Anti-Fraud Policy

1.0 Introduction

1.1 The Association requires its members and staff to act honestly, with integrity and to safeguard any Association resources for which they are responsible at all times. This policy sets out the responsibilities of members and staff for preventing fraud and the procedures to follow if fraud is detected or suspected.

2. Definition of Fraud

2.1 In law, there is no specific offence of fraud. For this policy, it is defined as using deception with the intention of gaining an advantage, avoiding an obligation, or causing loss to another party. For practical purposes, fraud may include acts such as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion.

2.2 This policy is published in accordance with the Fraud Act 2006. Sapphire must also comply with all relevant statutory, regulatory, agreed best-practice requirements, delegated authorities, and Standing Orders. This policy should be read in conjunction with Sapphire's Anti-Bribery and Corruption Policy and the Whistleblowing Policy.

3. Board Responsibility

The Board of Sapphire Independent Housing (SIH) is responsible, among other things, for ensuring that the Association:

- Develops and maintains an anti- fraud culture.
- Introduces effective controls to prevent and detect fraud.
- Ensures prompt and vigorous investigations.
- Applies effective sanctions and redress.

4. Culture

4.1 Sapphire Independent Housing is determined that the culture of the Association is one of honesty, where fraud is strongly opposed. Sapphire aims to maintain an ethical workplace that positively influences employees and prevents negative associations that can lead to excessive job turnover, subpar performance, or even fraud.

4.2 There is an expectation that all individuals and organisations associated with the Association will act with integrity and that Board members and staff will lead by example in these matters.

4.3 The Association's staff are an important element in its stance on fraud and corruption, and they are encouraged to raise any concerns that they may have on these issues. This can be done with the assurance that such concerns will be treated confidentially and investigated properly and fairly.

4.4 Members of the public and other customers are encouraged to report concerns through any of the internal routes, or, if appropriate, through the Association's Complaint Procedures.

4.5 The Executive Management Team (EMT) is expected to deal swiftly and firmly with those who defraud the Association. However, the EMT wishes to safeguard staff against malicious or unfounded allegations. They will follow fair procedures and take disciplinary action against any staff member or member who deliberately makes a false accusation.

5. Prevention

5.1 Fraud can be minimised through carefully designed and consistently operated policies and management procedures which deny opportunities for fraud. The main policies and procedures in place are:

- Board-approved delegated authorities (including financial regulations) that are communicated to all staff, together with a system for regularly reviewing these delegations.
- Internal control and segregation of duties
- Quarterly management accounts and cash flow forecasts presented to the Board
- A human resources system that includes CRB checks when appropriate.
- A system for declarations of interest for staff and Board members.
- A system of risk management to inform decisions on financial and operational planning and to assist in achieving objectives and targets.
- Policies that ensure that all public funds given to the Association (including any approved income and other receipts) are used for the purposes for which they have been granted.
- Annual external audit and a programme of internal audit
- Appropriate access and use of Sapphire's data and systems.

6. Detection

6.1 No system of preventative measures can guarantee that fraud will not occur. SIH has, however, implemented detection measures to highlight irregular transactions and behaviour.

6.2 Internal Management Systems

6.2.1 This is the most important measure because the risk of processing an irregular transaction is minimised where every transaction is reviewed systematically. Checks and balances must be designed into all systems and applied consistently.

6.2.2 Systems in place should identify transactions which have not followed normal procedures. However, deception may make improper transactions appear legitimate. The detective elements in each system must therefore be complemented by a general detective approach to capture suspicions identified through chance, exit interviews and tip-offs.

6.3 Staff Responsibilities

6.3.1 Every member of staff has a duty to ensure that the Association's resources are safeguarded. Staff must alert their line manager if they believe an opportunity for fraud exists because of poor procedures or a lack of effective supervision.

6.3.2 It is the responsibility of every member of staff to report details immediately to their line manager or appropriate senior person if they suspect fraud may have been committed.

6.3.3 Staff must also assist in any investigations by making available all relevant information and by co-operating in interviews.

6.4 Confidential Reporting

6.4.1 The Public Interest Disclosure Act 1998 states that employees who disclose information on certain matters which they reasonably believe and in good faith will be legally protected from being disciplined, dismissed or victimised by their employer as a result.

6.4.2 The SIH policy on Confidential Reporting (Whistleblowing) covers the areas highlighted in the 1998 Act.

6.5 Role of Audit in Detection

6.5.1 SIH's defences against fraud must be robust preventive measures by management, coupled with sound detective checks and balances. Audit should be regarded as a ' last stop'. Internal and external audit may help identify fraudulent transactions.

7. Investigation

7.1 Fraud or irregularity occurs unpredictably, in any part and at any level in an organisation. It frequently causes disruption which is out of proportion to the sums involved. Once fraud is suspected, prompt action is needed to safeguard assets, recover losses and secure evidence for effective legal and disciplinary processes.

7.2 Process of Investigation

7.2.1 The process of investigation is outlined in the Association's Confidential Reporting Policy.

7.2.2 It is important to ensure that the initial investigation is carried out with care and sensitivity, confidentially to those who contribute to the investigation, recognising the possibility of malicious accusations.

7.2.3 Staff should report any concerns to the Director of Finance or, in their absence, to the Chief Executive /Company Secretary. Internal or external auditors may detect fraud first. If so, the auditor must report their evidence to the Director of Finance or, in their absence, to the Chief Executive/Company Secretary.

8. Discovery of Fraud

8.1 All fraud must be reported to the Board, and fraud over £5,000 must be reported to the Regulator of Social Housing (RSH). Any fraud (whatever the amount involved) involving the Chief Executive or the Finance Director will be reported to the Social Housing Regulator.

8.2 Any fraud over £1000 will be reported to the police (lesser amounts may be reported if thought appropriate). In cases of suspected fraud, an appropriate officer, auditor or the police will be contacted to carry out an investigation.

8.3 All fraud will be declared on subsequent reference requests for employment.

8.4 Under the Association's Disciplinary Procedures, any member of staff found to have committed an act of fraud is liable to immediate dismissal. All fraud will be declared on subsequent employment reference requests.

9. Monitoring and review

9.1 Every effort will be made to prevent fraud through the use of appropriate policies and management procedures. No system of preventative measures can guarantee that fraud will not occur. The Association takes fraud seriously and includes it as a strategic risk in the Association's risk register. The Director of Finance will monitor and review any possible fraud cases raised on an ongoing basis.

9.2 This policy will be reviewed every three years unless a change in legislation, operational requirements or customer feedback prompts amendment.

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Anti-Fraud Policy		
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Department Director:	Last Review Date:	
Director of Finance and I.T.		
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