

Lead Director	Director of Governance, Assurance & Risk
Policy Owner	Head of Governance
EMT Review	24 February 2021
Committee Review	Audit & Risk 8 March 2021

1. Introduction & Aim

- 1.1 This Policy supports Cobalt Housing's (Cobalt's) Governance Framework and sets out Cobalt's approach to fraud, corruption and bribery. It is designed to provide a set of principles and a framework to ensure that fraud and bribery are prevented, detected and dealt with effectively to ensure that Cobalt's legal, ethical and moral standards are met.
- 1.2 The aim of the Policy is to confirm Cobalt's commitment against fraud, corruption and bribery. The fulfilment of this Policy will assist in the delivery of effective risk management.

2 Policy Statement

- 2.1 Cobalt is committed to maintaining the highest standards of honesty, probity and accountability and to the prevention of fraud and corruption. It also expects that organisations and individuals who wish to work with Cobalt will act with integrity and with a similar commitment to these values.
- 2.2 The policy applies to all staff and Board and Committee Members and to other organisations with which Cobalt might contract, employ or otherwise do business with (contractors, suppliers, service providers) and its residents.
- 2.3 Cobalt takes a zero tolerance approach to any fraud or bribery – it does not and will not pay or accept bribes to/from anyone for any purpose.
- 2.4 Cobalt expects that anyone having reasonable suspicions of fraud or bribery to report them to the Head of Governance (acting as the Anti-Fraud Coordinator) for assessment/investigation.

3 Policy Principles

- 3.1 Cobalt's Whistleblowing Policy will be rigorously enforced so that no individual will suffer any detrimental treatment as a result of raising reasonably held suspicions.
- 3.2 When fraud or bribery has been proven, Cobalt will take action within its Disciplinary Procedures which could result in dismissal and legal proceedings being taken, where appropriate. This will also apply for any instances of potential fraud or bribery identified during the disciplinary process.

3.3 Receipt of Allegations and Suspicions of Fraud

All allegations or suspicions regarding fraud or bribery regardless of who makes them, must be promptly forwarded to the Anti-Fraud Coordinator, whereupon they will be recorded in the 'Fraud and Allegations/Suspicions of Fraud' Register (Fraud Register).

- 3.4 The following nominated people are also authorised to receive suspicions and allegations confidentially and to pass the details directly to the Anti-Fraud Coordinator. The nominated people will not conduct any investigation themselves:

- Chair of the Board and the Chair of the Audit & Risk Committee
- Chief Executive

- Executive Management Team members
 - The Internal Auditors (external supplier)
- 3.5 If an allegation involves a member of Cobalt’s Executive Management Team or a Board Member, the following people should be contacted:
- Allegations about a Director should be referred directly to the Chief Executive and to the Chair of the Board
 - Allegations about the Chief Executive should be referred directly to the Chair of the Audit & Risk Committee
 - Allegations about a Board Member or the Chair of any Committee of the Board should be referred directly to the Chair of the Board and the Chief Executive
 - Allegations about the Deputy Chair of the Board should be referred directly to the Chair of the Board and the Chief Executive
 - Allegations about the Chair of the Board should be referred directly to the Chair of the Audit & Risk Committee and the Chief Executive.
- 3.6 Suppliers and contractors may raise allegations directly to the Director of Governance, Assurance & Risk or to the Chief Executive. Tenants and the general public can raise allegations via the Complaints Process or directly to the Director of Governance, Assurance & Risk or to the Chief Executive. Concerns or allegations can be raised using any method, verbally or in writing.
- 3.7 **Investigating Allegations and Suspicions of Fraud and Bribery**
- The Anti-Fraud Coordinator will immediately notify the Chief Executive and the Chair of the Audit & Risk Committee of all material allegations and suspicions received (and the Chair of the Board, if appropriate).
- 3.8 The Anti-Fraud Coordinator will assess whether the housing sector Regulator needs to be immediately notified of the allegations/suspicions – this decision will be dependent upon who the allegations/suspicions are about and the severity.
- 3.9 The Anti-Fraud Coordinator will decide on the initial investigative action required, to establish whether the allegation/suspicion is likely to be corroborated and as such will require a full investigation. The outcome of this initial investigation will be documented and summarised in the Fraud Register. Dependent upon the nature of the case, the outcome will be reported to the Chief Executive, Audit & Risk Committee (and the Chair of the Board, if appropriate).
- 3.10 The Anti-Fraud Coordinator will decide who is best placed to conduct the full investigation - the circumstances of each case will dictate who will be involved and when. In all cases reasonable adjustments will be considered in line with the Equality Act 2011. Full consideration will be given to disciplinary action and Employment Law implications and to ensuring there is not a conflict of interest.
- 3.11 The Anti-Fraud Coordinator will be responsible for deciding whether the Police are to be informed.
- 3.12 Cobalt will ensure it has the appropriate fraud and bribery insurance cover and that all of its requirements are fully adhered to.

- 3.13 Surveillance will not be undertaken without prior approval of the appropriate Director.
- 3.14 During the investigation the investigating officer will contact any other relevant parties to ensure all allegations and evidence are properly investigated and reported upon. When referrals are passed to the Police, the Crown Prosecution Service will initially determine whether a prosecution will be pursued. However, Cobalt reserves the right to pursue a private prosecution in the criminal or civil courts.
- 3.15 Internal Audit's role in relation to suspected and identified fraud or bribery is restricted to:
- Investigating the causes of fraud or bribery, by reviewing the adequacy of existing procedures and controls and recommending improvements to prevent recurrence.
 - Assisting the investigation with specialist knowledge, where required.
- 3.16 **Outcome of the Investigation**
- The outcome of the investigation will be updated in the Fraud Register. Where fraud or bribery has been confirmed, a summary will be provided of the nature and extent of the case and any implications for Cobalt's Internal Control System.
- 3.17 Dependent upon the nature of the original allegation/suspicion and the outcome of the investigation the Anti-Fraud Coordinator will notify the Chief Executive and the Audit & Risk Committee Chair (and the Chair of the Board, if appropriate).
- 3.18 The Anti-Fraud Coordinator will assess whether to inform the housing sector Regulator of the outcome of the fraud or bribery case. Actual or attempted fraud involving amounts over £5000, or equivalent, are required to be reported promptly to the Regulator. Any confirmed fraudulent or bribery act by a Board Member or a member of the Executive Management Team will be reported to the Regulator, irrespective of the value involved.
- 3.19 Cobalt will take all reasonable action to recover assets, including legal action. Any proposed exceptions will be discussed with the Regulator. The Chief Executive will determine, in discussion with the Chair, whether civil and/or criminal prosecution is appropriate, having considered:
- Indicative costs
 - Benefits likely to accrue in terms of deterrent
 - Likelihood of asset recovery
 - Likely positive/negative impact of resulting publicity
 - Regulatory stance
- 3.20 All confirmed fraud or bribery cases will be included in the annual Fraud Submission to the Regulator.
- 3.21 The Chief Executive will determine, with the Chair as appropriate, Cobalt's publicity of any incident of fraud.

3.22 Feedback

Where practical and possible, Cobalt will feedback to all or specific members of staff the outcomes of any investigation.

4 Risk Management

4.1 The key risks associated with non-delivery of this Policy are listed below.

Risk		Management and Mitigation
<p>Risk Register Ref: GOV 16 Fraud, Corruption & Bribery Prevention Risk – People are unaware of Cobalt’s approach to allegations of fraud, corruption and bribery resulting in failure to prevent.</p>	<p>Failure to implement the Fraud, Corruption and Bribery Policy carries the following risks:</p> <ul style="list-style-type: none"> a) Failure to prevent or detect fraud, bribery or theft b) Financial loss to Cobalt and ultimately its tenants c) Potential major impact on Cobalt’s reputation and on shareholder confidence d) Potential Governance downgrade from the Regulator 	<ul style="list-style-type: none"> 1) Systems of internal control – including segregation of duties and delegated authorities. 2) Annual budgets – set in the context of a longer term business plan, with clear accountability for control of each part of the budget. Formal budgetary control arrangements with a monthly reporting cycle including regular reporting of variances. 3) Secure ICT for the management of Cobalt’s financial and property management and maintenance systems. 4) Board approval of the parameters under which new investments in properties are entered into. 5) Risk Registers –specific Fraud and Bribery risk register. 6) Internal Audit function (externally sourced) – designed to identify key weaknesses in both systems and actual operation and working to a risk based audit plan 7) Financial Regulations and Code of Governance 8) Code of Conduct and Register of Interests to outline the standard of behaviour expected and to ensure openness in relation to potential conflicts of interest 9) HR management strategies including clear management structures and written responsibilities for senior posts. 10) Effective training and induction for new staff and Board Members.

4.2 Key Risk Indicators and Control Limits

Key risk indicators for this Policy will be reported to the Audit & Risk Committee at every meeting (and to Board, where appropriate) as part of Cobalt's assurance framework (except where there is no information to report for that period):

- a) Number of allegations and any trends
- b) Time taken to investigate allegations and appropriate action taken against wrongdoers, including possible criminal prosecution and taking steps to recover any losses
- c) Internal Audit findings.

5 Regulatory & Legislative Compliance

5.1 The Fraud Act 2006 and Bribery Act 2010 provide statutory definitions of the criminal offence of fraud and bribery.

5.2 The Regulator's Governance and Financial Viability standard requires registered providers to communicate with the regulator in an accurate and timely manner including in relation to the annual report on fraud losses.

6 Links to Other Key Documents

- Whistleblowing Policy
- Disciplinary Process and Procedures
- Code of Conduct
- Financial Regulations
- Code of Governance
- Register of Interests
- Standing Orders
- Financial Regulations
- Procurement Strategy

7 Governance of this Policy

Equality and Diversity	An Equality Impact Assessment was carried out on this Policy on 24 th February 2021. No adverse discrimination was identified.
Financial and Links to VfM	Non-delivery of this Policy carries the risk of financial losses to Cobalt through fraud, bribery or theft and ultimately to its tenants.
Privacy and Data Protection	The Policy does not involve the collection/use of personal data from staff/customers nor involves data processing.
Health and Safety	Not applicable to the Policy.
Development and Consultation	Not applicable to the Policy.
Customer Profiles and Accessing Services Data	Not applicable for this Policy.
Monitoring and Review	<p>Performance of the following will be reported to the Audit & Risk Committee at every meeting and to Board, if relevant (except where there is no information to report for that period):</p> <ol style="list-style-type: none"> 1. Number of allegations. 2. Time taken to investigate allegations. 3. Trends relating to allegations. 4. The Fraud Register will be reviewed by the Chair of the Audit & Risk Committee at each Committee meeting. 5. Reports to the Audit & Risk Committee at every meeting and possible notification to the Regulator and authorities.
Roles & Responsibility	<p>It is the responsibility of all Board and Committee Members and employees to have regard for fraud risk in the carrying out of their duties, recognising that such risk, if uncontrolled, can result in damage to the organisation’s reputation, its financial viability, and potentially, its independence.</p> <p>The Director of Governance, Assurance & Risk is responsible to the Chief Executive and the Board for ensuring the effective implementation of this Policy.</p> <p>The Head of Governance has been designated as Anti-Fraud Coordinator and as such will be responsible for coordinating the action taken on all reported allegations and suspicions of fraud or bribery and on any confirmed instances of fraud or bribery. In their absence, the Director of Governance, Assurance & Risk has been nominated as the deputy Anti-Fraud Coordinator.</p> <p>Cobalt Housing expects all employees to maintain honesty and integrity at all times and act with propriety in the use of resources and in the handling and use of funds, whether they are involved with cash or payment systems, receipts or dealing with contractors and suppliers.</p> <p>Implementation of and adherence to this Policy will be monitored by the Audit & Risk Committee.</p> <p>The Head of Governance will communicate with the Regulator in an accurate and timely manner including in relation to the annual report on fraud losses.</p> <p>Cobalt Housing will proactively carry out systems checks in order to prevent and detect fraud.</p>

8 Definitions

8.1 **Fraud** is when any person (Employee, Board or Committee Member, Volunteer or third parties):

- Dishonestly makes false representations to make a gain for themselves or another.
- Dishonestly fails to disclose to another person, information which he/she is under a legal duty to disclose.
- Commits fraud by abuse of position, in which a person is expected to safeguard the financial interests and assets of Cobalt Housing and its clients, including any offence as defined in the Fraud Act 2006.

Examples of fraud include, but are not limited to:

- Theft of funds or any other Cobalt property
- The distortion, suppression or falsification of financial or other records including costs or expenses, flexi time records and job application forms
- Forgery or alteration of documents
- Destruction or removal of records
- Inappropriate personal use of Cobalt's assets

8.2 **Bribery** is giving or receiving a financial or other advantage in connection with the "improper performance" of a position of trust, or a function that is expected to be performed impartially or in good faith. Bribery does not have to involve cash or an actual payment exchanging hands and can take many forms, such as a gift, lavish treatment during a business trip or tickets to an event.

The Bribery Act 2010 identifies the following four offences:

- Bribing another person
- Where a person receives or accepts a bribe
- Bribing a foreign official
- Failure of organisations to prevent a bribe