



Fraud Management Framework

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<u>Version No.</u>	<u>Purpose/Changes</u>	<u>Approval Date</u>	<u>Approved By</u>	<u>Suggested Review Date</u>
5.0	Annual review	10/11/2021	ELT	December 2024
4.0	Full review	16/09/2020	Group Common Board	September 2021
3.0	Health Check	1/6/2016	Director of Resources	February 2017

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1. Our policy is...

- 1.1 At Ongo, we operate a zero-tolerance approach to fraud and expect all staff and stakeholders to conduct business in a non-fraudulent way. Such conduct could have catastrophic effects on the business in terms of finance, customer / stakeholder confidence and reputation.
- 1.2 We are committed to the highest legal, ethical and moral standards. This policy makes clear our stance on prevention, control, detection, and response to fraud.
- 1.3 Fraud is an issue that all organisations may face regardless of size, industry or country. The term 'fraud' commonly includes activities such as theft, corruption, conspiracy, embezzlement, money laundering, bribery and extortion. In the modern era there is a heightened risk of attempted fraud by unconnected external parties, particularly using IT scams.
- 1.4 The Fraud Act 2006 made fraud a criminal offence and provides for the following ways of committing the offence:
 - fraud by false representation;
 - fraud by failing to disclose information; and
 - fraud by abuse of position.
- 1.5 For each of the different ways of perpetrating fraud set out in the Fraud Act, the common theme is that a person has acted dishonestly with the intent to make a gain for themselves or another, cause loss to another, or expose another to a risk of loss.

2. It applies to...

- 2.1 The policy applies to all areas of the business, including our Communities arm and Commercial businesses.
- 2.2 The policy applies to any irregularity, or suspected irregularity, involving our employees and any other parties regardless of whether or not they have a business connection with us.
- 2.3 The policy includes tax evasion as a fraudulent activity under the Criminal Finances Act 2017. We recognise that Ongo is criminally liable for failing to prevent the facilitation of tax evasion (in the UK or overseas) regardless of whether management are involved or aware.
- 2.4 Anti-money laundering and bribery are identified as fraud but are dealt with separately under the Anti-Money Laundering Policy and the Probity Policy.

- 2.5 This policy does not include tenancy fraud. This is addressed in our Tenancy Management Policy.

3. Because we want to...

- 3.1 The aims of this policy are:
- To make clear who is responsible for the management of alleged fraud, fraud prevention and detection;
 - To ensure all staff and stakeholders have an understanding of what fraud is;
 - To equip staff and stakeholders with the knowledge to identify suspected fraud and raise any concerns in the appropriate way;
 - Define the way we manage suspected and alleged cases of fraud; and
 - To address the main categories of fraud that affect organisations as identified by the Association of Certified Fraud Examiners (ACFE).

4. We will...

4.1 Responsibility

- 4.1.1 The Board and Executive Leadership Team hold primary responsibility for fraud prevention and detection at Ongo.
- 4.1.2 Our stance on responsibility and accountability in respect of fraud is that staff at all levels and our Board Members lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 4.1.3 The overall responsibility for our system of internal control is at the highest level in the organisation in line with the Companies Act. Directors are responsible for maintaining adequate accounting records and the Combined Code of Governance prescribes that '*the board should maintain a sound system of internal control to safeguard shareholders' investments and the company assets*'. This includes procedures designed to minimise the risk of fraud.
- 4.1.4 The Director of Resources and Commercial Services has a statutory responsibility to ensure the proper conduct of the Group's financial affairs.
- 4.1.5 It is everyone's responsibility across Ongo to be alert to and report any confirmed cases of fraudulent or corrupt acts.
- 4.1.6 All managers and employees have a duty to familiarise themselves with the types of improprieties that might be expected to occur within areas of responsibility and to be alert for any indications of irregularity.

- 4.1.7 We manage the risk of fraud in line with our corporate *Risk Management Framework*. It is essential that risk assessments are undertaken and maintained to identify the likelihood and impact of fraud across the businesses. Controls will be identified and effectiveness tested on an ongoing basis.
- 4.1.8 The effectiveness of fraud controls are tested within our Internal Audit programme. An annual opinion will be provided assessing if adequate controls are in place and are effective and working appropriately.
- 4.1.9 Individuals and organisations (e.g. suppliers, contractors, service providers) that we come into contact with, will act towards the organisation with integrity and without thought or actions involving fraud and corruption.

4.2 Categories of Fraud

- 4.2.1 The three main types of fraud are categorised below:
- a) **Asset misappropriation** – the theft or misuse of Ongo’s assets;
 - b) **Fraudulent statements** – this is usually in the form of falsification of financial statements in order to obtain some form of improper benefit;
 - c) **Corruption** – this includes activities such as the use of bribes or acceptance of ‘kickbacks’, improper use of confidential information, conflicts of interest, collusive tendering and tax evasion

4.3 Preventing Fraud

- 4.3.1 We ensure that that systems and procedures incorporate efficient and effective internal controls, and internal check procedures. These include the adequate separation of duties wherever possible to ensure that the risk of error or impropriety is prevented. Under the Delegations Framework, the Chief Executive and Directors must ensure that these controls are properly maintained and are effective. The existence, appropriateness and effectiveness of these internal controls is to be independently monitored by the Internal Audit Service.
- 4.3.2 A sound system of internal control cannot provide complete protection against all fraudulent behaviour, highlighting the importance of other fraud prevention and fraud detection measures.
- 4.3.3 In order to help prevent fraud it is essential for fraud awareness to be part of the Ongo culture. Appropriate Codes of Conduct are in place for Board Members, Employees and involved tenants that follow appropriate best practice and individuals are expected to follow any additional Codes related to their personal Professional Institute where applicable.

4.3.4 Employees are reminded that they must disclose any pecuniary interests in the Company's contracts, and the acceptance or the non-acceptance of any fees or rewards whatsoever other than their proper remuneration in line with the Probity Policy.

4.3.5 Ongo have Standing Orders and a Delegations Framework, which incorporates the Financial Regulations, in place that must be followed by all employees and Board Members.

4.4 Detecting and investigating fraud

4.4.1 All alleged cases of fraud or corruption will be followed up and / or investigated in line with the guidance that underpins this policy.

4.4.2 All alleged cases will be dealt with promptly, ensuring security and confidentiality of those involved and any evidence collected.

4.4.3 Under no circumstances should anyone involved in an investigation speak to representatives of the press, TV, radio or to another third party about a suspected fraud without the express authority of the Chief Executive. Care needs to be taken to ensure that nothing is done that could give rise to action for slander or libel.

4.4.4 Where financial impropriety is discovered, the presumption is that the police will be called in. The Crown Prosecution Service determines whether prosecution will be pursued. Referral to the police is a matter for the Chief Executive. Referral to the police will not prohibit action under disciplinary procedures.

4.5 Whistleblowing

4.5.1 Whistleblowing is the confidential raising of problems within an organisation. It is never easy to report a concern, particularly one that may relate to fraud or corruption by a colleague, partner or service-user and individuals may wish to do so anonymously in line with our Whistleblowing Policy.

5. Making sure we do what we say...

5.1 All colleagues across the business are required to read and understand this policy and the associated Guidance. This will be made available to everyone through the internal online learning platform.

5.2 We have a clear network of systems and procedures to assist in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent and corrupt activity.

- 5.3 The Group is committed to pursuing fraud and serious abuse of powers vigorously, both through internal disciplinary procedures and the Courts as required.
- 5.4 Fraudulent activity will, in normal circumstances, be reported to the Police, and any decision to prosecute will be made by the Police and the Crown Prosecution Service.
- 5.5 Any instances of suspected fraud where the initial findings have some substance, will be reported to our Audit & Risk Committee, our Auditors and other relevant agencies, including our regulatory duty to report our fraud register to the Regulator for Social Housing (RSH) annually.

6. Other things to bear in mind...

- 6.1 This policy also links to our:
- Fraud Response Guidance
 - Employee Code of Conduct
 - Board Member Code of Conduct
 - Contractors Code of Conduct
 - Recruitment & Retention Policy & Guidance
 - Probity Policy
 - Delegations Framework
 - Whistleblowing Policy
 - Disciplinary Policy & Guidance
 - Information, Security & Acceptable Use Policy
 - Credit Card Policy
 - Procurement & Tendering Policy & Procedures
- 6.2 The main pieces of legislation and regulation relevant to this policy include:
- Regulator for Social Housing Regulatory Framework - **Chapter 3 – Standards for Registered providers: Economic Standards.**
 - UK Law and Statutes
 - The Fraud Act 2006
 - Companies Act 2006
 - Bribery Act 2010
 - Money Laundering Regulation Act 2017
 - Criminal Finances Act 2017
- 6.3 External scrutiny of our affairs is carried out by a variety of bodies and individuals including:
- The Regulator for Social Housing (RSH)
 - Financial Conduct Authority
 - The Independent Ombudsman

- Internal auditors
- External auditors
- Service Users including via the complaints process and our formal Resident Scrutiny Panel
- HM Revenue and Customs
- The Courts

6.4 Further advice on reporting malpractice can be obtained from Protect, an independent organisation dealing with probity and integrity in the workplace. Their telephone number is [020 3117 2520](tel:02031172520).

7. We'll look at this again...

7.1 This policy will be reviewed on a three-year cycle unless any regulatory or legislative changes occur and have an impact on this policy.