



<b>Policy Control</b>	
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Policy Owner	Finance Director
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## Appendix 1 Anti-Fraud Policy Summary

### Appendix 2 Fraud, whistleblowing and notifiable events registered.

#### **1.0 - Introduction**

Fraud can have a devastating effect on a company because it could result in significant financial loss and other long-term business repercussions. Any allegations of fraud will be taken seriously, with no exceptions. All individuals, regardless of position, title, or tenure with the company are expected to remain vigilant and report any suspicious activity to the relevant staff member and/or the fraud prevention hotline.

These procedures promote a culture founded on fraud prevention, awareness, accountability and clarify acts that are suspicious. This will ultimately support a culture of operating within a comprehensive framework of internal controls, complete with documented and formalized policies, procedures, processes, and other supporting safeguards as needed. The procedures provide guidance to prevent, detect, report, and investigate when fraudulent acts are suspected and subsequently proven.

1.1 - Reliance Social Housing CIC (RSH) upholds a zero-tolerance approach regarding fraud and corruption and is committed to achieving the highest standards of openness, probity and accountability. It identifies the importance of this as it works to preserve its reputation and that of the sector.

RSH will identify and promptly investigate any suspected fraudulent or related dishonest activity against the company or other parties with whom the organization has dealings. RSH will take appropriate disciplinary and legal actions to include the possibility of termination of employment, restitution, and forwarding information to the appropriate authorities for prosecution.

1.2 - In pursuit of the aim to carry on a workable and sustainable business it takes appropriate actions to identify and guard against improper financial and business risks. RSH is committed to reducing its risk of fraud to the lowest possible level.

1.3 - This policy outlines the broad principles which RSH will implement in order to protect the organisation and the public funds it receives, its assets and its services against fraud. It is relevant to Board and Committee Members, staff, tenants and residents, members of the public, contractors, consultants and service providers. , This fraud policy should outline RSH determination to take appropriate measures to deter fraud by:

- introducing/maintaining necessary procedures to detect fraud;
- Investigate all instances of suspected fraud;
- Report all suspected fraud to the appropriate authorities;
- Assist the police in the investigation and prosecution of suspected fraudsters.
- Recover wrongfully obtained assets from fraudsters
- Encourage employees to report any suspicion of fraud.

You may also wish to include the following:

- the allocation of responsibilities for the overall management of fraud and procedures to be followed if a fraud is suspected.

#### **2.0 – Definition of Fraud**

Fraud is any intentional act or omission designed to deceive others, resulting in the other party suffering a loss and/or the perpetrator achieving a gain. Dishonest or fraudulent activities include, but are not limited to, the following:

- 2.1 Forgery or alteration of documents (checks, bank draft, timesheets, invoices, agreements, etc.) or bank accounts belonging to the company or its subsidiaries.
- 2.2 Misrepresentation of information on documents.
- 2.3 Misappropriation of funds, supplies, or assets.
- 2.4 Theft, disappearance, or destruction of assets.
- 2.5 Authorizing or receiving payments for goods not received or services not performed.
- 2.6 Authorizing or receiving payment for hours not worked.
- 2.7 Inappropriate use of the company's records and disclosing confidential and proprietary information to outside parties
- 2.8 Corruption is defined as the offering, giving, soliciting, or acceptance of an inducement or reward that may improperly influence the action of a person or entity. Some examples of corruption include:
  - 2.8.1 Bribery
  - 2.8.2 Conspiracy
  - 2.8.3 Extortion

Management: For purposes of these procedures, management refers to the President, Vice Presidents, Directors, Managers, Supervisors, or other individuals who manage or supervise funds or other resources, including human resources

### **3.0 - Background**

2.1 - The Fraud Act 2006 introduced a defined offence of fraud which is broken into three sections

- 3.1.1 - Fraud by false representation - Fraud by false representation is defined by Section 2 of the Act. Representation must be made dishonestly and is made with the intention of making a gain or causing a loss or risk of loss to another. A representation is defined as false if it is untrue or misleading and the person making it knows that it is, or might be, untrue or misleading. Representation can be stated by words or communicated by conduct i.e. written, spoken or by electronic means.
- 3.1.2 - Fraud by failing to disclose information - Fraud by failing to disclose information is defined by Section 3 of the Act, and details that a fraud will have been committed if a person fails to declare information which he/she has a legal duty to disclose. There is a requirement that the person acts dishonestly and intends to make a gain for himself/herself, cause a loss to another or expose another to a risk of loss.
- 3.1.3 - Fraud by abuse of position false representation - Abuse of position. Fraud by abuse of position is defined by Section 4 of the Act and requires a person who is in a privileged position to act dishonestly by abusing the position held; and by doing so, fails to disclose to another person, information which he/she is legally required to disclose. The dishonest act must be with the intention of making a gain for him/her or another. Alternatively, it may be with the intention of causing a loss or risk of loss to another. The offence may be committed by omitting to make a declaration as well as by an act. The Fraud Act 2006 largely replaced the laws relating to obtaining property by deception, obtaining a pecuniary advantage and other offences that were created under the Theft

Act 1978. Whilst the introduction of the Fraud Act 2006 has repealed much of the Theft Act 1978, it does not prevent the prosecution of other offences under the various other Acts, e.g. theft, counterfeiting and falsification of documents

#### **4.0 – Reporting Fraud**

4.1 - Reporting a Suspected Fraud or Incident of Bribery/Corruption, staff should first be familiar and/or read the Whistle-blowing Policy (RGE001) which can be linked with the Anti-Fraud Policy.

4.2 - Where it is the wish for the individual to report suspicions they are able to do so by informing RSH and/or a prescribed person anonymously but they may not be able to take the claim further if you have not provided all the information they need. You can give your name but request confidentiality - the person or body you tell should make every effort to protect your identity. However, the organisation will always encourage individuals to come forward and be identified as this is an indication that it is not merely someone with a “grudge” making false accusations and allows the suspicion to be acted upon with greater effectiveness and efficiency.

RSH and/or the prescribed person will listen to your concern and decide if any action is needed. You may be asked for further information. The claimant must inform the prescribed person and/or organisation immediately if they want to remain anonymous. The claimant will not have a say in how the concern is dealt with. RSH and/or the prescribed person may keep you informed about the action they’ve taken, but will be unable to provide detail to preserve the integrity of any ongoing investigations.

3.3.1 - The organisation should be responsible for:

- Developing and maintaining effective controls to prevent fraud.
- Carrying out vigorous and prompt investigations if fraud occurs.
- Taking appropriate legal and/or disciplinary action against perpetrators of fraud.
- Taking disciplinary action against supervisors where supervisory failures have contributed to the commission of the fraud.

3.3.2 - Managers should be responsible for:

- Identifying the risks to which systems and procedures are exposed.
- Developing and maintaining effective controls to prevent and detect fraud.
- Ensuring that controls are being complied with.

3.3.3 -. Individual members of staff are responsible for:

- Acting with propriety in the use of official resources and in the handling and use of corporate funds whether they are involved with cash or payments systems, receipts or dealing with contractors or suppliers
- Reporting details immediately to (their line manager or next most senior manager) if they suspect that a fraud has been committed or see any suspicious acts or events.

4.3 - What to do if you suspect fraud, theft or corruption may be occurring?

4.1.3 – Initial action checklist upon discovering a potential fraud:

1. Alert the fraud incident manager that an allegation or suspicion exists
2. Document date, time and details of initial report/discovery
3. Take notes of all observations and actions – if something is worth taking a mental note, it is worth a written note)
4. Maintain confidentiality (only inform those people who need to know about the suspected act). Unwarranted disclosure can seriously damage potential successful investigations. Do not confront the suspect.
5. Write out in full the suspected act or wrongdoing including: • What is alleged to have occurred • Who is alleged to have committed the act • Is the activity continuing • Where did it occur • What is the value of the loss or potential loss • Who knows of the activity
6. Identify all documentary and other evidence connected to the activity
  - a. • Invoices
  - b. • Contracts
  - c. • Purchase orders
  - d. • Cheques
  - e. • Computers
  - f. • Credit card statements etc.
7. Obtain evidence and place in a secure area. (only where it is possible without alerting any suspects)
8. Protect evidence from damage or contamination
9. List each item individually taking note of acquisition (incl. time, date and location) and where the item was securely stored
10. Identify all potential witnesses
11. Unless electronic evidence is in the process of being destroyed do not go into the suspect/target computer systems
12. If possible, secure and/or remove suspect’s access to relevant computers/systems. Do not allow IT department to examine computer
13. Consider other potential suspects and extent of fraud

Convey your concerns to someone with the appropriate authority the responsible person of your particular department, if not those please consult with CEO, FD, COO or the Chair and report your concerns as soon as possible

4.1.4 – Do not approach the concerned individual or be afraid to raise your concerns, don’t try to investigate yourself.

4.1.5 - Failure to report suspected fraudulent or corrupt activity in a timely manner according to the procedures below will also be subject to disciplinary action.

**5.0 – What is prohibited?**

5.1 - In the context of this Policy, fraud is defined as “Conduct that involves deception or dishonesty intended to result in unfair or unlawful gain”.

5.2 - Fraud may or may not involve a financial gain and when the term is applied to an individual it can include, but is not exhaustive of, the following illustrative examples

- 5.1 Forgery or alteration of documents (checks, bank draft, timesheets, invoices, agreements, attendance or flexi time records etc.) or bank accounts belonging to the company or its subsidiaries.
- 5.2 Misrepresentation of information on documents (expenses, car mileage, petty cash or other employee claim forms).
- 5.3 Misappropriation of funds, supplies, or assets.
- 5.4 Theft, disappearance, or destruction of assets.
- 5.5 Authorizing or receiving payments for goods not received or services not performed.
- 5.6 Authorizing or receiving payment for hours not worked.
- 5.7 Inappropriate use of the company's records and disclosing confidential and proprietary information to outside parties
- 5.8 Using work time to carry out non-work activities
- 5.9 Using work resources or materials in furthering alternative employment e.g. own business interests

## **6.0 - Roles and Responsibilities**

- 5.1 – The Management Board is responsible for ensuring the organisation operates:
- To develop an anti-fraud culture and define management and employee responsibilities in this area. To reduce the opportunity for fraud by introducing preventative and detective measures into systems and processes.
  - To ensure that anti-fraud controls are considered and built into new systems and processes at the design stage.
  - To promote an open and ethical culture within the organisation which deems unethical behaviour unacceptable.
  - To increase the vigilance of management and staff through raising fraud risk awareness.
  - To ensure that the directors of the group meet their statutory responsibilities towards fraud, as per the requirements for corporate governance.
  - To learn from previous incidents and recycle lessons and experiences in fraud prevention and detection globally.
  - To encourage management and staff to report their suspicions while guaranteeing anonymity where requested.
  - To investigate impartially and thoroughly all cases or suspected cases of fraud, to prosecute offenders and, where appropriate, to seek to recover monies and costs through legal means has relevant policies and systems in place to discourage, detect and report suspected fraudulent activity.
  - Maintains appropriate procedures that ensure reported incidents of suspected fraud are promptly and vigorously investigated, and effective sanctions and redress are applied in instances where fraud is detected.
  - The Board is also responsible for ensuring it conducts its own affairs in accordance with the Housing Regulator's regulatory standards of governance and financial management, and recognised principles of good governance. individual Board Members are responsible for reporting any suspicions of fraud or attempted fraud they encounter; and otherwise acting with of integrity and propriety.

## **6.0 - Staff Members**

6.1 - All staff members are responsible for being vigilant to possible indicators of fraud or attempted fraud, within their respective areas of work.

6.2 - Reporting any suspicions of fraud or attempted fraud they encounter.

6.3 - Acting with integrity and propriety, within the law, and in accordance with relevant policies, systems and procedures.

7.4 =- . Individuals at all levels of the Organization will be treated equally regardless of their position, years of service, or affiliation with the company.

6.4 - Similarly, staff members should report to their line manager any areas of weakness they identify in procedures or systems; or suggested ways of reducing the possibility of fraud.

## **7.0 – Penalties**

7.1 - Staff found to be involved in fraudulent activity (or theft or corruption) may be subject to one or all the following sanctions.

7.1.1 - Disciplinary - with dismissal usually sought where the offence is considered to constitute “gross misconduct” pursuant to the provisions of the Association Disciplinary Policy.

7.1.2 - Criminal - where the relevant law enforcement agency considers it to be in the public interest to pursue a prosecution.

7.1.3 - Civil - recovery of monies or assets fraudulently or corruptly acquired.

7.1.4 - Professional - disbarring whereby the Council will make a referral to the employee’s professional regulatory body or bodies where appropriate.

## **8.0 - Monitoring**

8.1 - As part of its governance systems, the Association maintains various registers to record certain types of activity. Its Fraud, Whistleblowing and Notifiable Events Registers are of relevance to this policy and will be maintained accordingly.