



Anti-fraud Policy

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Policy Owner:	Company Secretary	Review date:	December 2017
Approved by	Board	Policy reviewer:	Governance and Regulation Manager
Approval Date	January 2018	Next Review by:	January 2021

1. Purpose

- 1.1 The Purpose of this policy is to set out our position on tackling fraud and corruption (this policy uses the term *fraud* as a general term which includes corruption and fraud committed as a cyber crime).
- 1.2 This policy outlines how we will carry out our business transparently and fairly to ensure we meet our zero tolerance approach towards fraud.
- 1.3 This Policy should be read alongside our Gifts and Hospitality Policy that clarifies when and what gift / hospitality is acceptable.
- 1.4 This policy does not cover tenancy fraud – this is covered in a separate Tenancy Fraud Policy.

2. Definitions

- 2.1 ***Fraud*** – an act of deceit by theft, misuse of funds or other resources, or by more complicated crimes like misrepresentation, impersonation, false accounting and the supply of false information. This includes fraud committed through cyber crime (see section 4.2.3).

Examples of fraud include:

- System issues – where an individual deliberately falsifies records or manipulates data in order to circumvent our internal controls e.g. deleting leave taken on annual leave approval forms
- Financial issues – where a party has fraudulently obtained money from us e.g. false claims for travel expenses
- Equipment issues – where our equipment is used for unauthorised personal use e.g. use of mobile phones for personal use

- 2.2 ***Corruption*** – is a form of dishonest or unethical conduct by a person entrusted with a position of authority, often to acquire personal benefit. Corruption may include many activities including bribery and embezzlement.

- 2.2.1 ***Bribery*** – is the offering, giving, receiving, or soliciting of any item of value to influence the actions of someone in charge of a public or legal duty.

Examples of bribery include:

- A contractor offering payment for their tender to be accepted
- An applicant making a payment in order to be offered a home

2.2.2 Embezzlement – is the theft or misappropriation of funds placed in one's trust or belonging to one's employer.

Examples of embezzlement:

- Setting up false accounts and making payments to oneself
- Not declaring cash payments for rent
- Submitting false expense claims

2.2.3 Cyber crime - crime committed through the use of technology, this can include fraud and can be committed internally and externally.

2.3 Material Fraud (for the purposes of reporting to the regular) is defined as

- Any fraud committed by members of EMT or Board
- Fraud with a financial cost over £5,000

3. Responsibilities

3.1 The Board

- Overall responsibility for ensuring we operate in an environment that is free of fraud
- Approving this policy and revisions to it

3.2 The Company Secretary

- Leading the Fraud Response Plan (see appendix 1)
- Notifying the Police of fraud, where appropriate
- Reporting to Audit and Risk Committee on all cases of fraud and potential fraud
- Notifying the regulator of any material fraud (see definition in section 4.3)
- Maintaining awareness of and compliance with this policy
- Ensuring the Fraud Matrix is regularly reviewed (appendix 2)

- If the Company Secretary is the alleged perpetrator or in some way involved, the responsibilities of the Company Secretary will be transferred to the Chief Executive
- If the Chief Executive or a Board member is the alleged perpetrator or in some way involved, the responsibilities of the Company Secretary will be transferred to the Chair of the Audit and Risk Committee
- If the Chair of the Audit and Risk Committee is the alleged perpetrator or in some way involved, the responsibilities of the Company Secretary will be transferred to the Chair of the Board

3.3 *Audit and Risk Committee*

- Regular monitoring of the operation and adequacy of this Policy
- Reporting breaches to the Board
- Approving a 3-year risk-based internal audit strategy

3.4 *All Board members, volunteers and staff*

- Ensuring they work and are seen to work in an open, honest and transparent manner that is free of fraud
- Complying with anti-fraud controls and processes

3.5 *Managers*

- Reporting all cases of potential fraud they identify Identifying areas at risk of potential fraud and putting in place effective controls to mitigate this risk
- Monitoring and testing control systems to ensure they are robust and effective

3.6 *External Audit*

- Giving assurance that the financial statements are free from material misstatement, whether caused by fraud or error
- Reporting suspected fraud to the Company Secretary unless
 - The Company Secretary is the alleged perpetrator, in which case the auditor will report to the Chief Executive.
 - The Chief Executive or a Board member is the alleged perpetrator, in which case the auditor will report to the Chair of the Audit and Risk Committee.

- The Chair of the Audit and Risk Committee is the alleged perpetrator, in which case the auditor will report to the Chair of the Board.

4. Legal and regulatory framework

- 4.1 The **Bribery Act 2010** states that it is a criminal offence to offer or receive a bribe. It also places specific responsibility on organisations to have in place sufficient and adequate procedures to prevent bribery and corruption taking place.
- 4.2 Prosecution under the Bribery Act could result in us receiving an unlimited fine and potentially becoming debarred from tendering for public contracts.
- 4.3 Breaches of the Bribery Act could lead to penalties for senior managers with whose “consent or connivance” bribery was committed. Individuals found guilty of bribery can be liable to imprisonment for up to 10 years and/or a fine.
- 4.4 The **Fraud Act 2006** states that fraud is a criminal offence and can be committed in three ways: false representation, failing to disclose information, and abuse of position. The Act also includes offences for obtaining services dishonestly and of possessing, making and supplying articles for use in fraud.
- 4.5 As a fundamental pillar of co-regulation, our regulator (the HCA) requires us to:
- provide an annual report on fraud losses - para 3.3 regulating the standards.
 - to inform them in an accurate and timely manner on fraud losses (para 2.7 - Governance and Financial Viability Standard – amplified in the code of practice).
- 4.6 The **Criminal Finance Act 2017** makes a company liable if an ‘associated person’ (staff and Board Members) facilitates tax evasion when acting in that capacity. A defence is having reasonable processes in place to mitigate the potential fraud taking place.

5. Policy Statement

- 5.1 Fraud is a risk to our business. The impact of an event of fraud can be high. This can manifest itself in the following ways:
- Financial – this could be the cost of the fraud plus fines from legal action.
 - Reputational – an event of fraud could lead to a serious reputational issue, which could have a negative impact on our relationship with our customers.
 - Regulatory – an event could lead to regulatory intervention if the controls in place were found to be inadequate or not followed.

5.2 Legal – fraud could lead to prosecution of staff (see section 3 above) We have a six step approach (summarised in Appendix 3) to combating fraud that will be monitored through our Fraud Matrix (Appendix 2).

5.2.1 Commitment

- Our Board are committed to us carrying out our business activity transparently and fairly and therefore operate a zero tolerance policy towards fraud by our Board members, volunteers, employees, contractors, agents and other associated persons.
- We are committed to working only with other organisations or individuals who are also committed to doing business in this way and who share our values and our approach to fraud.

5.2.2 Aware

- We require all Board members, volunteers, staff, suppliers and contractors to familiarise themselves with and follow this policy and related processes throughout their relationship with us.
- We carry out regular briefing sessions with staff at key points. This includes during the induction process, refresher training or during policy / process changes.
- We regularly review our business environment to ensure we are aware of new risks.
- We receive regular fraud updates from our bank that highlight potential threats.
- We keep and regularly review a business-wide Fraud Matrix that details potential vulnerabilities and controls in place.

5.2.3 Mitigate

- We minimise fraud through understanding potential risks and putting appropriate controls in place for effective mitigation and detection.

5.2.4 Detect

- We have clear processes in place to detect fraud and have a clear reporting process through the Company Secretary or the “Whistleblowing” Policy.
- We review processes and IT capability regularly to ensure early detection of fraud.

5.2.5 Act

- We will investigate all cases of alleged fraud.
- We will take appropriate action against anyone found to have committed fraud. This potentially includes, for example, disciplinary action for staff and termination of contracts for contractors.
- If reported to the Police, any internal action carried out by us will be agreed with them to ensure we do not compromise any investigation.
- We will always seek to recover any financial losses.
- We will report any fraudulent activity to the Audit and Risk Committee.

5.2.6 Review

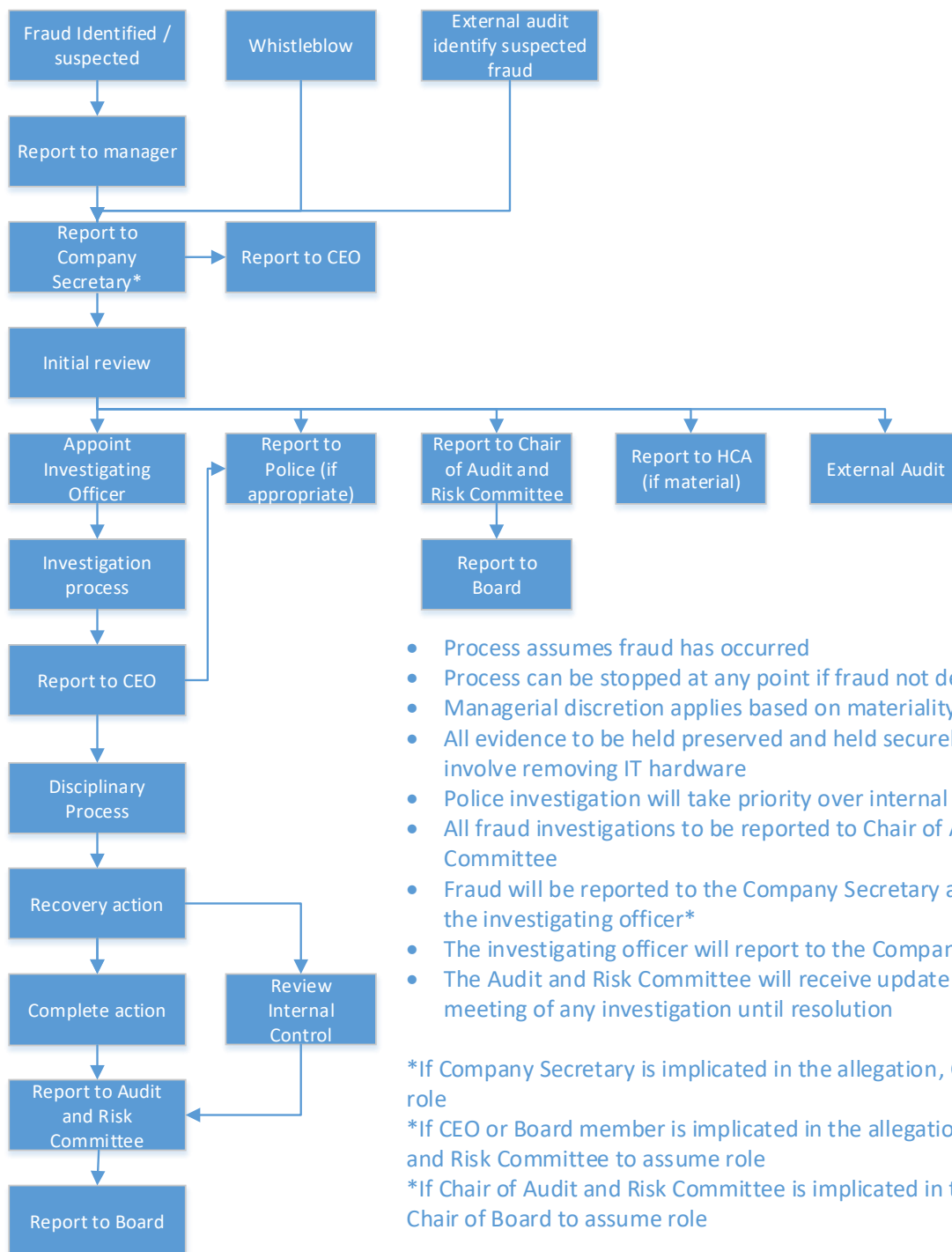
- We review areas that are at risk of fraud through regular internal audits.
- We regularly review our processes to ensure they have appropriate controls.

6. Related Policies & Procedures

6.1 We have controls in place to prevent fraud. These include:

- Governance Regulations, Financial Regulation and Delegated Authorities
- Staff terms and conditions, including contracts of employment
- Board members' Code of Conduct
- Staff & Volunteers Expenses Policy
- Our Behaviour Charter
- Gifts & Hospitality Policy
- Declaration of Interest
- Whistleblowing Policy
- Contracts Standing Orders and procurement guidelines
- Contractor Code of Conduct
- Contract Management Procedure
- Procurement templates and anti-bribery questionnaires
- Purchase Ordering and payment authorisation payments
- Tenancy Fraud Policy

Appendix 1 – Fraud Response Plan



- Process assumes fraud has occurred
- Process can be stopped at any point if fraud not detected
- Managerial discretion applies based on materiality of fraud
- All evidence to be held preserved and held securely – this may involve removing IT hardware
- Police investigation will take priority over internal investigation
- All fraud investigations to be reported to Chair of Audit and Risk Committee
- Fraud will be reported to the Company Secretary and will appoint the investigating officer*
- The investigating officer will report to the Company Secretary*
- The Audit and Risk Committee will receive update reports at each meeting of any investigation until resolution

*If Company Secretary is implicated in the allegation, CEO to assume role

*If CEO or Board member is implicated in the allegation, Chair of Audit and Risk Committee to assume role

*If Chair of Audit and Risk Committee is implicated in the allegation, Chair of Board to assume role

Appendix 2 – Fraud Matrix (example)

Fraud type	Fraud issue	Mitigation	Likelihood	Impact	Review
Bribery	Contractor offering inducement to win contract	Procurement process	Low	Low	
Fraud	False expense claims from staff	Claims signed off by manager	Low	Low	
Embezzlement	False invoice processed staff	Process in place	Low	High	
Fraud	Supplier presenting false invoice	All invoices matched with purchase orders	Low	Medium	

Appendix 3 – Summary of our approach

We have a six step approach to combating fraud

Commitment We have a clear zero tolerance approach to fraud

Aware We are aware of where fraud can take place

Mitigate We mitigate fraud through having robust controls and awareness

Detect We have a range of methods to ensure we detect fraud

Act We will take appropriate decisive action if and when fraud occurs

Review We review and audit our processes to ensure they are fit for purpose

