


Fraud **NOT** on the agenda

Housing sector fraud risk

Introducing a thought-provoking whitepaper from Tenet Law and Newid Consulting, uncovering the hidden and often understated risk of fraud in the affordable housing sector. In an industry where discussions on fraud risk frequently fall short, we're shining a light on overlooked vulnerabilities and challenging the perception—and the data gaps—that suggest Registered Providers (RPs) are largely exempt from these risks. In reality, fraud vulnerabilities often lurk in plain sight, remaining unrecognised or misidentified, leaving providers exposed.





A modern building with a stepped facade and a teal background. The building features a series of rectangular volumes that step down from left to right, creating a dynamic architectural rhythm. The facade is composed of light-colored panels and dark window frames. The background is a solid, deep teal color. In the upper right corner, there is a large, light-colored quotation mark graphic. Inside and to the right of this graphic, the word "Fraud" is written in a bold, white, sans-serif font. Below it, the definition of fraud is written in a smaller, white, sans-serif font, enclosed in quotation marks.

Fraud [noun] is defined as “deceit, trickery, sharp practice, or breach of confidence, perpetrated for profit or to gain some unfair or dishonest advantage”

Introduction

Fraud in affordable housing: is it genuinely not on the agenda, or do we just need to do more to recognise the potential impact and reduce the risk? All housing associations state that they take fraud seriously. That being said, low positioning on risk registers and limited investment in counter-fraud activity – in part driven by a severe lack of statistical evidence reinforced by nil returns – contributes to confirmation bias and the sector-wide underestimation of risk, especially when compared with other sectors.

Fraud is a complex area, and any normalisation of even low-level frauds feels somewhat inconsistent with the strong ethical values associated with the sector. Transparency and integrity can and should override any perceived 'immunity' to form the cornerstone of proactive fraud prevention on a large scale.

It's been a year since Arun Chauhan from Tenet Law and Paul Roberts from Newid Consulting produced their first whitepaper on this subject. Now, they have moved the conversation forward with a Housing Sector Fraud Risk Conference co-hosted by Forvis Mazars, an active voice on internal audits, forensic accounting and investigations.

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Abstract

In this whitepaper, we share the key insights from the Housing Sector Fraud Risk Conference. We'll break down the themes presented by its many dynamic speakers into four areas – awareness, prevention, detection and recovery – and include learnings from the discussions that followed to help improve governance and risk management. Together, we seek to drive better practice in affordable housing; not relying on finding fraud by chance, treating it as a compliance issue like other sectors do and safeguarding the people, homes and reputations that are at greater risk than many realise due to ongoing fraud.



Arun is an accomplished lawyer specialising in disputes and compliance investigations, bringing successful litigation claims to recover loss from financial fraud having acted for housing associations for over 10 years in these types of cases. Founder of law firm Tenet, the only niche law firm in its field outside of London and winner of Boutique Law Firm 2022 at the prestigious Legal Business Awards. Arun is a regular fraud expert for the BBC, speaks at National Housing Federation and other affordable housing events and has been quoted in The Times, The Guardian and The Telegraph. He is Trustee Director for the Fraud Advisory Panel and provided evidence to a House of Lords Committee about the impact of digital fraud and effectiveness of the 2006 Fraud Act. Arun is experienced in working closely with clients across the affordable housing sector on training, improving policies, conducting investigations, and recovering any losses suffered.

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Paul has over 30 years of expertise in finance, risk, governance, leadership, ICT and strategy, across business sectors, including over a decade of housing sector experience in an executive role at the Guinness Partnership. Paul currently acts as an independent consultant working with housing associations and charities to develop their approach to Environmental, Social, and Corporate Governance (ESG), housing strategy, repairs and maintenance, social investment and internal controls. He has served as Chair at Regenda Group and is currently a Non-executive Director with Gloucester City Homes, Auxesia Homes and the new Chair of the Audit & Risk Committee at Rochdale Boroughwide Housing.

Paul Roberts

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Key Findings

2024 FOI request from RSH

Under 50% used the standard template, of whom:

- 50% reported NIL RETURNS
- 50% reported 356 frauds:
 - Development (5) – £360k
 - Procurement (4) – £182k
 - Theft (51) – £250k
 - Tenancy fraud (204) – £127k
 - Payroll (12) – £15k
 - Other (80) – £189k
- Not all attached financial losses to frauds
- RPs with fewer than 1,000 homes are not required to report annually



? Of those 50% + that did not use the standard template, how many also filed nil returns?

Source: <https://hqm.hqnetwork.co.uk/the-unreported-world-of-tenancy-fraud/>

At the start of the Housing Sector Fraud Risk Conference, we invited the audience to share the words that came to mind when they thought about “*fraud risk in the housing sector.*” This initial reflection allowed us to capture their baseline thoughts and perceptions. As you will see later in this white paper, perceptions changed as the day went on.



State of Play

Affordable housing has a complex ecosystem with many vulnerable areas including procurement, maintenance supply chain, building and regeneration of homes, finance, IT, and the list goes on. What's more, societal challenges like the cost of living and housing crises, as well as continuous major changes in legislation and regulation, have made it difficult for organisations to keep on top of fraud in a sector that is targeted by a range of sources including organised crime.

However, as well as protecting finances, people and assets, positive action tackling fraud can inform and enhance social value, value for money and ultimately ESG reporting. Yet with all that at play, affordable housing appears to be behind the curve with its approach to fraud.

Other sectors – like financial services, for example – tackle fraud as a present and persistent risk not only to their organisation, but also to their relationships with all stakeholders. This isn't totally absent in affordable housing, but perhaps we need to find the loss to fraud more egregious, recognising that it takes away from promises to those that we help. Board members can learn from their journey with health and safety and asset compliance risks when it comes to fraud. Because, ultimately, fraud prevention is a compliance issue.

We appreciate that many housing associations are too small, too early in the fraud journey, or have decided that there is insufficient risk or return to invest in dedicated fraud investigation teams, despite the breadth of risks.

We also know that the sector's 'to-do list' is huge. But this is not another thing to do – activity is happening, just not always to the degree or consistency to deliver effective risk mitigation and assurance. As a sector, we need to buck the negative trend of unreported, unactioned and potentially normalised attitudes towards fraud – that only leads to a vicious circle of misinformed confirmation bias of which a by-product is the unwitting enabling of further fraud.

General

- Fraud represents 38% of all crime in the UK

Business

- Annual private sector fraud losses were estimated to be £157.8 billion in 2023
- Of the businesses that have been a victim of fraud, 46% experienced more than one incident

Affordable housing

On average, fraud accounts for at least 1% loss of turnover, sometimes 5%

According to RSH, operating expenditure = £13.2bn, investment supply = £10.2bn, capital spend on homes = £2.8bn

Even 1% of loss due to fraud presents potential returns of hundreds of millions of pounds

Source: Gary Miles, City of London Police
Crowe ACFE

Are we turning a blind eye because, in part, we have tunnel vision with the other big and critical issues we face, from concrete cladding to consumer regulation?

It's not computers that commit fraud - no computer is serving time in prison! Support constructive curiosity - people are your eyes and ears to safeguarding your organisation.



The wheel doesn't need to be reinvented here. Aligning the approach to fraud with a commitment to learning and development, core company values (like transparency and honesty) and approaching it as an ethical issue with education at the heart of improvements will drive strategic change.

This starts with the basics: driving awareness and educating around the different types of fraud and the common behaviours of typical fraudsters. It is no different to our approach to compliance with other risk areas our organisations face. It's from here we can build on active prevention and detection by utilising tools and techniques.

We refer below to the three Cs, communication, culture and collaboration, which we see as the bedrock for compliance when it comes to combatting fraud.

Communication	Culture	Collaboration
Definitions, language used, applying internal and external comms approaches through media and messaging	Attitudes to fraud and protecting the organisation, changing behaviours, aligning with core values	Sharing best practice, benchmarking, experiences, incidents, cross-sector engagement, breaking down internal silos

Awareness

Fraud can be committed by anyone internal or external to your organisation's ecosystem and it can appear in many guises. This includes, but is not limited to, false representation, failure to disclose information, misappropriation, collusion, theft of data, abuse of position, and attacks on your IT systems. By defining this in both a broader sense for general awareness and a specific sense for your colleague's roles in your unique organisation, you can help your teams understand and visualise how fraud occurs, how to spot it and the impact that it has.

Fluid communication and training beyond standard approaches of 'sheep dipping learning' can be key here – especially engaging all teams to consider how they see fraud risk in your organisation from the perspective of their roles. However, that isn't just for your staff on the ground. Board members, senior management – everyone needs to be on the same page, just as they are with other compliance areas.

Offences relevant to housing associations under the Failure to Prevent Fraud offence

Note that the offence is in relation to fraud against UK victims or in the UK but does not apply in relation to fraud against the housing association by its own employees.

- 1 Money laundering in contravention of section 18 of the Terrorism Act 2000
- 2 Offences under the Proceeds of Crime Act 2002 (especially in the context of tenants paying rent, use of property, arrangements in relation to Right to Buy/ Acquire) including:
 - (a) section 327 (concealing, disguising, converting, transferring or removing criminal property)
 - (b) section 329 (acquisition, use and possession of criminal property)
 - (c) section 330 (failing to disclose knowledge or suspicion of money laundering)
 - (d) section 333A (tipping off: regulated sector)
- 3 Section 2 of the Bribery Act 2010 (being bribed)
- 4 Section 1 of the Fraud Act 2006



Typically, housing associations tend to hyperfocus on tenancy fraud and cybercrime, creating the impression these are the only key fraud threats in the sector. While these types of fraud do require attention, this merely scratches the surface of the less visible fraud types that go unreported and should encourage you to uncover the rest.

These could include:

- **Bribery and collusion**
- **Data compromise or misstatement**
- **Arrears payment money laundering**
- **Mandate fraud**
- **Misappropriation/diversion of money and assets**
- **Payroll fraud**
- **Recruitment fraud**
- **Accreditations misrepresentation**
- **Fleet misuse**
- **Supplier fraud**

It's also vital to focus on the 'small frauds', or even micro behaviours, that either go under the radar, get ignored, or are allowed to be described as something less sinister such as 'value leakage' without considering the wider connotations of permitting unethical behaviour. The normalisation and acceptance of these behaviours can feed a bad culture that triggers a snowball effect towards larger-scale fraud. In health and safety, we have learnt that ignorance to low-level risks and issues can lead to major risks and issues – we can and should apply this to fraud.

Attitudes are changing, but as a sector we have plenty of catching up to do when we compare to the likes of retail, construction, financial services and insurance. We only have to look as far as housing risk registers to see this, where fraud in a broader sense seems to either be wrapped up in other risks or largely silent – and silence has not served the housing sector well in recent history, resulting in having to be 'told' to find and act on silence.



Forming a culture of fraud awareness is key, and this goes way beyond a generic and often inconsistent zero-tolerance policy. Actions to inform, educate and guide people around fraud prevention are the foundations you need. Ultimately, fraud is everyone's responsibility and catalysing a collective desire to protect one another should be the broader aim guiding your approach.

To drive awareness, explore focused training and wider learning opportunities, and gain intelligence and insights from outside of your organisation – whether that be from other housing associations, local authorities or other sectors. Also, analyse and appropriately communicate fraud loss statistics and near misses. It's about keeping fraud risks real and maintaining momentum.

Communication and Action

If awareness and education are the building blocks, culture is the cement. Consider the following actions to start or continue building fraud awareness and improving the culture in your housing association:

- **Maintain focus and consistency of comms, building awareness of key roles and individuals as well as areas of vulnerability, e.g. when systems change or are of high complexity**
- **Call fraud what it is and refresh language that staff may have become 'numb' to, e.g. supplier fraud is sometimes called 'poor contractor management' or 'value leakage'.**
- **Educate teams and suppliers around the different fraud types and the impact it can have or is having on the organisation, e.g. X loss over X period.**
- **Horizon scanning – learn where and how fraud is emerging and evolving, and keep on top of the areas that present the fringes of fraud.**
- **Training and development beyond 'sheep dipping learning', including focused mandatory e-learning and intranet articles, videos and blogs and continuous conversation on the subject at team meetings, even some appraisals.**



Prevention

According to the National Fraud Intelligence Bureau (NFIB), there were 212 recorded offences of housing fraud in the financial year 23/24, leading to a £6 million loss.[1] Now imagine the actual loss when taking into account all the unreported, unprosecuted, low level, and discarded cases. This truly is the tip of the iceberg, when the vast majority of fraud is either unreported or the police are unable to do anything with the data provided.

The NFIB also believes that 85% of fraud can be prevented by educating people, improving processes, and investing in better reporting, controls and technology. Once everyone is on the same page and awareness is built around what fraud looks like for your organisation, you can start to thoroughly review your systems and processes, making sure you have the right frameworks to mitigate risk at all levels.

It's important to remember that not all fraudsters are easily identifiable as 'bad' people. In fact, they're often the last people you would expect. As history has shown us, good people can do bad things. In many cases, it's bad controls and processes that breed opportunistic behaviours when individuals are facing hardship or crisis. A 'zero tolerance' policy without the proactivity to walk this talk gets undermined by these very people. Trust is not a control, and policies either need to be checked for adherence or changed to be functional for your team, or they're not worth having. Not doing so can actually undermine policy engagement and financial recovery.

Being Proactive

The sector has promoted whistleblowing, and procedures are in place to encourage staff to come forward. But this can be positioned as both a preventative measure and a means of detection.

If we see whistleblowing as a regulatory type of control and also a way to show trust in our people doing their job for the good of their employer, it sets a positive tone as a continuous approach. It results in people not just calling out fraud when it happens, but highlighting risks in systems, processes and behaviours that don't quite look right, enabling you to get ahead of bad actions before they develop into something bigger and more costly.

Nothing to see here... as there are no statistics about fraud in our sector or little analysis of the financial and non-financial returns. Beware of confirmation bias!

This approach to whistleblowing is akin to the "see it, say it, sorted" mantra used by the police. It goes beyond finding fraud by chance and utilises it as a proactive, preventative measure. Other proactive measures for prevention include:

- Better governance – make it clear on what is and isn't allowed, drawing up unambiguous clear contracts and rules for areas like subletting, fuel cards and supplier agreements.
- Share fraud insights and incidents with staff, customers, external databases like CIFAS, and external organisations – active listening and collaboration drives prevention.
- We're not equipped to prosecute housing fraud en masse yet, but intelligence massively contributes towards prevention, nipping potential big fraud in the bud before it can materialise.
- Engage with business intelligence teams and IT colleagues to find better ways to build analytics to both improve controls and find fraud, as well as analysing the typical behaviours of the potential fraudsters connected to your organisation.



The psychology of a fraudster

Some fraudsters will be calculated, potentially sociopathic and accomplished in criminal activity. The majority, however, don't set out to commit fraud but fall into it off the back of complicated problems, pressures at home or at work, or spiralling patterns of behaviour. This might start small, like syphoning money that they intend to pay back. However, this rationalisation commonly transitions into justification, leading to a failure to return the funds and/or a continuation of more fraudulent activity. Here, the risk of people doing the right thing for them rather than the right thing objectively increases.

Common Justifications

- Feelings of unfair treatment at work
- Using the money for a good cause
- Financial problems, addiction, hardship

Tell-tale signs of internal fraudsters

- Excessive spending
- Reluctance to take leave
- Complicated private life
- Current whereabouts not always clear
- Gaps on CV
- Won't use work mobile

Potential Contributory Factors

- Ambiguous or incomplete procedures
- Uncertainty around compliance
- Issues falling between two or more teams
- Merger legacy of incompatible systems
- Data integrity issues
- Poor organisational culture
- Weak contract management and oversight
- Mistaking reassurance for assurance

Actions you can take

- Ensure processes and controls are followed
- Look for evidence in plain sight
- Reduce excessive complexity
- Look out for the 'halo effect'
- Get comfortable with 'chronic unease'

Halo effect: In many cases, fraudsters are found to be the last people you expect. They may be popular, overly likeable, extremely convincing and hiding in plain sight. If something or someone seems too good to be true, it's worth investigating.

Chronic unease: The opposite of complacency. Embracing scepticisms, inquiry and pessimism. Not assuming current systems are 100% reliable. Being flexible and curious about what you see, hear and read.

We only need to look as far as our approach to other compliance areas - such as health and safety and assets - to find leading examples of the attitudes, controls and processes that we can and should be applying to preventing fraud.





Engaging Boards and not just Audit and Risk Committees with fraud prevention

The role of Boards according to the RSH is to safeguard social housing homes and sector reputation. Establishing a positive compliance culture has to form the foundation for Boards to set the standard. From there, they can echo how the company mission and values can and should be applied to fraud prevention. Vigilance, probity and diligence are the vital ingredients here, with trust and collaboration needed between executives.

Proactive conversations and commitment to managing fraud risk strategically should inform a framework of controls and methods of assurance and methods of assurance that aligns with the regulator's expectations and supports their members to act in the organisation's best interests. Annual appraisals, a cycle of policy review and an identification of high-risk areas can help ensure the right people and attitudes are taken towards fraud prevention. Only then can direct engagement be made with staff, residents and stakeholders.

By asking the right questions around risk, Boards are equipped to go beyond finding fraud by chance and identifying it before it materialises. If and when fraud is identified, Boards can come together with the appropriate action to help drive better prevention in that given area.

This might involve:

- Adopting inclusive language of protecting your people and organisation
- Investigation and policy review
- Seeking third-party advice
- Adding additional internal controls
- Discussing trust breaches
- Reviewing the disciplinary process, evidence and outcome
- Adopting new protocols, delegations and processes or approvals
- Training on fraud identification

Remember, the culture you form and communicate across the Board and with the wider organisation underpins and dictates how well these actions will be carried out and received.

Ethical culture and supply chain integrity

We've spoken about positioning fraud prevention as a compliance issue. We've also touched on the importance of culture and attitudes around fraud to get everyone working together. But do we need to go further than just remaining 'compliant' around fraud? By embedding truly ethical motivations into the process, we can turn rule adherence into subconscious proactivity. This can then be extended and communicated to the supply chain.

Ethics vs compliance

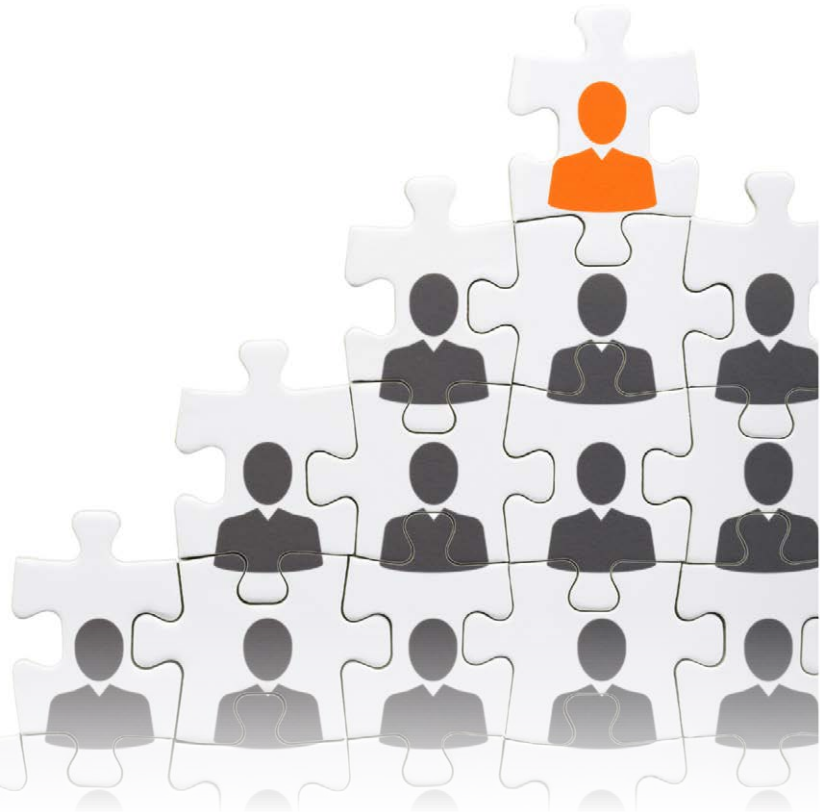
Compliance comprises legislation and regulations that must be adhered to. Ethics are based on values, trust and principles embedded in our everyday actions. A combination of the two is ideal for proactive fraud prevention – going beyond box-ticking by believing in and encouraging the right action. It's then about communicating this across the organisation on two fronts simultaneously: firstly, with the right tone from the top that is broken down into digestible messaging to allow there to be a tone of the team; and secondly, with groundswell from grassroots that matches the tone from the top, using management and leadership to engage with teams and form collective understanding.

Supply chain due diligence

The housing supply chain is extensive, with repairs and maintenance services, development and regeneration, professional services and more. Due diligence into each supplier should be a prerequisite before employing their services. Without this, the chances of fraudulent activity increase.

Areas of focus for supplier due diligence include:

- Basic company information
- Cybersecurity and data protection
- Ethical and sustainability practices
- Financial stability
- Legal compliance and certifications
- Operational and quality assessments
- Reputational risk



Tips:

- Ensure suppliers do not diversify without approval once their 'foot is in the door'
- Monitor suppliers post-contract award for adherence to terms and on spend

Following this, regular communication that goes beyond contract conversations is essential to ensure contractors and suppliers understand what is expected of them, what it means to work with your organisation, and the values and ethics that they should be reflecting out in the field as they represent your organisation. Detachment from suppliers and using trust as a control has the potential to create a fraud free-for-all across the chain.

Internal fraud is harder to accept. When it's a long lasting employee, **nobody ever expects it to be that person**, but circumstances change and people know where the opportunity is.

Detection

When we consider the motivations and subsequent justifications of fraud, and the psychology of fraudsters, it's clear that people are the risk. But they are also your eyes and ears – your everyday detectors of fraud and the interpreters of data analytics. Building the right culture, ethics and communication from the top down and between teams will foster the right attitudes towards fraud detection within your people.

If you don't search for fraud, you're unlikely to find it. Proactive looking and constructive curiosity can turn detection into an intentional process, rather than a 'by chance' occurrence. Education around what to look for and why it should be pointed out is equally important – focusing on known known areas and known unknown areas.

Consider the following tips and tools to enhance fraud detection within your organisation:

- Use AI and automation to triangulate fraud, focusing on areas such as systems, processes, staff movement, pre-existing complaints data, safeguarding reports and tenancy audits
- Embrace an analytics team and buy in assurance, including but not exclusively internal audit
- Understand which data you currently hold that can be shaped to inform on fraud risk
- Adopt a mindset of assurance with risk assessment, questioning less-checked areas or areas that don't have clear governance in place
 - Start testing areas for anomaly detection
 - Start with what you know then expand
 - Look at things like ICT access times, expense claims and fuel cards
 - Look at customer accounts for money laundering – the ones in big credit
 - You can build momentum for fraud detection here

While it may seem natural for fraud detection to be an internal process, external collaboration can give you the insights, data, strategies and tools to go further. Here's a selection of avenues to consider for positive collaborations toward better detection:

- Other registered/social housing providers
- Government and councils
- Solicitors
- Public-private partnership
- Data-sharing

Most frauds are **discovered by chance**. Would this be acceptable for other areas of compliance?

Rethinking the Role of Whistleblowing

The very word '*whistleblowing*' comes with negative connotations. A cultural shift is needed not just to improve awareness around why it's important to report fraud when detected, but to facilitate a 'speak-up culture' where employees feel motivated by values to recognise and communicate suspicious actions. A change in the language we use is a good starting point, and a renovation of whistleblowing campaigns and processes should follow.

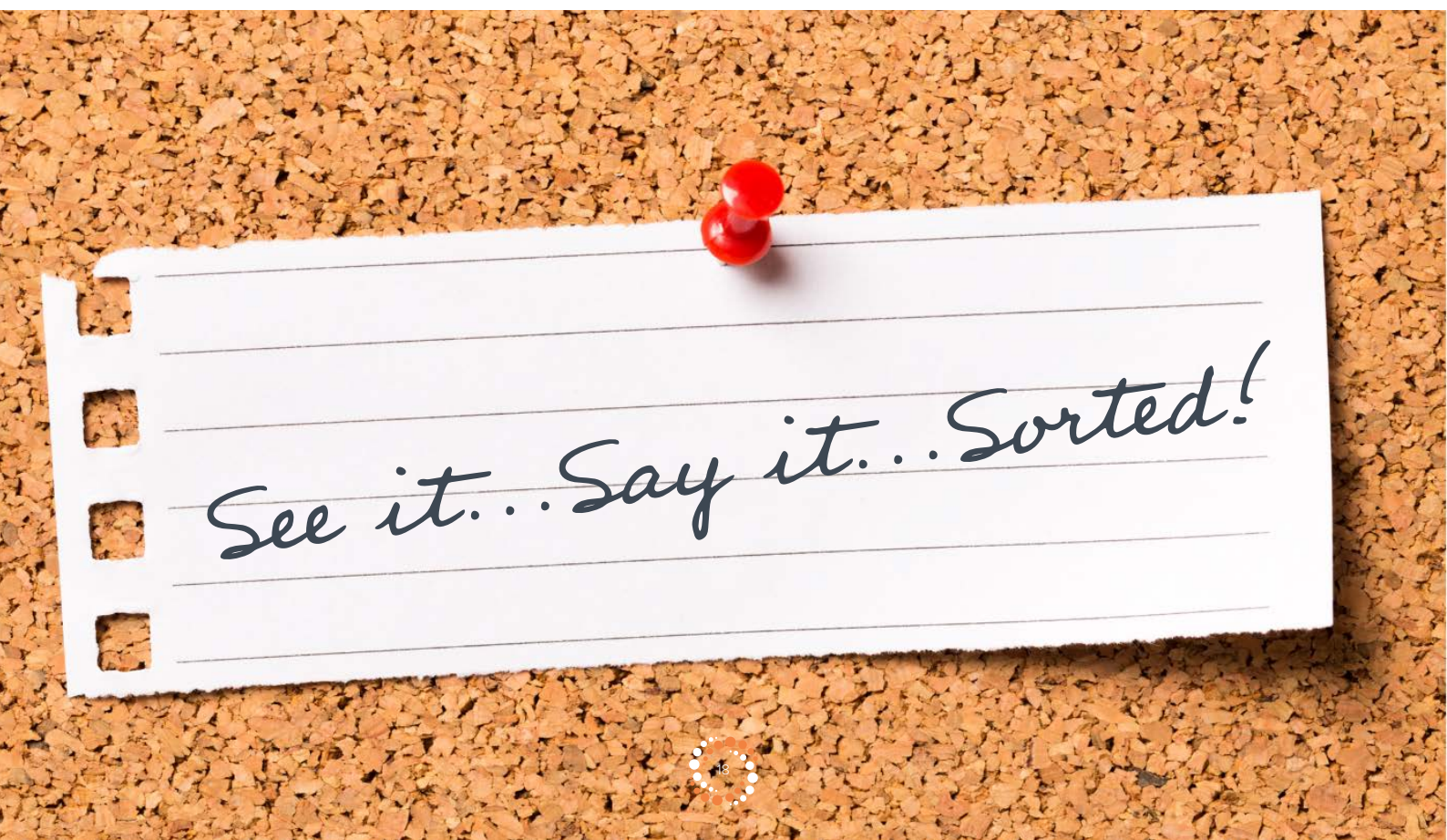
Positioning whistleblowing as 'business integrity' provides good food for thought. Whistleblowing is defined as the act of reporting unethical, illegal or harmful activities within an organisation, and focuses on exposing wrongdoing. Business integrity, on the other hand, is about adherence to ethical principles encompassing honesty, fairness and transparency. The act of 'handing in' a colleague may feel uncomfortable, but the proactive desire to maintain a healthy work environment that protects its people gives motivation for colleagues to act with integrity – both in the prevention and detection of fraud.

The whistleblower's dilemma often consists of loyalty and fairness, so the key is to build a community that values constructive dissent while maintaining group loyalty.

Potential whistleblowers also need assurance over perceived consequences from speaking up, which is where support and encouragement, raising awareness, and transparent measures to protect whistleblowers from retaliation come in. Here are some best practices and takeaways to consider for your next whistleblowing campaign:

- Use positive language and imagery
- Place whistleblowing opportunities in private spaces that respect anonymity
- Look through the lens of the whistleblower for the journey you are encouraging them to take
- Communicate a clear process that involves providing whistleblowers with updates
- Use culture, ethics and values to drive messaging

We should lead with the language of keeping customers, homes and our organisations safe, rather than 'we know you're up to something'



See it... Say it... Sorted!





Recovery

Your strategy to recover from a fraud event depends on the type of fraud your organisation has been subjected to and a robust assessment of the potential for return, mainly but not exclusively in financial terms.

The road to recovery and return once fraud has been identified needs to be a strategic one. In the same way that statistics are lacking in terms of the volume and breadth of frauds the sector faces, so too is data about the cost versus benefit analysis when it comes to recovery and the options for recovery depending on the fraud type.

However, the analysis of that cost-benefit equation is not something that is on the agenda in the heat of dealing with a fraud. It can however be planned for as part of a fraud response plan for your organisation.

This is vital, especially when we consider the scale of expenditure at risk in the sector; it's a process we must explore more deeply. Beyond financial returns, the non-financial impacts are critical as well – delivery of purpose, demonstrating commitment when fraud strikes, reinforcing the corporate values we champion, and supporting those adversely impacted. After all, fraud is never a victimless crime.

Good governance is essential here, driving sound contractual clauses and a detailed evidence trail that can be used in conjunction with policies to help in developing low-hanging fruit litigation options when confronted with fraud, for example by an employee or supplier.

Without this, fraud cases can be undermined because the lack of preparation for how to plan for effective recovery is not in place. Knowing your options, your objectives and why they might vary before the event happens will stop what is often a 'rabbit caught in headlights' moment when fraud is discovered. The paralysis of the shock can lead to mistakes happening when trying to figure out how to respond.

Below we set out key steps for the early stages of an investigation but to ensure those steps are taken advantage of to maximise the opportunity for recovery from a fraud event, foundations need to be in place ahead of time. Consider a communications plan that can be brought into play for anyone affected – whether that be other staff, stakeholders, tenants or members of the public.

Be very clear and candid about where responsibility lies in terms of investigations and when the appropriate time comes to deal with those suspected of wrongdoing, don't shy away from the tough decisions needed to ensure recovery and future prevention. This is not only vital for prospects of recovery action you take but in time, you will realise you have set the tone to others about how you approach a fraud event you have been subjected to.

Ultimately, your organisation will be driven by protecting your assets and people (including customers) as well as looking at the commerciality of any litigation steps you take (ie, will you achieve a return on your litigation investment?)

Every case is different and determining issues such as how likely you are to achieve a prosecution and what your return may look like at an early stage is as important as learning from the event to ensure the same event cannot happen again or that the same gaps in controls do not lead to a risk in another aspect of your organisation.

Establish a step-by-step chronological framework that your team can follow to ensure every stone is turned on your path to meaningful recovery. This should aim to uncover the anatomy of fraud with forensic investigation.

Every case is like a snowflake, they are different with various permutations in play. Whilst every case is different, having some ideas of how your recovery journey might take shape once you suspect fraud are below:

24 hours – Plan

- Make early considerations for the investigation team (who ought to have been selected in anticipation of a fraud event occurring)
- Assess the risk of immediate ongoing damage and what options are available in response
- Build an initial case assessment of theories
- Consider the early stage evidence to hand – do we have enough to go on to investigate further?
- Engage with your Audit and Risk Committee and, in turn, the Board
- Consider the allegations and the questions that need to be answered
- Consider what evidence may be relevant and how it can be preserved
- Consider internal and external evidence, and how external evidence can be obtained
- Commence the outline of an investigation plan and determine what expert advice is required
- Identify your business continuity plan's immediate steps to action

72 hours – Fact-finding

- Allocate a team to investigate and consider if overt or covert investigation
- Engage relevant experts as necessary
- Collect and start reviewing evidence in line with data and email policies
- Keep an open mind to case theories
- Consider contract clauses (low-hanging fruit options to help on solutions, such as contract clauses/ employer obligations for fair investigation)
- Consider your organisation's policies and handbook and evidence whether these have been reviewed by those under suspicion
- Identify third parties to engage with (insurance/police for purpose of insurance coverage to respond)

1 week – Fact-finding and interim assessment

- Review email evidence using electronic tools
- Conduct witness interviews
- Complete interim case reassessment – what does the evidence show?
- Understand options and potential outcomes/court options for each case theory
- Understand cost, reporting and time obligations of each theory
- Decide how to proceed

4 weeks- Proof, court options and resolution

- Consider the need to apply for disclosure orders for bank statements
- Consider the need for anonymity in court proceedings (for example, if impact of fraud is on a safeguarding scheme)
- Consider the benefit of other court orders such as a freezing injunction, search and seizure or delivery up

Best Practice Strategies

Below are some actionable takeaways and key insights with the aim of driving lasting improvements.

Communications

- Define fraud in your organisation, drive awareness, and engage colleagues and Board members around the risk involved
- Develop better reporting internally, including near misses, and sectorially, supporting sector-wide statistics
- Redefine whistleblowing and consider 'business integrity' messaging
- Communicate fraud prevention as a matter of compliance and align with approaches to other areas, such as health and safety and asset compliance
- Improve horizon scanning including the fringes of fraud
- Ensure appropriate emphasis within ARC/Board agendas, especially with respect to risk and internal control frameworks
- Educate employees and their families on fraud to protect not just themselves but wider society

Culture

- Recognise that trust is not a control – assurance rather than reassurance
- Remember that having a 'zero tolerance' policy is only effective if you take strategic action
- Be honest about fraud risks, embrace chronic unease around your weaknesses, and apply controls where necessary
- Reshape whistleblowing campaigns by underpinning them with ethics and values
- Align fraud prevention with supporting the organisation in a positive way to spot it on the ground early, educating that everyone can help protect one another
- Don't rely on finding fraud by chance – change mindsets through an ethical culture that collectively seeks to protect colleagues, the organisation and tenants
- Use fraud risk as a subject matter to build trust and engagement for your people and tenants – social value and wellbeing
- Improve training and awareness beyond sheep dipping, with stronger links to culture and values

Collaboration

Connect with peers, share data, and learn from the public sector and other industries – active listening and active talking

Share insights, near misses, fraud cases and intelligence with external databases like CIFAS, other housing associations and the police to help drive prevention and get ahead

Use data and software partners to detect and prevent fraud and to systemise assurance

Work with the audit community to enhance analysis and reporting



Key Learnings

By the end of the day at the Housing Sector Fraud Risk Conference, after engaging with insights from our keynote speakers and participating in discussions, we asked the same question. It was powerful to see how the audience's thoughts, ideas, and perceptions had developed.

The responses reflected a deeper understanding and a more nuanced approach to fraud risk in housing, highlighting the impact of the knowledge shared and the evolving perspectives.





AWARENESS

PREVENTION

DETECTION

RECOVERY

Strengthening the Sector

Summary of how the sector can improve

- Better reporting internally – near miss, £ & VFM, SV, ESG
- Increased emphasis in sector risk profile and feedback loop from returns by the RSH
- Embrace data and emerging software to detect and prevent fraud and to systemise assurance
- Improve training and awareness and stronger link with culture and values
- Appropriate emphasis within ARC/Board agendas especially with respect to risk and internal control frameworks
- Use fraud risk as consistent communications subject matter to build stakeholder trust and engagement – social value and wellbeing
- Reference approach to fraud as part of ESG reporting and potentially seek inclusion within sector SRS
- Better horizon scanning (including the fringes of fraud)
- Working with audit community to enhance analysis and reporting
- More options for third line of defence and assurance
- Proactively seek to improve protection for customers, colleagues, assets and reputation across organisations



Final Thoughts

Our aim is to drive better practice in the affordable housing sector – to safeguard people, assets and reputations. We do this by helping housing associations develop strong links between fraud prevention and:

- Cultures and Values
- Social Value
- Value for money
- ESG

We'll continue building on the momentum gained from the Housing Sector Fraud Risk Conference and this whitepaper to explore new areas of empowerment for housing associations to combat fraud.

Guided by the key themes of awareness, detection, prevention and recovery, we'll help Boards and Audit and Risk Committees keep the reality of fraud real – exploring and expanding on the proactive measures that can and should be taken to combat fraud.

Together, we can help you develop a better anti-fraud culture that maximises both financial and social returns – ensuring that fraud is treated as a real compliance matter, and keeps people, homes and reputations safe.

What Next?

Assisting you on your fraud prevention journey

Bringing together their experience in internal audit, working on the board and leading audit and risk committees of housing associations, fraud and financial crime compliance, investigations and disputes for housing associations and a range of sectors, Paul Roberts and Arun Chauhan have created a bespoke **fraud risk assessment product for housing associations**.

With the aim of delivering assurance, training and development through their insights and sharing of best practice, Paul and Arun believe that building collaboration within housing associations on combatting fraud through their fraud assessment product will help housing associations address and reduce fraud risk from the ground up as well as the top down.

The product combines a review of policies, interviews with key staff, production of an actionable report amongst other benefits.

If you are interested to learn more on how we can help take your organisation through the journey of awareness, prevention, detection and recovery please contact:

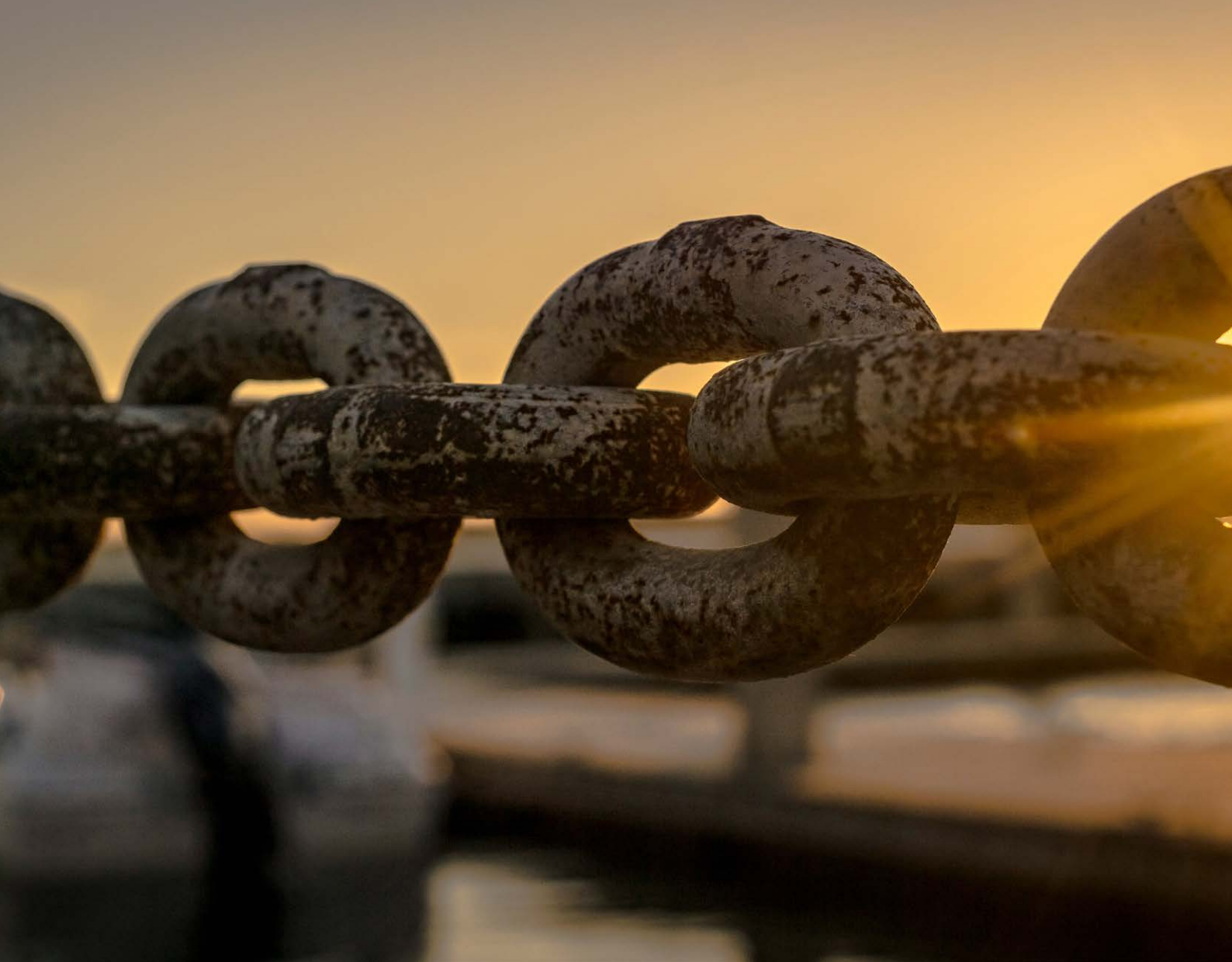


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Our aim is to help better protect people, assets and reputation across the sector and this white paper is a continuation of our dedication towards these aims.

Addressing the rising fraud risks in Registered Providers is critical. Ensuring these concerns are integrated into your Audit and Risk Committee's agendas and risk registers is essential. Horizon scanning and seeking innovative solutions to protect affordable housing assets and enhance their social impact will enhance your organisation. Together we can challenge the norm of why fraud risk and impact isn't talked about more across the sector.

Through collaboration, webinars, events, thought leadership, education and awareness we are striving to share best practice to improve your grasp of fraud-related challenges, helping to evaluate the strength of your anti-fraud culture to safeguard your assets and maintain trust.

Download the original white paper: **Fraud...Nothing** to see here.



Join Our LinkedIn Community Group today to learn more



Key Contributors

The insight and challenge shared by our distinguished speakers at the Housing Sector Fraud Risk Conference have significantly shaped the ideas, conclusions and recommendations presented in this White Paper. We would like to thank all of the speakers who collaborated on the day to deliver inspiring presentations and supported our mission to spark fresh conversations and drive better practice in relation to fraud risk across the sector.

Here are just a few of the speakers who made the day memorable:

Allan Maund

Fraud and Probitry Manager - Bromford Housing Group

James Tickell

Partner - Campbell Tickell

Bob Heapy

Chair - Quartz Housing

Michael Hopkins

Counter Fraud Manager - Hertfordshire Council

Andy Lane

Barrister - Cornerstone Barristers

Darya Oglezneva

Director - Forensic and Investigation Services - Forvis Mazars



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