

Fraud Policy

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Owner:	Michaela Loughlin	Job Title:	Head of Compliance & Improvement
To be issued to:		Board of Management ARK Management All Staff	
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Version Control

Date	Owner	Version	Reason for Change
July 2023	Michaela Loughlin	2.0	Cyclical review

Summary of Changes

Section	Change
Whole document	Moved over to new format
Whole document	SLT to OMT
Whole document	ARK to Ark
7.6	Reporting requirements to regulators added

Contents

1.0 Ark's Values.....	3
2.0 Purpose	4
3.0 Policy Statement	4
4.0 Scope.....	4
5.0 Legal/Regulatory Framework.....	4
6.0 Responsibilities	4
6.1 Board of Management	4
6.2 Executive Team	4
6.3 Operational Management Team.....	5
6.4 All Staff.....	5
7.0 Fraud Policy.....	5
7.1 Ark's commitment and Implementation of Measures	5
7.2 Fraud Procedure	5
7.3 System of Financial Controls.....	6
7.4 Investigations	7
7.5 Disciplinary Action and Recovery.....	7
7.6 Reporting.....	7
8.0 Related Policies & Procedures	8
9.0 Equality Impact Assessment (EIA).....	8
10.0 Data Protection Impact Assessment (DPIA).....	8
11.0 Stakeholder Consultation.....	9
12.0 Monitoring and Review.....	9
12.1 Monitoring	9
12.2 Review.....	9

1.0 Ark's Values

Trust

We have confidence in our people to deliver excellent services and trust in them to do so. We will develop trusting and honest relationships and our customers will feel assured that they can rely on us to deliver.

Respect

We treat everyone fairly and we listen. We are respectful of each person with whom we come into contact and expect our people to respond professionally and treat others as they would wish to be treated.

Understanding

We will operate with empathy and compassion and approach each situation with an open mind. We will question and challenge to ensure we achieve the right outcomes for customers and our people.

Equality

We believe everyone is equal and expect our people to create positive experiences where everyone feels valued and included.

Integrity

We will do the right thing and take responsibility for our actions. We will work together to uphold the highest standards of behaviour and practice.

2.0 Purpose

This policy aims to ensure the protection of Ark funds and property from fraudulent activity, and the protection of Ark employees, Board of Management members, customers and contractors.

3.0 Policy Statement

Ark is committed to the highest standards of corporate governance. Ark will implement measures to prevent, detect, report, and, where appropriate, investigate suspected fraud.

4.0 Scope

All Board of Management Members and employees are required to abide by this policy.

5.0 Legal/Regulatory Framework

This policy complies with the Scottish Housing Regulator Regulatory Standard 5 of Governance and Financial Management on conducting affairs with honesty and integrity. In drawing up this policy, and the procedure which supports it, Ark has adopted best practice principles from the SFHA, Scottish Social Services Council (SSSC) and the National Housing Federation Code of Governance, as well as the Scottish Housing Regulator's Regulatory Advice Note on Fraud dated December 2019.

6.0 Responsibilities

6.1 Board of Management

Ark's Board of Management acknowledges that it has ultimate responsibility for ensuring that Ark has in place a system of financial controls that is appropriate for the various business environments in which it operates.

6.2 Executive Team

The Executive Team is responsible for ensuring that the terms of this policy are implemented in Ark.

6.3 Operational Management Team

Ark's Operational Management Team is responsible for ensuring that the necessary systems and processes to support implementation of this policy are in place, and are operating effectively. Members of the Operational Management Team are also responsible for ensuring that this policy is communicated effectively with all relevant members of their teams, and that relevant information, training and guidance is provided as necessary.

6.4 All Staff

All relevant Ark employees are required to familiarise themselves with this policy, the procedure which supports it, any related policies and procedures and to comply with their provisions. In addition all staff are required to undertake the Fraud training module on LearnPro.

7.0 Fraud Policy

7.1 Ark's Commitment and Implementation of Measures

Ark is committed to the highest standards of corporate governance. Ark will implement measures to prevent, detect, report, and, where appropriate, investigate suspected fraud.

7.2 Fraud Procedure

In order to discharge its duties in relation to this policy area, Ark will implement a Fraud Procedure (G20a), which will set out relevant operational guidance. Ark's Fraud Procedure summarises the measures in place to mitigate the risks associated with the following:

- Recruitment;
- Induction;
- Work practices;
- Petty Cash;
- Approval of Expenses;
- Personal Relationships at Work;
- Finance;
- Consultants, Suppliers and Contractors;
- Computer Fraud;
- Procurement Fraud.

7.3 System of Financial Controls

The key elements of Ark's system of financial controls include ensuring that:

- There are formal policies and procedures (including the documenting of key systems and rules relating to the delegation of authorities) which allow the monitoring of controls and which seek to prevent the unauthorised use of Ark's assets;
- Experienced staff, suitably qualified, are responsible for important business functions, and annual appraisal procedures have been set up to maintain high standards of performance;
- Forecasts and budgets are prepared so that the Board of Management and officers can monitor both the key business risks and financial objectives, and also progress towards financial plans set for the year and the medium term;
- Regular management accounts are prepared which provide relevant, reliable and up to date financial information, and significant variances from budget are investigated and explained;
- All significant initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant committees which are controlled by the Board of Management;
- The Board of Management reviews reports (from management, from the internal auditors and from the external auditors) in order to obtain reasonable assurance that the control procedures are in place and are being followed: this includes a review of the major risks facing Ark through review of Ark's Corporate Risk Register, and Exceptions reporting tool;
- Formal procedures have been established for instituting action needed to correct weaknesses identified in the above reports;
- All employees and Board of Management Members understand there is a culture of high priority and strong internal financial control with a zero tolerance of non-compliance with these systems;
- All Board of Management Members sign the Board of Management Members' Code of Conduct and employees sign the Staff Code of Conduct.

These controls are designed to give reasonable assurance about:

- The reliability of any financial information that is published, or is used within Ark;
- The maintenance of proper accounting records;
- The protection of Ark's assets against their unauthorised use or disposition.

7.4 Investigations

Ark will investigate all suspected fraud. In the first instance any such investigation will seek only to establish that there is sufficient evidence to report the suspected fraud to the Police. Thereafter, any further proposed investigation by Ark will be agreed in advance by the Police.

Ark's Fraud Procedure sets out Ark's framework and the process for investigating suspected fraud.

7.5 Disciplinary Action and Recovery

Ark will ensure:

- That appropriate legal and disciplinary action is taken against the perpetrators of fraud, including wherever possible and practicable the recovery of defrauded funds;
- That appropriate disciplinary action is taken where supervisory failures have contributed to the commission of the fraud.

7.6 Reporting

In addition to reporting to the Police, Ark will report suspected fraud as necessary and required to regulators such as the Care Inspectorate, Health and Social Care Partnership the Scottish Housing Regulator, and to others such as our auditors and insurers.

Ark acknowledges the requirement to report fraud, the investigation of fraud and instances of whistleblowing to the Scottish Housing Regulator (SHR) as a Notifiable Event. Ark shall report to SHR without delay, in accordance with the SHR guidance note and Ark's policy on Notifiable Events.

Ark notes that where SHR is notified and makes regulatory enquiries, SHR will report to the Office of the Scottish Charity Regulator (OSCR), in accordance with legal provisions (The Charities and Trustee Investment (Scotland) Act 2005) and the associated Memorandum of Understanding between OSCR and SHR. In addition to this, auditors have a statutory duty to

report matters of “material significance” to OSCR. This includes “matters suggesting dishonesty or fraud involving a significant loss of, or a major risk to, charitable funds or assets.”

8.0 Related Policies & Procedures

This policy should be read in conjunction with the following policies and procedures:

- G20a - Fraud Procedure
- F01 - Financial Regulations
- G11 - Entitlements, Payments, and Benefits Policy
- HR32 - Expenses and Allowances Policy
- HR15 - Whistleblowing Policy
- HR18 - Disciplinary Policy
- HR14 - Personal Relationships at Work Policy
- M22 - Approved List of Contractors Procedure
- F02 - Procurement of Goods and Services Policy
- G15 - Computer System Security, Email and Internet Policy
- CS20 - Cashbook completion Procedure
- CS05 - Support with Money Policy
- CS16 – Appointeeship, Access to Funds and Accounts in Trust Procedure
- G01 - Board Members Code of Governance
- G02 - Board Members Code of Conduct
- G03 - Staff Code of Conduct
- Scottish Social Services Council Code of Practice

9.0 Equality Impact Assessment (EIA)

No potential equalities issues have been identified in relation to the development of this policy, and consequently an EIA has not been completed.

10.0 Data Protection Impact Assessment (DPIA)

No data protection implications have been identified in relation to the development of this policy, and consequently a DPIA has not been completed.

11.0 Stakeholder Consultation

This is a policy update in line with Ark's renewal schedule. No stakeholder consultation has been undertaken.

12.0 Monitoring and Review

12.1 Monitoring

Ark's Executive and Operational Management Team will monitor implementation of this policy, and its supporting procedure, on an ongoing basis, particularly in relation to cases of fraud or suspected fraud occurring.

12.2 Review

This policy will be reviewed within 3 years, or sooner if required, in accordance with Ark's policy review framework.