

Anti-Bribery & Corruption

The Challenges for Housing Associations



John Walsh & Colin Williams

ABC & Fraud

*What would you
do with an extra
3% revenue?*

ABC & Fraud

“It is estimated by the OECD that financial crime accounts for between 3-5% of a country’s GDP”.*

Session Aim

“To equip you with the knowledge on how to set up or improve an anti-bribery & fraud framework within your Housing Association”

Agenda

1. The ABC & Fraud Framework
2. Developing a Risk Appetite
3. Governance
4. Six key ABC & Fraud Policies.

£165,000 benefits fraudster lived in UK under false identity

TRISTAN KIRK Courts Correspondent | 10 hours ago



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The Evening Standard

Social housing landlords cheated by repair firm Mears Group, tribunal hears

Mears Group denies whistleblower's claims of fraud and corruption involving taxpayers' money

Tom Harper | @TomJHarper , Laura Wilkinson |
Sunday 26 January 2014 01:01 | 20 comments



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The Independent

Letchworth woman convicted of benefit fraud totalling almost £15,000

✓ PUBLISHED: 11:11 14 June 2019 | UPDATED: 11:18 14 June 2019 | [Georgia Barrow](#)

Evil modern slavery gang made £2m from victims, forced to live in squalor and wash in canals

West Midlands detectives smash UK's biggest modern slavery ring which saw victims warned to 'dig their own graves'

HBOS manager and other City financiers jailed over £245m loans scam

Fraud bankers and consultants indulged in sex parties and luxury holidays as their victims lost homes and businesses



▲ Disgraced HBOS manager Lynden Scourfield (right) with consultant David Mills (centre), and Michael Bancroft – all three were convicted of fraud and corruption. Photograph: Thames Valley Police

Anti Bribery & Corruption Framework

ABC & Fraud Risk Appetite

ABC & Fraud Governance

Ethics Policy
ABC & Fraud Policy
SARS Policy
Whistleblowing Policy
Procurement Policy
Employment Policy

ABC & Fraud Governance

ABC & Fraud Governance

- We must have clear responsibility & accountability
- Management Information on ABC & Fraud activity
- Ability to act upon & investigate any suspicious activity or whistleblowing
- An escalation path
- Governance framework & hierarchy.

ABC & Fraud Risk Appetite

“Your risk appetite defines how much risk you are willing to take and sets boundaries for the organisation to follow. It’s the foundation of your ABC & Fraud Framework.”

Risk Appetite Example:

Dragon Housing Association is committed to honesty, openness and accountability in the conduct of all business activities. DHA is aware that fraud, corruption and the dangers of money laundering can undermine its reputation and impact upon the standards of service that it provides and may reduce the resources available for service delivery.

DHA will not tolerate any Bribery, attempts to corrupt staff, collusion between tenants or contractors/suppliers and staff or any fraudulent activity from either tenants, suppliers, contractors or staff. Any incidents of the above will be fully investigated and dealt with under the relevant law.

Risk Appetite

*How might your risk
appetite change if you
were offering
emergency housing?*

Relevant Legislation

Fraud Act 2006

The Bribery Act
2010

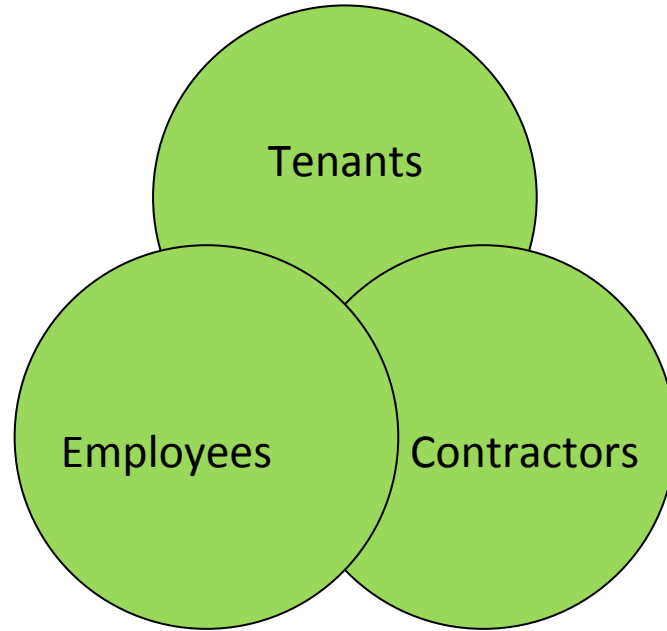
The Money
Laundering
Regulations 2007

The Proceeds of
Crime Act (POCA)
2002

The Prevention
of Social Housing
Fraud Act 2013

The Serious
Crime Act 2015.

Who can be involved in ABC & Fraud



What we need is an effective ABC & Fraud Framework

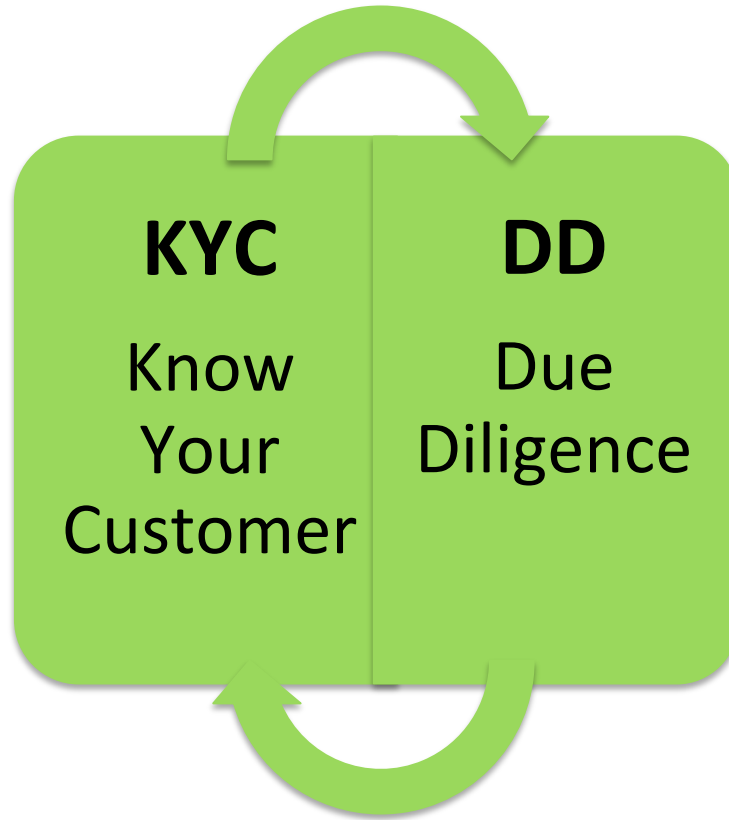
Policy



Guidance



Procedures



KYC-Know Your Customer

- Who are they?
 - Identification
 - Citizenship
 - Address & history
- What do they do?
 - Occupation & history
- What is the purpose of the relationship?
 - What are they looking to do with the property
- What products/services are they buying/selling?
 - What products/services carry the highest ABC & Fraud risk
 - How can we mitigate any risk.

DD-Due Diligence

- Independently verify Identification
- Take references
- Confirm any data given
- Adverse screening the tenant/supplier.

Types of activity by staff that should be regarded as fraud or bribery:

- Using false identity documents to secure employment
- Lying on or inflating a cv, credentials or application forms
- Failing to report a conflict of interest
- Over-claiming of hours worked and (or) expenses
- Staff working for another employer (either paid or unpaid) whilst claiming to be sick
- Manipulation or misreporting of financial information
- Misuse of assets, including cash, stock and other assets
- Staff 'turning a blind eye', or abusing their position for some kind of advantage.

Types of activity by contractors that should be regarded as fraud or bribery:

- Over-charge or under-provide for services
- Inflate their credentials or capacity in order to win work
- Fail to report a conflict of interest
- Misuse assets
- Operate in a cartel to fix-prices.

ABC & Fraud Ethics Policy

ABC & Fraud Ethics Policy

“A code of ethics is a set of standards or values around anti bribery & corruption giving guidelines for how to respond in certain situations”.

ABC & Fraud Ethics Policy-What to include typically

1. Workplace relationships
2. Conflicts of interest
3. Anti-bribery & corruption
4. Fraud
5. Uses of company assets
6. Reporting fraud, ABC or suspicious activity.

ABC & Fraud Policy

ABC & Fraud Policy What to include

Relevant legislation

- UK Fraud Act 2006
- UK Bribery Act 2010
- Criminal Finances Act 2017

Definitions

Risk Appetite

General Principles

Gifts, entertainment
and hospitality

Risk Management

Approvals
&
record keeping

Effective monitoring &
internal control

Management
information

Training & awareness

Approval
&
responsibilities

Change history.

Definition of Bribery

Any act falling within one of the following categories:

- Bribing another person
- Accepting a bribe
- Bribery and corruption offences can be committed within or outside of England and Wales and carry a maximum sentence of ten years imprisonment.
- The offences can be committed directly or indirectly through a third party.

Definition of Fraud

Any act falling within one of the following categories:

- Fraud by False Representation
- Fraud by failure to disclose information
- Fraud by abuse of position
- Fraud offences can be committed by persons within or outside of England and Wales and carry a maximum sentence of ten years imprisonment.

SARS Policy

SARS Policy: What to Include

- Regulatory obligations
- What constitutes suspicion & knowledge
- How & when to report
- Internal SAR procedure
- Raising an external SAR
- Monitoring
- Training
- Governance.

SAR should include (NCA)

A brief summary to explain suspicions

Chronological sequence of events that led up to this suspicion being formed

Description of the events, activities or transactions involved

How/why the individual became suspicious

Date of the activity

The type of product or service involved

How the activity will or has taken place.

Whistleblowing Policy

Whistle Blowing Policy

- Set up a whistle blowing system
- Publish & promote the system
- Recording system
- Monitor and investigate incidents
- Training
- Protect individuals identity.

Procurement Policy

Procurement Policy

- Procurement process & procedures
- Identify key financial levels
- Develop a three line of defence approach
 - Procurement staff
 - Procurement management
 - Quality & audit function
- On-going monitoring of transactions.

Typical Construction/Services Fraud

Billing fraud

Bid/contract
rigging

Bribery/
corruption

Fictitious
vendors

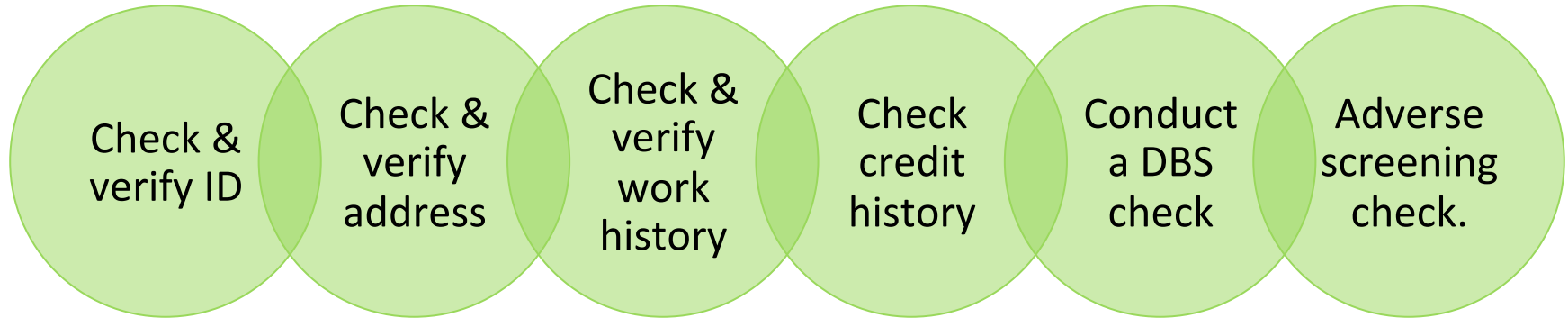
Change order
manipulation

Theft or
substitution of
materials

False
representation.

ABC & Fraud Employment Policy

ABC & FRAUD Employment Policy



Summary

Anti Bribery & Corruption Framework

ABC & Fraud Risk Appetite

ABC & Fraud Governance

Ethics Policy
ABC & Fraud Policy
SARS Policy
Whistleblowing Policy
Procurement Policy
Employment Policy

Reducing the Level of Risk

1. When did you last undertake a fraud and/or bribery risk assessment (strategic and/or operational)?
2. Do you have the expertise to respond to and undertake investigations (criminal, civil, disciplinary, regulatory), or do you require training or external support?
3. Is your counter-fraud/bribery strategy properly designed, up-to-date, and working...and how often are your key policies and controls evaluated for relevance and effectiveness?
4. Would your staff know what to look for and how to respond to suspicions of fraud, and how effective are your whistleblowing arrangements?
5. Have you undergone (or are you planning) any major changes in personnel, structures and/or systems? If so, have the fraud risks or controls been re-visited/considered?
6. What is your anti-fraud/bribery culture and what is the quality of the fraud awareness training (if it is) provided to your staff?
7. How effective are your pre-employment vetting and due diligence processes?

CSI

We offer certificated courses in ABC & Fraud

Consultancy in setting up ABC & Fraud Frameworks

Bespoke training & consultancy.

Questions & Answers Session



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