Kingsridge Cleddans

HOUSING ASSOCIATION LIMITED

Name of Policy	**Fraud Prevention Policy**
Responsible Officer	**Director**
Date approved by Committee	**27 October 2026**
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Section	**Corporate Services**

Contents.

Section		Page
1.	Introduction	3
2.	Fraud and Fraud Prevention	3
3.	Reporting and Investigating Fraud	4
4.	Fraud Detection and Reporting	5
5.	Fraud Register	5
6.	Responsibilities	6
7.	Risk Management	7
8.	Internal Controls	7
9.	Equality and Diversity	7

Kingsridge Cleddans Housing Association
Fraud Prevention Policy

1.0 Introduction

1.1 Kingsridge Cleddans Housing Association recognises the importance of protecting the organisation, including its operations, its employees, suppliers, and its assets, tenants and residents, against financial risks, operational breaches and unethical activities.

1.2 Losses due to fraud, theft or corrupt practices would have a direct effect on the level and quality of service provision. It is wrong to assume, therefore, that actual financial losses are the only negative outcome of fraud. The full cost is usually much greater than the amount stolen, as the costs associated with correction can often be dramatic. Staff morale and the level of confidence of tenants, owners, partners, suppliers, our lenders and the Scottish Housing Regulator may decline as a result of fraud.

1.3 Kingsridge Cleddans Housing Association has a responsibility to its tenants, owners, staff, partners, suppliers and other stakeholders in general to take all reasonable steps to prevent the occurrence of fraud. This policy sets out in more detail procedures for:

- Fraud prevention and detection; and
- The investigating and reporting of fraud.

1.4 The objectives of this policy are to:

- Encourage staff to be aware of the possibility of fraud.
- Bring suspected fraud to notice.
- Provide a framework for investigating and reporting fraud.
- Ensure both alleged and proven fraud is dealt with in a consistent and timely manner.
- Minimise the opportunity for fraud by Association staff or by external agencies and businesses (either acting alone or in conspiracy with Association staff).

2.0. Fraud and Fraud Prevention

2.1 Definition & Examples

2.1.1 Fraud can be defined as ‘any act of wilful dishonesty to gain individual or collective advantage’. It is taken to include theft, deception, bribery, forgery, extortion, corruption, conspiracy, embezzlement, misappropriation, concealment of material facts and collusion. For practical purposes, fraud may be defined as the use of deception with the intention of obtaining advantage, avoiding an obligation or causing loss to another party.

2.1.2 Staff should be aware that gifts, including hospitality, offered by contractors, suppliers and service providers may place an employee in a vulnerable position and should ensure they follow our Code of Conduct, as well as our policies and procedures on Gifts and Hospitality.

2.1.3 Some examples of fraud that may be perpetrated against the Association are:

- Excessive / unjustified allowances paid after works of improvement.
- Theft of cash or fixed assets.
- False accounting and /or making fraudulent statements with a view to personal gain or gain for another.
- Bribery and corruption – offering, giving, soliciting or accepting an inducement or reward that may influence the actions taken by the association's staff, for example in the procurement of goods or services.
- Claims for payment of works of maintenance that haven't been completed/don't exist / exaggerated/excessive.
- Claims for payment of supplies that have not been provided.
- Falsification of expenses and invoices
- Falsification of flexi sheets, annual leave cards, sick or special leave records
- Knowingly providing false information on job applications and requests for funding
- Alteration or falsification of records (computerised or manual)
- Failure to account for monies collected.
- Tenancy Fraud

2.2 **Fraud Prevention**

2.2.1 Kingsridge Cleddans Housing Association has established a system of internal controls, policies and procedures, in an effort to prevent and detect fraud and corruption.

2.2.2 All contractual agreements with the Association will contain the provision prohibiting fraudulent or corruptive acts and will include information about reporting fraud and corruption.

3.0 Reporting and Investigating Fraud

3.1 All suspected instances of fraud shall be reported directly to the Director.

4.0. Fraud Detection and Reporting

4.1 The primary responsibility for detecting fraud lies with the Director/Finance Officer through the implementation, documentation and operation of effective systems of internal control. However, all staff have a responsibility to be aware of the potential for fraud and take the necessary steps to minimise the risk to the Association. The Director/Finance Officer should ensure staff are familiar with the common types of fraud.

4.2 The Association's internal auditors, through their evaluation of the control framework, also have a role to play in preventing and detecting fraud.

4.3 Staff will often be the first to notice the potential for, or actual, fraud. Staff suspicious of fraud should report their concerns to the Director. If for any reason it is felt

reporting in this manner is inappropriate, in line with our Whistleblowing Policy, staff may report confidentially to the Chair of the Management Committee.

4.4 Fraudulent or corrupt activity is regarded as a breach of contract, and where there are reasonable grounds for suspicion, then it may be appropriate to suspend that staff member or reduce their access to allow for an investigation.

4.5 All staff investigations will be carried out in line with the relevant policies on disciplinary action.

4.6 The Association requires that any staff member who is convicted of a fraudulent act, including those separate from their employment, must inform the Director. There are stipulations within companies and charities legislation which may procure the continuing employment of parties holding senior or financial roles within the Association should they be convicted of fraudulent practices.

4.7 Where fraud is identified, we will seek legal advice with regard to the next step and potential for recovery. Where there is criminal activity, we will look to involve the police.

5.0 Fraud Register

5.1 All frauds, suspected or actual, will be recorded in the Fraud Register, held by the Director. This will be reviewed by the Finance Officer and signed off by the Management Committee once a fraud (or suspected fraud) has been detected.

The Director will have the responsibility of maintaining this register, which will show the following information:

- Scope and circumstances arising; summary of what happened.
- Action taken by the Association & Police.
- Outcome.
- Any control action required as a result of the fraud.
- Estimate of Loss / Potential Loss.
    - Extent of / potential for recovery of loss .
    - Date reported to the Scottish Housing Regulator (all suspected or actual fraudulent activity is to be reported).

6.0 Responsibilities

6.1 *Director*

The Director shall look to carry out the:

- Identification of risks to which systems and procedures are exposed.
- Developing and maintaining effective internal controls to prevent fraud.
- Establishing an environment that promotes compliance with internal controls.
- Promoting fraud awareness amongst staff.
- Fostering an ‘anti-fraud’ culture.

- Ensuring that if a fraud occurs, a vigorous and prompt investigation takes place without regard to position held or length of service.
- Taking appropriate disciplinary and legal action as required.
- Review systems and procedures to prevent similar frauds from arising.

In instances of fraud, the Director will also liaise with the Management Committee to consider and raise a notifiable event with the Scottish Housing Regulator.

6.2 *Management Committee*

The Management Committee will receive notification if any suspected or actual fraudulent activity has taken place. They will look to identify any weakness in internal controls and what action has been taken to address any weaknesses discovered.

6.3 *Staff Members*

The staffing team shall look to review all work practices, but particularly those involving financial transactions, to seek to identify any possible instances of fraud. Particular care shall be taken when engaging with a new contractor or stakeholder.

All staff are responsible for:

- Acting with due diligence in the use of the Association's resources.
- Adhering to procedures when handling funds whether they are involved with cash or payment systems, receipts or dealing with suppliers or customers.
- Being aware of the possibility that unusual events or transactions could be indicators of fraud.
- Reporting details immediately through the appropriate channel, if they suspect that a fraud has been committed or see any suspicious acts or events.
- Co-operating fully with whoever is conducting internal checks, reviews or fraud investigations.

7.0 Risk Management

7.1 Although the Director and Finance Officer are responsible for assessing and controlling the level of risk within their areas of authority, it is the responsibility of all staff to be aware of fraud and take the necessary steps to minimise the risk to the Association.

8.0 Internal Controls

8.1 Internal controls are the key element in preventing fraud. They should be documented, communicated to all staff and the importance of compliance regularly reminded to staff. It is the responsibility of the Director, Finance Manager and Housing Manager to ensure controls within their areas of responsibility have been documented and communicated and operate effectively. The Association’s

Financial Regulations and Detailed Financial Procedures are just that – however, they are not the definitive record of the systems of internal control.

8.2 The Director, Finance Officer and Housing Manager should assess the types of risk involved in the operations for which they are responsible; to review and test the control systems for which they are responsible regularly; to ensure that controls are being complied with; and to satisfy themselves that their systems continue to operate effectively.

8.3 The Director and Finance Officer should periodically monitor compliance with controls and may also ask the Internal Auditors to test compliance. It should be emphasised that the main remit of internal audit is to evaluate the effectiveness of the overall framework of internal control, with management being responsible for ensuring implementation and monitoring of the framework.

9. Equality & diversity

9.1 As a service provider and employer we recognise the requirements of the Equality Act 2010, oppose any form of discrimination, and will treat all customers, internal and external, with dignity and respect. We recognise diversity and will ensure that all of our actions ensure accessibility and reduce barriers to employment and the services we provide.