Tai Calon Community Housing

Creating vibrant communities across Blaenau Gwent.

Policy Name: Anti Fraud Policy

Date: 7th October 2024

Purpose and Scope:

The Anti- Fraud Policy sets the objectives and responsibilities in respect of the prevention, detection and response to fraud or attempted fraud within Tai Calon.

It applies to all current employees, Board members and to all agency workers, consultants, on site contractors and volunteers.

Responsibility (Manager/Team): Director of Resources

Supporting Documents:

Standing Orders	Financial Regulations
Risk Management Policy	Whistleblowing policy
Conduct & Probity Policy	Treasury Management Practices – Money Laundering
Procurement Framework	Code of Conduct
Workplace Resolution Policy	

Chief Executive/Director Approval:

Audit & Risk Committee Approval Date: 7th October 2024

Contents

1. INTRODUCTION

1.1 The Anti- Fraud Policy sets out the objectives and responsibilities in respect of the prevention, detection and response to fraud and the procedures to be followed where fraud or attempted fraud is detected or suspected within Tai Calon Community Housing.

1.2 The policy applies to all current Tai Calon employees, Board members and to all agency workers, consultants and onsite contractors and volunteers.

2. BACKGROUND

2.1 Fraud is the term is used to describe such acts as deception, bribery, forgery, extortion, corruption, concealment of material facts and collusion. For practical purposes, fraud may be defined as the 'use of deception with the intention of obtaining an advantage avoiding an obligation or causing loss to another party'. The criminal act is to deceive and attempted fraud is therefore treated as seriously as accomplished fraud.

2.2 The policy applies to any fraud or attempted fraud perpetrated against Tai Calon Community Housing and includes all associated companies, joint ventures or partnership arrangements whether Registered Social Landlords or not.

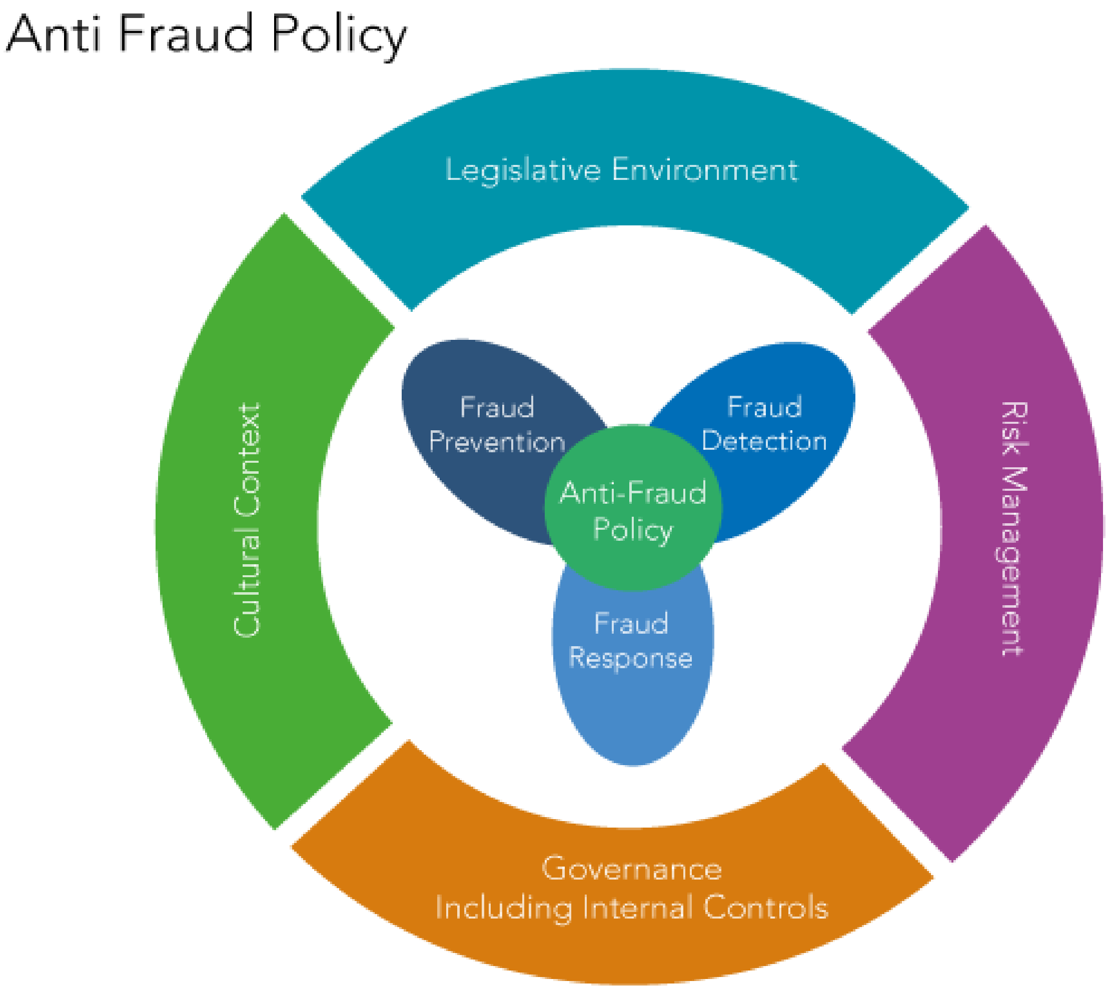
2.3 The 2006 Fraud Act made fraud a criminal offence and provides for the following ways of committing the offence:

- Fraud by false representation
- Fraud by failing to disclose information
- Fraud by abuse of position

2.4 In addition to the Fraud Act, the Prevention of Social Housing Fraud Act 2013 and The Prevention of Social Housing Fraud (Detection of Fraud) (Wales) Regulations 2014 make provision for investigations into social housing fraud offences, such as making fraudulent applications for social housing or unlawfully subletting social housing. The Regulations enable local authorities to require the provision of information in relation to those offences. They also create offences and enable penalties to be imposed in connection with these requests for information.

3. PRINCIPLES AND SCOPE OF POLICY

3.1 An effective Anti-Fraud Policy aims to deter fraud by having effective systems and controls in place to prevent fraud, detect fraud and respond to fraud. The diagram below shows that that the Anti-Fraud Policy is supported by the legislative environment, the approach to management within the organisation, the governance processes that are in place including internal controls and the cultural context or "the way we do things around here".



3.2 The objectives of the Anti-Fraud Policy are to:

- promote the highest standards of conduct, accountability and propriety both internally amongst Board members, directors, managers, employees, temporary workers, consultants and contractors and externally with all organisations conducting business with Tai Calon whether suppliers, customers or tenants;
- create an environment in which employees, managers, directors and Board members, temporary workers, consultants and contractors feel confident and secure in reporting suspected improper behaviour or malpractice;
- establish a robust framework for the identification, prevention and detection of fraudulent or corrupt activity, and the use of a full range of available sanctions leading to recovery of losses;
- set the process whereby allegations of fraudulent or corrupt activities can be securely reported by tenants, customers or suppliers and properly investigated by Tai Calon (or statutory agencies) without prejudicing the integrity of Tai Calon or its Board, directors, managers or employees;

- facilitate and encourage the exchange of information and co-operate with external bodies on all relevant activities in order to combat fraud and corruption;
- promote an anti-fraud and anti-corruption culture within Tai Calon with a strong commitment to openness;
- Ensure improper behaviour or malpractice is reported clearly and prescriptively.

3.3 The policy recognises that awareness and co-operation is key in ensuring:

- Compliance with standards of conduct outlined in the Employee Code of Conduct;
- Compliance with documented procedures contained within Tai Calon's Financial Regulations;
- Confidence and clarity in knowing when and how suspected improper behaviour or malpractice should be reported. This will be prompted by ensuring that there is awareness across the organisation of the Whistle-Blowing Policy.

3.4 Board has responsibility for ensuring that Tai Calon has in place a system of controls that is appropriate for the business environments in which it operates. These controls are designed to give reasonable assurance about:

- the reliability of any financial information that is published, or is used within Tai Calon Community Housing;
- the maintenance of proper accounting records; and
- the protection of Tai Calon Community Housing's assets against their unauthorised use or disposition.

3.5 It is the Board's ultimate responsibility to establish and maintain systems of internal financial control. Such systems will only provide reasonable rather than absolute assurance against material financial misstatement or loss. The key elements of these systems include ensuring that:

- there are formal policies and procedures in place, that allow the monitoring of controls and that seek to prevent the unauthorised use of Tai Calon's assets. These policies and procedures include the documenting of key systems and rules relating to the delegation of authorities;
- experienced and suitably qualified employees are responsible for important business functions and employee performance is effectively managed and maintained by line managers;
- forecasts and budgets are prepared so the Board and management can monitor key business risks, financial objectives and the progress made towards financial plans set for the year and the medium term;

- regular management accounts are prepared which provide relevant, reliable and up to date financial information. Significant variances from budget are investigated as appropriate;
- all significant initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant committees which are controlled by Board members;
- Board reviews reports from the Audit and Risk Committee (ARC) in respect of internal control including assurance provided from management, internal auditors and external auditors, in order to provide reasonable assurance that the control procedures are in place and are being followed. This includes a general review of the major risks facing Tai Calon.

3.6 ARC agrees and reviews the internal audit programme, consider major findings of internal audit investigations and management's response. This includes seeking assurance that formal procedures are in place for instituting actions needed to correct weaknesses identified.

4. ROLES AND RESPONSIBILITIES

4.1 The Board is responsible for:

- developing and maintaining effective controls to prevent fraud;
- commissioning vigorous and prompt investigations if fraud occurs;
- ensuring appropriate legal and/or disciplinary action is taken against the perpetrators of fraud;
- ensuring appropriate disciplinary action is taken where supervisory failures have contributed to the commission of the fraud.

4.2 Tai Calon's Standing Orders set out delegated responsibility to ARC in respect of Fraud and Irregularities. These include a review of activity in line with this policy. Tai Calon uses internal auditors who are available to offer advice and assistance on control issues as necessary.

4.3 Each manager is responsible for:

- Ensuring organisational internal control processes are followed and that adequate systems of internal control exist within their areas of responsibility and operate effectively.
- Assessing the types of risk involved in the operations for which they are responsible; to review and test the control systems for which they are responsible regularly; to ensure that controls are being complied with; and to satisfy themselves that they continue to operate effectively.
- Establishing and maintaining effective controls that:
    - regularly rotate staff, where practical, particularly in key posts;
    - separate duties so that control of a key function is not vested in one individual;

- Designing new systems having considered the safeguards against internal and external fraud.
- Being alert to the possibility that unusual events or transactions could be symptoms of fraud or attempted fraud. Fraud may also be highlighted as a result of specific management attention by a third party.

4.4 Each employee is responsible for:

- Having a duty to ensure that Tai Calon's funds and assets are safeguarded. Employees should alert their line manager (or the next most senior person) where they believe the opportunity for fraud exists because of poor procedures or lack of effective oversight.
- Immediately report details to their line manager (or their manager's manager), if they suspect that a fraud has been committed or see any suspicious acts or events.
- Assisting in any investigations by making available all relevant information and by co-operating in investigatory interviews.

5. FRAUD PREVENTION

5.1 Fraud requires the presence of three things:

- an asset which is of value to someone;
- the motivation to acquire the asset by fraud; and
- the opportunity to do so.

5.2 Tai Calon's approach should be geared towards activities which involve valuable assets. Procedures and controls should seek to minimise the opportunity for fraud. People processes, where relevant and internal controls recognise the possibility that some people will seek to defraud the organisation.

5.3 Recruitment

5.4 People who are likely to commit fraud are also likely to falsify information given when applying for jobs. Recruitment procedures will make clear the checks required on applicants aimed at verifying information given. This will include Disclosure and Barring Service checks for certain posts; checking references; seeking telephone confirmation of references; requiring originals of relevant certificates; requiring explanation of any gaps in employment history; and any other specific checks. Posts at a more senior level, or which involve placing contracts or authorising or processing transactions, will attract more stringent checks and these enhanced checks will be set out in recruitment procedures.

5.5 Induction

5.6 All employees will be made aware at the earliest opportunity of the policy and procedural framework within which they are required to operate. In particular, they will be advised of Tai Calon's policies in respect of Code of Conduct, Schedule 1 requirements, Declaration of Interests, Financial Regulations, Standing Orders, Scheme of Delegations, Whistleblowing, and Gifts and

Hospitality rules. They will be advised that failure to comply with these and other policies and procedures will be viewed seriously and in line with our Workplace Resolution Policy may result in disciplinary action and ultimately dismissal.

5.7 Employment

5.8 Procedures must recognise that not everyone will prove trustworthy and must offer safeguards against trust being abused. Certain behaviours are sometimes associated with fraud, for example, reluctance to take holidays, regularly working at unusual times when other employees are not present, resistance to delegation, or demonstrating behavioural changes. In these circumstances, managers and the People & Culture team will be alert to the increased possibility of something being amiss and will consider whether further investigation is required.

5.9 Some types of fraud involve collaboration which sometimes involves asking other employees to do favours or bypass normal procedures without them being fully aware of what is happening. All employees are made aware of the requirement to report promptly any attempt to get them to bypass normal procedures or requests that are not the normal practice and where there may be some grounds for suspicion.

5.10 **Finance**

5.11 Finance procedures must follow principles of separation of duties, proper authorisation of transactions and independent monitoring and checking of transactions. Financial regulations set out how principles are applied. The use of cash and cheques will be minimised. Wherever possible, transactions will be made direct to supplier bank accounts which have been established according to our procedures.

5.12 Consultants and contractors (development, building and maintenance work).

5.13 All procurement activity is conducted in an open, transparent and non-discriminatory way. It is conducted in accordance with the Procurement Act 2023 and Tai Calon's Financial Regulations, Scheme of Delegation and Schedule of Delegation. Budget holders must adhere to the procurement methods as set out in the Procurement Framework and detailed in the Procurement & Tendering Procedures.

6. FRAUD DETECTION

6.1 Detection of fraud or attempted fraud relies on a combination of alertness and routine checks. Employees involved in financial transactions need to be wary of unusual aspects of transactions including apparent urgency, request for payment without normal procedures, changing any aspect of payment details or addressing, duplicate invoices, invoices which appear inconsistent with normal business practice in any respect. Checking and questioning transactions is required behaviour, not obstruction or unhelpfulness.

Employees are made aware of their responsibilities under the whistleblowing procedure.

6.2 External and internal audit take account of the possibility of fraud and is weighted towards areas of greatest risk. These facilities are not however a complete means of detection.

6.3 Management will conduct additional checks. These will include an annual value for money review of consultants and contractors and a monthly review of all new suppliers.

6.4 Each director shall put in place adequate control systems to prevent and detect errors and fraud in their responsibility areas, ensuring they are notified immediately of any suspected or identified instances of fraud or irregularity involving any Tai Calon assets (including cash, cheques, property, computer hardware, software, stock, stores and data).

6.5 Tai Calon has a Fraud Risk Assessment covering high risk areas within the business. The risk assessment includes key fraud indicators to identify potentially fraudulent activities or behaviours. The Fraud Risk Assessment will be reviewed bi-annually by the Leadership Team and presented to the following meeting of the Risk Management Group.

7. FRAUD RESPONSE

7.1 The principles to be followed in investigating fraud are that the investigation must be speedy and confidential. The immediate aims of the investigation are to prevent further losses, to establish and secure evidence necessary for disciplinary and criminal action, and to advise those individuals and organisations who need to know.

7.2 Further aims, but less immediate, are to recover losses, to take action against those responsible, to review the reasons for the incident and any improvements required in control or other procedures and to minimise reputational damage to Tai Calon Community Housing.

7.3 When a tenant, employee or a Board member becomes aware of, or has reasonable belief that fraud or irregularity is being perpetrated involving Tai Calon's assets, they should immediately report such instances to the appropriate investigating person. The investigating person will be a member of the Leadership Team or the Internal Auditors as appropriate at the time. If they so wish, tenants, employees or Board members may use the provisions of the Whistleblowing Policy in force at that time to report irregularities.

7.4 On being informed of a potential fraud or irregularity, the investigating person shall immediately take any steps they consider necessary to investigate the matter. This should include consideration of informing the police. If the fraud or irregularity is of major significance in terms of financial loss, risk to the organisation or substantial reputational damage, the investigating person will inform the Board and the Welsh Government’s Housing Regulator in accordance with the Welsh Government’s regulations and procedures in place at that time.

7.5 At the end of the investigation, the investigating person will inform the tenant, employee or Board member who raised the irregularity of the outcome of the investigation. This information will be disclosed in accordance with Tai Calon’s Data Protection Policy and in accordance with the data protection legislation in place at that time.

7.6 The Standing Orders set out that the Board has delegated responsibility to ARC in respect of Fraud and Irregularity. The reporting of Fraud and Irregularities will be a standard agenda item on ARC.

APPENDIX 1 - Fraud Response Plan

1. Introduction

1.1 The purpose of this Plan is to outline the steps to be followed in the event of a suspected fraud. It provides a consistent framework for investigating and reporting fraud by defining authority levels, responsibilities, for action and lines of reporting. This Plan should be read in conjunction with Tai Calon's Anti-Fraud Policy and Whistleblowing Policy.

2. Initiating Action

2.1 Suspicion of fraud may be captured through a number of means. This includes internal audit work, external audit, or incidences of whistleblowing. In all cases the Investigating Person should be alerted to the matter without delay. The investigating person will be a member of the Leadership Team. or the Internal Auditors as appropriate at the time.

2.2 On being informed of a potential fraud or irregularity, the Investigating Person shall immediately take any necessary steps to investigate the matter. The investigating person shall, as soon as possible and normally within 24 hours, will provide an initial response. They will document:

- Date of discovery
- How incident was discovered
- Name of employee(s) involved
- Any evidence
- Details of others who are aware
- Details of 3rd party involvement

2.3 The Investigating Person has the task of deciding on initial action to be taken. They will conduct the investigation confidentially and only include others if absolutely necessary. This action will normally consider;

- Engaging the internal auditor to act as Investigating Officer and undertake an investigation
- Informing external auditors of the matter, and agreeing arrangements for keeping the external auditors informed about the work of the Association;
- Considering how to secure records/assets and prevent further loss;
- If the Investigating Person is in a position where they must share details with a colleague in order to progress the investigation, they should typically avoid choosing a colleague in the area of business where the alleged or suspected fraud has taken place;
- Seeking expert legal advice from Tai Calon's solicitors, as required;
- Confirming responsibilities and arrangements for submitting relevant regulatory notifications to Welsh Government's Housing Regulator;
- Confirming requirements and arrangements for notifying funders.

2.4 The Investigating Officer must use their discretion as to whether the actions above are appropriate for the level of the offence.

2.5 The Investigating Person should advise the Chair of the Audit & Risk Committee as soon as an investigation under this procedure has been initiated.

2.6 The Investigating Person will keep during all stages of the investigation, details and accurate notes of all communications, interviews, documents and tests in order that a clear audit trail is recorded.

3 Preliminary Investigations

3.1 The Investigating Person must conduct an initial information gathering exercise to enable the circumstances to be investigated rigorously, confidentially and without undue delay. They should thereafter report their initial findings to any Director of Resources, any interim conclusions and provide an action plan to guide the full investigation if this is the recommended course of action.

3.2 The Director of Resources appropriate colleagues will consider the Investigating Person's report, but the information will not be disclosed or discussed with anyone else who does not have a legitimate need to know. In cases where an individual is suspected of fraud, which a subsequent investigation does not substantiate, every effort must be made to minimise potential damage to the individual's reputation.

4 Involving the Police

4.1 Where preliminary investigations establish that there are reasonable grounds to suspect that fraud of major significance has taken place, it is Tai Calon's policy to pass details directly to the police, normally without undue delay and prior to any further internal investigation. The Investigating Person will notify the Chair of the Audit & Risk Committee of this action.

4.2 Information will be disclosed in accordance with Tai Calon's Data Protection Policy in accordance with the data protection legislation in place at that time.

4.3 The police will lead any further investigations from this stage. All employees are required to co-operate fully with police enquiries in this regard. The Investigating Person will establish and maintain appropriate lines of communication with the police.

4.4 The provisions of this Plan apply in full in cases where external frauds, perpetrated by third parties, are identified or suspected and there is any suspicion of collusion of staff members.

4.4 In all other cases of suspected external fraud the Investigating Person in consultation with the Director of Resources and Chair of the Audit & Risk Committee shall normally report the matter to the police without delay.

4.5 A major objective in any fraud investigation will be the punishment of any perpetrator, to act as a deterrent to other potential perpetrators. Tai Calon will follow it’s Workplace Resolution Policy and Procedures in dealing with any member of staff who has committed fraud; and will normally pursue the prosecution of any such individual.

5 Subsequent Investigations

5.1 Where preliminary investigations provide reasonable grounds for suspecting a member or members of staff of fraud, the Investigating Person will decide whether there is a requirement to suspend the suspect(s). It will do so, with reference to Tai Calon’s Workplace Resolution Policy and Procedure. It may be necessary to plan the timing of the suspension to prevent the suspect(s) from destroying or removing evidence that may be needed to support disciplinary or legal action.

5.2 In these circumstances, the suspect(s) should be approached unannounced. They should be supervised at all times before leaving Tai Calon’s premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to Tai Calon. Any keys to premises, offices and furniture should be returned.

5.3 The IT Team should be instructed to withdraw, without delay, access permissions to Tai Calon’s computer systems. The suspect(s) should be requested to hand over all IT and communications equipment provided to them by Tai Calon, including laptops, mobile telephones and other devices.

5.4 If no suspension takes place following preliminary investigations, the Investigating Person should review this at subsequent stages of the ensuing investigation. In the case of no suspension, the Investigating Person should review the duties of the suspect(s) and consider if they should be restricted until the investigation is complete.

5.5 The Investigating Person shall consider whether it is necessary to investigate systems other than that which has given risk to suspicion, through which the employee may have had opportunities to misappropriate Tai Calon’s assets. In consultation with the Director of Resources they will also determine whether there is a need to collect additional information in order to provide an appropriate level of evidence.

5.6 Dependent on the nature of the suspected fraud, the investigation may require technical expertise that the Investigating Person does not possess. In these circumstances, the Investigating Person has responsibility for the appointment of external specialists to lead or contribute to the investigation.

Access to Information

5.7 Any requests for information from the press or other external agency concerning any fraud investigation must be referred to the Investigating Person. Under no circumstances should the Investigating Person or any other employee provide statements or information to the press or external agencies.

6.0 Recovery of Losses

6.1 The Investigating Person shall ensure that the amount of any loss is quantified, wherever possible. Repayment of losses will be sought in all cases. Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the Investigation. Legal advice should also be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. Tai Calon will normally expect to recover costs in addition to losses.

7.0 Investigation Report

7.1 On completion of a fraud investigation, the Investigating Person will write a written report within a month. If a fraud has been established, the report shall contain the following where appropriate:

- A description of the incident, the people involved, and the means of perpetrating the fraud;
- Investigation process
- Facts & evidence
- The measures taken to prevent a recurrence;
- Quantification of losses;
- Progress with recover action;
- Progress with disciplinary action;
- Progress with criminal action;
- Actions taken to prevent and detect similar incidents.

7.2 The report will normally be submitted to the next meeting of the Audit & Risk Committee. The fraud register will also be updated to include the findings of the report. Where the fraud is significant, in terms of losses incurred, or partially novel, unusual or complex, a special meeting of the Audit & Risk Committee may be convened.

8.0 Review of the Fraud Response Plan

8.1 As minimum, the Plan will be reviewed every three years to ensure fitness for purpose. It will also be reviewed after any fraud incident in order to identify any need for change.