

Anti-Fraud, Tax Evasion & Bribery Policy and the Fraud Response Plan

Version and Revision Records		
Target Audience		All Staff
Document Owner (Job Title)		Executive Director of Governance & Compliance
Authorised by		Audit Committee
Frequency of Review		Every Three Years
Next Review Date		October 2025
Document Revision History		
Version No.	Date	Details of Changes
9	16 November 2016	No material changes
10	9 November 2017	Introduction of Corporate Criminal Offences related to tax evasion under the Criminal Finances Act 2017
11	8 November 2018	Minor updates to wording
12	12 November 2019	Updated to reflect additional tax evasion policy content and to reflect change of document owner and nominated officer.
13	October 2020	Reflected Executive Director responsibilities and role of Risk and Assurance Manager. Minor wording updates and layout changes. Added we will maintain a corporate-level risk assessment of its activities and the areas where there is the potential for fraud and corruption, examples of fraud, extended disciplinary procedures, management of complaints and examples of fraud.
14	October 2021	Minor changes to reference of Head of HR Services role to People Services Manager
15	October 2022	Minor only including some additional examples of fraud relating to amending bank account details and over ordering goods / services.

1. Definitions

Bribery The crime of bribery is described in Section 1 of the Bribery Act as occurring when a person offers, gives or promises to give a "financial or other advantage" to another individual in exchange for "improperly" performing a "relevant function or activity".

The Bribery Act 2010 introduced four criminal offences from 1 July 2011:

- an offence of bribing (offering, promising or giving a financial or other advantage) (s.1);
- an offence of being bribed (requesting, agreeing to receive or accepting a financial or other advantage) (s.2);
- an offence of bribery of foreign public officials (s.6); and
- an offence by a corporate body of failing to prevent bribery by an associated person (s.7) - (the "Corporate Offence").

Corruption The offering, giving, soliciting or acceptance of an inducement or reward that may influence the action of any person to the detriment of Moat. Lack of integrity or honesty (especially susceptibility to bribery); use of a position of trust for dishonest gain.

Fraud The act of depriving someone of something by deceit, which might occur either as theft, misuse of funds or other resources and includes more complicated crimes like false accounting, tax evasion, misuse of computer records and the supply of false information.

The word fraud is used to describe acts of deception, bribery (as defined by the Bribery Act 2010), forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

The offences covered under the 2006 Fraud Act include:

- Fraud by false representation
- Fraud by failing to disclose information
- Fraud by abuse of position
- Possession of articles for use in fraud
- Making or supplying articles for use in frauds
- Obtaining services dishonestly
- Liability of company officers for offences by Company

Irregularity Suspicion of fraudulent activity or action which deliberately disregards Moat's regulations and procedures with the intention of personal gain.

Tax evasion Part 3 of the Criminal Finances Act 2017 introduced Corporate Offences comprising the failure of an organisation's agents to prevent the facilitation of tax evasion in the UK or overseas.

Tax Evasion means an offence of cheating the public revenue or fraudulently evading UK tax and is a criminal offence. The offence requires an element of fraud, which means there must be deliberate action or omission with dishonest intent.

Foreign Tax Evasion means evading tax in a foreign country, provided that the conduct is an offence in that country and would be a criminal offence if committed in the UK. As with tax evasion, the element of fraud means there must be deliberate action or omission with dishonest intent.

Tax Evasion Facilitation means being knowingly concerned in or taking steps with a view to the fraudulent evasion of tax (whether UK tax or tax in a foreign country) by another person or aiding, abetting, counselling or procuring the commission of that offence. Tax evasion facilitation is a criminal offence, where it is done deliberately and dishonestly.

A successful prosecution could lead to an unlimited fine; a public record of the conviction; significant reputational damage and adverse publicity; all leading to a severe regulatory impact.

2. Introduction

- 2.1 Moat is committed to the prevention, detection and elimination of fraud and corruption and it expects that its staff, board members and agents will act with honesty and integrity in all dealings with and on behalf of Moat.
- 2.2 All employees and board members are expected to lead by example in ensuring that the highest levels of behaviour are adopted and that Moat's regulations, policies and procedures, including legal requirements, are complied with.

3. Policy application

- 3.1 This policy covers both internal frauds committed by temporary, permanent or agency staff, board members and externally generated fraud, for example by suppliers, advisors or contractors. It also covers cases where staff or board members are in collusion with a third party to commit fraud.
- 3.2 The same principles will be applied to the extent that they are appropriate to board members, temporary agency staff, agents of Moat, external consultants engaged by Moat and contracting partners.

4. Relationship with other policies

- 4.1 Other Moat policies and procedures which interface with the anti-fraud policy include:

- Whistleblowing Policy
- Anti-Money Laundering Policy
- Policy on Payments and Benefits to Board members and Staff
- Employee Code of Conduct
- Gifts and Hospitality
- Conflict of Interest procedures
- Risk Management Policy and Framework
- Data Protection Policy
- Use of IT Resources
- Standing Orders and Terms of Reference
- Delegated Financial Authorities Framework.

5. Policy statement

Anti-fraud and anti-bribery policy

- 5.1 Moat does not tolerate fraud of any type or in any circumstance. This policy reflects Moat's resolve to prevent, detect and act upon all known cases of fraud, tax evasion, bribery, corruption and financial irregularity:
 - We are committed to the prevention and elimination of fraud, tax evasion, bribery, corruption and dishonesty in all of our activities.
 - We expect all staff to demonstrate the highest standards of honesty at all times.
 - All managers are responsible for putting into place and maintaining effective systems of internal control and making sure that our resources are used on the activities they are meant for. This includes being responsible for the prevention and detection of fraud and corruption.
 - We aim to prosecute anyone who commits fraud and/or corruption as this is an important way of discouraging other people from committing fraud in the future.

- We consider the abuse by employees of their employment, financial or other benefits from us or any other public organisation, as gross misconduct.
- Where it is found that fraud has been or is potentially being perpetrated, a full investigation will take place and appropriate sanctions applied.

6. Fraud prevention

6.1 To prevent fraud, Moat has high level and operational systems of internal control, designed to minimise the likelihood of fraud efficiently and cost effectively. Key control/preventions are:

- Robust corporate governance arrangements defining the way in which the Board will operate, the powers that board members have and the way in which they can delegate.
- Management and operational procedures which mitigate against opportunities for fraud.
- Clear definition of authorisation levels and recognition by directors and managers of the importance of compliance.
- Programme of controls assurance, including internal audit and the SLT quarterly sign-off process, designed to provide assurance over the proper operation of a system of internal control designed to manage the risks faced by the organisation including minimising the likelihood of fraud.
- The employment of suitably qualified professionals (either as staff or advisors) for the application of tax strategy to comply with UK and relevant international tax law.

7. Corporate criminal tax evasion

7.1 Moat has a zero-tolerance approach to all forms of tax evasion, whether under UK law or under the law of any foreign country:

- Moat's staff, officers and agents must not undertake any transactions which:
 - (a) Cause Moat to commit a tax evasion offence; or
 - (b) Facilitate a tax evasion offence by a third party who is not an employee, officer, or agent of Moat.
- We are committed to behaving professionally, fairly and with integrity in all our business dealings and relationships, wherever we operate and implementing and enforcing effective systems to counter tax evasion facilitation.
- At all times, business should be conducted in a manner such that the opportunity for and incidence of tax evasion is prevented.

8. Policy

Anti-fraud policy

8.1 It is Moat's policy to:

- implement and maintain effective systems of internal control to ensure that Moat's resources are used on the activities they are meant for
- report all cases of fraud or suspected fraud to the Regulator of Social Housing as appropriate
- report all matters to the Police where there is prima facie evidence that a crime has been committed

- co-operate with the Police in providing evidence to secure a prosecution, ensuring that a potential prosecution is not compromised by the internal investigation
- take action under the disciplinary procedure against any member of staff who is suspected of having committed fraud, where the suspicion is founded
- report and investigate suspicions of fraud by a board member, and then take appropriate disciplinary action including their removal from Moat's board if necessary
- take all reasonable steps to recover any assets that have been lost as a result of fraud
- investigate suspected fraud, act at all times within the relevant legislation and have full regard for the rights of the person under suspicion to be treated professionally and with dignity.

Examples of fraud are provided in Appendix 4. This list is not exhaustive and should be used as a guide.

Corporate criminal tax evasion policy

8.2 It is Moat's policy to:

- comply with UK and relevant international tax law
- obtain professional tax advice to ensure tax efficiency of activities within the law
- investigate any report of suspicious tax related transactions promptly and to report it to the Police and/or HMRC
- take action under the disciplinary procedure against any member of staff who is suspected of enabling or committing tax evasion, where the suspicion is founded
- report any suspicious tax related activities among suppliers or contractors to the appropriate authority.

8.3 In line with HMRC guidance Moat has prepared its six key principles of defence against corporate criminal tax evasion, including a risk assessment. This can be found at Appendix 2.

Anti-bribery policy

8.4 Moat does not tolerate, permit or engage in bribery, corruption or improper payments of any kind in any of its operational activities.

8.5 We are committed to the following principles:

- We will carry out business fairly, honestly and openly.
- We will not give or offer any money, gift, hospitality or other advantage to any person carrying out a business or public role or to a third party associated with that person, to get them to do something improper.
- We will not use intermediaries or contractors for the purpose of committing acts of bribery.
- We do not allow employees to accept money, gifts, hospitality and other advantages from business associates, actual or potential suppliers or service providers which are intended to influence a business decision or transaction in some improper way.

8.6 We will avoid doing business with others who do not commit to doing business without bribery.

9. Roles and Responsibilities

Board

Responsibility for establishing and maintaining a sound system of internal control. An effective system of control enables Moat to respond and manage the whole range of risks faced by the organisation including managing the risk of fraud, tax evasion and bribery (throughout this document the term fraud shall also apply to tax evasion and bribery).

Audit Committee

Reviewing the adequacy of the range of anti-fraud measures designed to prevent and detect fraud and to respond effectively to allegations of fraud. To review and approve this policy and to seek appropriate assurance on the effectiveness of controls to manage fraud.

Chief Executive

The Chief Executive has overall responsibility for managing the risk of fraud. Individual responsibilities have been delegated to:

Executive Director of Finance

The Executive Director of Finance is responsible for ensuring that there is a clear framework within Moat for preventing, detecting and responding to fraud, tax evasion and bribery.

Executive Director of Governance & Compliance

Operational responsibility for the execution of Moat's policy framework is the responsibility of the governance and compliance team, led by Executive Director who is the nominated officer for receiving reports on fraud and maintaining the fraud register. Responsibilities include:

- Liaising with the People Services Manager regarding any investigation/disciplinary action relating to any staff member(s) suspected of perpetrating or concealing fraud;
- Liaising with the Chief Executive regarding any internal communication and / or any external PR necessary as a result of a fraud related matter;
- Liaising with the Audit Committee on all fraud related matters;
- Establishing an effective anti-fraud policy and fraud response plan;
- Making sure that all staff are aware of the organisation's anti-fraud policy and their individual responsibilities;
- Ensuring that appropriate anti-fraud training is available to staff and Board members;
- Ensuring that vigorous and prompt investigations are carried out if fraud occurs or is suspected;
- Taking appropriate legal/disciplinary action against all perpetrators/concealers of fraud against Moat; and
- Taking appropriate action to recover losses as a result of fraud.

Risk and Assurance Manager

- Maintain a corporate-level risk assessment of its activities and the areas where there is the potential for fraud and corruption. This will set out who is responsible for each risk area and measures in place to prevent, deter and detect fraud and corruption.
- Where weaknesses are identified through internal audit reviews, investigation or staff feedback, ensure improvement action plans are implemented in a timely manner.

Executive Directors and Directors

- Have an awareness of the potential for fraud and corruption and ensure an adequate system of control exists within their areas of responsibility and that controls operate effectively.
- Preventing and detecting fraud and role modelling a zero-tolerance approach.
- Ensuring fraud risks are identified and recorded on risk registers with mitigating actions, any actions required to strengthen processes and control owners clearly identified.
- Assessing the types of fraud risk prevalent in their area of operation and ensuring that existing controls adequately mitigate the risk, particularly when planning new projects and their delivery mechanisms, and where working with third parties, where the risk of fraud may be higher.
- Implementing new controls to reduce the risk of fraud as necessary.
- Integrate anti-fraud processes with day-to-day operational procedures.

Internal Audit

- Delivering an opinion to the Audit Committee and senior management on the adequacy of arrangements for managing the risk of fraud and ensuring that the organisation promotes an anti-fraud culture.
- Assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of controls and that they are commensurate with the extent of the potential exposure/risk in the various segments of the department's operations.
- Ensuring that management has reviewed its risk exposures and identified the possibility of fraud as a business risk.
- Assisting management in conducting fraud investigations.

Staff

All staff are responsible for safeguarding the organisation against the risk of fraud and have the following responsibilities:

- Acting with propriety in the use of official resources. This may include but is not limited to cash, payment systems, receipts, supplies, dealing with suppliers, the use of IT equipment, plant, company vehicles, placing orders and entering into contracts.
- Preventing and detecting fraud.
- Being alert to the possibility that agile ways of working, unusual events or transactions could be open to abuse or indicators of fraud.
- Reporting details immediately through the appropriate channel if they suspect a fraud has been committed or see any suspicious acts or events in accordance with the Fraud Response Plan (see Appendix 1).
- Co-operating fully with whomever is conducting internal checks, reviews or fraud investigations.

10. Monitoring and review

Moat's Anti-Fraud, Tax Evasion and Bribery framework will be monitored by the Executive Director of Governance & Compliance and the Risk and Assurance Manager to ensure it is working effectively and opportunities for preventing and detecting fraudulent or corrupt activity are maximised.

Changes to the framework may be required following lessons learned from investigations or informed by changes in legislation or best practice.

The framework will be formally reviewed by the Audit Committee every three years or as required, which will be supported by a refreshed fraud risk assessment of Moat's activities.

Fraud Response Plan

1. Introduction

- 1.1. This fraud response plan provides a checklist of actions and a guide to follow if fraud is suspected. It covers:
- notifying suspected fraud, bribery, theft or other irregularity (within Moat)
 - the investigation process
 - liaison with the Regulator of Social Housing, Police, internal and external audit as appropriate
 - initiation of recovery action
 - reporting process.
- 1.2 Its purpose is to define authority levels, responsibilities for action and reporting lines in the event of suspected fraud, bribery, theft or other irregularity.

2. Reporting Suspected Fraud

- 2.1. It is important that all staff are able to report their concerns without fear of reprisal or victimisation and are aware of the means to do so. The Public Interest Disclosure Act 1998 (the “Act”) provides appropriate protection for those who voice genuine and legitimate concerns through the proper channels as set out in the Whistleblowing Policy.
- 2.2 In the first instance, any suspicion of fraud, corruption, theft or other irregularity should be reported orally and preferably in writing, as soon as possible to your line manager and the Executive Director of Governance & Compliance (Moat’s nominated officer for receiving reports on fraud and maintaining the fraud register).

If such action would be inappropriate, your concerns should be reported upwards to one of the following persons:

- Executive Director Finance
 - Chief Executive
 - Audit Committee chair.
- 2.3 The Chief Executive, Executive Director of Governance & Compliance and Executive Director of Finance must report all serious suspicions of fraud and fraud cases to the Audit Committee.

3. The Investigation Process

- 3.1. Suspected fraud must be investigated in an independent, open-minded and professional manner with the aim of protecting the interests of both the organisation and the suspected individual(s). Suspicion is not seen as guilt to be proven.
- 3.2. The investigation process will vary according to the circumstances of each case and will be determined by the Chief Executive in consultation with the Executive Director of Governance & Compliance and Executive Director of Finance. An “Investigating Officer” will be appointed to take charge of the investigation on a day-to-day basis. This will normally be overseen by the Executive Director of Governance & Compliance or exceptionally, by another independent Director.

Where a staff member is suspected of perpetrating or concealing a fraud, the People Services Manager must be notified by the Executive Director of Governance & Compliance and will advise on the investigation process.

- 3.3 The Investigating Officer will appoint an investigating team, independent of the service area where the suspected fraud has occurred.
- 3.4 Where initial investigations reveal that there are reasonable grounds for suspicion and to facilitate the ongoing investigation, it may be appropriate to suspend an employee against whom an accusation has been made. This decision will be taken by the Chief Executive in consultation with the Executive Team, the People Services Manager and the Investigating Officer. Suspension should not be regarded as disciplinary action nor should it imply guilt. The process will follow the guidelines set out in Moat's Terms and Conditions of Employment relating to such action.
- 3.5 It is important, from the outset, to ensure that evidence is not contaminated, lost or destroyed. The investigating team will therefore take immediate steps to secure physical assets, including computers and any records thereon and all other potentially evidential documents. They will also ensure, in consultation with management, that appropriate controls are introduced to prevent further loss.
- 3.6 The Investigating Officer will ensure that a detailed record of the investigation is maintained. This should include a chronological file recording details of all telephone conversations, discussions, meetings and interviews (with whom, who else was present and who said what), details of documents reviewed, tests and analyses undertaken, the results and their significance. Everything should be recorded, irrespective of the apparent significance at the time.
- 3.7 All interviews will be conducted in a fair and proper manner. Where there is a possibility of subsequent criminal action, the police will be consulted and interviews may be conducted under caution in compliance with the Police and Criminal Evidence Act 1984 (PACE), which governs the admissibility of evidence in criminal proceedings.
- 3.8 The Investigating Officer will report findings of the investigation to the Chief Executive and the Executive Team, who will determine what further action (if any) should be taken.

4. Liaison with Police & External Audit

- 4.1. The Executive Director of Governance & Compliance is responsible for reporting suspected fraud to the Police. The police generally welcome early notification of suspected fraud, particularly that of a serious or complex nature. Some frauds will lend themselves to automatic reporting to the police (such as theft by a third party). For other fraud the Chief Executive will decide if and when to contact the police. The Executive Director Finance will report suspected frauds to the external auditors at an appropriate time.
- 4.2. All staff will co-operate fully with any police or external audit enquiries, which may have to take precedence over any internal investigation or disciplinary process. Wherever possible, teams will co-ordinate their enquiries to maximise the effective and efficient use of resources and information.

5. Initiation of recovery and / or disciplinary action

- 5.1 Moat will take appropriate legal and / or disciplinary action to confront and recover losses arising from fraud, theft or misconduct. This may include action against third parties involved in the fraud or whose negligent actions contributed to the fraud.

- 5.2 Fraud is regarded as gross misconduct under Moat's Disciplinary Policy, potentially leading to dismissal. The Investigating Officer, relevant Executive Director and People Services Manager will oversee any disciplinary action requirements. Disciplinary action must follow the appropriate HR procedures.

6. Reporting process

- 6.1 Throughout any investigation, the Investigating Officer will keep the Chief Executive and Executive Team informed of progress and any developments. These reports may be oral or in writing.
- 6.2 On completion of the investigation, the Investigating Officer will prepare a full written report setting out:
- Background as to how the investigation arose
 - What action was taken in response to the allegations
 - The conduct of the investigation
 - The facts that came to light and the evidence in support
 - Quantification of losses
 - Criminal or disciplinary action taken against any party where the allegations were proven
 - Action taken to recover any losses
 - Recommendations and/or action taken by management to reduce further exposure and to minimise the risk of recurrence
 - Approach to confidentially feedback to the person (s) who raised the initial concerns.

7. Dealing with complaints about the investigation

- 7.1 Any complaints by staff will be dealt with under Moat's grievance procedure as appropriate. Complaints from outside parties will be dealt with under the Moat's formal staged complaints process.

8. Communication with the Regulator of Social Housing (RSH)

- 8.1 The Executive Director of Governance & Compliance is responsible for the preparation and submission of fraud reports to the RSH. A report listing all frauds in the year is submitted to the RSH annually and frauds of a value higher than £25,000 will be reported to the RSH as soon as practicable.

Corporate criminal tax evasion - six key principles of defence

In formulating a robust defence, the guidance issued by HMRC focusses on the following six key principles of defence:

1. Risk assessment	Determining the extent of potential exposure
2. Top level commitment)
3. Due diligence)
4. Proportionality of reasonable procedures) Demonstrating proportionate prevention procedures
5. Communication and training)
6. Monitoring and review)

Risk Assessment

1. In undertaking this risk assessment, the guidance is that *“A firm should first undertake a risk assessment of the products and services it offers, as well as internal systems and client data that might be used to facilitate tax evasion, including ‘sitting at the desk’ of employees and other associated persons, considering the motive, means and opportunity for facilitating tax evasion.”*

As part of our annual process the Risk Assessment (see Appendix 3) is reviewed at least annually in line with the Audit Committee timetable.

Top Level Commitment

2. Moat articulates a no-tolerance policy with regard to fraud of any type or in any circumstance. Moat's Anti-Fraud, Tax Evasion & Bribery policy reflects resolve to prevent, detect and act upon all known cases of fraud, tax evasion, bribery, corruption and financial irregularity.

Moat has Anti-Fraud, Tax Evasion & Bribery, Whistle Blowing, and Anti-Money Laundering policies in place, all of which are reviewed regularly by the Audit Committee. The membership consists of Non-Executive Board Members. A report covering any incidents across these three areas goes to each Audit Committee meeting, whether action is required or not.

Due diligence

3. HMRC guidance states *‘The organisation applies due diligence procedures, taking an appropriate and risk-based approach, in respect of persons who perform or will perform services on behalf of the organisation, in order to mitigate identified risks’*.

The due diligence that Moat undertakes is sufficient given the low risk assessment above and that the activities Moat undertakes are all based in the UK. The majority of services performed for Moat are under written contract that have gone through our formal procurement processes and in respect of large service contracts and all development contracts, the contracts are subject to legal advice and / or drafting.

Proportionality of reasonable procedures

4. As noted above Moat's procurement activities are proportionate to the activities undertaken in the UK given the 'low' risk assessment.

Mandatory eLearning training for all staff is considered proportionate given the low risk and that there is not a need for bespoke training for individuals as Moat does not have roles at high risk of facilitating or undertaking tax evasion.

Communication and training

5. As noted above, Moat has Anti-Fraud, Tax Evasion & Bribery, Whistle Blowing and Anti-Money Laundering policies in place, all of which are reviewed regularly by the Audit Committee, communicated and accessible by staff.

Other relevant policies/procedures are in place on Payments and Benefits to Board members and Staff, Employee Code of Conduct, Gifts and Hospitality and Conflict of Interest.

All employee contracts incorporate the Employee Code of Conduct which in turn incorporates Moat's expectations around financial conduct.

It is mandatory for all staff to undertake Tax Evasion Awareness eLearning annually.

Finance / Governance & Compliance teams seek professional advice if they are unclear on issues around tax avoidance / evasion, should they arise.

Monitoring and review

6. These key defences will be reviewed every three years (or sooner if required) by the Audit Committee. Should significant issues emerge that would affect Moat's overall Risk Assessment we will update the assessment considering mitigations that can be put in place and report to Audit Committee if appropriate.

Moat's HR team monitor compliance with the mandatory eLearning training requirements, chase up non-compliance and report as appropriate to line management and the Executive Team where appropriate.

Senior members of the Finance team liaise with Moat's tax advisers with regards to emerging issues on a regular basis.

Moat Corporate Criminal Evasion Risk Assessment

Risk Factors	Analysis	Assessment
Small, medium or large sized business?	Multi-national large businesses have a different risk profile to small domestic businesses. Moat has a simple group structure with the majority of transactions going through the main legal entity Moat Homes Limited (MHL). Outside that Moat Housing Group (MHG) has limited open market sales activity, Moat Homes Finance Limited has a listed Bond and Moat Foundation has charitable activities of circa. £100k pa. The subsidiary companies do not have any employees of their own.	Low
Part of a group? Does it have complex operations?	Most transactions go through MHL. Operations are not complex with the majority of activity supporting the development of new affordable homes and the management of existing affordable homes and residents.	Low
Does the business operate outside the UK?	No.	Low
Does the business make use of subcontractors or agents?	Moat subcontracts out its new development activity to developers and contractors, in all cases through formal legal agreements that are drafted / negotiated by reputable lawyers. Moat subcontracts much of its repair and maintenance activity with the set-up of procurement and contractual arrangements being overseen and coordinated by an in-house professional procurement team and for significant contracts with the help of legal advisers.	Low - Medium
Is the business involved in any JV's?	Moat does not have any Joint Ventures that are separate legal entities. It does have a handful of contractual joint ventures that are more like profit sharing arrangements, but where Moat has significant contractual control.	Low
Is the business about to enter into a new business relationship?	Moat is not currently intending to merge with anyone or set up any new products or activities.	Low
Is the country in which the business operates high risk by perceived levels of secrecy or use as a tax shelter?	No. All UK	Low
Is the business involved in a trade sector where there is a higher risk of facilitating tax evasion than others, such as financial services, tax advisory and legal sectors?	No. Moat operates in the social housing sector and does a small proportion of new build development through its subsidiary, MHG.	Low
Does the type of transaction which the business is involved in give rise to higher risks, for example, complex tax planning structures involving high levels of secrecy, overly	No. Moat activities are associated with the provision of new affordable housing and the provision of social housing services to existing residents.	Low

complex supply chains, or transactions, or involving politically exposed persons?	In relation to shared ownership and market sales transactions, these are all undertaken through reputable solicitors in accordance with formal conveyancing processes - no transactions are in cash.	
(Guidance states that: “ <i>Certain sectors such as accounting, financial services, tax advisory, real estate and legal are at higher risk</i> ”)	In relation to existing residents’ rents and service charges are collected on a monthly (some weekly) basis and periodic tenancy checks are undertaken.	
Internal policies and culture	We do not have a culture that rewards excessive risk taking (for example, in the form of incentives and bonuses). Moat has a strong governance and compliance culture with a majority of independent non-executive directors making up the Board who are remunerated at below equivalent private sector levels but have a common desire to contribute to housing need through the provision of quality affordable homes while ensuring the business complies with the Standards required by the Regulator of Social Housing.	Low
Policies and Training	Employees undertake annual mandatory eLearning training to ensure that they are aware of Moat’s policies and procedures with regard to financial crime and to ensure they can identify tax evasion and know their responsibilities (and how to) report. In addition, Moat has had Anti-Fraud & Bribery, Whistle Blowing and Anti-Money Laundering policies in place for many years, all of which are reviewed regularly by the Audit Committee. A report covering any incidents across these three areas goes to each Audit Committee meeting, whether action is required or not Further relevant policies include: <ul style="list-style-type: none"> • Policy on Payments and Benefits to Board members and Staff • Employee Code of Conduct • Gifts and Hospitality • Conflict of Interest procedures 	Low

Moat’s overall Corporate Criminal Evasion risk is assessed as ‘**Low**’.

Examples of fraud (this list is not exhaustive)

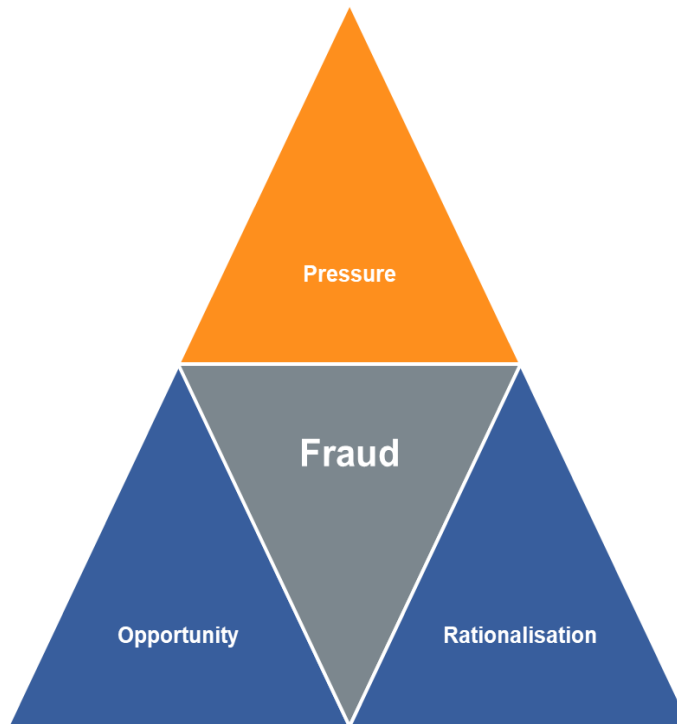
Inappropriate relationships with suppliers	Accepting inappropriate gifts and hospitality	Collusion in procurement / contract management	Suppliers submitting false or duplicate invoices	False creation of suppliers
Theft or misappropriation of Moat monies, cash or credit facilities	Illegitimate adjustments and / or refunds to customer rent accounts	Forged / false 'fitness to work' notes	Employment under false pretences	Working elsewhere while on sick leave
Staff submitting false / inflated timesheets	Improper use of authority	Creation of ghost employees	Overpayments of salary	False / inflated staff expenses claims
Amending bank account details to divert funds for personal gain	Theft or misuse of corporate assets (mobile / fixed / company vehicles)	Use of corporate credit cards for personal gain	Supplier submitting invoices for work contracted but not delivered	Over ordering of goods, services or materials

There are three main factors that can lead to fraud and other inappropriate behaviours. These are shown in the 'fraud triangle'. All managers should be aware of these factors to appropriately assess the risk of fraud within the organisation.

Pressure - Most individuals require some form of pressure to commit a criminal act. This pressure does not need to necessarily make sense to outsiders but it does need to be present. Pressures can include money problems, gambling debts, alcohol or drug addiction, overwhelming medical bills. Greed can also become a pressure but it usually needs to be associated with injustice.

Opportunity - An opportunity to commit the act must be present. In the case of fraud, usually a temporary situation arises where there is a chance to commit the act without a high chance of being caught. Organisations that do not actively work to prevent fraud can present repeated opportunities to individuals who meet all three criteria of the fraud triangle.

Rationalisation - The mindset of a person about to commit an unethical act is one of rationalisation. The individual manages to justify what he or she is about to do.



For further guidance please speak to the Executive Director of Governance & Compliance or the Executive Director Finance.