

1 Introduction

1.1 Stockport Homes Group (SHG) has a proactive and robust approach to the management of fraud and the associated risks to protect the company from loss and minimise reputational damage that could arise from fraudulent activity.

1.2 Stockport Homes takes a zero-tolerance approach to fraud and has in place a strong anti-fraud culture and a range of robust policies and procedures, internal controls and oversight mechanisms to prevent fraud from occurring, or to detect any instances of irregularity and escalate appropriately.

1.3 There are a range of different legislative and regulatory requirements which provides the framework within which this Policy has been developed. From a legal perspective, these include legislation relating to fraud, bribery, terrorism, proceeds of crime and money laundering / economic crimes. The key aspect of social housing regulation is the Governance and Financial Viability Standard.

1.4 This Policy details Stockport Homes' approach to prevention of fraud, money laundering, bribery and corruption. It sets out the roles and responsibilities that everyone at Stockport Homes, as well as outlining how Stockport Homes will respond if there is an actual or attempted fraud instance that is detected or suspected. Implementation of this Policy will ensure that Stockport Homes is alert to fraud, has proactive anti-fraud measures in place and is able to react promptly if irregularities are detected to ensure the resilience of the business overall.

2 Position Statement

2.1 Stockport Homes will not tolerate fraud, money laundering, bribery or corruption from employees, Board Members of the company, anyone working on its behalf (including contractors, consultants and partners) or third parties. Stockport Homes is committed to carrying out its business transparently and fairly and, therefore, a zero-tolerance policy towards fraud, money laundering, bribery and corruption exists.

2.2 Stockport Homes will use its preventative and detective controls alongside training / awareness raising to ensure a strong anti-fraud culture exists. Should any irregularities become known, Stockport Homes will address these using available policies and laws, liaising with the Police / National Crime Agency as required. Stockport Homes will seek to correct any incidents which may arise and recover any losses incurred.

3 Definitions

Fraud and Corruption

3.1 Under UK law, fraud can be defined as¹

- Making a dishonest representation for your own advantage or to cause another a loss.
- Dishonestly neglecting to disclose information when you had a duty to do so.
- Abusing your position, if you have a duty to protect the financial interests of others and you fail in this for the purpose of your own gain to cause another to make a loss.
- False accounting / using accounting documents which you know are misleading.
- Conspiring with others to commit fraud by agreeing to do something which causes loss to a third party.

3.2 The Fraud Act 2006 places the criminal offence of fraud into three classes: fraud by false representation, fraud by failing to disclose information and fraud by abuse of position. Under the Economic Crime and Corporate Transparency Act 2023, a new offence of failure to prevent fraud has been created.

3.3 For the offence of fraud to have been committed, a person must have acted dishonestly with the intent of making a gain for themselves or a third party or by inflicting a loss (or the risk of a loss) on a third party.

3.4 Corruption occurs where dishonest or illegal activity has been undertaken, usually involving the abuse of someone's position of power. It means the integrity of a person, government or a company has been manipulated and compromised for somebody's own personal gain. Often, this involves entering into a dishonest or illegal agreement with another party to gain an advantage.

Money Laundering

3.5 Money laundering is a way of concealing the identity, source, and destination of money which has been illicitly obtained (via crime). It is a process by which funds derived from criminal activity are given the appearance of being legitimate.

3.6 The Proceeds of Crime Act (POCA) 2002 defines money laundering as "all forms of handling or possessing criminal property, including possessing the

¹ These definitions come from a mix of common and statute law, including parts of the Fraud Act 2006 and the Theft Act 1968.

proceeds of one's own crime and facilitating any handling or possession of criminal property”.

Bribery

3.7 Bribery can be described as the giving or receiving of something of value to influence a transaction – a “bribe”. The Bribery Act 2010 is the criminal law relating to bribery.

4 Roles and Responsibilities

4.1 It is important that Stockport Homes has a strong anti-fraud culture in place and specific roles and responsibilities clearly outlined. This enables there to be an effective response to the risks posed by fraud, corruption, bribery and money laundering.

4.2 Stockport Homes requires Board Members and colleagues to always act with honesty and integrity and safeguard company assets (both financial and non-financial). This is particularly important as Stockport Homes is a public sector organisation funded primarily by public monies. This Policy clearly sets out this requirement, as does the Financial Regulations, Terms and Conditions of Employment, the Code of Conduct and the Disciplinary Policy.

4.3 **Stockport Homes Board** has overall responsibility to ensure there is an anti-fraud approach in place across the whole company. In the Governance Scheme of Delegation, it is noted that all Boards have overall responsibility for the:

- Competent and prudent management, sound planning and adequate systems of internal control.
- Identification and management of risk, including the prevention of fraud and bribery.

4.4 **Executive Leadership Team (ELT)** are delegated the strategic responsibility to:

- Ensure policies and procedures are in place to protect the organisation against fraud, bribery and money laundering.
- Ensure adequate financial systems and procedures are in place within the Stockport Homes to record and control all transactions and to achieve adequate levels of internal controls, and quality assurance.
- Coordinate, control and supervise all monies due to Stockport Homes.
- Escalate matters to the appropriate bodies, as required.

4.5 ELT must set the tone and culture of zero tolerance and ensure there is a robust internal controls framework in place including a range of required policies and procedures. ELT must also ensure that employees are able to raise concerns and that there is a way to do this confidentially if required.

4.6 **Managers** have the day to day, operational responsibility for preventing and detecting any kind of fraudulent activity and ensuring there is a strong anti-fraud culture across all teams. This includes:

- Identifying risks to systems, operations and processes which are, or could become, exposed to fraud, corruption, bribery and / or money laundering.
- Developing mitigating actions for any risks identified and ensuring they operate successfully at all times.
- Developing and maintaining effective internal controls to prevent and detect fraud, corruption, bribery and / or money laundering.
- Ensuring controls are complied with at all times, improving and strengthening these wherever possible, including utilising technology to automate control functions where possible.
- Reviewing the effectiveness of controls and regularly reporting / monitoring their effective operation.
- Effectively inducting and training colleagues to work in line with agreed processes and taking action if any issues arise.
- Role modelling an anti-fraud culture at all times and championing Stockport Homes' policies and procedures.
- Being alert to changes or unusual behaviour / irregularities in their service area and seeking advice as required.
- Escalating issues which require further attention.

4.7 **Employees** are required to:

- Comply with this Policy and the Terms and Conditions of their employment including with the Employee Code of Conduct.
- Comply with all internal controls that are in place.
- Undertake any fraud related training that is required for their role.
- Actively contribute to managing and minimising fraud, corruption, bribery and / or money laundering risks.
- Ensure that company resources (both financial and non-financial) are used appropriately, and as directed by management.
- Utilise internal systems, for example procurement opportunities / petty cash, in line with operational procedures.
- Raise any concerns they have with their line manager.

4.8 All Board Members and colleagues are required to act with honesty and integrity and to report any incidents of fraud, corruption, bribery and / or money laundering (actual or suspected) using confidential reporting mechanisms, as detailed in the **Whistleblowing Policy**².

² This is available to all employees on the intranet or via the People and OD Team

4.9 All reports of fraud, corruption, bribery and / or money laundering (actual or suspected) will be considered carefully and fully in line with Stockport Homes policies and procedures.

4.10 Should it be necessary; colleagues can also contact Protect (formerly Public Concern at Work)³ for free, confidential and independent advice on how to proceed with raising concerns, or “whistleblowing”.

4.11 They be contacted in the following ways:

- <https://protect-advice.org.uk/>
- 020 3117 2520
- Via a webform: <https://protect.tfaforms.net/ff/Contact-the-Advice-Line>.

4.12 The culture at Stockport Homes is one of zero tolerance to fraud, corruption, bribery and money laundering. Awareness raising of the anti-fraud regime takes place, including promotion of the Corporate Fraud Policy and the Whistleblowing Policy. This includes information about what constitutes an irregularity under the Corporate Fraud Policy and ways in which to raise concerns. This is done via the Huddle (Intranet), Insight (Employee Newsletter) and the Team Meeting Tool.

4.13 It may be necessary for the company to inform the Regulator of Social Housing / Police / HMRC / National Crime Agency about instances relating to fraud, corruption, bribery and / or money laundering and / or to invoke disciplinary procedures. This will be considered on a case by case basis, as determined by the Investigation Process⁴.

5 Risk Assessment

5.1 Stockport Homes carries out Fraud Risk Assessments with different service areas to understand and assess the risk of fraud, identify existing controls and consider their effectiveness, as well as whether other controls should be put into place.

5.2 When undertaking Fraud Risk Assessments, consideration will be given to the “Fraud Diamond” which outlines the different elements which need to co-exist for fraudulent activity to take place.

5.3 The Fraud Diamond includes people having:

- The opportunity to commit fraud.
- An incentive to do so, or pressure from somebody else.
- The ability to rationalise / justify the fraudulent activity.
- The capacity and capability to commit fraud.

³ Protect is the whistleblowing charity which supports people to raise concerns and provides free, confidential advice. Their advice line is open Monday, Tuesday and Thursday from 9.30am – 1pm and then from 2pm – 5pm, and on Wednesday and Friday from 9.30am – 1pm. They are closed on Bank Holidays.

⁴ See separate procedure documents



5.4 As a housing organisation, there are a number of key service areas / functions which are more exposed to the risk of fraud, and these include the following:

- False housing applications
- Tenancy fraud including sub-letting / key selling
- Right to Buy (RTB) fraud
- Shared ownership / property sale fraud
- Recruitment fraud
- False expenses / mileage / overtime claims
- Misuse of time recording system / falsifying of timesheets
- Misuse of company assets / resources
- Theft of cash or property
- Alteration of financial / other records, including payroll systems
- Misuse of computer systems including manipulating systems or data
- Procurement / supply chain fraud.

5.5 Fraud risk will present itself from both internal and external sources and Stockport Homes will need to be alert to the different risks and how they evolve / change over time. Stockport Homes has a range of internal controls, policies and procedures in place to ensure that systems and processes are not vulnerable to fraudulent activity. These controls are developed and maintained across the business and work to both prevent fraud from happening and to detect any fraudulent activity, should it take place.

5.6 There are some areas of the business which present more complex fraud risks, and these are outlined below:

Property Related Transactions

5.7 Registered housing providers are required to comply with the Money Laundering Regulations where they perform specific activities including carrying out estate agency work.

5.8 To complement these regulations, the National Housing Federation (NHF) has produced guidance for registered providers on anti-money laundering to ensure that member organisations are compliant with the

legislation and protect members from the effects of money laundering. Stockport Homes has taken account of this guidance in producing its Corporate Fraud Policy.

5.9 The following property-related transactions are ones where Stockport Homes could be targeted by people involved in money laundering include:

- Purchase of a property via Right to Buy / Acquire
- Purchase of a shared ownership property or a resale of such property
- Staircasing of shared ownership properties
- Private rented housing via Three Sixty Living
- Misuse of property for criminal activity
- Misuse of rental payments systems to launder money (credits)
- Claiming Housing Benefit / Universal Credit illegitimately.

5.10 It is important that relevant checks on sources of funds are undertaken to gain assurance that there are appropriate controls in place to prevent Money Laundering.

5.11 Stockport Homes has controls built into various processes where money or assets are involved. This includes any property sale transaction: RTB, shared ownership sales / resales and staircasing. Due diligence checks are conducted at various stages of the application process to ensure applications are legitimate and prospective tenants don't intend to commit money laundering via rental payments.

5.12 Similar checks are also undertaken on applicants accessing private rented housing via Three Sixty Living. In some circumstances, there is an onus on another party to perform the check (for example, in a shared ownership sale, it is the responsibility of the purchaser's solicitor to check the sounds of fund, however, Stockport Homes also obtains their own assurance in this area). Despite this, Stockport Homes will still undertake its own due diligence and ask for confirmation that all appropriate checks have been carried out.

5.13 Colleagues should inform their line manager if they have concerns about the source of funds and / or question their legitimacy when dealing with monetary transaction. The Director of Finance & Resources is Stockport Homes' appointed Money Laundering Reporting Officer (MLRO). Any suspicious transactions⁵ should be reported to the Head of Assurance who will review them and escalate suspicious transactions to the MLRO. The MLRO will consider whether it is necessary to report this to HM Revenues & Custom (HMRC) / National Crime Agency (NCA) and / or Action Fraud.

⁵ Please see the Money Laundering Procedure (available on the Huddle) for further guidance on what constitutes a suspicious transaction.

Procurement

5.14 There are a number of fraud / bribery risks relating to the procurement function and these include in the completion of tenders, awarding of contracts and subsequent contract management.

5.15 Anti-bribery practices are detailed within the corporate procurement guidance and must be followed by those colleagues engaged within purchasing goods and / or services. This includes declaring any actual / potential conflicts of interest before a procurement exercise begins and documenting how these have been managed throughout the entire procurement process.

5.16 The use of the standard Supplier Questionnaire ensures that companies bidding for Stockport Homes work are required to disclose information about previous convictions related to a range of fraud related offences⁶ and if declarations are made, Stockport Homes can exclude them from tender processes on that basis.

5.17 Furthermore, by utilising the Pro Contract system for as much procurement activity as possible, including three quote processes, provides a more robust mechanism by which to complete tender exercises, with a fully auditable history of actions and controls built in (e.g. all tenders opened at same time after the closing date reduces risk of corruption / bribery).

5.18 When procurement exercises have been undertaken and Stockport Homes enters into a contract with a supplier, colleagues have a responsibility to ensure that the supplier is bona fide, and that the arrangement is legitimate. All Stockport Homes tender processes require tenderers to complete a certificate of bona fide tendering, which must be submitted with the completed tender document. Furthermore, all tendering must be undertaken in accordance with the Stockport Homes Contract Procedure Rules.

5.19 In addition, Stockport Homes undertakes due diligence checks on all suppliers / contractors wishing to supply goods and / or services which are over a certain value. This is in order to ensure they have the capacity to deliver the contract and are of sufficient financial standing to be a supplier that Stockport Homes wishes to contract with.

6 Prevention and Detection of Fraud

6.1 The Economic Crime and Corporate Transparency Act 2003 makes it an offence for large organisations to fail to prevent fraud (from 1 September 2025). A criminal offence will be committed where an employee, agent or 'associated person' commits a fraud offence, and the organisation did not have 'reasonable' fraud prevention procedures in place.

⁶ Including fraud, money laundering, corruption, terrorist activity and organised crime.

6.2 In order to prevent and detect fraud, there needs to be a number of different controls / reporting mechanisms in place to minimise the risk of fraud being about the happen, but also to identify suspicious / fraudulent activity, should controls be bypassed.

6.3 Key aspects of the internal control system include the Financial Regulations, the Financial and the Governance Scheme of Delegation, the Contract Procedure Rules and the numerous system and process controls in place. Many of these are documented within Stockport Homes' Strategy and Policy Framework. Stockport Homes also utilises Internal Auditors to regularly assess the design and effectiveness of internal controls and processes. Internal Audit Reports provide assurance over the existing mechanism in place, and any areas for improvement. Stockport Homes utilises External Auditors to verify the accuracy of the Statutory Accounts and Financial Statements, and the information upon which they are based. In addition, Stockport Homes employs a range of other external, independent assurance providers to test and verify internal processes. These form part of the "third line of defence" as outlined in the Risk Management Framework.

6.4 Stockport Homes has a strong Internal Controls Framework in place which consists of a range of processes and procedures designed to prevent and detect fraudulent activity. These include:

- Thorough recruitment procedures and vetting of employees
- Induction and training to communicate key policies and expectations
- Employee Code of conduct
- Disciplinary and Misconduct Policies
- Whistleblowing and Grievance Policies
- Financial Regulations
- Financial Scheme of Delegation
- Governance Scheme of Delegation
- Segregation of Duties built into systems
- Contract Procedure Rules for tendering and contract management
- Risk Management Framework
- Risk Based Internal Audit Plan
- Risk Assessments
- ICT Security Policy & robust systems management
- Acceptable Use Policies and system controls
- Transparency agenda
- Register of interests and conflicts
- External Audit function
- Management tools and oversight
- A range of other policies, procedures and processes

6.5 Detection of actual or attempted fraud, corruption, bribery and / or money laundering, would be detected through any of the following channels:

- Having an open culture where colleagues feel comfortable raising concerns about unusual or suspicious activity (either to their manager or formally via the Whistleblowing Policy should that be required)
- Management oversight of fraud risks which exist and the controls which are in place which would identify irregularities (e.g. management authorisation of expenses in the HR System)
- Regular reporting and investigation of anomalies in performance
- Robust Finance and HR control processes which would identify irregularities to be investigated
- Customer feedback process for customers to raise concerns
- Use of internal audit to verify controls are working and perform random sample testing.

6.6 Where fraud, corruption, bribery and / or money laundering is reported, suspected or detected, the incident will be investigated in line with the Fraud / Money Laundering Investigation Procedure.

6.7 The incident will be added to Stockport Homes' Fraud Register. The Head of Assurance is responsible for maintaining the Fraud Register and will liaise with the Director of Corporate Services, as required. Consideration will be given to commencing disciplinary action, civil or court proceedings including steps to recover any losses incurred. Legal advice may be sought to identify the most effective way to recover lost monies. The Crime Insurance Policy will only be used as a last resort once other attempts to recover losses have been exhausted.

6.8 By taking positive action against any fraudulent activity, Stockport Homes is reinforcing its zero-tolerance approach and promoting a strong anti-fraud culture.

7 Internal Controls

1	Version control	Version number will change every three years or at major review
	Version No.	Date
	1	Oct 2024
	2	Mar 2026
		Change/s and reasons for change
		Three yearly routine update of the policy
		Change of the named MLRO
2	Policy Owner i.e. Executive Director	Director of Corporate Services /Deputy Chief Executive
	Policy Author/s i.e. Head of Service	Head of Assurance Assurance Officer
	Approved by/date	Director of Corporate Services on 28 January 2025
	Communication	Audit and Risk Committee via ARC Update (Feb 2025) and Team Engine Huddle updated (Feb 2025) Comms to managers via WLF email address and article in Insight with link to new page on Huddle
	Effective Date - the date of sign-off	28 th January 2025
	Next Full Review Date i.e. 3 years after effective date, with an annual light touch review	27 th January 2028 or sooner if change in any key legislation / business practices
3	Regulatory Standards	Please list the Consumer, Governance, Viability standards and outcomes this policy meets
	Standard/s	Required outcome
	Tenancy Standard	2.1 Allocation and lettings 2.1.4 Registered providers must take action to prevent and tackle tenancy fraud
	Economic Standards: Governance and Financial Viability Standard	The Governance and Financial Viability Standard requires providers to ensure: <ul style="list-style-type: none"> • That they manage their affairs with an appropriate degree of skill, independence, diligence, effectiveness, prudence and foresight, and • That they have an appropriate, robust and prudent business planning, risk and control framework.
	NHF Code of Governance	Principle 4: Controls and Assurance The Board actively manages the risks faced by the organisation, and obtains robust assurance that controls are effective, that plans, and compliance

	obligations are being delivered, and that the organisation is financially viable.
Legislation	<p>The following legislation is applicable:</p> <ul style="list-style-type: none"> • Fraud Act 2006 • Bribery Act 2010 • Terrorism Act 2020 • Economic Crime and Corporate Transparency Act 2023 • The Money Laundering and Terrorist Financing (Amendment) Regulations 2019 (known as the Money Laundering Regulations 2019) • The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (known as the Money Laundering Regulations 2017) • Criminal Finances Act 2017 • Proceeds of Crime Act 2002 • Estate Agents Act 1979 • Theft Act 1968 and 1978

4	Linked policies/strategies	
		<ul style="list-style-type: none"> • Housing Fraud Policy and Procedure • Contract Procedure Rules (Procurement) • Governance Scheme of Delegation • Financial Scheme of Delegation • Financial Regulations • Corporate Finance Strategy • Credit Card Procedure • Risk Management Strategy • Internal Audit Plan • People and OD Strategy • Staff Terms and Conditions of Employment • Staff Code of Conduct • Disciplinary Policy and Procedure • Whistleblowing Policy • DBS Policy • Gifts and Hospitality Policy • Conflict of Interest Policy • Anti-Money Laundering Procedure • Fraud Investigation Procedure • Money Laundering Investigation Procedure • Safeguarding Policy and Procedures • ICT Security Policy

5	Equality and diversity	Describe how different experiences, characteristics, and approaches were considered during the formulation of the policy, e.g. neurodiversity, age, religion, sex/gender, financial/digital inclusion.
		Any fraud investigations will be carried out in accordance with the EDI Policy and any other related guidance to ensure fairness throughout.

6	Customer/Colleague Voice	Describe how the customer and/or colleague voice shapes and influences the policy and services
		Stockport Homes' Leadership Team and other key Heads of Service, including the Head of Customer Finance

7	Risk management	This policy helps to mitigate the following risks identified on the Corporate Risk Register
	Corporate Risk 1	Stockport Homes is not adequately prepared for a proactive inspection of the Consumer Standards by the Regulator of Social Housing
	Corporate Risk 2	Stockport Homes does not maintain a strong, positive reputation where stakeholders have trust and confidence in Stockport Homes
	Corporate Risk 4	Stockport Homes' governance and co-regulatory structures are not fit for purpose / are ineffective and there are not the necessary skills to properly hold Stockport Homes to account

8	Performance monitoring	Please list any financial and/or performance measures related to this policy including Government return performance measures (TSM (Tenant Satisfaction Measures)), corporate or directorate performance indicators etc.
		There are no specific measures this relates to. Any fraudulent activity would have to be reported to External Audit and included in the Directors Report for the statutory accounts.