Community Counts
Milnbank
Housing Association
53 Ballindalloch Drive, Glasgow G31 3DQ

AGENDA ITEM:	4c
TO:	Audit & Risk Sub-Committee
PREPARED BY:	Jim Gourlay (Director of Finance)
SUBJECT:	Review of Prevention of Fraud Policy
DATE OF MEETING:	26 August 2025
APPROVED BY:	Paul Martin (Chief Executive Officer)

PREVENTION OF FRAUD POLICY

JG/August 2025/P88

PREVENTION OF FRAUD POLICY

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1. INTRODUCTION

Milnbank Housing Association (MHA) is committed to promoting and maintaining the highest level of ethical standards in relation to all of its business activities. Its reputation for maintaining lawful business practices is of paramount importance and this Policy is designed to preserve these values. The Association therefore has a zero tolerance policy towards fraud, bribery and corruption and is committed to acting fairly and with integrity in all of its business dealings and relationships and implementing and enforcing effective systems to counter fraud. MHA expects and requires that all individuals and organisations associated in any way with the Association will act with honesty and integrity to safeguard the resources for which it is responsible.

This policy sets out the approach Milnbank will take should fraud be suspected or detected and indicates the main controls against fraud and how they are maintained.

2. SCOPE

The policy applies to all employees and Committee Members, and to customers, contractors and any other associated persons with an interest in or responsibility for activities carried out by or for MHA. All employees and associated persons are expected to adhere to the principles set out in this Policy.

Fraud: For the purposes of this policy fraud includes such acts as deception, *offering, giving, receiving or permitting bribes*, forgery, extortion, corruption, embezzlement, misappropriation, false representation, 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.

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

- Theft of cash or other 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 maintenance works 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-including false applications and illegal sub letting
- Acceptance of bribes for access to housing
- Payroll fraud
- Property sales fraud-including incorrect valuations/application of discount
- Development fraud-may include inflating land prices
- Housing benefit fraud
- Procurement fraud
- Bank mandate fraud
- Online fraud

The above list is not exhaustive.

Corruption; is the misuse of office or power for private gain. Bribery is a form of corruption and means that it falls within the scope of this policy.

Bribery: Although, there is a separate Anti-Bribery policy, dealing specifically with bribery, there is still an element of overlap between Fraud and Bribery, therefore, there is reference to Bribery within this Prevention of Fraud Policy. The UK legislation on Bribery is the Bribery Act 2010, and it applies to the Association's conduct both in the UK and abroad, if applicable. A bribe is defined as "an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage".

Under the Bribery Act 2010 it is illegal to:

- Offer, promise to give or to pay a bribe
- Request, agree to receive or accept a bribe

- Bribe a foreign public official
- Fail to have adequate procedures in place to prevent bribery

3. PRINCIPLES

The following principles govern the operation of this policy:

- MHA's Management Committee, in its formal approval of the policy, accepts full responsibility for the policy and ensuring its implementation.
- MHA has a range of internal control systems, which are kept under review, to minimise the opportunities for fraud.
- MHA will investigate fairly and impartially all reports of suspected or actual fraud on the part of its employees or Committee Members.

4. APPROACH AND METHOD

Day to day responsibility for the operation and monitoring of this policy lies with the Director of Finance. All employees have a responsibility to ensure that the policy is applied as instructed.

Reporting suspected or actual fraud:

- Anyone who suspects fraud or who discovers actual fraud should report it immediately. Employees and Committee Members may report concerns to the Director of Finance. Suspicions or concerns will promptly be investigated, and any action can be taken expeditiously.
- If an initial investigation suggests that further internal investigation may not be appropriate MHA will liaise and cooperate with other authorities. The Chairperson of the Audit Sub-Committee and the Director of Finance must be advised of all reports of fraud and of the arrangements made for investigation. He/she may direct, at any stage of the investigation, that internal investigation is to be suspended and police or other external authorities invited to continue. He/she will also be consulted about which Milnbank employees should be assigned to an investigation and whether external expertise is required. All internal investigations will be coordinated by the Directorate.
- Tenants and other customers and members of the public may report their concerns about fraud to the Director of Finance or Directorate. Alternatively, anyone may raise concerns with other authorities such as the Scottish Housing Regulator, OSCR or the Police. MHA, the Regulator or independent advisors such as Citizens Advice Bureaux will be able to advise on the most appropriate body.

- The Association will support anyone who raises genuine concerns in good faith under this Policy, even if they turn out to be mistaken. It is also committed to ensuring nobody suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or corruption offence has taken place or may take place in the future.

- Any employee who wishes to report an instance or suspected instance of fraud, should refer to the Association's Whistleblowing Policy.

Internal control systems:
As well as detailed operating procedures for employees the following corporate internal controls are in place. During any investigation of fraud and the implementation of new or revised controls the effectiveness of relevant procedures and corporate controls will be reviewed:

- Standing orders – control overall governance of Milnbank; describe roles of committees, management, and financial practice including procurement and investment.

- Financial Regulations – a separate document which supplements the Standing Orders by providing greater detail of controls on all Milnbank's financial activities.

- Financial Regulations and External Audit Strategy provide for appointment of external and internal auditors with wide powers of investigation of all Milnbank's activities.

- Codes of Conduct – separate codes of conduct exist for employees and Committee members.

- Bribery Act – MHA falls within the scope of this Act which has Statutory Guidance outlining the principles implemented in the case of dealing with bribery. (Appendix 1)

- MHA has policies for the control of Payments & Benefits and Whistleblowing. These policies explain the strict controls of benefits and the related regulations published by the Scottish Housing Regulator, on the extent to which employees and Committee Members may benefit from their roles. Cash gifts may not be accepted, and acceptance of other gifts or hospitality is closely controlled. It is a requirement that all offers of gifts and hospitality, whether accepted or not, must be entered in the Gifts & Hospitality Register, as must business interests which may conflict with duties.

- Confidentiality and electronic information security fraud may involve misuse of personal information held by MHA. MHA's policies about Openness & Confidentiality and Data Protection provide the controls over collecting, processing, sharing and

storing information about individuals.

- Procedure for reporting and managing fraud*:* A procedure is available to give guidance to any person suspecting or discovering fraud about how and to whom it should be reported. The procedure also describes to what extent investigations may be carried out internally and the role of external authorities.

5. MONITORING, PERFORMANCE MEASUREMENT & REPORTING

The following areas will be subject to monitoring:

- Risk management, including risk to MHA's reputation
- Need for training of employees and Committee Members
- Adequacy and reliability of internal controls

These will be monitored by the Director of Finance, reporting to the Management team and Audit Sub-Committee. Concerns about the adequacy of internal controls may be raised by audit, inspection or regulation reports and will be investigated promptly. Should any significant issues of concern arise, these will be dealt with by the Director of Finance.

Actions may be taken against employees or Committee Members who act in contravention of this policy in the performance of their duties or decision making on behalf of Milnbank. Actions could be measures to improve the individual's work performance, or disciplinary action, or other measures. Contravention of this policy should be understood to include contravention or disregard of any associated procedures and other guidance.

A breach of any of the provisions of this Policy will constitute a disciplinary offence and will be dealt with in accordance with the Association's disciplinary procedure. Depending on the gravity of the offence, it may be treated as gross misconduct and could render the employee liable to summary dismissal.

As far as associated people are concerned, a breach of this Policy could lead to the suspension or termination of any relevant contract, sub-contract or other agreement or their membership of the Management Committee.

6. COMPLAINTS & APPEALS

MHA has a policy and procedures for responding to complaints about any of our services. All tenants and other customers are welcome to make informal contact with staff to try to resolve any difficulties, but should they wish to make a complaint about the way we have provided a service, Milnbank will respond to this under

the terms of its Complaints policy.

Employees or Committee Members who have reported an incident in accordance with the procedures for reporting and managing fraud and are dissatisfied with the outcome may use other ways to review the incident or the investigation. For independent investigation or advice employees or Committee members may contact the appropriate professional, regulatory or commissioning authority, take legal advice or consult a Union representative. Other sources of advice or assistance may be available.

7. VALUE for MONEY and BEST VALUE

The aim of this policy is as stated, and it is set to protect the association from any loss - financial, material or reputational - as a result of any fraudulent activity perpetrated against it, from whatever source, external or internal and in person or technology based. This is to protect the value for money the association derives from its tenants, residents and other funding sources to continue to deliver best value to local community.

8. POLICY REVIEW

The Prevention of Fraud Policy will be reviewed every 2 years by the Audit & Risk Sub-Committee. It will also be reviewed after any fraud incident in order to identify any need for change

APPENDIX 1: IMPLEMENTATION OF ANTI-BRIBERY PRINCIPLES

Principle 1: Proportionate procedures
Clear, practical and accessible Procedures to prevent fraud and bribery should be proportionate to the risks and to the nature, scale and complexity of activities.
Implementation
Procedures for reporting and preventing fraud and bribery have been established. These include provision for cases to be investigated internally as agreed or by the police. Proven cases of bribery are likely to give rise to disciplinary actions. This is evidenced by the Whistleblowing Policy and Control of Payments and Benefits Policy set in place.

Principle 2: Top level commitment
Implementation
Implementation of this principle will be achieved via the separate Codes of Conduct already in place for, and accepted by, Staff and Committee. This is further evidenced by the acceptance and confirmation of Clause 3 above (PRINCIPLES) whereby Committee accept responsibility for and are committed to the content of this Policy. New and improved Cyber Security measures and insurance policies are in place to protect the association from any fraudulent activity perpetrated from internal or external sources.

Principle 3: Risk assessment
Assessment of the risk of fraud and bribery on behalf of the organisation should be informed and documented and carried out periodically.
Implementation
MHA has developed a risk register which is regularly reviewed by the Management Team and the Management Committee. The register identifies the risk of financial fraud or theft which, in terms of our fraud policy, also covers bribery to monitor the effectiveness of controls to reduce risks and any changes in risk levels. This is also reviewed during the interim and final external audit process by way of declaration to and assessment by our independently appointed auditors.

Principle 4: Due Diligence
Application of due diligence should be proportionate to risk
Implementation
MHA carries out disclosure checks against any new employees routinely and if in contact with vulnerable people. Our procurement approach requires examination of potential contractors and suppliers at a level appropriate to the risk and value of the contract to be awarded.

Principle 5: Communication and training
Internal and external communication and training should be proportionate to risk
Implementation
The staff code of conduct is part the conditions of employment and sets the standards expected of employees and MHA's values. Employees will be briefed at routine staff meetings, team meetings workplace support sessions. Risk Register assessments are generally undertaken at a "function" level to ensure the awareness, co-operation and understanding of staff around all aspects of risks and controls across the association, to include fraud and bribery.

Principle 6: Monitoring and review
Monitor and review procedures designed to prevent fraud and bribery and make improvements where necessary.
Implementation
Procedures are kept under review to reflect revisions of policies and reassessments of risks as they may arise. Financial procedures and external audits seek to provide assurance of the accuracy and correct authority for financial transactions. This Policy review itself is evidence of overall reviews undertaken, and the associated policies attaching here are all reviewed as recommended within the association's own practices. The main Risk Register of the association is under constant review, at least quarterly, under the remit of the management team and Audit & Risk Sub-Committee.

APPENDIX 2

MILNBANK HOUSING ASSOCIATION

FRAUD REGISTER

1. Please provide a summary of the actual / suspected fraud

2. Please state the action taken by:

2.1 **The Association**

2.2 **The Police**

3. Please state the outcome of the detected / suspected fraud

4. **Please state any control action required as a result of the fraud / suspected fraud**

5. **If financial loss has incurred please state how much this loss / estimated loss or potential loss was and the action taken to recover it.**

Date reviewed by the Audit and Risk Committee

Signature - Chair of Audit and Risk Committee

Date:

Signature – Director of finance and chief executive

Date:

Date reported to The Scottish Housing Regulator (where applicable):