

## Prevention of Fraud and Corruption Policy

### Overall purpose of policy

To ensure that we have an appropriate culture and effective controls in place to minimise the potential for fraud and corruption to arise and to respond effectively to suspicions, or allegations, or the identification of attempted or actual incidents, of fraudulent or corrupt behaviour.

### How the policy will be implemented

Our Board and Chief Executive will be responsible for ensuring that this policy is implemented.

Our 'Preventing Fraud and Corruption Response Action Plan' specifies the steps to be taken if there are suspicions of fraudulent or corrupt activity.

Directors are responsible for ensuring that adequate procedures are in place to comply with legislation, regulatory requirements and best practice and that colleagues are aware of and work within the requirements of these rules and any supplementary guidance.

Directors are responsible for ensuring that risks and processes are properly owned, internal controls are appropriately documented and that colleagues are aware of them and realise the importance of complying with them.

Every employee, including agency and temporary colleagues, together with Board and Panel members, are responsible for observing these rules.

### Performance measures, targets and triggers

#### Performance Measures

All suspected incidents of fraud and corruption will be investigated and reported in line with this policy.

The number of identified fraudulent and corrupt incidents (or a nil return if none to report) will be reported to each Audit Risk and Assurance Committee.

Details of our Fraud Register will be made available to each Audit Risk and Assurance Committee and Board Meeting and annually submitted to the regulator.

Incidents will be reported to the regulator, police and other agencies as required by statute and current regulations.

**Targets**

Zero incidents of fraud or corruption which result in a financial or reputational loss to the Association or those who the Association has a duty to protect.

All incidents of a fraudulent or corrupt nature will be reported to the Vico Executive Team (VET) and Audit Risk and Assurance Committee (ARAC).

Our Preventing Fraud and Corruption Response Action Plan will be invoked within one working day of any suspicion, allegation or identified fraudulent or corrupt behaviour being reported to the Executive Director of Resources.

Zero breaches of compliance with the policy for the Prevention of Fraud and Corruption.

**Approved By CMT:** 26 November 2024

**Approved By Audit Risk and Assurance Committee:** 05 February 2025

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**This version:** January 2026, interim version rebrand to Vico Homes

**Responsible Officer:** Executive Director of Resources

# Prevention of Fraud and Corruption Policy

## 1 Statement of intent

- 1.1 We are determined to maintain our reputation as a registered provider that will not tolerate fraud, bribery, money laundering, or corruption of any kind.
- 1.2 We will take proactive steps to:
  - Promote a culture which supports zero tolerance towards fraud, bribery, money laundering and corruption.
  - Ensure that the internal control systems within the Association are effective in the prevention and detection of any attempts of fraud, bribery, money laundering and corruption.
- 1.3 We will ensure that our Code of Conduct and Ethics, Standing Orders and Financial Regulations and Delegation Framework (FRDF) are strictly adhered to and that the operation of our Whistleblowing Code of Practice provides sufficient protection to those who wish to report their suspicions using this channel.
- 1.4 We will inform the Internal Auditors of all incidents of suspected or attempted fraud, or corrupt acts and the proposed approach to the investigations to be pursued in line with the Preventing Fraud and Corruption Response Action Plan. The fraud reports and register will be made available to the external auditors.
- 1.5 We will ensure that all colleagues, including temporary and agency colleagues, Board and Panel members, receive guidance and information on the need to adhere to our control framework, outlined in paragraph 2.10, and are aware of the implications of acting in a fraudulent or corrupt manner.

## 2 Outline of service

### Definitions covered by this policy

#### Fraud

- 2.1 Fraud is an act of deception which is intended for personal gain, or gain for another person, or to cause a loss, or risk of loss to another party.
- 2.2 The general criminal offence of fraud can include:
  - deception whereby someone knowingly makes false representation;
  - failing to disclose information which they are under a legal duty to disclose; and
  - fraud by abuse of position, where someone dishonestly abuses a position in which they are expected to safeguard, or not act against, the interests of another person.

- 2.3 In addition to the above, the Fraud Act 2006 also includes an offence relating to obtaining services dishonestly. This includes receiving a service, for which payment should be made, without paying for it.

### Corruption

- 2.4 The definition of corruption includes a number of the offences below. It can be defined as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of another person.
- 2.5 The following would be considered as corruption related activities.
- Bribery - giving or receiving something of value to influence a transaction.
  - Illegal gratuity - giving or receiving something of value after a transaction is completed, in acknowledgment of some influence over the transaction.
  - Extortion - demanding a sum of money, or goods, with a threat of harm, physical or business, if demands are not met.
  - Conflict of interest - where an employee has an economic or personal interest in a transaction.
  - Kickback - a portion of the value of the contract demanded as a bribe by an official for securing the contract.
  - Corporate espionage - theft of trade secrets, theft of intellectual property, or copyright piracy.

### Bribery

- 2.6 In accordance with the Bribery Act 2010, this can broadly be defined as 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.
- 2.7 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.

### Money laundering

- 2.8 Money laundering is the process by which funds derived from criminal activity are given the appearance of being legitimate. The proceeds from crime are 'cleaned up' by various means and then fed back into the financial system after a transaction or series of transactions designed to disguise the original source of the funds. It also covers money, from any source, that is used to fund terrorism.
- 2.9 It is possible that criminals may use organisations such as us to 'clean' proceeds of crime by seeking to exchange funds for legitimate services or property.

## Guidance and procedures aimed at reducing the potential for fraud and corruption

- 2.10 We have implemented a range of documents which are designed to mitigate the risk of fraud and corruption. These include:
- Preventing Fraud and Corruption Response Action Plan.
  - Guide to Preventing Fraud and Corruption for Directors and Managers.
  - Employee Handbook.
  - Code of Conduct and Ethics.
  - Recruitment and Selection Procedures.
  - FRDF.
  - Standing Orders.
  - Gifts and Hospitality Approval Policy.
  - Whistleblowing Code of Practice.
  - Disciplinary Policy
- 2.11 The Employee Handbook signposts together important controls such as IT Security and Data Protection and also explains that we participate in the National Fraud Initiative (NFI).
- 2.12 An Employee Induction Plan is used for all new colleagues, including agency colleagues. This includes guidance relating to the prevention of fraud and corruption and money laundering. An Employee Handbook is included as part of the Induction Checklist.
- 2.13 All colleagues will be routinely made aware of our Whistleblowing Code of Practice in order to develop and embed an understanding of what procedures should be followed to report suspicions of fraud or corrupt activities.
- 2.14 All new Board and Panel members receive an induction which covers their terms of reference and Code of Conduct and Ethics. Board Members receive a detailed induction pack which includes the Community Benefit Society (CBS) rules, FRDF and Standing Orders. All policies are available on the electronic guidance tool.
- 2.15 We will support national initiatives to reduce fraud and corruption, such as the National Fraud Initiative (NFI), providing these exercises do not conflict with our policies, or requirements under data protection legislation.
- 2.16 We will make the necessary declarations required by our regulator and other regulatory bodies, for example the National Crime Agency, relating to any instances of fraud and corruption, including suspected money laundering, that may arise. We will engage the police in the investigation of and advise them on the outcome of internal investigations when appropriate.
- 2.17 We will investigate any complaints or allegations received from third parties, including our colleagues, tenants, members of the public and other organisations, in line with this policy, the Customer Charter Standards and the Complaints and Compensation Policy.

## Responsibility for reducing the potential for fraud and corruption

- 2.18 Our Board is responsible for ensuring that this policy is implemented.
- 2.19 It is the responsibility of each Director to ensure that adequate procedures are in place to comply with legislation, regulatory requirements and best practice and that colleagues are aware of and work within the requirements of these rules, and any supplementary guidance.
- 2.20 Directors are responsible for ensuring that risks and processes are properly owned, internal controls are appropriately documented and that colleagues are aware of them and realise the importance of complying with them.
- 2.21 Directors and all line managers are required to develop a culture which encourages their colleagues to report potential control weaknesses so that appropriate action can be taken to mitigate potential risks. This is a key characteristic of a 'learning organisation' and will greatly assist us in ensuring we meet our objectives.
- 2.22 All colleagues, including temporary and agency, together with Board and Panel members are responsible for observing these rules and codes. This is intended to mitigate the risk of fraud and corruption arising and protect individuals against allegations made against or involving them.
- 2.23 Our colleagues, Board and Panel members are required to report any concerns they have regarding fraud and corruption, whether it relates to dishonest behaviour by our colleagues or by others.
- 2.24 An annual Fraud Risk Workshop will be held with each Director and their senior managers. The workshops will consider existing and emerging fraud and corruption risks within each Service Area, identifying the key controls and actions required to improve management of the risks. The outcomes of the annual fraud risk exercise will be reported to the ARAC each year.
- 2.25 An Internal Fraud Exercise will be completed on a quarterly basis by the Finance Team. This will involve investigating the potential instances of fraud, specifically relating to procurement, insurance claims, employee related and tenancy sub-letting. The outcomes will be reported to the ARAC each quarter.
- 2.26 The terms and conditions for all contracts require the supplier to take all reasonable steps, including all preliminary enquiries and investigations, to prevent the risk of fraud to the Association. Where the possibility of fraud is detected, the supplier is required to inform us immediately through the Corporate Procurement Team.
- 2.27 Our Standard Selection Questionnaire requires suppliers to declare, as part of the grounds for mandatory exclusion whether the organisation or any other persons with powers of representation, decision or control have been convicted of a criminal offence relating to the conduct of their business, profession or is found to have committed an act of grave misconduct in the course of their business or profession.

## The consequences for colleagues, Board and Panel members and third parties of non-compliance

- 2.28 Our Code of Conduct and Ethics incorporates the requirements of this policy and is designed to ensure that colleagues, Board and Panel members are aware of the standards of behaviour expected of them.
- 2.29 Section 22 of the Code of Conduct and Ethics explains the potential consequences of not complying with the standards expected by the organisation. For colleagues, such matters will be dealt with under the Disciplinary Policy and Procedures. In the event of an alleged breach of the Code by a Board or Panel member, the Procedure disqualifying Board and Panel members in Serious Breach of the Code of Conduct and Ethics will be followed. Subsequent action will be considered in accordance with the Association's Constitution.
- 2.30 Section 9.2 of the Code also states that it is a serious criminal offence for colleagues, Board or Panel members, in their official capacity, to be involved in bribery or to corruptly offer, promise, solicit, demand, give or accept any gift, loan, fee, reward or advantage for doing, or not doing, anything or showing favour, or disfavour, to any person. Employees, Board and Panel members must ensure that they always follow the Gifts and Hospitality Approval Policy.
- 2.31 Referral to the police will not inhibit action under our Disciplinary Policy and Procedures. Serious cases of fraud or corruption would represent gross misconduct and consequently the individual may be liable to dismissal.
- 2.32 Suspected financial impropriety by any organisation in their dealings with us will be the subject to an investigation. If proven, this could result in the termination of contract and may be reported to the police and any relevant regulatory bodies.
- 2.33 We will seek to recover the losses incurred as a result of fraud and corruption, including fraudulent insurance claims against us, where it is financially viable to do so.
- 2.34 If the fraudster is an employee, the Association may consider recovering the loss from any monies due to the individual on termination of employment. If the fraudster is a member of the West Yorkshire Pension Fund, we may seek to recover the loss from the employee's accrued benefits in the scheme.

## The Investigation

- 2.35 All suspected fraud or corruption irregularities must be reported and investigated in accordance with our Preventing Fraud and Corruption Response Action Plan. The Response Plan provides further guidance on the following.
- 2.36 All suspected irregularities of a fraudulent or corruption nature must be reported to the Executive Director of Resources, the 'Officer in Charge of the Investigation' and to HR in cases potentially involving colleagues and/or agency workers.
- 2.37 If circumstances dictate, for example, the person to whom the report must be made is implicated in the matter, the incident can be reported direct to the

Chief Executive, Chair of the Audit Risk and Assurance Committee, Board Chair, or direct to the Internal Auditor or Regulator. The person to whom the report has been made will decide whether they should be

the Officer in Charge of the Investigation, or whether this role should be performed by another suitable person.

- 2.38 The Officer in Charge of the Investigation shall nominate an Investigating Officer to perform the investigation and record the reasons behind this choice. This role may be performed by our Internal Auditor. An additional document called the Procedures for Investigating Fraud is available from the Financial Services Manager to assist the Officer in Charge of the Investigation.
- 2.39 The Executive Director of Resources or Officer in Charge of the Investigation must arrange for the Internal Auditor to be informed of the circumstances surrounding the case.
- 2.40 The Officer in Charge of the Investigation and Investigating Officer must:
- deal promptly and confidentially with the matter;
  - remain objective and impartial;
  - abide by our guidance on standards for performing investigations of this nature;
  - record all evidence that has been received;
  - ensure that evidence is sound and adequately supported;
  - make secure all of the evidence that has been collected, including electronic evidence;
  - where appropriate, contact other agencies, such as the police;
  - when appropriate, arrange for the notification of our insurers; and
  - report to senior management and where appropriate, recommend that management in consultation with Human Resources take disciplinary action in line with our Disciplinary Policy and Procedures.
- 2.41 A record of all decisions relating to the case must be retained, including how the matter will be investigated, the approach and rationale behind the investigation performed and how the outcomes of the case will be progressed.
- 2.42 Where a fraud has occurred, management will take action to ensure that any control weaknesses which provided the opportunity for the fraud are addressed and any lessons learnt will be disseminated to all relevant sections.

### **Reporting on fraud and corruption**

- 2.43 The outcome of each investigation will be reported to VET and the ARAC using the Fraud Register template Appendix A1 and included within the Fraud Register.
- 2.44 A Fraud Register entry is only required to be made if:
- a thorough documented investigation has been performed;
  - information relating to the case is factual and accurate;

- the criminal offence is identifiable; and
  - there is clear evidence of wrongdoing and reasonable grounds to press civil or criminal charges, even though this course of action may not be followed.
- 2.45 A Fraud Register entry may also be made where the Executive Director of Resources is satisfied that an attempted or actual fraudulent or corrupt act has taken place. This will apply where it is not necessary to perform a full investigation. For example, a third party has attempted to raise a charge against one of our bank accounts and the bank has cancelled or refunded the transaction but will not disclose the outcome of their investigation.
- 2.46 Entries in the Fraud Register may be anonymised at the Executive Director of Resources discretion. For example, where reference to individuals or other third parties could render the Association liable to legal action, or could result in other undesirable consequences, such as exposing colleagues or other parties to the risk of violence or intimidation.
- 2.47 The Fraud and Corruption Monitoring Report will be presented at each ARAC meeting. The report shall include:
- a summary of investigations looking at potential suspicions, such as employee disciplinary matters and tenancy subletting and their outcome;
  - any new entries within our Fraud Register, and the complete register listing all the frauds;
  - National Fraud Initiative progress updates; and
  - Internal Fraud Exercise update.
- 2.48 The ARAC will be informed of the circumstances when the initial review of a fraud allegation concludes that no escalation of the investigation is required. In these instances, reasons for not escalating the investigation will be provided.
- 2.49 Where there are no instances of detected fraud in the intervening period since the last meeting, this will also be reported to the ARAC and a 'nil return' noted for inclusion within the Fraud Register.
- 2.50 A copy of the Fraud Register will be made available at each ARAC and Board Meeting.
- 2.51 We will comply with all reporting requirements specified by its Regulators in relation to fraud and corruption.

### **3 Specific needs**

- 3.1 We will take into account the specific needs of all colleagues, customers and other stakeholders which may arise in line with this policy. These needs relate to taking account of all differences, whatever they maybe. We will particularly promote equality and inclusiveness, in line with our Equality; Diversity and Inclusion Policy, based on the nine protected characteristics. During the review and development of this policy an equality assessment has been completed to consider those with protected characteristic and mitigate any impact on them from delivery of this policy.

### **4 Consultation**

#### **Internal**

- 4.1 The policy has been circulated to all Vico Homes' managers for consultation.

#### **External**

- 4.2 Vico Homes' Internal Auditors have been consulted on the updated policy.

### **5 Responsibility for implementation**

- 5.1 Our Board and Chief Executive are responsible for ensuring that this policy is implemented.
- 5.2 Under the delegated authority contained within our Standing Orders it is the responsibility of all colleagues and those working on our behalf to ensure that their work is carried out in line with this policy and any related procedures.
- 5.3 We are committed to the highest standards of customer care and will apply this policy in line with the standards published in our Customer Charter Standards. If customers are dissatisfied with the service they have received or with the application of this policy, they should refer to our Complaints and Compensation Policy.

### **6 Monitoring**

- 6.1 Each Audit Risk and Assurance Committee meeting will receive a report as outlined in 2.47.

### **7 Review**

- 7.1 We will undertake a review of this policy whenever there are any relevant changes to legislation, regulatory requirements, case law or good practice that would impact on this policy or in the light of any required service improvements identified through internal audits, service reviews, learning from complaints or regulatory judgements. Otherwise a cyclical review will take place every three years.

- 7.2 We will regularly review service provision and will undertake reviews, when appropriate, to ensure continuous improvements and value for money in the delivery of our services.
- 7.3 Our Board will be responsible for ensuring that reviews of this policy are carried out and that the policy contributes to, and complements, our strategic objectives.
- 7.4 In carrying out any such review account will be taken of our commitment to diversity and inclusion. For further information please refer to our Diversity and Inclusion Policy.

## **8 Risk**

- 8.1 The potential risks relating to this policy have been identified and are being managed in line with our Risk Management Policy.
- 8.2 The Policy will support management of the following risks:
- GLR1 Failing to ensure effective leadership and governance in-line with regulatory expectations.
  - GLR2 Failing to have an effective internal control framework that meets regulatory expectations.
  - GLR4 Failing to manage the risks of fraud, bribery or corruption
  - FV1 Failing to ensure effective strategic planning and an appropriate strategy and business plan to maintain long-term viability.
  - BCR1 Failing to respond to and manage issues that could create significant damage to brand or reputation.

## **9 Legislation and other documents**

- 9.1 We will ensure that this policy complies with all relevant legislation and takes account of current best practice.
- The Proceeds of Crime Act 2002.
  - The Fraud Act 2006.
  - The Bribery Act 2010.
  - The Money Laundering Regulations 2017.
  - Employee Handbook.
  - Code of Conduct and Ethics.
  - Recruitment and Selection Procedure.
  - FRDF.
  - Standing Orders.
  - Gifts and Hospitality Approval Process.
  - Whistleblowing Code of Practice.
  - Procedures for Investigating Fraud.
  - Disciplinary Policy



## Fraud Register

<b>Date of Fraud:</b>		<b>Date Discovered:</b>	
<b>Was it an Actual Fraud resulting in a loss, or an Attempted Fraud?</b>			
<b>Directorate and Service Area affected:</b>			
<b>Who was involved in the Fraud?</b>			
<b>Type of Fraud (see A):</b>			
<b>Was it against Vico Homes or against a party that the Company has a duty to protect?</b>			
<b>Nature of Loss (see B):</b>			
<b>Means of Identification (see C):</b>			
<b>Gross amount of loss before any recovery (use estimates if required)?</b>			
<b>Recovery (see D):</b>			
<b>Description of Fraud and Action Taken (see E):</b>			
<b>Action taken against the Fraudsters:</b>			
<b>Date Board / Audit Risk and Assurance Committee notified (see F):</b>			
<b>Auditors advised?</b>			
<b>Reported to Regulator (see G)?</b>			
<b>Police advised?</b>			
<b>Other Agencies or External Parties informed:</b>			
<b>Was it successfully detected and/or prevented by Vico Homes' controls? If so, which ones?</b>			
<b>Was it a 'near miss' (that is, a loss did not arise, but this was not as a result of Vico Homes' systems successfully detecting or preventing the issue)?</b>			
<b>Changes required to Vico Homes internal control systems or policies</b>			

## Notes

### A: Type of Fraud

Key	Description
a	Theft - general
b	Theft - rent
c	Theft - goods
d	Tenancy
e	Voids

Key	Description
f	Development
g	Maintenance
h	Procurement
i	Payroll
j	Other

### B: Nature of Loss

Key	Description
A	Cash / cheque
B	Other Assets

Key	Description
C	Reputation

### C: Means of Identification

Key	Description
1	Internal audit
2	External audit
3	Routine management

Key	Description
4	'Whistle blowing'
5	Other (please state)

### D: Recovery Codes

Key	Description
A	Actual
E	Estimate

Key	Description
I	Insured

### E: Description of Fraud and Action Taken

Describe how the fraud (or attempted fraud) was investigated and include details of what was discovered, such as collusion, control system failure, computer based and so on.

### F: Reports to Board or Audit Risk and Assurance Committee (ARAC)

Details of any fraud, or attempted fraud, detected will be reported to the ARAC and will be entered in the Fraud Register. The register will be made available at each Board meeting.

### G: Reports to the Regulator

We will make an annual fraud return to the regulator.

In addition, we will also inform the regulator of individual issues where these could:

- impact upon the organisation's ability to meet the governance and financial viability standard, or have a significant impact on one of the other standards, for example where tenancy fraud occurs in the allocation of tenancies or subletting of properties; and
- create a reputational risk to the sector.
- As a rule of thumb, these shall be taken to mean:
- all incidents individually involving amounts over £5,000 (or equivalent in value); and
- any incident involving or implicating senior management or Board Members, irrespective of the monetary value.