



**LGL-POL-08-02**

**Torus Group Anti-Fraud Policy**

January 2023

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	Torus Group Anti-Fraud Policy		
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## 1. Scope

- 1.1 In order to comply with its obligation, Torus Group (hereafter referred to as “Torus”) has produced an anti-fraud policy which sets out the reasons such a policy is in place and this procedure must be followed to enable Torus to comply with its obligations. References to Torus within this policy are deemed to include all subsidiaries within the Torus Group.
- 1.2 The environment within which Torus Group operates has changed significantly particularly in light of welfare reforms and spending cuts. There are challenges around financial inclusion, affordable housing supply and regulatory reform. It is paramount to ensure that in the current operating environment, Torus maximises its resilience to fraud.
- 1.3 This Policy and Anti-Fraud Guidance outline the approach to minimising the risk of fraud and Torus’ response to fraud identification. Torus, and its subsidiaries, wish to embed an anti-fraud culture.
- 1.3 The policy will be owned, updated and reviewed by the Company Secretary.
- 1.4 This policy directly links into the corporate objective in having a strong and viable corporate core. This policy has been written with that corporate value in mind.
- 1.5 This policy applies to Board Members, staff, (including agency) contractors and consultants and customers .

## 2. Policy Statement

- 2.1 Torus is committed to a zero tolerance of employee or customer fraud, ensuring that fraudulent activity is minimised and ensuring that staff and members are clear about the consequences of fraud. This policy sets out the framework to ensure a fast and appropriate response to instances of alleged fraud. Torus’ overall objective is to limit its exposure to fraud, maintain good governance, minimise financial loss and the potential adverse effects on its reputation in the event of its occurrence.
- 2.2 Proven cases involving employees are dealt with through Torus' disciplinary process and those implicated may also face criminal investigation/prosecution with any identified losses recovered.

## 3. Implementation

### Definition of Fraud

- 3.1 Fraud involves dishonestly making a false representation, failing to disclose information or abusing a position held, with the intention of making a gain or causing a loss. The gain or loss does not have to succeed, as long as the intent is there.
- 3.2 The Fraud Act 2006 (“the Act”) came into force on 15<sup>th</sup> January 2007 and applies in England, Wales and Northern Ireland. The Act further sets out;

- 3.2.1 Section 2: Fraud by false representation – a representation can be in words, written or communicated by conduct. There must be knowledge that the representation was untrue or misleading.
  - 3.2.2 Section 3: Fraud by failing to disclose – not declaring something (verbally or in writing) when there is a legal duty to disclose that information.
  - 3.2.3 Section 4: Fraud by abuse of position – occupying a position in which you are expected to safeguard, or not to act against, the financial interests of another person or organisation, and abusing that position.
  - 3.2.4 Section 6: Possession of articles for use in fraud.
  - 3.2.5 Section 7: Making or supplying articles for use in fraud.
- 3.3 Torus is aware that fraud can take varying forms (for example);
- 3.3.1 Internal fraud and corruption including misappropriation, manipulation of pension and payrolls and false invoices and other forms of payments to creditors For example, receiving an email asking for bank details to be changed/amended outside TESS system.
  - 3.3.2 External frauds perpetrated on Torus in various ways in particular, the manipulation of information technology systems and cyber attacks by external sources. For example Phishing emails designed for you to ‘click’ giving access to the system.
  - 3.3.3 Targeted frauds involving management functions, lack of separation of duties. For example, someone creating false tenancy agreements and recovering rental income, and
  - 3.3.4 Procurement fraud which refers to any fraud relating to the purchasing of goods and services. For example, an employee purchasing laptops or phones for company use then fraudulently sold.
- 3.4 Actions that could be seen to constitute fraud include, but are not limited to:
- Any dishonest or deceptive act;
  - Making fraudulent statements e.g. falsifying timesheets, travel and subsistence, sick or special leave;
  - Theft, destruction of property or data, or misappropriation of funds;
  - Impropriety in the handling and reporting of money or financial transactions;
  - Subletting;
  - Profiteering because of inside knowledge of the company’s activities;
  - Disclosing confidential information;
  - Obtaining goods, money or services by deception;
  - Intimidation or exploitation;
  - False accounting/invoicing and / or the destruction, removal or inappropriate use of records; and
  - Serious misuse of IT or communications systems.

## **Culture and Stance Against Fraud**

- 3.5 Torus' culture is built on honesty and integrity, and to support the seven principles of public life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). Both Board Members and employees are expected to lead by example in adhering to regulations, procedures and practices.
- 3.6 Equally, members of the public, clients and external organisations (such as suppliers and contractors) are expected to act with integrity and without intent to commit fraud in any dealings they may have with the Group. Torus provides clear routes by which concerns can be raised by both Board Members and employees, and by those outside the organisation. Whistle-Blowing and Anti-Bribery policies are in place and are available to all staff via SharePoint.
- 3.7 Senior managers are expected to deal promptly, firmly and fairly with suspicions and allegations of fraud or corrupt practice. The Group's stance in relation to employee fraud is zero tolerance and cases will normally be reported to the Police. Each case will be considered individually taking all the relevant facts into account and guided by professional advice, as appropriate.

## **4. Responsibilities**

- 4.1 The detection, prevention and reporting of fraud is the responsibility of all Members and employees within the Group.

### **4.2 Employees are required to:**

- i. To act with integrity, selflessness, objectivity, accountability, openness, honesty and leadership
- ii. Engage with Torus in pre-employment checks to give confidence to Torus and its customers that the prospective employee can perform reliably in a position of trust e.g. working in a customer's home, or with vulnerable people.
- iii. Provide Torus with qualifications and verification of employment history which will sit alongside a robust approach during recruitment.
- iv. Once recruited, adhere to Torus' Code of Conduct and to follow standards of conduct issued by their personal professional institute and Torus' Code of Conduct Probity Policy where applicable.
- v. Remain vigilant and raise any suspected issues in relation to fraud with their manager or Company Secretary immediately.
- vi. On an annual basis to declare any conflicts of interest that could impact upon their role within Torus. All employees are also required to seek permission/ declare their intent to purchase goods or services from a key supplier or contractor in advance.
- vii. On a monthly basis to declare whether they have been offered gifts or hospitality and whether these have been accepted. A register of declarations is maintained by the Board & Governance Officer.
- viii. Complete annual declarations of interest including those that pertain to immediate family.
- ix. To comply with Standing Orders for Contracts and Financial Regulations;
- x. To participate in relevant induction, training and awareness raising sessions.

### **4.3 All Directors, Managers, Assistant Managers and Team Leaders will:**

- i. Comply with the above 4.2 (i) – (x) above.
- ii. Ensure that any potential fraudulent activity is minimised, by making new starters aware of the policy and re-briefing existing staff from time to time
- iii. ensure compliance with all the Group's relevant policies, codes of conduct and standing orders;
- iv. play a role in identification of fraud risks, implementing controls to reduce or mitigate the risk of fraud and carry out regular quality checks of the controls to ensure their effectiveness (reporting any known risks to the Company Secretary);
- v. attend relevant training and awareness activities in order that they are able to detect fraud; and
- vi. complete an annual assurance statement advising that it is their belief that local systems and processes minimise opportunities for fraud by ensuring systems and processes have appropriate controls, breaks and delegated/split and shared authorisation.
- vii. Discuss fraud with team members to raise awareness.
- viii. Personally undertake and ensure team members complete declarations of interest and probity registers.
- ix. At minimum, annually review the Employee Code of Conduct and Probity Policy.

#### 4.4 **Organisation Development will: -**

- i. conduct robust pre-employment checks at the recruitment stage for all employees, (temporary, fixed term and permanent) and refer any discrepancies to the Head of Business Partnering and Transformation. Checks will include (but not limited to) identification, eligibility to reside and work in the UK, qualifications, membership of professional body, references/previous employment and when relevant, DBS and health checks.
- ii. will liaise closely with managers from the outset if an employee is suspected of being involved in fraud, bribery or corruption.
- iii. will also ensure appropriate use of Torus' Disciplinary Policy and Procedure.
- iv. will advise those involved in the investigation on matters of employment law and other procedural matters such as disciplinary and complaints procedures as requested. Close liaison between any appointed external agencies and OD will be essential to ensure that parallel sanctions are effectively applied in a coordinated manner.
- v. Only provide a general reference to any employee who has been investigated or dismissed due to fraud, bribery or corruption related reasons.

#### 4.5 **Torus will:-**

- i. Take firm and vigorous action where appropriate against any individual or group perpetrating fraud against Group members, with reference to the Fraud Act 2006, Computer Misuse Act 1990, and Prevention of Social Housing Fraud Act 2013, as appropriate.
- ii. Encourage employees to be vigilant and to report any suspicion of fraud.
- iii. Provide employees or Members with confidence to report fraud e.g. maintaining confidentiality of documents / Whistleblowing policy.
- iv. Rigorously investigate instances of alleged fraud and pursue perpetrators to seek restitution of any asset fraudulently obtained together with the recovery of costs.
- v. Assist the police and all other appropriate authorities in the investigation and prosecution of those suspected of fraud.
- vi. Require external contractors to be able to demonstrate that they are aware of the risks of fraud and where appropriate, have their own fraud policies and procedures in place.

#### 4.6 **The following internal control measures are also in force:**

- i. The Company Secretary has a duty to report to Torus where it appears to them that any proposal, decision or omission by Torus, a committee, a sub-committee or officer has given rise to, (or is likely to give rise to), a contravention of any enactment, rule of law or statutory code of practice.
- ii. The Chief Executive Officer has the responsibility to ensure the proper administration of Torus' financial affairs.
- iii. Torus maintains a register of all fraudulent activity including details of management response and outcomes. The register is maintained by the Board and Governance Officer and signed off by the Audit & Risk Committee on a quarterly basis. The register is submitted to the Regulator on an annual basis.
- iv. Managers will complete an annual assurance statement to confirm (as far as practicable) appropriate controls are implemented and effective to reduce the risk of fraud.
- v. Operational systems and procedures will incorporate efficient and effective internal controls, both financial and non-financial. Directors are required to ensure that such controls, including those in a computerised environment, are properly maintained and documented. The existence and appropriateness of controls is independently monitored by Internal Audit and the Audit & Risk Committee.

## 5. Reporting

- 5.1 All reports of fraud will be taken seriously and are thoroughly investigated. Fraud should be initially reported to the line manager. Where this is not appropriate, directly to the Company Secretary.
- 5.2 Line management shall report all fraud (including 'near miss') to the Company Secretary and Group Head of Governance for investigation and inserting on to the Fraud Register.
- 5.3 Torus will make sufficient enquiries to establish whether or not there is any foundation to the suspicion that has been raised. If the allegations are found to be malicious, they will also be considered for further investigation to establish their source.
- 5.4 Torus wants all employees to feel confident that they can report any fraud, bribery and corruption suspicions without any risk to themselves. In accordance with the Public Interest Disclosure Act 1998, the Authority has produced a Whistleblowing Policy which should be read in conjunction with this policy.
- 5.5 The Public Interest Disclosure Act 1998 gives protection to individuals, casual workers, agency workers and contractors who make a qualifying disclosure when they reasonably believe it is in the public interest for them to do so.



## 6. Sanction and Redress

- 6.1 This section outlines the sanctions that can be applied and the redress that can be sought against individuals who commit fraud against the Group and should be read in conjunction with the Disciplinary Policy.
- 6.2 The types of sanction which the organisation may apply are:
- Civil – sanctions can be taken to recover money and/or assets which have been fraudulently obtained, including interest and costs.
  - Criminal – the Group will work in partnership with the police and the Crown Prosecution Service to bring a case to court against an offender. Outcomes, if found guilty, can include fines, a community order or imprisonment and of course, a criminal record.
  - Disciplinary – procedures will be initiated when an employee is suspected of being involved in fraudulent or illegal activity.
- 6.3 Torus will seek financial redress whenever possible to recover losses to fraud. Redress can take the form of confiscation under the Proceeds of Crime Act 2002, compensation orders, a civil order for repayment, or a local agreement between the Group and the offender. Funds recovered will be returned to the Group for use as originally intended.

## 7. Monitoring and Review

- 7.1 The policy will be owned, updated and reviewed by Company Secretary.
- 7.2 The policy will be reviewed every 3 years, or following a reported breach of this policy or if there is any change in the legislation.