

Group Anti-Fraud and Corruption Policy

Responsible Officer

Director of Finance

What is fraud and corruption?

Fraud can be defined as:

“Wrongful or criminal deception intended to result in personal or financial gain”.

Fraud and corruption often go hand in hand. Corruption can be defined as: *“The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”.*

There is no comprehensive legal definition of fraud. There are 3 ways that fraud can be committed under the Fraud Act (2006):

- By false representation.
- Failing to disclose information.
- Abusing a position of trust.

Many of the offences commonly referred to as fraud are covered in other legislation for example, company law. The Prevention of Social Housing Fraud Act 2013 covers tenancy fraud and makes subletting or parting with possession of a social housing property by a tenant a criminal offence. Fraud can occur at any time. While it is not possible to provide a definitive list of all frauds, they often involve the falsification of documents, which results in financial loss. Over recent years cyber fraud has increased impacting on both organisations and individuals.

The table below sets out some common examples of fraud which could be committed in a Housing Association, however the list is not exhaustive:

A tenant subletting a home in full.

An applicant obtaining a social housing home when not eligible.

A tenant paying another tenant to exchange homes.

Awarding a contract to a company and as a result a staff member gains personally (this could be directly or indirectly).

A staff member letting a home to a friend, or relative.

Organised criminal gang offers money to tenant to buy home via Right To Buy, they accept and later are forced out of home when they cannot meet repayments.

False references and or qualifications.

Invoice values higher than stocks of materials received (could be stationery, van stocks, etc.)

Use of Phoenix vans for personal use or to run another business.

Doing non-Phoenix work during Phoenix's time.

Suppliers bank details are changed resulting in monies being fraudulently misdirected.

Theft of goods or stock.

Aim of the Policy

The aim of this policy is to set out Phoenix's approach to identifying and managing risks to minimise and identify suspected fraud, investigating it, taking action and learning from any cases to reduce the likelihood of reoccurrence.

The policy also clarifies responsibilities in relation to the prevention, detection and reporting of fraud and is supported by training, procedures, guidance and risk assessments.

It applies to the Board, involved residents, all staff and volunteers at Phoenix.

The Policy does not form part of any employee's contract of employment and so can be amended at any time.

Any employees who breach this policy may face action our disciplinary procedures. Any non-employee who breaches this policy may have their contract terminated with immediate effect.

The Policy

As a registered provider of social housing with charitable objectives Phoenix has a responsibility to protect and maximise returns on our investment and assets, (primarily our homes). Suspected and actual fraud is a drain on our resources and assets; it can also impact on our reputation in a negative way if we do not manage it effectively. Successful tackling of fraud, on the other hand, can result in positive publicity as well as a clear statement of our intent which then acts as a deterrent to future fraud. Even more importantly the prevention of fraud has the potential to save us significant sums of money.

Phoenix has a zero tolerance to acts of fraud and dishonesty. This means Phoenix recognises that it is at risk from fraud in various guises and will proactively take all reasonable steps to minimise this risk as well as deal effectively with any cases of suspected fraud. We will learn from any investigations whether upheld or not.

The Board has set a cautious risk appetite in areas of compliance with the law and regulatory requirements. Our zero tolerance to fraud is upheld by the Board and supports the Board's risk appetite in this area.

To deliver our zero tolerance we will:

1. Understand the scale and nature of fraud.
2. Design controls and solutions to tackle the risk of fraud.
3. Create structures to support the prevention and detection of fraud, including clear reporting lines.
4. Take proactive action to reduce fraud and create an anti-fraud culture to act as a deterrent.
5. Take reactive action where fraud is not prevented- Investigating in a fair and objective manner.
6. Apply sanctions where fraud is detected.
7. Learn from all our anti-fraud and fraud detection activities.

This approach is based on the Modern Strategic Approach to Fraud encapsulated by CIPFA (Chartered Institute of Public Finance Accountancy).

Policy Detail

1. The scale and nature of fraud

Fraud is complex and changes as opportunities emerge and procedures change. This means the types of fraud Phoenix may experience is constantly changing.

To ensure our assessment of suspected fraud is up-to-date we will hold an anti-fraud risk register which highlights areas where the risk of fraud is the highest by setting out areas of potential fraud, existing controls to reduce the likelihood of fraud and further actions planned to reduce risks further.

This will be reviewed by the Executive Team (ET) and Audit Committee at least once every year. As part of discussions quarterly by the ET and Audit committee about emerging risks, emerging risks of fraud will also be discussed.

2. Design controls and solutions to tackle the risk of fraud.

Controls and solutions

Different ways of committing fraud may require different controls to minimise their likelihood. These are detailed in the anti-fraud register. This is also supported by specific guidance on detecting and responding to suspected tenancy fraud. In addition there are corporate controls which must be upheld by all staff, volunteers and board members to ensure our zero tolerance to fraud is maintained across Phoenix. These are set out below:

- Following our Staff, Board Member and or Involved Residents Code of Conduct (as appropriate).
- Complying with Standing Orders and Financial Regulations (including Delegated Authorities).
- Raising concerns as soon as any impropriety is suspected, including where concerns are expressed by a third party. Taking the approach “if you are worried say it or report it”.
- Follow other internal systems of control to prevent fraud; including but not limited to the following:
 - *Recruitment & Selection Procedures.*
 - *Payments and Benefits to staff and Board Members Policies.*
 - *Declarations of interest.*
 - *Confidential Reporting (‘Whistle Blowing’) Policy.*
 - *Internal Audit recommendations.*
 - *Completing Annual Statement of control and assurance.*
 - *Anti-Bribery and anti-money laundering policies and procedures.*
 - *Checks and reviews of trading accounts.*
 - *Following policies and procedures and where these do not work or are out of date raising these so changes can be made and controls can be maintained.*
 - *ICT Acceptable Use Policy*

All staff will be provided with tips on how to identify suspected fraud in their area and anti-fraud awareness should be discussed in at least one team meeting every year. The Phoenix Learning and Development Plan will include anti-fraud awareness as well as specific fraud training based on the fraud register risk assessment.

The Board will receive anti-fraud awareness training as part of its training plan and / or as part of the appraisals of individual board members.

3. Create structures to support the prevention and detection of fraud, including clear reporting lines.

Phoenix should report suspected and actual cases of fraud both internally and externally, as appropriate, in a timely, accurate and transparent way; whilst also protecting the anonymity (where required) of the person reporting it and the sensitivity of the case being reported.

Internal Reporting

All cases of suspected and actual fraud will be recorded in the fraud register held by the Company Secretary.

The Audit Committee will receive reports of suspected (*) and actual fraud at every Committee meeting. This will include:

- Suspected and actual fraud
- Losses/suspected losses
- Actions taken to improve internal controls related to specific fraud cases.

The Board will receive an annual update of all cases as part of the annual statement of internal controls as well as a written update from every meeting of the Audit Committee.

The Audit Committee should review the fraud risk registers for Phoenix and its subsidiaries at least once every year and seek assurance that all potential fraud risks are included and the controls to minimise the types of fraud are adequate.

Annually the Committee will receive a report on the return on investment from fraud investigative work related to tenancy fraud.

External Reporting

The Regulator of Social Housing sets a code of practice which refers to standards for registered providers in relation to preventing, detecting, investigating and taking remedial action in response to fraud. Phoenix will comply with the Regulator's standards and requirements.

This includes:

- Reporting any material suspected or actual fraud as it is identified. Material means any suspected or actual fraud in excess of £5k or involving any Board Member or Executive Team member.
- Completing a report to the Regulator annually on cases of fraud (currently due 30th September annually).

As well as reporting to the Regulator Phoenix will consider whether any suspected or actual fraud reported needs to be reported to wider regulatory bodies or authorities, for example the Financial Conduct Authority, the DWP (Department of Work and Pensions) or Local Authority and we will also report all substantiated cases to the Police.

All reporting of cases of fraud externally will be overseen by the Audit Committee.

Phoenix will also report to residents and other stakeholders on cases of tenancy fraud in our annual report. Numbers of cases of tenancy fraud and any savings obtained as a result of tackling this fraud will be included in this report.

Structures and responsibilities

All staff in Phoenix have a responsibility to identify and report suspected or actual fraud. It is the board's primary role to set our risk appetite for fraud and seek assurance that actions are taken to minimise the likelihood of fraud and any cases are fully investigated and learning outcomes identified and met.

Phoenix seeks to empower residents and staff and so encourages everyone to suggest changes to improve services and customer experience. This is so any risks associated with changes can be assessed and correspondingly any likelihood of fraud be minimised.

Phoenix will ensure board members and staff have the level of skills that match their roles and responsibilities to detect and manage fraud. Board and staff appraisals will be used to identify any skill gaps or training needs. Role and job descriptions will detail requirements and recruitment exercises will seek to address any gaps in both staff and board member skills.

Phoenix also recognises the risk that fraudulent activity may be perpetrated by other organisations with which Phoenix may contract, employ or otherwise do business (e.g., contractors, suppliers, service providers) or by residents.

Our partners and contractors will be expected to comply with the principles of this policy and others such as Data Protection and Security. Managers who manage external contractors are expected to monitor how contractors comply with this requirement.

Specific guidance exists which summarises roles and responsibilities in relation to prevention, identification, reporting and investigation of fraud.

4. Take proactive action to reduce fraud and create an anti-fraud culture (to act as a deterrent effect).

Phoenix will communicate the impact of both tenancy and corporate fraud internally and externally. We will use (where appropriate) any successful prosecutions to raise awareness and calculate the cost of fraud to our business and loss of opportunity to potential new residents.

As well as material cases of fraud awareness of low-level fraud will be raised to help create a stronger anti-fraud culture.

These activities will be supported by guidance, procedures, workshops and training for staff, residents, involved residents and board members.

All cases of actual or suspected fraud will be reviewed and learning identified. Actions from the learning will be added to the fraud risk register so that their implementation can be monitored by both the ET and the Audit Committee.

5. Take reactive action where fraud is not prevented- Investigating in a fair and objective manner.

Phoenix acknowledges that while an adequate system of internal control will act as a strong deterrent to prevent fraud from occurring in the first instance, there is no guarantee that fraud can always be prevented.

Reporting suspected fraud

Any case of corporate fraud must be reported to the Finance Director or, if this is not appropriate the Chief Executive or Chair of the Audit Committee.

Any case of suspected tenancy fraud must be reported to the relevant Housing Officer and or Housing Manager.

Separate guidance on reporting and the investigation of fraud will be regularly updated and published internally on the intranet.

Phoenix will:

- Take action against any individual or group perpetrating fraud against Phoenix.
- Encourage employees to be vigilant and to report any suspicion of fraud. Phoenix will provide suitable channels of communication and ensure that sensitive information is treated appropriately.
- Investigate instances of alleged fraud and pursue perpetrators to seek the reinstatement of any asset fraudulently obtained together with the costs of recovery (this could be goods or our property).
- Assist the police and all other appropriate authorities in the investigation and prosecution of those suspected of fraud.
- Consider claims under Phoenix's insurance arrangements in relation to fraud and corruption cases once all other avenues of recovery have been fully explored.
- Protect as far as possible the identity of any person who volunteers information in support of an allegation or investigation of fraud, whether or not it proves accurate or capable of being proven.
- Deal with any malicious allegations of fraud in line with our disciplinary procedures and codes of conduct or tenancy management procedures.

Equality and Diversity implications

There are no specific equality and diversity implications for this policy. We will monitor the effectiveness and implications of this policy to ensure that our equality duties are met.

Monitoring and Review

This Policy will be reviewed every three years to ensure that it continues to take account of legislative changes and regulatory guidance; or sooner if required.

Reference to other documents and associated policies and procedures

Documents which provide additional helpful information:

- Reporting suspected Fraud- Guidance and Procedure
- Confidential Reporting (Whistle Blowing Policy)
- Payments and Benefits to staff and Board Members Policies
- Code of Conduct
- Code of Governance
- Financial Regulations and Standing Orders
- Anti-Bribery and Anti-Money Laundering policies and procedures
- Fraud Act 2006
- Prevention of Social Housing Fraud Act 2013
- Tax Evasion Policy
- Data Protection and ICT Acceptable Use Policy

Definitions

Term/acronym	Description
Resident	Includes tenants and leaseholders.
Phoenix	Phoenix Community Housing.
Fraud Resilience	Extent to which we protect ourselves from fraud.

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