



Dealing with Fraud Policy

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1. Policy Statement

1.1 This policy outlines Colchester Borough Home's (CBH) commitment to creating a culture which has zero tolerance of fraud and corruption. The conduct of the Board, staff, consultants, contractors and suppliers, and others involved in delivering CBH's services is critical to achieving this.

2. Scope

2.1 This policy covers the following areas of fraud and corruption:

- Fraud
- Bribery and Corruption
- Money laundering
- Tax Evasion

3. Principles

3.1 CBH recognises the potential for fraudulent activity taking place within or targeting any area of its business. Its response embraces identified good practice, and the key elements of this involve staff and Board members to act honestly and with integrity at all times and to safeguard the resources for which they are responsible. In addition, staff and Board members should ensure that relevant policies and procedures are complied with. This type of culture ensures that the risk of fraud and corruption is minimised within Colchester Borough Homes.

4. Definition of Fraud

4.1 Fraud

The Fraud Act 2006 consolidates the law regarding fraud by creating three offences of:

- Fraud by false representation;
- Fraud by wrongfully failing to disclose information; and
- Fraud by abuse of position.

All three forms of the offence require proof of dishonesty and an intention to make a gain or to cause loss to another or to expose another to a risk of loss.

Fraud is often divided into 3 categories:

- Internal fraud – perpetrated by people within an organisation, most often with access to moveable assets such as cash
- External fraud – perpetrated by persons outside an organisation; it includes theft, deception and computer hacking
- Collusion – external and internal parties working together

'Gain or Loss' are limited to gains or losses in terms of money or other property.

The Act focuses on what the perpetrator intended rather than what necessarily resulted. It also created a new offence of possession (or supply) of articles (including data and computer software), which can be used in committing frauds and obtaining services dishonestly.

4.2 Bribery and Corruption

The Bribery Act 2010 created an offence under Section 7 which can be committed by commercial organisations which fail to prevent persons associated with them from committing bribery on their behalf.

The Act contains two general offences covering the

- offering, promising or giving of a bribe which is described as active bribery;
- and the requesting, agreeing to receive or accepting of a bribe which is passive bribery.

Corruption is abusing your position for direct or indirect personal gain by offering, giving, soliciting or accepting inducements designed to influence action or decision making.

CBH has established Bribery Prevention Gifts and Hospitality Policy to clarify rules of financial management within the organisation and to reduce the likelihood of fraud occurring due to misinterpretation and/or manipulation of systems and procedures. These include Standing Orders and Financial Regulations, Scheme of Delegation, Risk Management Framework, documented procedures and a system of internal controls (including internal and external audit).

4.3 Money Laundering

The UK anti-money laundering regime has evolved over a number of years and the latest legislation is the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 (No 692).

Money laundering is the process by which funds derived from criminal activity are given the appearance of being legitimate by being exchanged for clean money. This can include investing the proceeds of crime into property purchase.

CBH will not accept funds where we know, or have reasonable suspicion, that the funds are the proceeds of crime. In such circumstances we will report to the Serious Organised Crime Agency (SOCA) as required under Money Laundering Regulations.

CBH staff should report any transaction to the Head of Finance that they consider to be suspicious, for example, large payments of arrears received in cash (over £1,000) The Head of Finance can then make enquiries about the source of the funds. The Head of Finance will maintain a register of all transactions that are reported and any action taken.

4.4 Tax Evasion

The Criminal Finances Act 2017 created a corporate criminal offence of failure to prevent the facilitation of tax evasion. This means that it is a criminal offence if an organisation fails to prevent its employees or any person associated with it from facilitating tax evasion.

The aim of the Act is to make organisations actively involved in preventing criminal tax evasion by implementing good corporate governance and strong reporting procedures.

An organisation will be liable for any breach unless it can show that it has put in place “reasonable procedures” to prevent tax evasion or that it was not reasonable to put such measures in place.

5. Policy Details

5.1 Central to this anti-fraud approach are a range of operational policies, systems and procedures that are designed to deter, and enable detection and reporting of fraud.

This includes:

- Financial Regulations, and Delegated Authority policies and the controls detailed therein;
- Standing Orders and other governance related policies, covering other probity policies; and the associated management systems;
- Operating procedures covering tenancy related matters; repairs, maintenance and development activities; estates services; care and support services; and staff recruitment.

6. Responsibilities

6.1 Staff and Board Members:

- Adhere to Colchester Borough Homes’ Code of Conduct;
- Comply with CBH’s delegations and regulations;
- Familiarise themselves with all legislation linked to their roles, particularly those introduced to prevent financial crime;
- Ensure their service / team procedures adequately protect the organisation from fraud, bribery and corruption;
- Be alert to the possibility of fraud, bribery and corruption.

6.2 Board

- Immediately report if they suspect a fraud or bribery/corruption has been attempted or committed, or if they see any suspicious acts
- Commit to preventing tax evasion by persons associated with CBH;
- Foster a culture of zero tolerance towards fraud and corruption;
- Ensure that members of staff or Board Members who, acting in good faith, report concerns are protected from possible reprisals, harassment or victimisation; and
- Ensure that the internal control environment is in place and effective.

6.3 Finance & Audit Committee

- Review and report to the Board on systems, internal controls and risk management

6.4 Director Management Team

- Ensure they and their staff are fully aware of their responsibilities in respect of this policy and in particular reporting suspected fraud;
- Ensure an adequate system of internal control exists within their areas;
- Require management and staff to sign up to the code of conduct;
- Test and ensure that we have a high level of risk assessment assurance;
- Implement all agreed audit recommendations to strengthen controls on a timely basis

6.5 Head of Finance

- Review tax evasion risks regularly to ensure that systems and controls are comprehensive and effective
- Report suspected activity to the National Crime Agency (or successor agency) and suspend the transaction or activity, if practical and safe to do so
- Review CBH's activities to make sure that the risk of money laundering is taken into account in the day-to-day running of the business
- Raise internal awareness
- Complete the annual fraud return to the Regulator
- Arrange training for relevant staff
- Report on levels of compliance to the Finance & Audit Committee as well as an annual report stating the number and nature of fraud reports in the preceding 12 months.

6.6 Third Parties

- Comply with CBH's policies or have in place similar anti-fraud and corruption arrangements.

7. Suspicion of Fraud and Corruption

- Members of staff should inform their Line Manager in the first instance and follow the Whistleblowing policy. If they suspect their Line Manager or are uncomfortable in raising the concerns with their Line Manager, then they should raise the matter with the Head of Finance.
- Board Members should raise their concerns with the Chair of the Board or Chief Executive.
- The Whistleblowing policy is a fundamental part of how a suspicion should be made and staff/Board Members are encouraged to read that policy.
- All report fraud must be recorded in the Fraud Register (Appendix 1)

Appendix 1: Specimen of the Fraud Register

Appendix 1: Fraud Register

Colchester Borough Homes													
Fraud Register													
Register Entry No	Notification Date	Description of fraud and action taken e.g. investigation	Affected business area	Type of fraud	Nature of loss	Identified by	Gross value of loss	CBC notified?	Auditors advised?	Disciplinary action?	Police Details	Recovery Action	Net loss

Document Control Sheet

Title	Dealing with Fraud Policy					
File Location	https://colchbh.sharepoint.com/sites/fnc/corpdoc/PolDevLib/CBH Dealing with Fraud Policy .docx					
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Approval	Finance & Audit December 2020					
Next Review	1 st December 2023					
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Document Amendment History Sheet

Version	Type	Date	Notes
1.0	New	Feb 2012	New policy approved by F&A
1.1	Minor Revision	April 2014	Minor amendments approved by Board
1.2	Minor Revision	April 2016	Minor amendments approved by Board
1.3	Major Revision	April 2019	
1.4	Policy re-written	October 2020	Renamed policy from " <i>Prevention of fraud, corruption and money laundering policy</i> " to " <i>Dealing with Fraud Policy</i> " Refresh of Policy to provide more a more practical guide for staff to use the policy to understand their obligations and procedure to report fraud. Additionally, added tax evasion as a form of fraud.