



Regulator of  
Social Housing

# **NROSH+ Fraud Reporting**

## **Guidance for Registered Providers**

Version 1.0 (March 2021)



OFFICIAL

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## Reporting of fraud

The regulator sets out its reporting requirements on fraud in regulating the standards – which requires registered providers that own a thousand social housing units or more to provide an annual report on fraud losses – and in the governance and financial viability standard – which requires registered providers to communicate with the regulator in an accurate and timely manner including in relation to the annual report on fraud losses.

While the response to any fraud is primarily a matter for the registered provider, the regulator has an interest in ensuring that the opportunity and scope for fraudulent activity in the social housing sector is minimised and that a registered provider's response is appropriate and robust.

A significant fraud may impact on a registered provider's ability to meet the governance and financial viability standard for example where it reveals weaknesses in internal control systems. Additionally, there is reputational risk to the sector where serious fraud is reported on publicly. Therefore in addition to the specific requirement for an annual report to the regulator, it may be appropriate for a registered provider to advise the regulator immediately of material frauds as they occur in accordance with the governance and financial viability standard – which requires registered providers to communicate in a timely manner with the regulator on issues that relate to non-compliance or potential non-compliance with the standards.

In line with the overall approach to regulation, it is expected that the reporting of incidents of fraud will be dealt with in a co-regulatory fashion. However, the regulator has had a number of queries from providers on this subject. Hence, the preparation of this document which is designed to signpost providers towards established policies, procedures and practices in this field and to clarify our interpretation of fraud for the purposes of annual reporting.

Feedback received from providers indicated that it would be helpful for the regulator to set out a format for the annual report. Therefore, we have prepared a Microsoft Excel spreadsheet showing a suggested format. This could also be used by providers as an internal register of fraudulent activity. The report to the regulator should be based on the provider's financial year and submitted to the regulator via NROSH+ within 6 months of the financial year-end, in line with the timescale for submitting annual accounts.

## Definition of fraud

Fraud can be summarised as ‘an act of deception, by intent or omission, made for personal gain and/or to damage another person’. The Fraud Act 2006 set out for the first time a legal definition of fraud which identified three classes of fraud, these being:

- (1) fraud by false representation
- (2) fraud by failing to disclose information
- (3) fraud by abuse of position.

### Fraud by false representation

- (1) A person is in breach of this section if he (or she):
  - (a) dishonestly makes a false representation, and
  - (b) intends, by making the representation:
    - (i) to make a gain for himself or another, or
    - (ii) to cause loss to another or to expose another to a risk of loss.
- (2) A representation is false if:
  - (a) it is untrue or misleading, and
  - (b) the person making it knows that it is, or might be, untrue or misleading.

### Fraud by failing to disclose information

- A person is in breach of this section if he (or she):
- (a) dishonestly fails to disclose to another person information which he is under a legal duty to disclose, and
  - (b) intends, by failing to disclose the information:
    - (i) to make a gain for himself or another, or
    - (ii) to cause loss to another or to expose another to a risk of loss.

### Fraud by abuse of position

- (1) A person is in breach of this section if he (or she):
  - (a) occupies a position, in which he is expected to safeguard, or not to act against, the financial interests of another person,
  - (b) dishonestly abuses that position, and
  - (c) intends, by means of the abuse of that position:

(i) to make a gain for himself or another, or

(ii) to cause loss to another or to expose another to a risk of loss.

(2) A person may be regarded as having abused his position even though his conduct consisted of an omission rather than an act.

## Available guidance

There are many professional bodies and advisers working in this area, and much information and guidance is available. The Institute of Internal Auditors (IIA) publishes a practice guide entitled *Internal auditing and fraud* which is designed to assist internal auditors to comply with professional standards. It can also be used to provide practical guidance for boards and management.

The IIA is also a participant in publishing a detailed guide for global business entitled *Managing the business risk of fraud: a practical guide*. This publication is available, either in full or in summary form, to download free of charge from the IIA website. The key principles stated in the guide and relevant to registered providers are:

- As part of an organisation's governance structure, a fraud risk management programme should be in place, including written policies
- Fraud risk exposure should be assessed periodically to identify specific potential schemes and events which may require mitigation
- Prevention techniques should be established to mitigate risk
- Detection measures should be in place
- A reporting process should be in place to solicit input on potential fraud
- A co-ordinated approach should be established for timely investigation and corrective action

The National Housing Federation has published guidance prepared by PKF (UK) LLP and the Housing Internal Audit Forum also produces guidance and can offer advice on this subject.

## Annual report to regulator

A Microsoft Excel spreadsheet showing a suggested format for an annual report is attached. This could also be used by providers as an internal register of fraudulent activity. Other formats for returns are acceptable but should contain the range of information as set out in the suggested form.

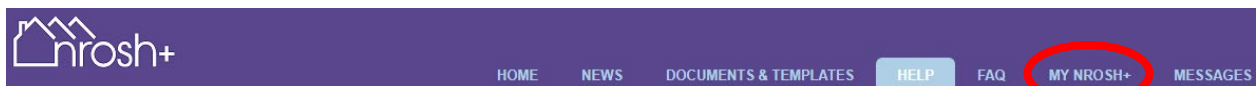
The report to the regulator should be based on the provider's financial year and submitted to the regulator within 6 months of the financial year-end. Earlier submission is encouraged.

Group structures may choose to submit individual or consolidated returns, although in the latter case it should be clear in which RP fraud took place.

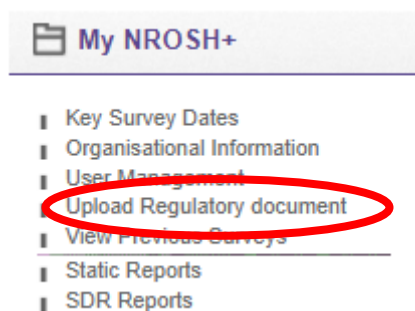
In accordance with our wishes to operate a proportionate and risk-based approach, smaller providers – defined as owning fewer than a thousand social housing units – are not required to submit a return. However, they may choose to do so and should report any material frauds that they may be subject to. Larger providers should always submit a return, but this may be on a 'nil' basis if they have no frauds to report.

To provide a fraud report to the regulator, you will need to upload it into the NROSH+ System. Providers need to ensure that they have the appropriate NROSH+ system access. Please contact your NROSH+ System Administrator for more information regarding system access and use.

Once logged in to the NROSH+ system, navigate to the My NROSH+ section of the website, by clicking on the My NROSH+ link (as circled below).



On the left hand side of the web page, are a set of links. Click on Upload Regulatory document.



This will open the Upload Regulatory Document page. From the dropdown, select the document category type Fraud report (see below).

Please select the Regulatory document you wish to upload \*

-- Select category-- ▾

-- Select category--

Annual financial statement / accounts

Management letters (including Audit Management Letter)

Other documents

**Fraud reports**

IDA documentation

Disposal notification

Add a brief description of the file you are planning to upload (this is a mandatory requirement you cannot leave this description blank).

Click Browse. This will open a Windows Explorer dialogue box. Browse for the relevant file and click Open.

Once the confirmed file is in the Browse box, click Upload file.

Please select the Regulatory document you wish to upload \*

Fraud reports ▾

Description \*

Fraud report

Fraud report...e 2019.xlsx

A confirmation message that the file has uploaded successfully, will be displayed and the file will be listed in the file list (see below).



Regulatory document(s) uploaded successfully.

Please select the Regulatory document you wish to upload \*

-- Select category-- ▾

Description \*

No file chosen

File Name	Category	Description	File Type	Date of upload	Download link	Delete file link
Fraud reporting template 2019.xlsx	Fraud reports	Fraud report		05/03/2019	Download	

Once finished, logout of the NROSH+ system.



Any queries on this note should be directed to the regulator referrals and regulation enquiries team by emailing [NROSHenquiries@rsh.gov.uk](mailto:NROSHenquiries@rsh.gov.uk) or phoning 0300 1245 225.



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Any enquiries regarding this publication should be sent to us via

Email: [enquiries@rsh.gov.uk](mailto:enquiries@rsh.gov.uk)

Telephone: 0300 124 5225.

Or write to:

Regulator of Social Housing  
1st Floor - The Lateral  
8 City Walk  
Leeds  
LS11 9AT