

ANTI – FRAUD, BRIBERY AND CORRUPTION POLICY

1. INTRODUCTION AND STATEMENT

- 1.1 Saffron Housing Trust and its subsidiary businesses are committed to the highest ethical standards and good governance. The conduct of board and committee members, staff, consultants, contractors and suppliers involved in delivering Saffron's business is critical to achieving this.
- 1.2 Saffron meets the Regulator for Social Housing's (RSH) requirement to provide an annual report on any losses from fraudulent activity, and the NHF's Codes of Conduct and Governance which require housing associations to adopt and comply with appropriate policies and procedures to prevent fraud, bribery and corruption.
- 1.3 Saffron will not tolerate fraud, bribery or corruption. It will take all allegations seriously and where it is found to be operating it will be investigated and appropriate sanctions applied. Saffron will always prosecute fraud, bribery and corruption and recover assets misappropriated, through the courts.
- 1.4 To ensure the highest standards of probity, accountability and openness, all board members and employees should read this policy in conjunction with Saffron's Standing Orders, Financial Regulations, Code of Conduct and Conditions of Employment.
- 1.5 Saffron will provide and promote an anti-fraud, bribery and corruption working culture. Everyone within Saffron is responsible for protecting the organisation against the risk of fraud, bribery and corruption and should ensure that they report any concerns immediately.
- 1.6 Saffron will develop and maintain effective controls for assessing the risk of and for reporting and investigating fraud, bribery and corruption and take measures to review systems and procedures in the light of experience to prevent the recurrence of fraud, bribery and corruption.
- 1.7 Saffron requires all third parties involved through its procurement activities to comply with its policies or to have in place similar anti-fraud arrangements.
- 1.8 Saffron will not tolerate fraud, bribery or corruption in any form, including any internal action which gives advantage to any individual, group or organisation, regardless of whether there would be a financial benefit.
- 1.9 In accordance with the adopted Code of Conduct, Staff, Board Members and certain involved residents must take all reasonable measures to protect the housing association's funds, resources, property and assets from fraud, theft, damage and misuse.

2. DEFINITIONS

2.1 **Fraud**-The Fraud Act 2006 lists 3 ways in which fraud can be committed by;

- False representation-dishonestly making a representation knowing or thinking it untrue or misleading.
- Abuse of power- dishonest abuse of a position expected to safeguard the financial interests of another person and
- Failing to disclose information-where there is a legal obligation to do so.

2.2 Fraud is often divided into three categories:

- Internal fraud – perpetrated by people within an organisation, most often by those with access to moveable assets such as cash.
- External fraud – perpetrated by people outside the organisation. It includes theft, deception and computer hacking.
- Collusion – involves two or more parties who may be within the organisation, external or internal and external parties working together.

2.3 In all types of fraud, an offence must have occurred, the person must have acted dishonestly and acted with the intent of making a gain for themselves or someone else, or inflicting a loss (or a risk of loss) on another.

2.4 The Act also includes two supporting offences being the possession of articles for use in fraud (e.g. using a fake passport to prove identity) and the making or supplying of articles for use in fraud (e.g. supplying a fake passport). The maximum prison sentence for fraud is 10 years.

2.5 **Bribery:** The Bribery Act 2010 came into force on 1 July 2011, repealing and replacing the old laws on bribery with a new comprehensive anti-bribery code. There are four offences:

- Bribing another person– the offering, promising or giving of an advantage.
- Being bribed – requesting, agreeing to receive or accepting an advantage.
- Bribing a foreign public official.
- The "corporate offence", where a commercial organisation fails to prevent persons performing services on its behalf from committing bribery

2.6 A bribe is given to influence the recipient's conduct. It may be money, goods, property, privilege, object of value, advantage or any or other inducement. The key element being this inducement is designed to influence the actions of an official in the organisation.

- 2.7 Some actions, such as abuse of position could be classed as either fraud or bribery or both, depending on the circumstances.
- 2.8 In order not to commit the offence of failing to prevent bribery, organisations must be able to demonstrate they have adequate procedures in place to prevent bribery in line with the following six principles:
- Proportionality - action taken to prevent bribery should be proportionate to the risks faced and the size of the organisation.
 - Top level commitment - those at the top are in the best position to ensure the organisation conducts business without bribery.
 - Risk Assessment - understand the risks that could occur.
 - Due Diligence - know who we deal with to prevent retaining people/organisations who might be less than trustworthy.
 - Communication - communicate policies, procedures and offer appropriate training to staff and those who work with us to raise awareness and deter bribery.
 - Monitoring and review - the risks Saffron faces and the effectiveness of its procedures may change over time, so it is important they are regularly reviewed to monitor any changes in potential risks (i.e. when entering new markets).
- 2.9 **Corruption:** Abusing your position for direct or indirect personal gain by offering, giving, soliciting or accepting inducements designed to influence official action or decision making. The adopted Code of Conduct states that in your role with the housing association, you must not offer, seek or accept bribes or inducements to act improperly or corruptly.

3. ANTI – FRAUD, BRIBERY AND CORRUPTION APPROACH

- 3.1 Saffron's Anti-Fraud, Bribery and Corruption approach is based on a series of interrelated procedures designed to frustrate any attempted fraudulent or corrupt act. These cover:
- Culture
 - Preventing fraud
 - Detecting and investigating fraud, bribery and corruption
 - Speaking Up (Whistleblowing)
 - Training
 - Disclosure of interest
 - Internal audits

4. TRAINING

- 4.1 Saffron recognises that the continuing success of its anti-fraud, bribery and corruption policy and its general credibility will depend on the effectiveness of programmed training and responsiveness of employees throughout the organisation.
- 4.2 In order to facilitate this, Saffron supports the concept of induction training for new Board Members and employees and ongoing refresher courses, particularly for those involved in internal control systems.

5. DISCLOSURE OF INTEREST

- 5.1 Board Members will be required to comply with the RSH's Governance and Financial Viability Standard and any codes approved locally by the Board. A key part of this will be an annual declaration of interests. Similarly requirements will be made of employees
- 5.2 A register of interests will be maintained by the Company Secretary and will be available for public inspection.
- 5.3 All Board Members, Employees and Involved Residents are required to complete and sign an annual declaration of interest form. If a new interest occurs prior to the annual declaration, this must be declared immediately and not until the annual declaration. The adopted Code of Conduct states that you must formally declare to the housing association, at the earliest opportunity, any interests which may, or may be perceived to or may in the future, conflict with the duties of your role.

6. RESPONSIBILITIES

- 6.1 It is the responsibility of Directors and Managers to have in place and operate adequate systems of internal control within their areas of responsibility. This will help to prevent and detect fraud.
- 6.2 Every member of staff has a duty to alert their Line Manager where they believe the opportunity for fraud exists because of weak procedures or lack of effective supervision.
- 6.3 Any actual or suspected fraud or suspicious acts should be reported to their Line Manager or Director. For guidance staff should refer to the Speaking Up (Whistleblowing) policy. Saffron wishes to encourage anyone having reasonable suspicions of fraud to report them. Therefore no employee will suffer in any way as a result of reporting reasonably held suspicions. For these purposes 'reasonably held suspicions' means any suspicions other than those which are raised maliciously and found to be groundless.
- 6.4 If a member of staff discovers criminal activity by a colleague that does not directly affect Saffron, there may still be a legal obligation to inform the police. Any member of staff who is uncertain of their obligations should seek advice from a Director.

6.5 If any member of staff has reasonable grounds for suspecting criminal or corrupt activity, even if they have no conclusive evidence ((refer to the Speaking Up (Whistleblowing policy) for protection rights)), they may still be subject to disciplinary procedures if they fail to report their suspicions.

7. REPORTING

- 7.1 Any discovery or suspicion of theft or fraud should generally be immediately reported to the Line Manager in the first instance. If the reporting staff member is suspicious of the Line Manager and or that a number of persons are involved in a suspected or actual fraud, they should report the incident directly to the Executive Director of Finance and Development. If the line manager is the Executive Director of Finance and Development, then the member of staff should report their suspicions to the Chief Executive.
- 7.2 Once notified by a staff member, the Line Manager should contact the Executive Director of Finance and Development. Under no circumstances should a Line Manager undertake their own investigation.
- 7.3 Once notified, the Executive Director of Finance and Development will make arrangements to undertake an initial investigation to gauge the severity of the situation. At this stage (s) he may act in conjunction with relevant Directors to make any immediate changes required to secure the situation (s.) He may also examine and remove any records required.
- 7.4 Immediately after this assessment, the following will be notified of the initial situation and of the proposed scope of any investigation:
- The Chief Executive
 - The Chair of Audit & Risk Committee
 - The RSH (if the loss is greater than £5,000 or any amount involving any board members or Directors)
 - Saffron’s insurers if there is an insured loss.
- 7.5 For incidents involving third parties, it may be necessary to contact the police immediately. However, for internal frauds, the decision on when to involve the police will be made by the Chief Executive and Chair of Audit & Risk Committee.
- 7.6 The timing of the notification to the police will be at the discretion of the Chief Executive. Generally they will be involved after the circumstances have been investigated, unless the loss is likely to be substantial.
- 7.7 The RSH will be updated if there is likely to be a loss which was previously grant funded as they may wish to recover the grant.

- 7.8 Following the initial notification to the Chair of the Audit Committee, the Board will be appraised of the situation by a confidential verbal or written report at their next meeting.
- 7.9 The Board will be updated at subsequent meetings of any significant developments.
- 7.10 On completion of the investigation, whatever the outcome, a confidential report will be presented to the Board and sent to the RSH (if appropriate).
- 7.11 The fraud, bribery and corruption or attempted fraud, bribery and corruption will be recorded in the Fraud Register held by the Company Secretary. This Register will be presented to the Audit and Risk Committee on a regular basis.
- 7.12 Saffron are required to submit an annual fraud return to the RSH within 6 months of the financial year-end.

8. FRAUD, BRIBERY AND CORRUPTION RESPONSE

8.1 Saffron will take all steps to:

- minimise the risk of subsequent losses,
- improve the chance and scale of recoveries,
- reduce any adverse commercial effects,
- demonstrate that Saffron retains control of its affairs in a crisis,
- make a clear statement to employees and other parties that the organisation is not a “soft target” for fraud or attempted fraud.

8.2 If the Executive Director of Finance and Development determines that it is possible that a fraud has taken place and the magnitude of the fraud warrants immediate action, steps will be taken to:

- Secure the assets at risk both directly or by notifying (for example) banks and other parties holding assets, by withdrawing signing authorities and by removing suspects from positions of authority.
- Secure accounting and other records, including those held on computer and take back ups of all relevant computer data.
- Change passwords and access controls.
- Where necessary to ensure the investigation is not impeded, consult with the Chief Executive, Director of People and Culture and Company Secretary to arrange the immediate suspension or removal of suspects from the premises.

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- 8.3 The Executive Director of Finance and Development is authorised to be given access to any information requested and have access to all staff with reasonable notice.
- 8.4 If required, external specialist consultants or the police will be utilised, subject to approval of the Chief Executive or in his absence the Chair of the Audit & Risk Committee.
- 8.5 All information relating to the investigation will be confidential and held securely. Findings will not be released to third parties without the permission of the Chief Executive and the Chair of the Audit & Risk Committee.

9. REVIEW

- 9.1 This policy will be reviewed every three years, or more frequently if significant changes occur in the internal or external environment.

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