



GOV-POL-04-02
Anti-Fraud Policy and Fraud
Response Plan

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1. Introduction

1.1 The environment within which Registered Providers operate has changed significantly particularly in light of welfare reforms and spending cuts. There are challenges around financial inclusion, affordable housing supply and regulatory reform. It is paramount to ensure that in the current operating environment, Torus maximises its resilience to fraud.

1.2 This policy statement and response plan outlines the approach to minimising the risk of fraud and the Group's response to fraud identification. Torus, and its subsidiaries, Helena Partnerships and Golden Gates Housing Trust, wish to embed an anti-fraud culture.

2. Scope of the Policy

This policy applies to all employees and members of the Group. It is also applicable to customers who may commit offences of social housing fraud under the relevant legislation.

3. Aims & Objectives of the Policy

The Group is committed to a zero tolerance of employee or customer fraud, ensuring that fraudulent activity is minimised and ensuring that staff and members are clear about the consequences of fraud. This policy sets out the framework to ensure a fast and appropriate response to instances of alleged fraud. The Group's overall objective is to limit its exposure to fraud, to minimise financial loss and the potential adverse effects on its image and reputation in the event of its occurrence.

4. Summary of the Policy

4.1 The Group will:-

- Institute and maintain cost effective measures and procedures to deter fraud.
- Take firm and vigorous action where appropriate against any individual or group perpetrating fraud against Group members, with reference to the Fraud Act 2006, Computer Misuse Act 1990, and Prevention of Social Housing Fraud Act 2013, as appropriate.
- Encourage employees to be vigilant and to report any suspicion of fraud, and provide suitable channels of communication and ensure sensitive information is treated appropriately e.g. Whistleblowing policy
- Rigorously investigate instances of alleged fraud and pursue perpetrators to seek restitution of any asset fraudulently obtained together with the recovery of costs.
- Assist the police and all other appropriate authorities in the investigation and prosecution of those suspected of fraud.

- Require external contractors to be able to demonstrate that they are aware of the risks of fraud and where appropriate, have their own fraud policies and procedures in place.

4.2 The detection, prevention and reporting of fraud is the responsibility of all Members and employees within the Group. The following is expected of all Members and employees:

- To act with integrity at all times;
- To comply with the seven principles of public life; these are: selflessness, integrity, objectivity, accountability, openness, honesty and leadership;
- To adhere to the Group's Code of Conduct;
- To comply with Standing Orders for Contracts and Financial Regulations;
- To raise concerns as soon as any impropriety is suspected
- To participate in relevant induction, training and awareness raising sessions

4.3 Managers and team leaders will:

- ensure that any potential fraudulent activity is minimised, by making new starters aware of the policy and re-briefing existing staff from time to time
- ensure compliance with all the company's relevant policies, codes of conduct and standing orders
- attend relevant fraud training and awareness activities in order that they are able to detect fraud

5. **Definition of Fraud**

Torus considers that any act which attempts to defraud the Group of material, time or monies by way of theft, deceit, bribery, false representation, corruption, conspiracy, forgery, exhortation, embezzlement, misappropriation, concealment of material facts or collusion, as fraud. Fraud is usually used to describe depriving someone of something by deceit which might either be straight theft, misuse of funds or other resources or more complicated crimes like misuse of computer records and the supply of false information. The Group's definition of fraud takes account of the definitions given in the Fraud Act 2006.

6. **Culture and Stance Against Fraud**

6.1 The Group's culture is intended to foster honesty and integrity, and to support the seven principles of public life. These are selflessness, integrity, objectivity, accountability, openness, honesty and leadership and form part of the induction process for the Group. Both Members and employees are expected to lead by example in adhering to regulations, procedures and practices.

- 6.2 Equally, members of the public, clients and external organisations (such as suppliers and contractors) are expected to act with integrity and without intent to commit fraud against the organisation in any dealings they may have with any of the companies within the Group. As part of the culture Torus provides clear routes by which concerns can be raised by both Members and employees, and by those outside the organisation. Whistle-Blowing and Anti-Bribery policies are in place. The availability of these policies to staff, suppliers and other third parties has been communicated.
- 6.3 Senior managers are expected to deal promptly, firmly and fairly with suspicions and allegations of fraud or corrupt practice. The Group's stance in relation to employee fraud is zero tolerance and cases will normally be reported to the Police. Each case will be considered individually taking all the relevant facts into account guided by professional advice, as appropriate.

7. Responsibilities

- 7.1 Board Members and employees should play a key role in counter-fraud initiatives. This includes providing a corporate framework within which counter-fraud arrangements will operate, and the promotion of an anti-fraud culture across the whole organisation. This should provide a sound defence against internal and external abuse of funds/assets.
- 7.2 It is believed that by developing a robust approach and ensuring it is widely publicised and embedded in the culture of Torus that the organisation will reduce the risk to incidents of fraud. Fraud is included in the Corporate Risk Registers and will be reviewed regularly.
- 7.3 All Directors, Managers, Assistant Managers and Team Leaders will:
- ensure that any potential fraudulent activity is minimised, by making new starters aware of the policy and re-briefing existing staff from time to time;
 - ensure compliance with all the Group's relevant policies, codes of conduct and standing orders;
 - play a role in populating fraud risk assessments including identification of fraud risks, implementing controls to reduce or mitigate the risk of fraud and carry out regular quality checks of the controls to ensure their effectiveness;
 - attend relevant training and awareness activities in order that they are able to detect fraud;
 - complete an annual assurance statement advising that it is their belief that local

systems and processes minimise opportunities for fraud by ensuring systems and processes have appropriate controls, breaks and delegated/split and shared authorisation.

8. Raising Concerns

8.1 Members, employees and the general public are an important element in the Group's stance on fraud and corruption. They are encouraged to raise any concerns they may have in respect of fraud and corruption. Appendix A sets out early warning signs that may indicate an employee is involved in fraud. A number of different channels for communication are available, including line managers, auditors, senior officers, and Board Members.

8.2 The Group's Whistleblowing Policy gives further guidance on how to raise concerns and the support and safeguards available to those who do so. These safeguards offer a framework of protection against victimisation or dismissal and may include identity concealment and protection from harassment. The Group would prefer to receive any allegation of fraud in a written form addressed to an employee's manager in the first instance; however any allegation of fraud can be reported via the following methods:

- Speaking to your manager
- Contacting the Group Head of Legal Services
- Contacting the Director of Organisational Development or the Organisational Development Team
- Contacting any member of Executive Management Team

In exceptional circumstances the following may be contacted:

- The Chair of the Group or any Board Member

8.3 Whilst the above give staff several options for reporting fraud, if the fraud allegation is against a manager, staff should consider contacting the relevant Director or Organisational Development team in the first instance. In the case of a member of the Executive Management Team, Operational Leaders Team or Board member, the Chief Executive or Chair should be contacted as appropriate. For confidentiality, the minimum number of staff should be involved to prevent unauthorised disclosure.

8.4 Members of the public may also use the Group's complaints procedure for this purpose where appropriate. Managers and directors are responsible for following up any allegations of irregularity; it is their responsibility to inform the Chief Executive immediately of such allegations and the results of their investigations.

- 8.5 The Group and its senior management are committed by this policy to deal firmly with any proven financial malpractice. Where, after a proper audited investigation carried out by or on behalf of the Chief Executive, there is evidence that significant financial impropriety has occurred, the Group will normally refer the circumstances to the Police for advice, further investigation, and prosecution of the offender, if considered appropriate by the Crown Prosecution Service.
- 8.6 Where the outcome of an investigation indicates improper conduct by an employee, the Group's Disciplinary Procedures will normally be applied by the senior manager of the service concerned. The recovery of defrauded funds is an essential part of the Group's strategy and the extent of financial loss will be assessed as soon as possible in order that other parties can be informed e.g. insurers, police, external auditors etc.
- 8.7 When it is found that fraud or corruption has occurred due to a breakdown in the Group's systems or procedures, directors, in consultation with the Chief Executive, are responsible for ensuring that appropriate improvements in systems of control are implemented in accordance with audit recommendations to prevent a recurrence.
- 8.8 The Group would not expect staff to report any allegation of fraud to any outside body in the first instance. The Group should first be given the right to address any allegation of fraud by internal action. Should staff believe that fraud may have some Board involvement they may consider contacting the Homes & Communities Agency directly.
- 8.9 Should the Group be approached by the media relating to fraudulent activity this will be managed by the Chief Executive or nominated Director and the Group Head of Brand and Communications.
- 8.10 The Group would not expect staff to make malicious or vindictive allegations. Whilst the Group is keen to promote openness in reporting any fraudulent activity staff should not make allegations based on hearsay or personal prejudice. Section 6 in the Group's Whistleblowing Policy gives further guidance on this issue. An act of malicious or vindictive reporting could result in disciplinary action against an employee.

9. Prevention

- 9.1 The Group has a series of comprehensive and inter-related procedures to ensure proper conduct of its affairs, which comprise:
- Standing Orders for Contracts;
 - Financial Regulations;

- Scheme of Delegation;
- Code of Conduct;
- Anti-Money Laundering Policy
- Financial Instructions and Procedures;
- Complaints Policy;
- Data Protection & Management Policy;
- Anti-Bribery Policy;
- Whistleblowing Policy;
- Internet and Email Usage Policy;
- Disciplinary Procedure; and
- IT Security Policy.

9.2 Internal audit undertake an annual programme of reviews which is closely aligned with the organisation's risk base, designed to provide the assurance over the systems of internal control. The system of internal control is based on an on-going process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively. Managing the risk of fraud forms part of this process.

9.3 Board Members are expected to adhere to and to operate within:

- Standing Orders for Contracts
- Financial Regulations
- The Code of Governance
- The Code of Conduct

9.4 These matters are brought to the attention of Members following their appointment and acceptance of office. The Group has adopted a Code of Conduct and they are required upon appointment to the Group to sign an undertaking to comply with the Code of Conduct before they act as members of the Group and must also register their financial and other interests with the Board & Governance Officer within 28 days of appointment to the Group. It is the duty of the Member to notify the Board & Governance Officer of any changes to their original registration.

9.5 Employees are required to operate within the following guidelines:

- A key measure in the prevention of fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees in terms of their propriety and integrity. Written references for potential employees are obtained as part of the recruitment process and offers are subject to the receipt of satisfactory references.
- For identified roles within Torus, Helena Partnerships and Golden Gates Housing

Trust, it is a pre-employment requirement to undergo a Disclosure and Barring Service check. The purpose of these checks is to give confidence to the Group and its customers that an employee can perform reliably in a position of trust e.g. working in a customer's home, or with vulnerable people Torus, Helena Partnerships and Golden Gates Housing Trust requires sight of an employees qualifications and verification of employment history which will sit alongside a robust approach during recruitment.. For this reason all recruitment across the Group and its subsidiaries is co-ordinated by the Organisational Development team.

- Employees, once recruited, are expected to adhere to the Group's Code of Conduct and to follow standards of conduct issued by their personal professional institute and the Group's Probity Policy where applicable.
- It is expected that employees will remain vigilant and raise any suspected issues in relation to fraud with their manager.
- Disciplinary Procedures for all categories of employee will be applied to deal with improper conduct.
- All employees are required upon joining the Group and on an annual basis to declare any conflicts of interest that could impact upon their role within the Group or its subsidiaries. All employees are also required to seek permission/declare their intent to purchase goods or services from a key supplier or contractor in advance.
- On a monthly basis the Group asks staff to declare whether they have been offered gifts or hospitality and whether these have been accepted. A register of declarations is maintained by the Board & Governance Officer.
- Annual declarations of interest including those that pertain to immediate family.

9.6 The following internal control measures are also in force:

- The Company Secretary has a duty to report to the Group where it appears to them that any proposal, decision or omission by the Group, a committee, a sub-committee or officer has given rise to, (or is likely to give rise to), a contravention of any enactment, rule of law or statutory code of practice.
- The Chief Executive has the responsibility to ensure the proper administration of the Group's financial affairs.
- The Group maintains a register of all fraudulent activity including details of management response and outcomes. The register is maintained by the Board and Governance Officer and signed off by the Audit & Risk Committee on a quarterly basis. The register is submitted to the HCA on an annual basis
- Managers to complete annual fraud risk assessments and ensure appropriate controls are implemented and effective to reduce the risk of fraud.
- Operational systems and procedures will incorporate efficient and effective

internal controls, both financial and non-financial. Directors are required to ensure that such controls, including those in a computerised environment, are properly maintained and documented. The existence and appropriateness of controls is independently monitored by Internal Audit and the Audit & Risk Committee.

10. Detection

- 10.1 Detection of fraud or attempted fraud relies on a combination of alertness and routine checks. Staff involved in financial transactions need to be wary of unusual aspects of transactions – apparent urgency, request for payment outside normal procedures, changing any aspect of payment details or addressing, duplicate invoices, invoices which appear inconsistent with normal business practice in any respect, and so on. It must be emphasised to all staff that checking and questioning transactions is required.
- 10.2 Under this policy, relevant checks will be made on a quarterly basis when carrying out certain non-financial functions, for example, the allocation of housing, processing a right to buy application, tenancy audits etc. Staff should be alert to discrepancies in information and/or inaccurate recording of data and take appropriate steps to alert the relevant manager/team.
- 10.3 External and internal audit will take account of the possibility of fraud, and audit scopes will be weighted towards areas of greatest risk. Management will conduct additional checks.

11. Fraud Response Plan

- 11.1 The Group documented Fraud Policy makes it clear that the Group Board adopts a zero-tolerance approach to fraud and will not accept any level of fraud within the organisation. It highlights that there will be a thorough investigation of all allegations or suspicions of fraud and robust action will be taken where fraud is proven. Where it is found that a fraudulent incident has or is likely to have occurred, the expectation is that the matter will be reported to the police by the Group Business Support Director unless there are exceptional circumstances.
- 11.2 The purpose of this Fraud Response Plan is to provide guidance to Group staff on the procedures that must be followed when any of the activities described within this policy are suspected or detected. The Group Business Support Director has primary responsibility for putting this Fraud Response Plan into action and will keep the Chief Executive apprised at all stages.

- 11.3 If an employee has a suspicion that a fraud is being or has been committed or attempted, he/she must report the matter in confidence to his/her line manager without delay. The line manager must in turn advise the Group Head of Service/Director and a local discreet enquiry must be carried out to ascertain the facts. Prompt action in these circumstances is essential.
- 11.4 Where the suspected perpetrator of a fraud is the employee's line manager or the Group Head of Service/Director then the matter should be raised directly with the Group Business Support Director who will advise on the steps to be taken and the conduct of the local discreet enquiry.
- 11.5 If the Group Head of Service/Director is unsure as to how best to conduct the discreet enquiry, the advice of the Group Business Support Director should be sought. The Group Business Support Director may decide at this point to nominate a Lead Officer to carry out the enquiry. The purpose of this initial enquiry is to confirm or repudiate the suspicions so that, if necessary, a formal investigation can be instigated. On no account should staff or line management contact the Police. The decision around when to involve the Police must be made by the Group Business Support Director.
- 11.6 If the initial report suggests that fraud has been attempted or perpetrated, then the relevant Manager must immediately take steps to prevent the possible destruction of evidence and ensure all original documentation is preserved in a safe place for further investigation. If the removal of documentation would impair the efficient operation of work, arrangements should be made to have copies available for continued use. The safe retention of original documents is essential for potential future legal action.
- 11.7 The Group Business Support Director will convene a meeting with the following staff as soon as possible to discuss how to proceed:
- The Director of Organisational Development (if a member of staff is implicated)
 - The relevant Group /Head of Service/Director.
- The Group Business Support Director will consider the impact of the attendees and if they would be unable to participate in any investigation as a result of their early involvement.
- 11.8 The Group Business Support Director will review the findings of the initial enquiry and, where appropriate, in conjunction with the Director of Organisational Development and the relevant Group Head of Service/Director, will decide whether to:
- discontinue the investigation if initial suspicions are not confirmed;

- seek legal advice;
- continue with a full investigation.

11.9 The Director of Organisational Development will determine whether suspension of the suspect is appropriate given the specific circumstances of the case.

11.10 When the Group Business Support Director is satisfied that the suspicion appears well founded or there is no other obvious explanation for the irregularity, the Chief Executive and the Chair of Audit & Risk Committee must be informed

12. Interviewing

12.1 Fraud investigation is a specialist area and documentary evidence must be properly recorded. It must be numbered and include an accurate description of when and where it was obtained as well as by and from whom. In criminal actions, evidence on or obtained from electronic media must have an accompanying document to confirm its accuracy.

12.2 In any investigation, there may be a need to interview staff, suspects or other persons involved. When fraud is suspected, the need to interview can be for the purpose of disciplinary and/or criminal proceedings. When disciplinary action is necessary, interviews are usually carried out by the appropriate line manager (or of a similar level if not appropriate for the individual case) in conjunction with a representative from the Organisational Development team. In these circumstances it is essential that specialist personnel advice is sought on the appropriate disciplinary procedures before interviewing takes place. The potential involvement of the Police in any investigation does not negate the need to ensure that the appropriate disciplinary procedures have been followed.

12.3 When criminality is suspected, interviewing of suspects must not be carried out by the Group staff but must be referred to the Police. If the conditions of the Police and Criminal Evidence Act 1984 are not complied with, evidence will not be admissible in Court.

12.4 On completion of the full investigation, the Group Business Support Director will determine whether it is necessary to inform Internal Auditors, the external auditor and/or any other bodies affected by the fraud. Any instances of significant fraud of £5,000 or above will also be reported to the Homes & Communities Agency. All instances involving or implicating board members or senior management will be reported to the Homes & Communities Agency. In addition, any serious incident of fraud will be reported to the Charities Commission.

- 12.5 The investigating officer will determine whether any members of staff should be subject to disciplinary action as a result of the findings of the investigation and will initiate any such action. Sanctions will be applied in line with the disciplinary procedure.
- 12.6 The Group Business Support Director will advise the Audit & Risk Committee of the suspected fraud following the initial enquiries. He/she will regularly update the Committee on progress and will formally report on the outcome of the investigation.
- 12.7 It is expected that normal service delivery is maintained during a fraud investigation.

13. Training

- 13.1 An important contribution to the continuing success of this policy, and its general credibility, lies in the effectiveness of training, of both Members and employees, throughout the Group which will take place on an annual basis.
- 13.2 This will be achieved through the development of both induction and refresher training for all personnel involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.
- 13.3 The responsibility for the effective investigation of fraud, bribery or corruption rests with the Chief Executive and the Internal Audit supplier. It is essential that there are an adequate number of trained employees able to undertake this work, and this requirement is reflected in the contractual arrangements for the provision of Internal Audit services.

14. Related Policies, Procedures and Practices

This policy links to a number of other policies, procedures and practices. They include:

- Financial Regulations and contract management procedures;
- Scheme of Delegation;
- Anti-Bribery Policy
- Anti-Money Laundering Policy;
- Risk strategy and registers;
- Recruitment & Selection Policy;
- Allocations Policy and Procedures;
- Tenancy audits;
- Tenancy Fraud Policy;
- Probity Policy including gifts and hospitality;
- Terms and conditions;

- Standing Orders;
- Codes of Conduct;
- Complaints Procedures and Policy;
- Data Protection Policy;
- Whistleblowing Policy;
- Email Policy

15. Review Information

15.1 The company will review this policy annually and provide for interim reviews in light of legislative or policy changes.

15.2 Review date April 2019.