

	CORPORATE POLICY & STRATEGY	Anti Fraud Policy
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ANTI FRAUD POLICY

1. Introduction

- 1.1 PRHA requires all staff at all times to act honestly and with integrity and to safeguard the resources of the organisation.
- 1.2 Fraud is an ever-present threat to these resources and hence must be a concern to all members of staff and persons employed in a similar capacity. Fraud may occur internally or externally and may be perpetrated by staff, consultants, suppliers, contractors or development partners, individually or in collusion with others.
- 1.3 The purpose of this document is to set out your responsibilities with regard to fraud prevention, what to do if you suspect fraud and the action that will be taken by management. This policy should be read in conjunction with PRHA's Criminal Activities Policy and Procedure, PRHA's Whistle Blowing Policy and PRHA's Code of Conduct.

2. Definitions of fraud

- 2.1 In addition to the existing common law offence of conspiracy to defraud, the Fraud Act 2006 provides for a general offence of fraud with three ways of committing it.

These are:

- Fraud by false representation
- Fraud by failing to disclose information
- Fraud by abuse of position

For the purpose of reporting fraud to the regulatory authorities the following are included in the fraud report: theft, false accounting, bribery and corruption, deception and collusion.

- 2.2 Computer fraud is where information technology equipment has been used to manipulate programs or data dishonestly (for example, by altering, substituting or destroying records, or creating spurious records), or where the use of an IT system was a material factor in the perpetration of fraud. Theft or fraudulent use of computer time and resources, including unauthorised personal browsing on the internet, is included in this definition.

3. PRHA's responsibilities

- 3.1 PRHA will keep a register of fraudulent acts, amounts £5,000 and above will be reported directly to the regulators. PRHA's Management Board will:

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- ensure it has suitable policies and practices in place to safeguard itself against fraud and theft
- ensure that it communicates its policy on fraud to staff in a formal policy statement
- prepare an annual report on fraud and theft
- Expect periodic checks by its Internal Auditors on whether any new or suspected frauds have been detected.

In accordance with best practice recommendations PRHA will:

- Develop an Anti-Fraud Policy and Fraud Response Plan
- Develop an anti-fraud culture
- Allocate responsibilities for the overall management of fraud risk
- Establish well publicised avenues for staff to report their suspicions of fraud
- Measure the effectiveness of the fraud risk strategy
- Reports internal fraud to the relevant regulatory authority or interested 3rd party as applicable (i.e. where interest of funders are affected)

3.3 The Chief Executive is responsible for managing and co-ordinating PRHAs' fraud risks.

4. Manager's responsibilities

4.1 The day to day responsibility for the prevention and detection of fraud rests with line managers who are responsible for:

- Identifying the risks to which systems, operations and procedures are exposed
- Developing and maintaining effective controls to prevent and detect fraud
- Ensuring that controls are being complied with.

4.2 The Chief Executive & Director of Finance are available to offer advice and assistance on control issues and managers are encouraged to make use of this service.

5. Staff responsibilities

5.1 All staff, including managers, are responsible for:

- Acting with propriety in the use of PRHAs' resources and in the handling and use of funds whether they are involved with cash or payment systems, receipts or dealing with contractors, suppliers or customers

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- Reporting details immediately to the Chief Executive if they suspect or believe that there is evidence of irregular or improper behaviour or that a fraud may have been committed.

6. Fraud response plan

6.1 PRHA has prepared a Fraud response plan ([see Annex A](#)), which should act as a checklist of actions and a guide to follow in the event that fraud is suspected. It covers:

- Notifying suspected fraud
- The investigation process
- Liaison with police and external audit
- Initiation of recovery action
- Reporting process
- Communication with the RSH and interested 3rd Party entity.

7. Disciplinary action

7.1 In the case of proven fraud, or suspected fraud of a serious nature, PRHA reserves the right to refer the matter to the police at the earliest possible juncture.

7.2 Notwithstanding this, and following appropriate investigations, the Chief Executive will determine whether to invoke action in accordance with established disciplinary procedures.

8. Personal conduct

8.1 As stewards of public funds all staff must have, and be seen to have, high standards of honesty, propriety and personal integrity. Staff are required to report any potential conflict of interest to their relevant Senior leadership team member and the Chief Executive. Staff should not accept gifts, hospitality or benefits of any kind from a third party which might be seen to compromise their personal judgement and integrity. Further guidance on all aspects of personal conduct and the acceptance of gifts and hospitality is contained in current procedures and, specifically, the PRHA Code of Conduct.

9. Conclusion

9.1 PRHA views fraud very seriously. All instances will be investigated rigorously and promptly and appropriate action will be taken.

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Annex A: Fraud response plan

1. Introduction

1.1. This fraud response plan provides a checklist of actions and a guide to follow in the event that fraud is suspected. It covers:

- Notifying suspected fraud
- The investigation process
- Liaison with police and external audit
- Initiation of recovery action
- Reporting process
- Communication with the Regulator of Social Housing.

1.2 Its purpose is to define authority levels, responsibilities for action and reporting lines in the event of suspected fraud, theft or other irregularity. It should be read in conjunction with the Criminal Activities Procedure.

2. Notifying suspected fraud

2.1. It is important that all staff are able to report their concerns without fear of reprisal or victimisation and are aware of the means to do so. The Public Interest Disclosure Act 1998 (the "Whistle-blowers Act") provides appropriate protection for those who voice genuine and legitimate concerns through the proper channels.

2.2 In the first instance, any suspicion of fraud, theft or other irregularity should be reported, as a matter of urgency, to your line manager. If such action would be inappropriate, your concerns should be reported upwards to one of the following persons:

- Chief Executive.
- In her absence the relevant member of the Senior Leadership Team

2.4. Every effort will be made to protect an informant's anonymity if requested. However, PRHA will always encourage individuals to be identified to add more validity to the accusations and allow further investigations to be more effective. In certain circumstances, anonymity cannot be maintained. This will be advised to the informant prior to release of information.

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3. The investigation process

- 3.1. Suspected fraud must be investigated in an independent, open-minded and professional manner with the aim of protecting the interests of both PRHA and the suspected individual(s). Suspicion must not be seen as guilt to be proven.
- 3.2. The investigation process will vary according to the circumstances of each case and will be determined by the Chief Executive. An “Investigating Officer” will be appointed to take charge of the investigation on a day-to-day basis. This will normally be an Assistant Director or above and exceptionally, another independent manager.
- 3.3 The Investigating Officer will appoint an investigating team. This will normally comprise staff from within the Department but may be supplemented with other resources from within PRHA or in exceptional cases from outside with the express authorisation of the CEO.
- 3.4 Where initial investigations reveal that there are reasonable grounds for suspicion, and to facilitate the ongoing investigation, it may be appropriate to suspend an employee against whom an accusation has been made. This decision will be taken by the Chief Executive in consultation with the lead HR officer and the Investigating Officer. Suspension should not be regarded as disciplinary action nor should it imply guilt. The process will follow the guidelines set out in PRHA's Disciplinary Policy.
- 3.5 It is important, from the outset, to ensure that evidence is not contaminated, lost or destroyed. The investigating team will therefore take immediate steps to secure physical assets, including computers and any records thereon, and all other potentially evidential documents. They will also ensure, in consultation with management, that appropriate controls are introduced to prevent further loss.
- 3.6 The Investigating Officer will ensure that a detailed record of the investigation is maintained. This should include a chronological file recording details of all telephone conversations, discussions, meetings and interviews (with whom, who else was present and who said what), details of documents reviewed, tests and analyses undertaken, the results and their significance. Everything should be recorded, irrespective of the apparent significance at the time.
- 3.7 All interviews will be conducted in a fair and proper manner with HR Department input where practicable. Where there is a possibility of

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subsequent criminal action, the police will be consulted and interviews may be conducted under caution in compliance with the Police and Criminal Evidence Act (PACE), which governs the admissibility of evidence in criminal proceedings.

3.8 The findings of the investigation will be reported to the Chief Executive and the lead Human Resources officer who will determine, in consultation with the Investigating Officer, what further action (if any) should be taken consistent with our existing employee relations policies.

3.9 The lead Human Resources officer has the responsibility for arranging Fraud Training and Awareness programme for staff on an annual basis.

4. Liaison with Police & external audit

4.1. The police generally welcome early notification of suspected fraud, particularly that of a serious or complex nature. Some frauds will lend themselves to automatic reporting to the police (such as theft by a third party). For more complex frauds the Chief Executive, following consultation with the lead Human Resources officer and the Investigating Officer will decide if and when to contact the police. The Chief Executive will report suspected frauds to the external auditors, relevant external stakeholders and where appropriate the regulatory authorities at an appropriate time.

4.2. All staff will co-operate fully with any police or external audit enquiries, which may have to take precedence over any internal investigation or disciplinary process. However, wherever possible, teams will co-ordinate their enquiries to maximise the effective and efficient use of resources and information.

5. Initiation of recovery action

5.1 PRHA will take appropriate steps, including legal action if necessary, to recover any losses arising from fraud, theft or misconduct. This may include action against third parties involved in the fraud or whose negligent actions contributed to the fraud.

6. Reporting process

6.1 Throughout any investigation, the Investigating Officer will keep the Chief Executive, and lead Human Resources officer informed of progress and any developments. These reports would be in writing.

6.2 On completion of the investigation, the Investigating Officer will prepare a full written report setting out:

- Background as to how the investigation arose
- What action was taken in response to the allegations
- The conduct of the investigation
- The facts that came to light and the evidence in support
- Action taken against any party where the allegations were proved
- Action taken to recover any losses
- Recommendations and/or action taken by management to reduce further exposure and to minimise any recurrence.

6.3 In order to provide a deterrent to other staff a brief and anonymised summary of the circumstances will be publicised internally.

7. Communication with the Regulator of Social Housing

7.1 All amounts of £5,000 and above, in all cases of attempted, suspected or proven fraud shall be reported to the Regulator of Social Housing and any other appropriate regulatory bodies.

7.2 In addition, an annual register of all losses arising from fraud together with details of:

- All cases of fraud perpetrated within PRHA by members of its own staff, including cases where staff acted in collusion with outside parties
- All computer frauds against PRHA, whether perpetrated by staff or outside parties
- All cases of suspected or proven fraud by contractors arising in connection with contracts placed by PRHA for the supply of goods and services.

7.3 The Chief Executive is responsible for preparation and submission of fraud reports to the RSH and other external bodies.

8. Money Laundering Regulation 2007

PRHA remains committed to the principles of the Money Laundering Regulation 2007. PRHA will adopt a risk based approach to ensure that measures to prevent money laundering and terrorist financing are appropriate to the level of risk identified.

We will continuously assess the risks of our business being used by criminals to launder money; verifying customers' identity; monitoring customers' transactions and reporting suspicious activity to the Serious Organised Crime Agency (SOCA); keeping the right records; and ensuring we have appropriate internal management controls.

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PRHA will ensure our staff are aware of the Regulations and are trained to carry out the necessary anti-money laundering controls.

Annex B: Dos & Don'ts

Do

Make a note of your concerns

- Record all relevant details, such as the nature of your concern, the names of parties you believe to be involved, details of any telephone or other conversations with names dates and times and any witnesses.
- Notes do not need to be overly formal, but should be timed, signed and dated.
- Timeliness is most important. The longer you delay writing up, the greater the chances of recollections becoming distorted and the case being weakened.

Retain any evidence you may have

- The quality of evidence is crucial and the more direct and tangible the evidence, the better the chances of an effective investigation.

Report your suspicions promptly

- In the first instance, report your suspicions to your line manager. If this action would be inappropriate, further guidance on disclosure can be found in the

Don't

Be afraid of raising your concerns

- The Public Interest Disclosure Act provides protection for employees who raise reasonably held concerns through the appropriate channels – whistle blowing.
- You will not suffer discrimination or victimisation as a result of following these procedures and the matter will be treated sensitively and confidentially.

Convey your concerns to anyone other than authorised persons

- There may be a perfectly reasonable explanation for the events that give rise to your suspicion. Spreading unsubstantiated concerns may harm innocent persons.

Approach the person you suspect or try to investigate the matter yourself

- There are special rules relating to the gathering of evidence for use in criminal cases. Any attempt to gather evidence by persons who

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Fraud Response Plan and PRHA's Whistle-blowing Policy.

- Additionally, all concerns must be reported to the Chief Executive.

are unfamiliar with these rules may destroy the case.

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