



Policy Name	Anti-Fraud Policy
Policy Category	Governance
Policy Number	G31
Date to Management Committee	February 2022
Previous Review	March 2017
Next Review Date	February 2025
Links to other Policies	S01 Conditions of Service, S18 Whistleblowing, G12 Gifts and Hospitality, S04 Code of Conduct for Staff, G01 Code of conduct for Committee Members, G29 Anti – Bribery Policy
Consultation	Staff, Committee

This document will be made available in different languages and formats on request, including Braille and audio formats.

1. AIMS AND OBJECTIVES

The aim of an anti-fraud policy statement is to establish ground rules which clarify that fraud will not be tolerated and spell out the consequences of fraud. It also sets out the framework to ensure a fast and appropriate response to instances of alleged fraud. The overall objective is to limit the Association's exposure to fraud and to minimise financial loss and the potential adverse affects on its image and reputation in the event of its occurrence.

2. SUMMARY OF POLICY

The Association 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 the Association.
- ❖ 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.
- ❖ 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.

The detection, prevention and reporting of fraud is the responsibility of all Members and employees of Knowes Housing Association. The Association expects the following of Members and employees:

- ❖ To act with integrity at all times;
- ❖ To comply with the seven principles of public life;
- ❖ To adhere to the appropriate Code of Conduct;
- ❖ To comply with Standing Orders and Financial Regulations; and
- ❖ To raise concerns as soon as any impropriety is suspected.

3. ANTI-FRAUD STRATEGY

Knowes Housing Association's current arrangements are aimed at tackling fraud, corruption, theft, and breaches of regulations.

The arrangements can be categorised under the following main heads:

- i. culture
- ii. raising concerns
- iii. prevention (e.g. effective control systems)
- iv. detection and investigation
- v. training

They are supported by scrutiny of the Association's affairs by a range of bodies and individuals, including:

- i. Our internal auditor;
- ii. Our external auditor;
- iii. Scottish Housing Regulator
- iv. H M Revenue and Customs
- v. Association residents and businesses;
- vi. Service Users; and
- vii. Employees of the Association.

4. CULTURE

The Association'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. Both Members and employees

are expected to lead by example in adhering to regulations, procedures and practices.

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 Association in any dealings they may have with the Association. As part of the culture the Association will provide clear routes by which concerns can be raised by both Members and employees, and by those outside the service. A whistle blowing policy is in place and the availability of this policy to staff, suppliers and other third parties has been communicated.

Senior management are expected to deal promptly, firmly and fairly with suspicions and allegations of fraud or corrupt practice.

5. RAISING CONCERNS

Members, employees and the general public are an important element in the Association's stance on fraud and corruption. They are encouraged to raise any concerns they may have in respect of fraud and corruption. A number of different channels for communication are available, including line managers, auditors, senior officers, and Members.

The Association'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.

Members of the public may also use the Association's complaints procedure for this purpose where appropriate. Line managers are responsible for following-up any allegations of irregularity; it is their responsibility to inform the CEO of the Association immediately of such allegations and the results of their investigations.

The Association and its senior management are committed by this policy to deal firmly with any proven financial malpractice. Where, after a proper audit investigation carried out by or on behalf of the CEO, there is evidence that financial impropriety has occurred, the Association will normally expect the circumstances to be referred to the Police for advice, further investigation, and prosecution of the offender if considered appropriate by the Crown Prosecution Service.

Where the outcome of audit or Police investigation indicates improper conduct by an employee, the Association's Disciplinary Procedures will normally be applied by the senior managers of the service concerned. The recovery of defrauded funds is an essential part of the Association's strategy.

When it is found that fraud or corruption has occurred due to a breakdown in the Association's systems or procedures, senior managers, in consultation with the CEO, are responsible for ensuring that appropriate improvements in systems of control are implemented in accordance with audit recommendations.

6. PREVENTION

The Association has a series of comprehensive and inter-related procedures to ensure proper conduct of its affairs, which comprise:

- i. Standing Orders;
- ii. Financial Regulations;
- iii. Code of Conduct for Members;
- iv. Code of Conduct for Employees;
- v. Financial Instructions and Procedures;
- vi. Complaints Procedures;
- vii. Disciplinary Procedure; and
- viii. IT Security Policy.

Internal Audit undertakes 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.

The assessment of the internal financial controls in particular involves electronic data interrogation techniques which closely focuses internal audit's detailed substantive work on identified areas of concern and therefore assists towards fraud prevention.

Members are expected to adhere to and to operate within:

- i. Standing Orders and Financial Regulations
- ii. The Code of Conduct for Members

These matters are brought to the attention of elected Members following their election or as part of their declaration of acceptance of office. The Association has adopted a Code of Conduct for its elected Members and its independent Members and they are required upon appointment to the Association to sign an undertaking to comply with the Code of Conduct before they act as members of the Association and must also register their financial and other interests with the CEO within 28 days of appointment to the Association. It is the duty of the Member to notify the CEO of any changes to their original registration.

Employees are required to operate within the following guidelines:

- i. 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, as well as evidence of qualifications and experience.
- ii. Employees, once recruited, are expected to adhere to the Association's Code of Conduct for Employees and to follow standards of conduct issued by their personal professional institute, where applicable.

- iii. Disciplinary Procedures for all categories of employee will be applied to deal with improper conduct.

The following internal control measures are also in force:

- i. The Director has the responsibility to ensure the proper administration of the Association's financial affairs.
- ii. Operational systems and procedures will incorporate efficient and effective internal controls, both financial and non-financial. Senior staff 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 Committee.

7. DETECTION AND INVESTIGATION

The operation of preventive systems, particularly internal control systems within the Association, help to deter any fraudulent activity. However, such activity may nevertheless occur. It is often the alertness of elected Members, staff and the general public to the possibility of fraud and corruption that leads to detection of financial irregularity. In such a situation the Association has in place arrangements to enable any such information to be properly dealt with, investigation and detection to occur, and appropriate action to be taken.

The Financial Regulations require that the CEO be notified immediately of all financial or accounting irregularities or suspected irregularities or of any circumstances which may suggest the possibility of irregularities including those affecting cash, stores, property, remuneration or allowances. Reporting of suspected irregularities is essential as it: facilitates a proper investigation by experienced staff, and ensures the consistent treatment of information regarding fraud and corruption.

When so notified, the CEO will instigate an investigation. The designated officer, Auditor or other advisor will:

- i. deal promptly with the matter
- ii. record evidence received
- iii. ensure the security and confidentiality of evidence
- iv. work closely with senior managers of the service concerned and other agencies, such as the Police and Courts to ensure that all issues are properly investigated and reported upon
- v. ensure maximum recoveries are made on behalf of the Association, and
- vi. assist the service managers to implement Association disciplinary procedures where considered appropriate (referral to the Police will not prohibit or restrict action under the Disciplinary Procedure).

8. TRAINING

An important contribution to the continuing success of an anti-fraud strategy, and its general credibility, lies in the effectiveness of programmed training, of both Members and employees, throughout the organisation.

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.

The investigation of fraud and corruption rests with the CEO and the Internal Audit contractor. 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.

9. CONCLUSION

The Association has in place a clear network of systems and procedures to prevent and detect fraud and corruption. These arrangements should keep pace with any future developments in techniques for preventing and detecting fraudulent activity.

To this end the Association maintains a continuous overview of such arrangements. Through the CEO it will ensure a regular review of Standing Orders, Financial Regulations, key control systems and audit arrangements is conducted.

10. EQUALITIES STATEMENT

“Knowes’ seek to embrace diversity, promote equal opportunities for all and eliminate any unlawful discrimination in all areas of our work.”

Through this policy, nobody will be discriminated against on grounds of Age, Disability, Gender Reassignment, Marriage, and Civil Partnership, Pregnancy & Maternity, Race, Religion or Belief, Sex, or Sexual Orientation.

11. POLICY REVIEW

The policy will be reviewed every 3 years or sooner if required.