



## **Anti-Fraud Policy**

## **KARIN HOUSING ASSOCIATION LIMITED**

### **Anti-Fraud Policy**

#### **1. PURPOSE**

The purpose of this policy statement is to set out responsibilities for the prevention of fraud and the procedures to be followed where fraud or attempted fraud is detected or suspected within Karin Housing Association.

#### **2. SCOPE OF THE POLICY**

This policy applies to all current and former Karin Housing Association employees, and to all agency staff, consultants and volunteers.

The policy applies to any fraud or attempted fraud perpetrated against Karin Housing Association and will be deemed to include all associated companies, joint ventures or partnership arrangements whether RSLs or not.

#### **3. DEFINITIONS**

In law, there is no specific offence of fraud and many of the offences referred to as fraud are covered by the Theft Acts of 1968 and 1978. The term is used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. For practical purposes fraud may be defined as the 'use of deception with the intention of obtaining an advantage avoiding an obligation or causing loss to another party'. The criminal act is the attempt to deceive and attempted fraud is therefore treated as seriously as accomplished fraud.

Computer fraud is where information technology equipment has been used to manipulate programme of 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 is included in this definition.

It is not possible to provide a definitive list of all frauds. The following examples are given for illustrative purposes, but should not be considered to be an exhaustive list.

- Misappropriation of funds through the theft or misdirection of cash or cheques.
- Misappropriation of goods or services intended for the supply of the Association and paid for by the Association.
- Overpayment of suppliers or contractors for goods or services with the intention to cause financial loss to the Association or financial gain to themselves or to a third party.

- Selection of suppliers or contractors without due regard to tendering and procurement procedure and with the intention to cause financial loss to the Association or financial gain to a third party.
- Selection of suppliers or contractors as a result of inducement from those suppliers or contractors (see Gifts & Hospitality Policy).
- Misappropriation or diversion of other assets including selling or letting a property at undervalue, or illegally sub-letting a property for the purpose of financial gain.
- Misuse of IT hardware, software, and telephony (including mobile telephony).
- Falsification of payroll records including overtime claims and sickness records.
- Falsification of business expense claims, such as claims for travel expenses which do not represent the additional cost of travel necessitated by employment.

#### **4. RESPONSIBILITY FOR THE PREVENTION AND DETECTION OF FRAUD WITHIN KARIN HOUSING ASSOCIATION**

There is a general obligation on Karin Housing Association to:

- Develop and maintain effective controls to prevent fraud.
- Carry out rigorous and prompt investigation if fraud occurs.
- Take appropriate legal and/or disciplinary action against perpetrators of fraud.
- Consider disciplinary action against managers and supervisors where an investigation demonstrates that their failures have contributed to the fraud.

The status and findings of this investigation will be reported in writing as follows:

- Where the subject of the investigation is an officer other than a Director/Director, to the Director/Director, and on conclusion of the investigation to the Chair of the Board.
- Where the subject of the investigation is a Director/Director, the matter will be reported to the Chair of the Board who will appoint Internal Audit or such other qualified person to investigate and report their findings.

Although the Director/Director, and ultimately the Board carry an overall responsibility for the prevention of fraud, the prevention of fraud, it is also the responsibility of all Karin Housing Association staff.

The day to day responsibility for the prevention and detection of fraud rests with managers. Managers are responsible for:

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

Internal Audit is available to offer advice and assistance on control issues, and will periodically review the effectiveness of and compliance with internal controls. Managers are encouraged to make proactive use of this service.

Individual members of staff are responsible for:

- Acting with propriety in the use of Karin Housing Association's resources and in the handling and use of funds, whether they are involved in payments or receipts

of cash or cash equivalents, or in dealing with contractors, suppliers or customers.

- Adhering to all procedures designed to prevent and detect fraud including maintaining accurate records.
- Reporting details immediately if they suspect or believe that there is evidence of irregular or improper behaviour of that a fraud has been committed. Failure to report suspicion of knowledge of irregular or improper behaviour may according to the circumstance, be deemed to be collusion in this irregular or improper behaviour. The appropriate reporting mechanism is detailed below.

## **5. PROCEDURES FOR REPORTING AND INVESTIGATING FRAUD**

Irrespective of the amount involved, all cases of suspected fraud must be reported immediately by members of staff to their manager/director who must then report these details immediately to Internal Audit. In cases where members of staff believe that reporting these details to their manager/director might compromise an investigation, then they should contact Internal Audit directly. All reports of suspected fraud are treated in strict confidence.

As soon as suspicion of fraud is reported, Internal Audit will perform a preliminary review of available evidence to establish whether this suspicion is reasonable, and will report their findings to the Director/Director or the Chair of the Board.

If Internal Audit is satisfied, as a result of this preliminary review, that there is reasonable suspicion of actual or attempted fraud, this will be reported to the Director/Director or Chair of the Board to be recorded in the Fraud Register. A full investigation will be carried out by Internal Audit, in line with the Association's Policy and Procedures.

In order to carry out this investigation, Internal Audit may need to secure documentation and computer files.

Internal Audit may also need to conduct interviews with the individual or individuals suspected of perpetrating or witnessing the fraud. In normal circumstances, the Director/Director will enable these staff to be accompanied by a colleague or Trade Union representative, but if it is considered necessary, the Association reserves the right to:

- Suspend the employee pending further investigation;  
and/or
- Require the employee or witnesses to attend a meeting without notice, which may impact on their ability to arrange for a colleague or Trade Union representative to accompany them. (However, the employee will retain their right to be accompanied at the disciplinary hearing, should one be considered necessary).

Person Responsible for the review of this policy:

Date of this review:

Date Board approved:

Date next review is due:

Ibrahim Mohamoud

21<sup>st</sup> October 2008

21<sup>st</sup> October 2008

21st October 2011