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FRAUD AND RISK MANAGEMENT



Housing Justice is the national voice of Christian action to prevent homelessness and bad housing. We believe that human dignity is challenged by the lack of a decent home, and aim to mobilise Christians united in their determination to work with and for homeless and badly housed people.

Housing Justice recognises the regulations of the Charity Commission (as set out in the Charities Act 2011), and is committed to upholding best practice with regard the requirements attached to the area of Risk and Fraud management. This policy covers the charitable activities of Housing Justice, including its grant programme (in partnership with the GLA).

1. Definitions within this policy document

- i. Housing Justice appreciates the Charity Commission uses the word 'must' in operational guidance where there is a specific legal or regulatory requirement Housing Justice must comply with. 'Should' relates to recommended (minimum) good practice steps, which Housing Justice should follow unless there is a good reason not to.
- ii. 'Breach of duty' means a breach of any trustee duty. The duties of the Housing Justice's trustees are set out and covered by The Charities Act 2011 and the Companies Act 2006.
- iii. Beneficiary is a person who is intended to receive benefit from Housing Justice.
- iv. Due diligence is the process and steps that need to be taken by trustees to be reasonably assured of the provenance of the funds given to and by Housing Justice, confident that they know the people and organisations the charity works with and are able to identify and manage associated risks.
- v. Identity theft relates to a form of fraud or cheating in which person A pretends to be person B by assuming person B's identity. Typically, this is done in order to access resources or obtain credit and other benefits in person B's name.
- vi. Fraud is dishonesty, involving either false representation (such as identity fraud), failing to disclose information, or abuse of position, undertaken in order to make a gain or cause loss to another. Generally, fraud involves the intention to deceive a person or organisation in order to obtain an advantage, avoid an obligation or cause loss. For trusts and foundations, the term 'Fraud' can be used to describe a range of activities, including deception, double funding, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. The term also includes the use of information technology equipment to manipulate programmes or data dishonestly
- vii. Theft is dishonestly taking property belonging to another with the intention of permanently depriving the other of it.
- viii. Money laundering is the process of turning the proceeds of crime into property or money that can be accessed legitimately without arousing suspicion. The term 'laundering' is used because criminals turn 'dirty' money into 'clean' funds which can then be integrated into the legitimate economy as though they have been acquired lawfully.
- ix. National Crime Agency (NCA) is a new crime-fighting agency with national and international reach and the mandate and powers to work in partnership with other law enforcement organisations to bring the full weight of the law to bear in cutting serious and organised crime. It has five separate commands: border policing; economic crime; organised crime; national cyber crime; and CEOP (child exploitation and online protection.)
- x. Phishing is the criminally fraudulent process of attempting to acquire sensitive information – such as usernames, passwords and credit card details – by masquerading as a trustworthy organisation in electronic communication.
- xi. A serious incident is an adverse event, whether actual or alleged, which results in or risks significant:
 - Loss of a charity's money or assets
 - Damage to a charity's property
 - Harm to a charity's work, beneficiaries or reputation

- xii. Housing Justice notes, If a charity's income is over £25,000, the trustees must, as part of the Annual Return, sign a declaration confirming there were no serious incidents during the previous financial year that should have been reported to the Commission but were not. If incidents did occur, but weren't reported at the time, the trustees should submit these before they file their charity's Annual Return, so they can make the declaration. Until all serious incidents have been reported, the trustees will not be able to make this declaration, or complete the Annual Return, which is a statutory requirement under section 169 of the Charities Act 2011.
- xiii. Suspicious Activity Report (SAR) is a disclosure to the National Crime Agency under either the Proceeds of Crime Act 2002 or the Terrorism Act 2000.

2. Risk Management Policy Overview

- i. Anything that could prevent Housing Justice achieving its aims or carrying out its strategies is a risk. Housing Justice has identified the types of risks it may face will depend on the activity of the organisation (which is subject to change), but may include:
 - a. Damage to Housing Justice's reputation
 - b. Receiving less funding or fewer donations through Housing Justice's fundraising efforts.
 - c. Losing money.
- ii. Housing Justice is not required by law to have a risk management process, nor to follow a particular method. But following the Charity Commission recommendation this clear risk management policy sets out how a Trustee will identify and manage all types of risks, and embed risk management into Housing Justices charity's work.
- iii. Housing Justice complies with the law, non-company charities with incomes of £500,000 or more (and charities with incomes above £250,000 plus assets worth more than £3.26 million) must include a risk management statement in their trustees' annual report. Company charities must report on their main risks and uncertainties in the directors' report (unless they are classed as a small company by law).
- iv. Housing Justice takes the most serious view of any attempt to commit fraud by staff, trustees, applicants for funding, and those working on their behalf.
- v. Housing Justice requires all staff and trustees to act honestly and with integrity at all times, furthering the charitable objectives set out in the Housing Justice's governing document and in the organisation's best interests. Staff and trustees must act to safeguard the resources for which they are responsible.
- vi. In the unlikely event of a serious incident occurring, the steps outlined in section 6 will be followed.

3. Risk Management: Trustees legal duty and responsibility

- i. The trustees of Housing Justice and the grant programme, must ensure they and Housing Justice (and the grant programme) comply with the general law including those associated with fraud and financial crime.
- ii. Trustees have a legal duty to protect the funds and property of their charity so they can be applied for the intended beneficiaries, and further charitable aims (including the grant programme).
- iii. Housing Justice understands managing risk effectively is essential if its trustees are to achieve their key objectives and safeguard their charity's funds and other assets. Trustees need to identify risks that Housing Justice faces and decide whether the systems and procedures they have in place to address them are adequate, reasonable and proportionate. Risks may take a number of forms, including for example:
 - a. Operational
 - b. Financial
 - c. Reputational
 - d. External
 - e. Compliance with the law and regulations in the UK and, if applicable, internationally
- iv. In order to comply with their basic duties, Housing Justice's trustees will consider the full range of risks, in line with best practice. **How Housing Justice's trustees identify and assess risk and what tools they use to help them to do so is up to them.**
- v. Trustees have a duty to ensure Housing Justice's funds (including those allocated for the grant programme) are spent effectively and well managed, with the aim of achieving related charitable aims.
- vi. Trustees must do their best and take reasonable steps to help prevent financial abuse of Housing Justice's funds in the first place.
- vii. Trustees must ensure robust financial controls and procedures suitable for Housing Justice and the grant programme are in place.
- viii. Housing Justice is committed to maintaining appropriate internal and financial controls in place to ensure that all funds are fully accounted for and are spent in a manner that is consistent with the purpose of the charity and grant programme. This involved a commitment to:
 - a. Keep proper and adequate financial records for both the receipt and use of all funds together with audit trails of decisions made.
 - b. Record both domestic and international transactions, sufficiently detailed to verify that funds have been spent properly as intended and in a manner consistent with the purpose and objectives of the organisation.
 - c. Trustees must act responsibly when, and in the interests of the charity, dealing with incidents of fraud and crime (suspected and actual).
 - d. Housing Justice understands the Charity Commission expect individuals connected with the charity to deal with concerns about financial abuse responsibly and where a crime is suspected to report this.
 - e. Failure on the part of Housing Justice's trustees to take reasonable and proper steps to protect the charity and its assets, such as not having suitable and proper financial controls in place or not acting responsibly when dealing with incidents of financial abuse may be regarded as evidence of misconduct and/or mismanagement in the administration of Housing Justice.

4. Risk Management: Initial Steps

- i. There are five basic strategies that Housing Justice have available to apply to manage an identified risk:
 - a. Transferring the financial consequences to third parties or sharing it, usually through insurance or outsourcing
 - b. Avoiding the activity giving rise to the risk completely, for example by not taking up a contract or stopping a particular activity or service
 - c. Management of mitigation of risk – by establishing or improving control procedures (e.g. internal financial controls, controls on recruitment, personnel policies)
 - d. Accepting or assessing it as a risk that cannot be avoided if the activity is to continue.
 - e. The risk may need to be insured against (this often happens for residual risk, e.g. employers liability, third party liability, theft, fire)
 - f. The risk may be accepted as being unlikely to occur and/or of low impact and therefore will just be reviewed annually (e.g. a low stock of publications may be held with the risk of temporarily running out of stock or loss of a petty cash float of £25 held on site overnight)

5. Risk Management: Assessment

- i. Housing Justice understand identified risks need to be put into perspective in terms of the potential severity of their impact and likelihood of their occurrence. This enables Housing Justice to decide whether further action should take place.
- ii. Housing Justice is committed to finding a balance regarding weighing the nature of the risk and its impact alongside its likelihood of occurrence.
- iii. Once a risk has been evaluated, Housing Justice trustees will draw up a plan for any steps that need to be taken to address or mitigate significant or major risks. This action plan and the implementation of appropriate systems or procedures allows the trustees to make a risk management statement in accordance with the regulatory requirements.
- iv. In assessing additional action to be taken, the costs of management or control will generally be considered in the context of the potential impact or likely cost that the control seeks to prevent or mitigate. It is possible that the process may identify areas where the current or proposed control processes are disproportionately costly or onerous compared to the risk they are there to manage. A balance will need to be struck between the cost of further action to manage the risk and the potential impact of the residual risk.
- v. Housing Justice's risk management is a dynamic process ensuring that new risks are addressed as they arise. Housing Justice's risk management will involve ensuring that:
 - a. New risks are properly reported and evaluated
 - b. Risk aspects of significant new projects are considered as part of project appraisals
 - c. Any significant failures of control systems are properly reported and actioned
 - d. There is an adequate level of understanding of individual responsibilities for both implementation and monitoring of the control systems
 - e. Any further actions required are identified
 - f. Trustees consider and review the annual process
 - g. Trustees are provided with relevant and timely interim

Housing Justice Fraud Assessment and Action Resource

This tool is intended to be an indication of some of the main areas of risk that may need to be considered by Housing Justice's trustees. Illustrative examples of potential impact are given, as well as some illustrative examples of controls or action that might be taken to mitigate the risk or impact. Some risks will fall into more than one category. Although the list may be long, it is not exhaustive.

Governance				
Potential Risk	Potential Impact	Steps to Mitigate Risk	Direction of travel	
Failure to accomplish the established overall objectives and goals and achieve the primary purpose of Housing Justice (Carried over from previous risk register)	High	Every trustee receives articles of Association. There is a 3 year rolling strategic plan for the charity which is reviewed and updated annually	Better	
Failure to meet statutory and regulatory requirements. (Carried over from previous risk register)	Medium	• Annual audit and annual accounts by reputable accountants and annual review of audit of accounts, normally through a meeting with the auditors. • Regular reviews of auditors by Treasurer, CEO and Finance Consultant • Review of the performance and fees of our solicitors (NB no record of solicitors engaged) • Trustee induction process • Annual returns to Companies House and Charity Commission carried out by CEO and reported to Board. • Risk increased due to GDPR	Worse	
Trustees not aware of liabilities and obligations – risk increased as Board is growing and financial climate is so challenging.	High	Training organised for 2018 Trustee induction Terms of reference	Neutral	
Spread of skills required not present amongst trustees	Medium	Trustee skills audit carried out in 2017. Trustee recruitment concluded December 2017 New potential trustees start to engage in 2018.	Better	
Succession Planning for the Chair	Medium	Not imminent but Bishop James has indicated he wants a time line on his remaining as Chair	Neutral	
Continued...				

Potential Risk	Potential Impact	Steps to Mitigate Risk	Direction of travel	Heat Map score
The organisational Structure is inappropriate.	Medium	Trustees review the organisation structure. In 2017 a new sub-committee was added and the staff structure amended. Staff structure will need to be checked and/ or reviewed after Board Away Day to ensure it supports the new strategy	Better	
Trustees or staff have conflicts of interest	Low	Conflict of interest register kept by CEO to capture and manage potential conflicts for trustees and staff – reviewed 2017. Trustees are asked to declare new potential conflicts at each Board meeting.	Better	
Lack of trustee turnover could result in less vigilant governance	Low	Consideration to be given to length of terms when CIO set up	Neutral	
Operational				
Safeguarding	High	Staff training for team. Advanced Safeguarding training in hand for managers and Vice Chair, who has the trustee lead for Safeguarding. Revised Policies and procedures, with the assistance and oversight of our insurers who engage a safeguarding specialist to minimise risk. Safeguarding included in Shelter in a Pack and Quality Mark accreditation.	Better	
Advice Giving. Night Shelters look to us to advise them on their obligations eg safeguarding, GDPR, Health and Safety. We are not legally qualified to give this advice. At the same time we recognise many of them are very small and we need to support them and provide the basis of policies and procedures.	Medium	This risk has come to light first regarding Health and Safety. As we are too small to have in-house professionally qualified health and safety staff a consultant has been identified to be our "competent person". Work has commenced to pull together all aspects of health and safety advice incorporated in Shelter in a Pack, Quality Mark and Risk assessments for the hosting project for endorsement by this consultant. Regarding Safeguarding we have had our policy/ procedure endorsed by our insurer's expert and can share with projects. Regarding GDPR we are sharing but advising they need to consider themselves and take their own advice as we are not experts in the field.	New risk identified	
Continued...				

Potential Risk	Potential Impact	Steps to Mitigate Risk	Direction of travel	
Profile of individual staff members. Staff are the face of Housing Justice when they work with multiple partners in the field. There is risk that a "rogue" staff member could discredit Housing Justice.	Low	Monitored through good management, policies and procedures and careful observation of feedback from stakeholders.	New risk	
If Housing First and Rapid Rehousing are successful night shelters could be unnecessary and are currently the core of how we mobilise Christians into action.	Medium	We are fully engaged in new initiatives and what our role is supporting them for the benefit of people experiencing homelessness. We are innovating in terms of new projects/ activities eg Strength based support.	New risk	
Political priorities of English and Welsh Governments and local government change and they are no longer supporting activities Housing Justice is involved in	Medium	Mitigated by close monitoring of political situation. Mitigated by continual development of our models to be relevant, necessary and forward looking.	New risk	
Risk that a project fails because of action / inaction on the part of churches.	Low	Good support at set up stage. Encouragement of attendance at network meetings/ Christian forums. Promoting Quality Mark to assess practice.	New risk	
Continued...				

Potential Risk	Potential Impact	Steps to Mitigate Risk	Direction of travel	Heat Map score
Business Continuity Overdependence on 1 person re key financial/ operational procedures – Executive Administrator.	Medium	Book-keeping passed on to Andy Nash. Monitoring in hand with view to passing over payroll if successful. Cross training on Harlequin and Xero are planned and in hand in preparation for retirement. In addition consideration is being given to the risks around financial record keeping carried out by a new staff member and whether to change and simplify systems performed currently using Harlequin and Xero.	Better	
Overdependence on finance consultant – business very small – 1 accountant and 1 book-keeper.		The Finance consultant advises that this is covered by his professional body and their expectation that there is a back up arrangement. The consultant had another company lined up for this when based in Herts. He has now moved to Wales and is seeking a new company for this.		
The staff numbers are small and most of the staff operate strategically and are important for Housing Justice in terms of profile, influence, credibility and staff management. If 1 more staff member left the impact could be great.		This is mitigated by making sure there is organisational knowledge of the work and relationships through appraisal and supervisions with notes. In addition policies and procedures are in place so that a new person can be guided on how to carry out key tasks.		
Loss of office space in the South London Mission.		Home working could be arranged for most, if not all, staff as an immediate measure. This would allow time to assess the need for office space and alternative telecoms.		
Business Continuity for IT	Medium	Daily back up. Service on the cloud Interruptions due to old server are being resolved – new server being tested.	Better	
Continued...				

Potential Risk	Potential Impact	Steps to Mitigate Risk	Direction of travel	Heat Map score
Volunteers act inappropriately and bring the organisation into disrepute.	Low	Recruitment process in place, including DBS checks. Volunteer agreement	Better	
Project Development	Medium	Authorisation procedure introduced 2017	Better	
Project applications not costed properly and cost more to deliver than expected.		Financial template for bid/ contract pricing approved by Board .		
Lack of focus on project deliverables so not meeting our expectations or those of our funders		Business Planning and appraisals focussed on targeted delivery		
Attraction, recruitment and retention of the right staff.	Medium	Training budgets very low in HJ so risk needs improved management – this particular risk is not improving as funding has not been identified for the necessary training/ support for staff and managers. Real People provide HR advice on recruitment	Same	
Succession Planning		Handled well in 2017/8. Needs to be kept under review.		
Business Plan risk that has been evaluated as high will be added into the risk register				
Finance				
Poor record keeping, inappropriate accounting, inaccurate financial reporting or forecasting, financial loss or exposure. (Carried over from previous risk register)	High	Up to date financial statements are presented to trustees at every Board meeting, produced by a qualified accountant. CEO, Treasurer and Finance consultant in regular contact (Now have Finance Sub Committee of Board) All income and expenditure is recorded and backed up daily. Budget setting improved with plans for contribution to reserves each year.	Improved	
Continued...				

Potential Risk	Potential Impact	Steps to Mitigate Risk	Direction of travel	Heat Map score
Acquiring resources uneconomically or using them inefficiently or ineffectively. (Carried over from previous risk register)	Medium	Professional services are retained either following tender or benchmarking against other providers to ensure best value Annual budgets (running costs and publicity) are set by the Board before the end of each previous year. Regular financial statements give breakdown of admin expenses (including trustees) and cost of other activities. Concern re costs of IT – need to market test to ensure value	Neutral	
Fraud, corruption, misappropriation of assets, waste or loss by staff or trustees. (Carried over from previous risk register)	Medium	All expenditure paid in cheque drawn by Exec Administrator – if above £3,000 requires 2 signatures and if over £10,000 must be signed by at least 1 trustee. All requests for payments accompanied by appropriate documentation. (eg invoice). Trustees are not entitled to remuneration, just travel and financial statements break down admin expenses, including those paid to trustees. 2017 – Financial Controls Audit carried out by Andy Nash and reported to Finance Sub Committee and Board.	Better	
Failure to achieve fundraising targets. (Carried over from previous risk register)	High	Fundraising Strategy with supporting Plan-sources of funding diversified Regular review of expenditure and income Budget scrutiny by Board to ensure budget set with realistic fundraising targets Fundraising receipts monitored. Contingency plans to cut if targets not achieved. Increased frequency of meetings for Fundraising Sub Committee	Better	
Availability of cash/ capacity to continue trading. (Carried over from previous risk register)	High	Trigger to be agreed (in hand with CS and Chief Executive). Monthly monitoring of cash in bank and position regarding reserves. More frequent meeting of Finance Sub Committee.	Neutral	
Running out of money	High	Prudent budget setting Fundraising strategy Careful monitoring/ planning with Finance Sub Committee	Neutral	
Continued...				

Potential Risk	Potential Impact	Steps to Mitigate Risk	Direction of travel	Heat Map score
Not managing our restricted reserves properly	High	Transparent accounting and reporting. Dealing with historic issue of loans on the books as restricted funds by taking steps to convert loans to donations. Successful. Dealing with projected shortfall in 2017/8 by re-negotiating restricted funding into unrestricted funding with funders – successful. Shortfall appeal for 2017/8 – successful. Trust applications for 2017/8.	Better	
Not meeting our Reserves Policy	High	Related to risk above and measures related Reassessment for every Board so transparency. Monthly calculation of position regarding reserves policy with quarterly recalculation of redundancy liability.	Better	
Inaccurate coding	Medium	Managing risk by moving book-keeping over to Andy Nash	Better	
Lack of close financial monitoring	High	Monthly management accounts , cash flow and balance sheet – accompanied by monthly management team meetings to consider them. Management accounts , cash flow and balance sheet presented to each Finance Sub Committee and Board Financial forecast	Better	
Insurance inadequate	Medium	Broker engaged Insurance re assessed for new work eg Hillingdon contrac	Better	
<i>Business Plan risk that has been evaluated as high will be added into the risk register</i>				
Environmental and External				
Reputational-negative publicity and damage to our reputation (Carried over from previous risk register)	High	Formal complaints procedure. Articles signed off by CEO or directors. Where appropriate publications contain disclaimer	Neutral	
Website crashes , is hacked or cannot be updated. (Carried over from previous risk register)	Medium	2 members of staff trained Support provided Project identified for 2018 to replace website provider due to high cost and poor support	Neutral	
<i>Business Plan risk that has been evaluated as high will be added into the risk register</i>				
Continued...				

Potential Risk	Potential Impact	Steps to Mitigate Risk	Direction of travel	Heat Map score
Law and Regulation Compliance				
Employment Law- Transgression of the law in relation to employment. (Carried over from previous risk register)	High	Services of real People retained and used, providing professional HR support. Policies/ Procedures being reviewed and Real People provide templates/ advice. HR policies/ procedures reviewed have been reported to Board	Better	
Health and safety. (Carried over from previous risk register)	High	Close liaison with building management of SLM. Health and Safety issues discussed at team meetings as arise. JDs cover compliance with Health and Safety requirements Lone workers have mobiles and record whereabouts in staff diary – Lone working identified as being in need of review, especially in the light of direct service provision in Hillingdon.	Neutral	
Data Protection – failure to comply with law. (Carried over from previous risk register) GDPR requirements are very onerous	High	Housing Justice registered with Data Protection Registrar. Policies in place to safeguard personal data. Staff made aware of data protection principles. GDPR has increased complication, particularly around fundraising which we are managing through our detailed self-assessment. All small charities are finding GDPR challenging and do not have dedicated resource to explore and manage. We are networked in so we can learn from others and are currently attending webinars organised by Homeless Link.	Better	
Charity Commission and Companies House	High	Annual returns completed by CEO and reported to Board	Neutral	
Compliance with Fundraising Regulator	High	Self assessment against the code being monitored by Fundraising Sub Committee	Better	
<i>Business Plan risk that has been evaluated as high will be added into the risk register</i>				

Heat Map Scoring (calculated using formula Impact x Likelihood.)

Descriptor	Score	Impact on service and reputation
Insignificant	1	• no impact on service • no impact on reputation • complaint unlikely • litigation risk remote
Minor	2	• slight impact on service • slight impact on reputation • complaint possible • litigation possible
Moderate	3	• some service disruption • potential for adverse publicity – avoidable with careful handling • complaint probable • litigation probable
Major	4	• service disrupted • adverse publicity not avoidable (local media) • complaint probable • litigation probable
Extreme/ Catastrophic	5	• service interrupted for significant time • major adverse publicity not avoidable (national media) • major litigation expected • resignation of senior management and board • loss of beneficiary confidence

Fig. 1

Descriptor	Score	Example
Remote	1	may only occur in exceptional circumstances
Unlikely	2	expected to occur in a few circumstances
Possible	3	expected to occur in some circumstances
Probable	4	expected to occur in many circumstances
Highly probable	5	expected to occur frequently and in most circumstances

Fig. 2

Impact						
5. Extreme/ Catastrophic	5	10	15	20	25	
4. Major	4	8	12	16	20	
3. Moderate	3	6	9	12	15	
2. Minor	2	4	6	8	10	
1. Insignificant	1	2	3	4	5	
		1. Remote	2. Unlikely	3. Possible	4. Probable	5. Highly probable
		Likelihood				

6. Risk Management: Action

- i. In the event of something going seriously wrong, Housing Justice are committed to the following best practice procedure:
 - a. Prevention/minimisation any further harm, loss or damage
 - b. Report to the charity commission if a serious incident has taken place
 - c. Report to Action Fraud incidents of fraud, obtaining a crime reference number.
 - d. Report to the police if it is suspected a crime has been committed – and to any other regulators Housing Justice are accountable to.
 - e. Plan what is communicated to staff, volunteers, members of Housing Justice, the public and the media.
 - f. Review what happened and put bespoke safeguards into ensuring (as far as possible) the occurrence will not happen again. It is appreciated this may include strengthening internal controls and procedures, and/or seeking advice from professionals.
- ii. Housing Justice's trustees ensure appropriate safeguards are in place, and take reasonable steps to ensure Housing Justice and its grant programme is not exposed to undue risk.
- iii. Housing Justice will report any significant financial loss, where this threatens the Housing Justice's ability to operate and serve our beneficiaries, or where our financial reserves are not sufficient to cover the loss.
- iv. Housing Justice understands the Charity Commission requires the trustees (who may delegate to a senior member of staff) to report an alleged or actual serious incident. This report must reach the Charity commission in a timely manner. The report must include details of how the trustees are managing the incident, and if the alleged/actual incident has been reported to the police, donors or another regulator.
- v. By reporting a serious incident, Housing Justice's trustees demonstrate they are taking appropriate action to deal with suspected/actual risk. This affirms the trustee's commitment to protecting the assets, reputation and beneficiaries of Housing Justice.
- vi. If Housing Justice's trustees can show the incident has been handled well, this will lessen reputational damage – showing trustees have acted responsibly.
- vii. In more serious cases, where Housing Justice's assets, reputation, services or beneficiaries have been harmed, or are at significant risk, the Charity Commission may need to intervene by using its temporary or protective powers in order to safeguard charity assets and put it back on track.
- viii. Housing Justice will report to the Charity Commission (in line with best practice) if we have evidence to suspect that anyone within or connected to Housing Justice is placed on a UK or international terrorist list or is subject to an asset freeze.
- ix. Housing Justice will report to the Charity Commission (in line with best practice) if charitable funds or assets have been used to pay bribes, protection money or ransoms, or been used to support terrorist activity. In addition, reports will be made to the police in line with Section 19 of the Terrorism Act 2000.

- x. Housing Justice will report to the Charity Commission (following their best practice guidelines):
 - a. If one of the trustees is disqualified in law, under s178 of the Charities Act 2011, from acting as a trustee.
 - b. Housing Justice ceases to operate, for example unmanageable debts or reduced income streams
 - c. Housing Justice's operations are threatened by the combined impact of forced withdrawal of banking services (usually the charity's primary or sole account) and difficulties in securing alternative accounts from within the regulated banking sector
 - d. Housing Justice is subject to a police investigation or a significant investigation by another agency/ regulator.
 - e. Housing Justice suffers a major governance issues, such as mass resignation of staff or trustees, or other events, leaving the charity unable to operate
 - f. If one or more of Housing Justice's trustees or employees are the subject of criminal proceedings, in connection with the charity or their role in it

7. Risk Management: Key Commitments.

- i. Compliance with the Data Protection Act 2018.
- ii. Housing Justice will review its financial controls at appropriate intervals and do critically, keeping them up to date.
- iii. Housing Justice will segregate financial duties and not allow one or two people to be in charge of unchecked financial controls.
- iv. Housing Justice will ensure all financial records of the charity (and also the specific records relating to the grant programme) agree with each other. Housing Justice will ensure if an applicant is awarded funds, receipts are provided to Housing Justice, aligned with the approved expenditure budget attached to the grant.
- v. Concerning the grant programme, Housing Justice is committed to upholding best practice in its performance of due diligence.
- vi. Housing Justice ensures all electronic/online banking arrangements are secure and protected with dual-level authorisation.
- vii. All staff are subject to appropriate background checks and references are sought.
- viii. Housing Justice is committed to ensuring financial information is regularly reported to the trustee board and decisions on financial controls and policies are accurately minuted. In the event a grantee fails to comply with the grant award agreement; if misuse of financial support or a criminal offence is suspected by Housing Justice; if the grantee becomes bankrupt or insolvent or shall have a receiver or administrative receiver appointed of it or over any part of its undertakings or assets or shall pass a resolution for winding up (other than for the purpose of bona fide scheme of solvent amalgamation or reconstruction) or a court of competent jurisdiction shall make an order to that effect or if the Recipient becomes subject to an administrative order or enters in any voluntary arrangement with its creditors or ceases or threaten to cease to carry on business; Housing Justice reserves the right to reclaim (clawback) part or all of the funds awarded as part of the grant agreement.
- ix. Housing Justice ensures access to sensitive information is restricted.
- x. Housing Justice are committed to staying alert to unusual donor activity, and will report unverified or suspicious donations totalling or exceeding £25,000.00 to the charity Commission.

- xi. Housing Justice's trustees are committed to a clear procedure for reporting fraud to the police and to the commission.
- xii. All processes and procedures are to be reviewed and audited.
- vi. Housing Justice is committed to the prevention and combat of fraudulent activity regarding its Grant Programme (in partnership with the GLA):
 - a. Regarding Organisation Applicants to its grant programme: A stringent application process inclusive of requiring supporting document and proof of charity registration from applicants.
 - b. All successful grant applicants are to receive a grant award agreement which outlines the purpose and objectives of the grant which the grantee must commit to by signing.
- vii. In the event of a grant recipient failing to meet application's objectives and deliverables, Housing Justice is committed to responding with proportionate balance. It is understood unexpected things happen, and there may be some innovation or minor project changes, and in this instance, the recipients are to have an opportunity to engage and work with the trustees to realign missteps. It is at the discretion of the trustees, and on a case-by-case basis whether funding objectives are open to modification.

8. Risk Management & The Prevention of Bribery

- i. Housing Justice is committed to the 5 Principles set out by the Ministry of Justice in preventing bribery:

Principle 1 – Proportionate procedures An organisation's procedures to prevent bribery by persons associated with it are proportionate to the bribery risks it faces and to the nature, scale and complexity of its activities. They are also clear, practical, accessible, effectively implemented and enforced.

Principle 2 – Top-level commitment The top-level management of an organisation (for charities, this means its trustees and senior managers) are committed to preventing bribery by persons associated with it. They foster a culture within the organisation in which bribery is never acceptable.

Principle 3 – Risk assessment The organisation assesses the nature and extent of its exposure to potential external and internal risks of bribery on its behalf by persons associated with it. The assessment is periodic, informed and documented.

Principle 4 – Due diligence The organisation applies due diligence procedures, taking a proportionate and risk based approach, in respect of persons who perform or will perform services for or on behalf of the organisation, in order to mitigate identified bribery risks.

Principle 5 – Communication (including training) The organisation seeks to ensure that its bribery prevention policies and procedures are embedded and understood throughout the organisation through internal and external communication, including training, that is proportionate to the risks it faces.

Principle 6 – Monitoring and review The organisation monitors and reviews procedures designed to prevent bribery by persons associated with it and makes improvements where necessary.

9. Risk Management: Roles and Responsibilities

i. The Trustees

The trustees are responsible for overseeing Housing Justice's governance, and are ultimately responsible for mitigating risk. Key tasks for trustees are as follows:

- a. Trustees to carry out vigorous and prompt investigations if fraud occurs
- b. Trustees to take appropriate disciplinary and/or legal action against perpetrators of fraud
- c. Trustees to take appropriate disciplinary action against staff where their failures have contributed to the commission of fraud.

ii. The Chief Executive

The Chief Executive is responsible for the day to day operation and management of Housing Justice. The Chief Executive is responsible for the prevention and detection of fraud by ensuring adequate systems of control exist throughout the organisation and these controls operate effectively.

There is a need for the Chief Executive to:

- a. Identify and assess the risk involved in all operations of Housing Justice
- b. Develop and maintain effective controls to prevent and detect fraud
- c. Ensure compliance with controls
- d. Ensure agreed procedures are followed
- e. Be responsible for investigating suspected fraud
- f. Report suspected/actual fraud to the Chair of the Trustees
- g. Complete a review of control systems once an investigation has been completed

10. Risk Management: Fraud Response Plan (Example)

Actions to be taken within the first 48 hours:

1. Meeting to be convened of those involved in dealing with the suspected fraud
2. An initial assessment of the extent and nature of the fraud to be made
3. Collect all relevant evidence
4. If staff are complicit in the fraudulent activity, seek personnel advice to ensure actions are fair and reasonable in the circumstances
5. Limit the possibility of further damage
6. Make a decision on sharing information with others

Follow-Up Measures:

1. Decide whether to prosecute the perpetrators
2. Reconsider whether the fraud should be reported to the police, lawyers, charity commission, insurers, other funders media
3. Agree and implement improvements to relevant control systems
4. The Chief Executive to prepare a report for the board explaining what went wrong and how this can be prevented in the future.

Sources:

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