

# Fraud & Bribery Response Plan

<b>Department</b>	<b>Legal &amp; Governance</b>
<b>Policy Owner</b>	<b>Director (Legal and Governance) &amp; Company Secretary</b>
<b>Approved Date</b>	<b>May 2024</b>
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<b>Approving Body</b>	<b>Governance, Audit &amp; Risk Committee</b>
<b>Associated Legislation/Regulation</b>	<b>RSH Governance &amp; Financial Viability Standard</b>
<b>Version Number</b>	<b>Version 3.1</b>

## 1. Introduction

- 1.1 Flagship has a zero tolerance approach to fraud and bribery.
- (a) Fraud is defined as making a personal gain or causing a loss to another by dishonestly making false representation, dishonestly failing to disclose information or abuse of position.
- (b) Bribery is defined as offering, promising, giving or accepting any financial or other advantage as an inducement to act improperly in the performance of their functions, or to reward them for acting improperly, or where the recipient would act improperly by accepting the advantage or to create or influence an outcome which is favourable to another party.
- 1.2 This Fraud & Bribery Response Plan sets out how suspicions of fraud or bribery will be managed. This document should be read in conjunction with the Anti-Fraud & Bribery Policy.
- 1.3 All policies and procedures referred to in this document are available on Bob or available from the Governance Team on request.

## 2. Reporting and recording incidents of identified or suspected fraud or bribery

- 2.1 Employees must report all incidents of identified or suspected fraud or bribery as soon as possible using the online reporting forms on the Group websites and bob or to their Line Manager, or if this is inappropriate, to their Director. If this is also inappropriate, the report may be made to either the Director (Legal and Governance) & Company Secretary, Ed Marcus ([edward.marcus@flagship-group.co.uk](mailto:edward.marcus@flagship-group.co.uk)), Lisa Collen, Director People and Workplaces ([lisa.collen@flagship-group.co.uk](mailto:lisa.collen@flagship-group.co.uk)) or an Executive Director.
- 2.2 Flagship's Internal Auditors – RSM: Mark Jones ([mark.jones@rsmuk.com](mailto:mark.jones@rsmuk.com)), Suzanne Rowlett ([suzanne.rowlett@rsmuk.com](mailto:suzanne.rowlett@rsmuk.com)), the Chief Executive, David McQuade ([david.mcquade@flagship-group.co.uk](mailto:david.mcquade@flagship-group.co.uk)) or the Chair of the Governance, Audit & Risk Committee, Rob Bennett ([rob.bennett@flagship-group.co.uk](mailto:rob.bennett@flagship-group.co.uk)) may be contacted if this is proportionate to the identified fraud or bribery incident.
- 2.3 Non-Executive Directors must report all incidents of identified or suspected fraud or bribery to the Director (Legal and Governance) & Company Secretary, Ed Marcus ([edward.marcus@flagship-group.co.uk](mailto:edward.marcus@flagship-group.co.uk)) or if this is inappropriate, to the Chair of the Governance, Audit & Risk Committee, Rob Bennett ([rob.bennett@flagship-group.co.uk](mailto:rob.bennett@flagship-group.co.uk)), Chair of the Board, Peter Hawes ([peter.hawes@flagship-group.co.uk](mailto:peter.hawes@flagship-group.co.uk)) or to the Governance Team ([GovernanceTeam@flagship-group.co.uk](mailto:GovernanceTeam@flagship-group.co.uk)).
- 2.4 Agents, consultants, contractors and all other associated persons of Flagship must follow the guidelines for employees, with the Flagship manager commissioning the agents, consultants, contractors or other associated persons work being regarded as the Line Manager.
- 2.5 Reporting can be verbal or in writing dependent upon the circumstances. All reporting made in good faith will be treated with confidentiality. However, malicious allegations by employees will be dealt with under the Disciplinary Procedure.

2.6 The Governance Department maintains a Fraud Register. This register is used to capture all reported suspected frauds and is updated throughout the process to provide an accurate record of the status of each reported case.

## 2.7 Initial Enquiries

2.7.1 Where it is appropriate to do so, discreet initial enquiries may be made promptly by the manager or director receiving the report (or in the case of suspected housing fraud by a tenant, by a housing officer or assistant nominated by such housing officer) to determine if there actually does appear to be an irregularity. However, it is imperative that:

- (a) this can be done without alerting the perpetrator to the investigation.
- (b) the manager or director (or nominated housing officer or assistant if applicable) has sufficient experience to do so.
- (c) the manager or director has contacted the Director (Legal and Governance) & Company Secretary for advice before proceeding, save in the event of suspected housing fraud by a tenant; and
- (d) Fraud register is updated.

2.7.2 During the initial enquiry, the manager or director (or nominated housing officer or assistant, if applicable) should:

- (a) determine the factors that gave rise to the suspicion;
- (b) examine the factors to determine whether a genuine mistake has been made or whether an irregularity has occurred;
- (c) secure any relevant documentation or records (if this can be done without alerting the perpetrator); and
- (d) ensure that the Fraud Register is updated regularly.

**IMPORTANT: At this point, the manager or director (or nominated housing officer or assistant, if applicable) should not be interviewing any employees, Non-Executive Directors, any other parties or the suspected perpetrator.**

2.7.3 As soon as there is evidence of irregularity, managers or directors (or nominated housing officer, if applicable) must inform the Director (Legal and Governance) & Company Secretary, or, if this is not appropriate, the Governance Team. The Director (Legal and Governance) & Company Secretary, in consultation with the Chief Executive, Executive Directors, Directors, or professional advisors (e.g. Internal Auditors), as appropriate, will decide how to investigate each reported incident. Any threats of further frauds or losses will be removed immediately (e.g. by changing procedures or suspending payments). The Fraud Register must be updated with the current status.

2.7.4 For suspected cases of tenancy and/or benefit fraud, the guidance within the tenancy fraud procedures should be followed.

### 3. Investigation

3.1 Where an investigation is required, the following general principles will apply;

- (a) A nominated investigating officer will be identified. This may be the Line Manager, Director, an HR colleague, the Director (Legal and Governance) & Company Secretary, the Governance Team or another third party, as agreed by the Director (Legal and Governance) & Company Secretary, or the Director People and Workplaces (for employee related investigations).
- (b) The investigation will be conducted promptly, with due regard to compliance with legislation around interviewing and surveillance.
- (c) All evidence will be recorded, and written records maintained of all fact-finding meetings.
- (d) Email correspondence relating to the investigation will be discreet and for cases presenting a more serious risk, an agreed 'case name' will be used. All sensitive documents will be kept in a control folder.
- (e) All evidence will be held securely with appropriate restriction to access.
- (f) Where appropriate, external agencies (e.g. Police, Local Authorities, HMRC) may be contacted. If circumstances dictate, this may occur prior to any step above.
- (g) The Group's insurers will be contacted at the earliest appropriate opportunity.  
**(IMPORTANT: failure to do so could jeopardise any future claim for losses incurred).**
- (h) Investigators must not accept any offer of repayment or resignation during the investigation, as this would prejudice the investigation. Any such offers should, however, be recorded in interview notes.

3.2 The results of the investigation must be reported to the Director (Legal and Governance) & Company Secretary (and Director People & Workplaces if an employee is under suspicion) or the relevant Director where this is not appropriate. Further action will be agreed as proportionate and necessary.

3.3 Flagship has the right to suspend any individual involved pending the outcome of an investigation. Suspension does not imply guilt, but suspension can prevent the removal or destruction of vital evidence. Suspension also protects the investigation, employees under suspicion and the business. When suspects are not suspended, supervision will usually need to be increased. Any suspensions or any subsequent disciplinary action must be undertaken under advice from HR, providing that this consultation will not compromise the investigation and action taken is done in accordance with the Group Disciplinary Procedure.

3.4 HR will be consulted when dealing with employees under suspicion of fraud or bribery (or the Director (Legal and Governance) & Company Secretary where this is not appropriate). The Chair of the Board will be consulted when dealing with any Non-Executive Director under

suspicion of fraud or bribery (or the Director (Legal and Governance) & Company Secretary where this is not appropriate).

#### **4. Further actions**

- 4.1 The recovery of losses will be pursued where proportionate to do so.
- 4.2 All Press enquiries must be referred to the Director with responsibility for Communications, in accordance with Flagship's media protocol.
- 4.3 Learnings will be identified for all relevant fraud reports. Where necessary following an incident, the Director (Legal and Governance) & Company Secretary will prepare a report for the Governance, Audit & Risk Committee detailing the lessons to be learned from the case and the need, if any, for wider dissemination of the lessons.
- 4.4 Where appropriate and lawful, cases of attempted or proven fraud or bribery will be publicised on Flagship's websites to raise awareness and act as a deterrent.
- 4.5 The Director (Legal and Governance) & Company Secretary will ensure that the Fraud Register is updated to keep an accurate record of each case.