



"Offering our community more than a home"

DRAFT

~~Register of Frauds and Attempted~~ Prevention of -Frauds Policy

Management Committee submission:	27 October 2020
Previous Approval:	28 November 2017
Approved:	
Review date:	October 2023

CHA Objectives:

- To manage the houses provided, in a professional and cost effective manner, for the benefit of our local community and the environment.
- To provide a first class maintenance service which offers value for money and ensures the comfort and safety of our residents while achieving high levels of satisfaction
- To ensure that our resources are adequate to deliver our objectives by investing in our people, increasing digitalisation, demonstrating value for money and through robust procurement practices.
- To promote social inclusion by applying principles of equality and diversity to everything we do.

Regulatory Standards:

- The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.
- The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these objectives.
- The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay
- The governing body bases its decision on good quality information and advice and identifies and mitigates risks to the organisation's purpose.
- The governing body and senior officers have the skills and knowledge they need to be effective
- The RSL conducts its affairs with honesty and integrity.

Any material breach or non-compliance with legislation/regulatory requirements in relation to this Policy constitutes a Notifiable Event and the Regulator will be informed via the SHR Portal.

This policy can be made available on request in a variety of different formats, such as on CD, in large print and translated into other languages.

Register of Frauds and Attempted Frauds

1. Introduction

- 1.1 Clydebank Housing Association recognises the importance of protecting the organisation (operations, employees, suppliers, assets, etc.) and its tenants and residents against financial risks, operational breaches and unethical activities.
- 1.2 Losses due to fraud, theft or corrupt practices could have a direct effect on the level and quality of service provision. The Association is a well-respected organisation in the local area and any instances of fraud or corruption could be damaging for its reputation. It is recognised that actual financial losses are not the only negative outcome of frauds as the full cost is usually much greater than the fraud itself. Staff morale and the level of confidence of tenants, owners, partners, suppliers, our lenders and the Scottish Housing Regulator may decline as a result of fraud.
- 1.3 Clydebank Housing Association has a responsibility to its tenants, owners, staff, partners, suppliers and other stakeholders in general to take all reasonable steps to prevent the occurrence of fraud. This policy sets out in more detail procedures for:
- fraud prevention and detection
 - the investigating and reporting of fraud
 - recording of fraud
 - responsibilities

Information is also provided on risk management, internal controls, management checks, staff training and the Bribery Act 2010.

- 1.4 This policy applies to all employees and to temporary workers, consultants, contractors, agents and subsidiaries acting on Clydebank Housing Association's behalf.

Breaches of this policy are likely to constitute a serious disciplinary, contractual and or criminal action for the individual(s) concerned.

2. Fraud Definitions and Examples

2.1 Fraud

The Audit Commission defined "fraud" as "the intentional distortion of financial statements or other records by persons internal or external to the (organisation), which is carried out to conceal the misappropriation of assets or otherwise for gain". It is taken to include theft, deception, bribery, forgery, extortion, corruption, conspiracy, embezzlement, misappropriation, concealment of material facts and collusion. For practical purposes, fraud may be defined as the use of deception with the intention of obtaining advantage, avoiding an obligation or causing loss to another party.

This definition excludes instances of misappropriation and petty thefts, which did not involve distortion of financial statements and records. However, it does cover fraud both in the organisation and on the organisation.

Corruption

The Audit Commission defined “corruption” as the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person”.

Corruption necessarily involves malpractice by or an improper approach to someone in your organisation.

2.2 Staff should be aware that gifts, including hospitality, offered by contractors, suppliers and service providers may place an employee in a vulnerable position. Even when offered and accepted in innocence, such gifts may be misconstrued by others. The offer, acceptance or refusal of gifts and hospitality should be in line with the Association’s Entitlements, Payments and Benefits Policy and associated guidance as well as our Gifts and Hospitality Policy.

Some examples of fraud that may be perpetrated against the Association are:

- Theft of cash or other assets
- False accounting and /or making fraudulent statements with a view to personal gain or gain for another
- Bribery and corruption – offering, giving, soliciting or accepting an inducement or reward that may influence the actions taken by the Associations staff, for example in the procurement of goods or services.
- Claims for payment of works of maintenance that haven’t been completed / don’t exist / exaggerated / excessive.
- Claims for payment of supplies that have not been provided.
- Falsification of expenses and invoices
- Falsification of flexi sheets, annual leave sheets, sick or special leave records
- Knowingly providing false information on job applications and requests for funding
- Alteration or falsification of records (computerised or manual)
- Failure to account for monies collected
- Tenancy Fraud-including false applications and illegal sub letting
- Acceptance of bribes for access to housing
- Payroll fraud
- Housing benefit fraud
- Procurement fraud
- Bank mandate fraud

The above list is not exhaustive.

3. Fraud Prevention

3.1 Clydebank Housing Association has established a system of internal controls, policies and procedures, in an effort to deter, prevent and detect fraud and corruption.

- 3.2 The Association will ensure regular internal audits on its financial procedures and policies are carried out.
- 3.3 All new employees (including temporary staff) are asked to provide details of any current unspent criminal offences in the Associations employment application form. The Association will verify details provided in the application form including references and educational checks. All staff must demonstrate their eligibility to work in the UK.
- 3.4 All suppliers and contractors must be in good standing and subject to screening by the Association in line with the Association's Procurement Policy.
- 3.5 All contractual agreements with the Association will contain the provision prohibiting fraudulent or corruptive acts and will include information about reporting fraud and corruption.
- 3.6 All staff will receive fraud and corruption awareness training in tandem with Code of Conduct and Entitlements, Payments and Benefits training.
- 3.7 An anti-fraud culture shall be nurtured throughout the Association.

4. Fraud Detection

- 4.1 The primary responsibility for detecting fraud lies with the Management Committee and the Senior Management Team through the implementation, documentation and operation of effective systems of internal control. However, all staff have a responsibility to be aware of the potential for fraud and take the necessary steps to minimise the risk to the Association. The Senior Management Team should ensure staff in their areas of operation are familiar with the common types of fraud.
- 4.2 The Association expects staff to be alert to the potential for fraud in areas where they operate.
- 4.3 As part of their remit, the Association's internal auditors, through their evaluation of the control framework, also have a role to play in preventing and detecting fraud.

5. Fraud Investigation and Procedures

- 5.1 Staff will often be the first to notice the potential for, or actual, fraud. Staff suspicious of fraud should report their concerns to their Line Manager or the Chief Executive. This requirement to alert is not confined to suspicions about other members of staff, but includes any misgivings staff may have about contractors, suppliers etc. If for any reason it is felt reporting in this manner is inappropriate staff may report confidentially to the Chair of the Management Committee or contact our internal or external auditors directly.

The contact details for the auditors are:

Internal Auditors: Wylie & Bisset

Contact Person: Graham Gillespie - graham.gillespie@wyliebisset.com

External Auditors: Alexander Sloan

Contact Person: Allison Devine - allison.devine@alexandersloan.co.uk

5.2 Where it appears that the fraud may have involved the Chief Executive and the Chairperson should be notified immediately.

5.3 Staff should not be dissuaded from reporting actual or suspected fraud as all cases will be treated in the strictest confidence. The Association is fully committed to supporting and protecting staff that raise legitimate concerns where possible. However the Association cannot guarantee anonymity and may have to provide, for example, witness statements to assist with the investigation.

5.4 Provided the allegations have been made lawfully, without malice and in the public interest, the employment position of the person will not be disadvantaged for reasons of making this allegation. The Association's Whistleblowing Policy contains further information on this.

5.5 Any action to prevent the reporting or any attempts at intimidation will be treated seriously and the Association will immediately report such action to the police.

5.6 Fraudulent or corrupt activity by a staff member is regarded as a breach of contract and where there are grounds for suspicion then suspension, pending the outcome of enquiries, is likely. Where there are grounds to suspect that criminal fraud has occurred the Association's policy may advise the Police. The Association will co-operate fully with the Police and pursue prosecutions where possible.

5.7 The Association will start its own investigation and will follow its own disciplinary procedure as required.

5.8 Where dishonesty is detected then disciplinary procedures will be instigated and this may lead to dismissal of the individual concerned. The Association's auditors or any other appointed independent investigator may be called in to carry out a fuller investigation and to provide independence in the investigation. In all cases the Association will co-operate fully with those carrying out the investigation.

5.9 Line managers should note that suspects have certain rights under the law and no action (such as interviewing staff) should be taken without prior legal or EVH consultation. Failure to follow established procedures in relation to investigating fraud and interviewing the staff involved can invalidate disciplinary action and compromise the success of any future investigation and/or prosecution.

5.10 Where the suspected fraud involves unknown parties and is estimated to be under £500 in value the Association will only report the matter to the Police if it is deemed appropriate to do so by the Chief Executive. In the case where the Chief Executive is suspected, the Chair must be advised immediately.

5.11 The Association will require that any staff member who is convicted of a fraudulent act whilst employed by the Association is required to inform the Chief Executive. The Association will take a view on whether or not the offence committed will result in the staff member being able to continue in their current post. The Association will carry out a risk assessment of the position in line with recruitment best practice for the Employment of Ex-Offenders. In the case where the Chief Executive is suspected, the Chair must be advised immediately.

5.12 The Management Committee must reflect on the nature of the fraud and raise a Notifiable Event with the SHR as appropriate.

6. Fraud Register

6.1 In accordance with the Codes of Governance/Conduct, all frauds and attempted frauds must be recorded in the Fraud Register.

The Secretary will maintain the Fraud Register under delegated authority from the Management Committee.

All frauds and attempted frauds should be reported immediately to the Secretary who will record the following details:-

- Date of fraud or attempted fraud
- Description of fraud or attempted fraud
- Names and designation of those involved
- Name of person reporting/fraud
- Date reported to Management Committee
- Action taken (e.g. report to Police) and date
- Outcome
- Control action required as a result of the fraud
- Estimated loss/potential loss to the Association (if applicable)
- Extent of/potential recovery (if applicable)
- Date reported to the Scottish Housing Regulator (if applicable)

All entries must be endorsed by the Secretary and two members of the Management Committee and the Management Committee will review the Fraud Register on an annual basis-

6.2 Should any loss through fraud be sustained by the Association, the Management Committee shall take all reasonable steps to recoup the loss if the loss is of a material amount. The loss may be recouped from the perpetrator of the fraud or through an insurance fidelity guarantee claim.

7. Equality and Diversity

Our commitment to equal opportunities and fairness will apply irrespective of factors such as race, sex, disability, age, gender reassignment, marriage &

civil partnership, pregnancy & maternity, religion or belief and sexual orientation.

7.1 In order to reinforce our commitment to equality and to ensure that everyone is treated equally, that our services are accessible to all and that our practices are, at all times, within the law and free of discrimination of any kind, an equality impact assessment has been carried out. It has been established that there should be no significant positive or negative impacts for any groups regarding the operation of this policy.

For Office Use Only – Required Actions

Customer Consultation Required/Arranged	No
Intranet Update	Yes
F Drive Update	Yes
Website Update	Yes
Leaflet change required?	No
Newsletter Promotion?	No
Other information updated, e.g. posters, automatic email responses, post cards, answering machine messages, etc.	No
Equality Impact Assessment completed	Yes