of fraud and the circumstances in each case. In most instances, however, the action considered will involve disciplinary action (against staff members), prosecution and/or recovery of our assets and funds. Our Disciplinary Procedure (see Employee Handbook) outlines the process that will be taken against a staff member who is suspected of fraud.
- 3.2 We expect the highest standards of integrity and conduct from our Board members and staff.
- 3.3 Our staff should be aware that fraud, corruption and theft may exist in the workplace and be able and prepared to share their concerns about it. We have a Whistleblowing Policy (see Employee Handbook) which encourages staff and Board members to raise concerns about malpractice without fear of suffering any discrimination or victimisation as a result of their actions.
- 3.4 Staff and Board members should also be aware that, where a company or organisation has been prosecuted for fraud under the Fraud Act 2006, individual members of that company or organisation (including staff and Board members), who can be shown to have been involved in or aware of the fraudulent activity, may also be prosecuted.

### **4. Declarations of interest, gifts and hospitality**

- 4.1 As stewards of public funds, all staff and Board members must have, and be seen to have, high standards of honesty, propriety and personal integrity. Staff and Board members are required to report any declaration of interest and any potential conflict of interest to the Chief Executive or the Chair, who will bring them to the next available Board meeting. Declarations of interest are a standard Board agenda item and are formally reviewed annually.
- 4.2 Guidance on the receipt of gifts or hospitality is given in the Anti-Corruption and Bribery, Gifts and Hospitality Policy (see Employee Handbook).

### **5. Reporting responsibilities**

- 5.1 All frauds, attempted frauds and suspected frauds will be reported to the Board, through the Chair or the Chair of the Audit, Finance and Risk Committee, at the earliest opportunity.
- 5.2 Reports will be made at the earliest reasonable opportunity to the relevant regulatory authority when any incidence of fraud:
- 5.2.1 involves amounts over £5,000 or equivalent in value;
  - 5.2.2 involves or implicates one or more Board members, irrespective of the monetary or equivalent value; and

- 5.2.3 involves or implicates senior management, irrespective of the monetary or equivalent value.
- 5.3 Even if the amount involved is less than £5,000, the Board, on receiving the report, may determine that a report to the relevant regulatory authority is appropriate.

## **6. Implementation**

- 6.1 The Board and the Chief Executive are responsible for ensuring that this Policy is communicated and implemented. All Board members will receive access to a complete set of policies when they join the Board and updated copies of policies as they are reviewed. New staff members will be taken through relevant policies as part of their induction process. Existing staff members will be alerted to significant changes in relevant policies as they are reviewed.
- 6.2 It is the responsibility of all our employees to ensure that their work is carried out in line with this Policy.
- 6.3 We will ensure that we train all of our employees and Board members so that they fully understand this Policy.

## **7. Monitoring**

- 7.1 The Audit, Finance and Risk Committee and the Chief Executive and designated senior manager are responsible for monitoring this Policy to ensure that it is correctly applied.

## **8. Responsibilities of all employees**

- 8.1 It is the responsibility of all employees to report immediately any act of attempted or detected fraud.
- 8.2 The employee must report the matter to the Chief Executive, or if inappropriate, to the Chair of the Board or the Chair of the Audit, Finance and Risk Committee. All notifications must be initially either in person or in writing.
- 8.3 It is important that all staff are able to report their concerns without fear of reprisal or victimisation and are aware of the means to do so. The Public Interest Disclosure Act 1998 (the "Whistle-blowers Act") provides appropriate protection for those who voice genuine and legitimate concerns through the proper channels.

## **9. Actions to be taken**

- 9.1 The Chief Executive must always report the matter at the earliest opportunity to the Chair or the Chair of Audit, Finance and Risk Committee. They should be kept informed of the progress of the investigation and be available to give advice to the Chief Executive, where required.

- 9.2 The Chief Executive, in consultation with the Chair and/or the Chair of the Audit, Finance and Risk Committee and any other professional advisors as required, will determine how the matter is to be investigated. Normally the initial investigation will be carried out by the Chief Executive but, if the fraud is suspected to be particularly serious or large, the police may be asked to help with the investigation. The investigation should be carried out as soon as the fraud is discovered or suspected in order to secure the evidence and limit the impact of the fraud.
- 9.3 Wherever possible the investigation should aim to avoid disrupting the normal course of the business. However, with such a small staff, it is recognised that some disruption may be inevitable and, in very serious cases, business may need to be suspended while the investigation is undertaken. It is also recognised that certain activities of ours may need to be suspended or amended in the short-term and/or staff and/or Board members be suspended to avoid further fraudulent activity from being undertaken.
- 9.4 The aim of the investigation will be to establish whether a fraud has taken place, who has committed the fraud and the amount of any financial loss. This will enable the Chief Executive and the relevant Board members to decide the course of action which should be taken. It will also enable the necessary information to be given to the police, our insurers and the external auditors, where appropriate.
- 9.5 The investigation should be carried out in a fair way and should be as open as is possible in the circumstances. Every reasonable line of enquiry should be undertaken to ensure that the full extent of the situation is identified.
- 9.6 The involvement of other staff and Board members must be kept to a minimum at this stage to prevent the disclosure of unauthorised information, to avoid the loss of valuable evidence and information and to enable an independent appeal to be carried out in the case of disciplinary proceedings.
- 9.7 No contact will be made with the media without the permission of the Board or in urgent cases the Chair or Vice-Chair of the Board.
- 9.8 The reported incident will be recorded in the Fraud Register by the Chief Executive. This register shall be open to inspection by the relevant regulatory authority at any time and shall be reviewed at each meeting of the Audit, Finance and Risk Committee. The register will contain records of both attempted and detected frauds and the actions taken. The records will also indicate the systems involved in order to assist in the prevention of any recurrences.
- 9.9 The Chief Executive or the Board is responsible for informing our internal and external auditors, insurers and the police, as appropriate. The police and the external auditors will be informed once there is clear prima facie evidence of fraud.
- 9.10 We will take appropriate action against staff or Board members who perpetrate fraud and any person whose conduct allows fraud to be committed. We will also take action to recover any assets that have been

lost. The actions taken will be reported to and reviewed by the Audit, Finance and Risk Committee.

9.11 Where the Chief Executive has committed, or is suspected of having committed, fraud, the actions in points 9.1 to 9.6 will be undertaken by the Chair of the Audit, Finance and Risk Committee.

**10. Equality impact assessment/Protected characteristics (as at 8 January 2019 or later amendments/additions)**

10.1 Neutral.

**11. Consultation arrangements**

11.1 The Audit, Finance and Risk Committee will be responsible for ensuring that reviews of this Policy are carried out three-yearly.

11.2 The Association will undertake a review of this Policy whenever there are relevant changes to legislation, case law or good practice that may impact on it.

11.3 Our staff will be consulted on any substantive changes to this Policy and any reasonable suggestions will be taken into account before the Policy is approved by the Board.