

## ANTI-FRAUD POLICY & PROCEDURE

|               |          |                     |                     |
|---------------|----------|---------------------|---------------------|
| Date Reviewed | Mar 2021 | Next Review Date    | Apr 2023            |
| Reviewed By   | S Woods  | Approval By         | Board               |
| Consultation  | Managers | Responsible Officer | Director of Finance |

### 1. Introduction

The Board of Management is responsible for establishing adequate systems of internal control and for ensuring that they are regularly reviewed for effectiveness and compliance.

However, there can never be any “absolute” guarantees that the internal checks, systems and procedures established will always prevent fraud, corruption or malpractice occurring.

This document sets out the Group’s policy and procedure for dealing with fraud.

### 2. Policy Statement

Fraud can be summarised as ‘an act of deception, by intent or omission, made for personal gain and/or to damage another person’. The Fraud Act 2006 set out for the first time a legal definition of fraud which identified three classes of fraud, these being:

- (1) fraud by false representation
- (2) fraud by failing to disclose information
- (3) fraud by abuse of position.

Black Country Housing Group is committed to taking all practical steps to prevent the Group being subjected to fraud whether perpetrated by colleagues, suppliers and consultants, Board members and residents or customers.

We will endeavour to maintain robust control mechanisms to both prevent and detect fraud. All managers have a responsibility for maintaining fraud risk assessments and documented control systems and must be seen to be setting an example by complying fully with all procedures, regulations and controls.

All colleagues and members of the Board have a responsibility to protect the assets and reputation of the Group and are expected to be alert to the potential for fraud.

Confidential mechanisms have been established (see Whistleblowing Policy) to allow colleagues and Board members to report suspected fraud. All reported suspicions will, in the first place, be investigated as set out in the Procedures outlined in this document.

If fraudulent activity is uncovered the police will be informed and depending on their conclusion, disciplinary action may be taken. The Group will take reasonable steps to recover assets.

### 3. Scope

This document covers all those cases where fraud, corruption, malpractice is detected, suspected, attempted or alleged. Fraud, corruption and malpractice include:

- actual or attempted theft
- deception
- dishonesty
- obtaining personal gain or benefit through influence or position
- obtaining benefit for others through personal influence or position
- Other acts or practices outside the objective of the organisation
- Unlawful acts

#### **4. Related Policies & Other Documents**

Whistleblowing Policy  
Whistleblowing Procedure  
Whistleblowing Policy for Non-Executive Directors  
Code of Conduct for Employees  
Code of Conduct for Non-Executive Directors  
Disciplinary Policy  
Anti-Bribery Policy  
Probity Policy  
Fraud Risk Assessments  
Network Security Policy

#### **5. Responsibilities**

##### Overall responsibility:

The Group has adopted a Code of Conduct for both Board Members and employees. It is the responsibility of all Board members, and employees to report details of alleged, detected, suspected or attempted fraud, corruption and or malpractice committed by any person.

##### Specific responsibilities:

In most situations, employees will be the first to see or suspect serious misconduct. Sometimes suspicions may not be well founded, but in other cases they could involve fraud, corruption or some other serious malpractice. The Group has in place a Whistleblowing Policy for employees who have real and genuine concerns about possible misconduct.

All employees should report such concerns about fraud, corruption and/or malpractice in accordance with the Whistleblowing Policy and this Anti-Fraud Policy and Procedure.

##### Control Responsibilities:

The Board has ultimate responsibility for dealing with fraud and corruption, and for deciding what action should be taken in specific circumstances.

##### The Executive Team has responsibility for:

- receiving reports on alleged, detected, suspected or attempted fraud, corruption and/or malpractice
- maintaining adequate records of such occurrences
- undertaking investigations and appropriate action as necessary
- reporting all cases to the Board and, as required, to the RSH and / or CQC and taking appropriate action to recover any financial loss

There may be circumstances where it would be appropriate for initial concerns about fraud, corruption and/ or serious malpractice to be reported directly to the Chair of the Board through the Chief Executive (unless inappropriate). In such circumstances, the Chair will decide upon the action to be taken and by whom.

## **6. Corporate Principles and Practice**

- a. The Group's Code of Conduct for Employees, Code of Conduct for Non-Executive Directors, Anti-Bribery Policy and Probity Policy will define the boundaries for acceptable conduct.
- b. HR policies include reference to recruitment and screening of new employees, an effective performance management system and exit interviews.
- c. The risk of fraudulent activity will be assessed regularly as part of the business's risk management process, the maintenance of fraud risk assessments and at the design stage of new systems and processes. Cost-effective controls will be introduced where appropriate.
- d. Regular audits will be completed on key controls to ensure their effective mitigation of the fraud risk.
- e. Anti-Fraud training in place for all colleagues and this is refreshed every three years.
- f. The Group encourages employees or others with concerns about any aspects of its work, to come forward and express those concerns without fear of reprisal (see Whistleblowing Policy).
- g. The Board is required to conduct an annual review of the effectiveness of the Group's system of internal control and issue a formal statement within the audited accounts on the review.
- h. A register of all incidents of fraud or attempted fraud must be kept.

## **7. Fraud Procedure**

### Initial Reporting

Board members or employees with real and genuine concerns about misconduct should normally raise them with their line manager, if appropriate, or as per the Whistleblowing Policy.

In all circumstances the Executive Team should be made aware of the allegation. This should be done by the person or their representative, or line manager, whichever is most relevant requesting a meeting with Director of Finance and/ or Chief Executive to discuss the concerns. Documentary or other written evidence should be made available at the initial meeting.

There may be circumstances, where an allegation concerns a member of the Executive Team; therefore the Chair of the Group Audit Committee should be contacted directly. In such circumstances, the Committee Chair will decide upon the appropriate action to be taken and by whom.

### Action by the Executive Team

The Executive Team will discuss the concerns raised and seek to establish the facts and the further action to be taken. This may require further investigations to be undertaken. The Chief Executive in conjunction with the Director of Finance (or Committee Chair where appropriate)

will decide what further action should be taken to establish or confirm the facts and may appoint an assigned investigator.

The Director of Finance should report all cases of suspected fraud or corruption to the Committee Chair and/or other Board Members as appropriate.

The Director of Finance (or assigned investigator) will ensure that the necessary investigations are completed as soon as practically possible and, in consultation with the Chief Executive (or Committee Chair) decide upon the course of action to be taken.

In the case of an employee, a full investigation would take place to ascertain all facts which would follow the Group's disciplinary procedures for investigation, disciplinary and appeals where relevant. Employee fraud in all cases will be deemed to be gross misconduct.

In the case of a third party (including a Board Member), a full investigation would take place to ascertain all facts and assess the gravity of the alleged misconduct, fraud etc. This will include interviews with the third party and their representatives.

For a third party our disciplinary investigation procedure will need to be followed as a guide on how to carry out the investigation. Whilst the investigation is being undertaken normal business relationships will be suspended with the third party. The conclusion of the investigation will focus on whether there is a case to answer or not.

Further action to be taken will be the subject of a separate meeting. Action in the case of fraud by a Board Member or third party may include termination of the business relationship subject to contractual arrangements. The outcome of the meeting can be appealed against by the third party.

Further investigations undertaken should be properly documented. It is the responsibility of the Director of Finance (or assigned investigator) to ensure that this is properly carried out and that the appropriate record is kept on the file maintained for this purpose.

Where reasonable suspicion that fraud against the Group has taken place, the Group is entitled to investigate the matter thoroughly using recognised and legitimate investigative techniques.

All investigations will be carried out objectively and confidentially, and independently of the line management for the area in which the fraud has occurred or is suspected.

In the normal course of events we would look to hand over the investigation to the police, or other authorities, as soon as practical.

The Director of Finance (or assigned investigator) will record the details of the detected, suspected or attempted fraud, incident of corruption and/ or malpractice in the Register of Frauds maintained for this purpose.

At the next available meeting of the BCHG Board following confirmation of an alleged, detected or attempted fraud, corruption and/or malpractice, the Director of Finance will present a report, if necessary as a Confidential Item, on the Agenda.

The report should enable the Board to assess whether appropriate action has been taken and whether or not internal controls are satisfactory. The Director of Finance's report will therefore provide the Board with information on:

- the specific circumstances of the case,
- the action taken,
- the adequacy of internal controls, systems and procedures, and
- recommendations on further action to be taken, as appropriate, including changes in systems and procedures.

#### Register of Frauds and Suspected Frauds

The Director of Finance will maintain a Register of Frauds of all instances where detected or attempted fraud, corruption and/ or corruption is reported.

All false or unfounded incidents will not be noted in the Frauds Register but in other separate records.

The Fraud Register will be:

- available for inspection by Board members.
- submitted annually to RSH; and
- open to inspection by the RSH and CQC at any time.

#### External Reporting

- a. It is the policy of the Group to report all known criminal activity to the police for investigation by them. The timing of police involvement will be at the discretion of the Director of Finance, in conjunction with the appropriate Director and after informing the Chair of the Board. All decisions will be reported to the next meeting of the BCHG Board.
- b. Similarly, the Group will report other breaches discovered in the course of investigations to the relevant authorities, including HM Revenue and Customs and the Financial Conduct Authority.
- c. The RSH's Governance and Financial Viability standard (as set out in the published Regulatory Framework document) includes a requirement that registered providers will provide to the RSH an annual report on any losses from fraudulent activity through their data collection system, NROSH. It is at the discretion of the Group as to whether specific incidents of fraud are reported to the RSH, there is no obligation to do so.