

## NOTTINGHAM CITY HOMES

### REPORT OF DIRECTOR OF FINANCE, ICT AND GOVERNANCE

AUDIT COMMITTEE  
8 DECEMBER 2008

#### ANTI-FRAUD AND CORRUPTION FRAMEWORK

##### 1 SUMMARY

- 1.1 Attached to this report is a copy of the Company's newly compiled Anti-Fraud and Corruption Framework.

##### 2 BACKGROUND

- 2.1 As part of their annual review of the Company's internal control systems the Company's internal auditors TIAA Ltd performed a review of NCH's governance and anti-fraud arrangements to provide assurance on the overall adequacy of corporate governance and risk management and degree to which anti-fraud working practices were embedded across the Company.

Subsequently, the September 2008 Governance and Anti-Fraud Audit Report produced by TIAA Ltd highlighted a number of recommendations designed to strengthen the Company's fraud management and corporate governance arrangements. These recommendations included the need to finalise the Company's draft Anti-Fraud Policy and present it to Members for Board approval.

The Company's Anti-Fraud and Corruption Framework, compiled in line with current best practice, includes an Anti-Fraud Policy and has been updated to address a number of other recommendations raised in the Governance and Anti-Fraud Audit Report, notably documenting:

- The need to establish and document fraud response instructions for managers;
- The need to identify whether employee leaving the Company are aware of any fraud, other irregularities or control breakdowns during exit interviews; and
- The requirement to include all fraud issues on the fraud register.

##### 3 RECOMMENDATIONS

It is recommended that:

- 3.1 Members review the Anti-Fraud and Corruption Framework to satisfy themselves that the controls established and responsibilities assigned are sufficiently adequate to ensure that anti-fraud management is embedded across the Company; and

- 3.2 the Audit Committee recommend the Anti-Fraud and Corruption Framework for Board approval by the Board in January 2009.

#### **4 OTHER OPTIONS**

- 4.1 Not applicable.

#### **5 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES**

- 5.1 Not applicable.

#### **6 RISK ASSESSMENT**

- 6.1 Not applicable.

#### **7 VALUE FOR MONEY & EFFICIENCY ISSUES**

- 7.1 The aim of effective anti-fraud and corruption management is to manage the risk of fraud and the potential for damage to the Company or its reputation while also protecting its assets. The establishment of the Anti-Fraud and Corruption Framework should make a significant contribution to improving anti-fraud management across the organisation and hence reduce the level of additional resources required to repair damage or replace losses caused by fraudulent activity.

#### **8 EQUALITY & DIVERSITY IMPLICATIONS**

- 8.1 None.

#### **9 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

- 9.1 TIAA Ltd Internal Audit Report – Appraisal Review of the Governance Anti-Fraud Arrangements

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