

FRAUD - a Policy Statement:

Introduction

1 The Federation of Inline Speed Skating (FISS) requires all Directors, its appointed Officers and Staff (full time, part time, paid or unpaid volunteer) at all times to act honestly and with integrity and to safeguard all resources for which they are responsible. Fraud is an ever present threat to these resources and hence must be a concern to all. The purpose of this statement is to set out the responsibilities required regarding both the prevention of fraud and the procedures to be followed where a fraud is detected or suspected.

2 Fraud is a business risk. The Board of Directors (the Board) will review all business risks on a regular basis, and will maintain a register to monitor vulnerability and control.

Definitions

3 In law there is no specific offence of fraud; many of the offences referred to as fraud are covered by the Theft Acts of 1968 and 1978. The term is used to describe such acts as deception, bribery, forgery, extortion, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

4 For practical purposes fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.

5 Obviously persons outside as well as inside an organisation can perpetrate fraud. The criminal act is the attempt to deceive and the attempted fraud is therefore treated as seriously as the accomplished fraud.

6 Computer fraud occurs when information technology (IT) equipment has been used to manipulate programs or data dishonestly (for example by altering, substituting or destroying records, or creating spurious records), or where the use of an IT system was a material factor in the perpetration of fraud. Theft or fraudulent use of computer time and resources is included in this definition.

Responsibilities

7 The responsibilities of FISS are set out in its A&Ms and governance documentation and can at this point be best summarised as :

“The FISS board of directors should work develop and maintain effective controls to prevent fraud and to ensure that if it does occur it will be detected promptly. If fraud occurs The FISS directors and officers must carry out a vigorous and prompt investigation. They should take the appropriate legal action and/or disciplinary action in all cases where that would be justified; and they should make any necessary changes to systems and procedures to ensure that similar frauds will not happen again. Investigation should consider as a matter of course where there has been failure of supervision; and appropriate disciplinary action should be taken where supervisory failures have occurred. FISS should establish systems for recording and subsequently monitoring all discovered cases of fraud”

FISS Officers and Staff's Responsibilities:

8 The Board, its Officers, Staff and volunteers (management) are responsible for ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively. The responsibility for the prevention and detection of fraud therefore rests primarily with such personnel.

9 There is a need for all members of the management to assess the types of risk inherent in the operations for which they are involved or are responsible; to regularly review and

test the control systems in place; to ensure that compliance with these controls is maintained; and to satisfy themselves that their systems continue to operate effectively. 10 Internal Audit is able to offer advice and assistance on controls issues as necessary. In terms of establishing and maintaining effective controls, it is generally advisable that:-

- 10.1 there is a regular rotation of staff where possible, particularly in key posts
- 10.2 where possible there is a segregation of certain duties so that control of a key function is not vested in one individual
- 10.3 backlogs are not allowed to accumulate
- 10.4 in designing a new system, consideration is given to building safeguards against internal and external fraud.

Fraud Response Plan

11 FISS has developed a fraud response plan, which can act as a checklist of actions and guidance in the event of a fraud being suspected. It covers:-

- 11.1 how to conduct preliminary enquiries
- 11.2 who to report to
- 11.3 how to secure the evidence
- 11.4 where and how to contact the police
- 11.5 Show how to prevent losses
- 11.6 how to initiate recovery action

Fraud Detection

12 Management should be alert to the possibility that unusual events or transactions could be symptoms of fraud or attempted fraud. Fraud may also be highlighted as a result of specific management checks or be brought to management's attention by a third party. Additionally occasionally irregularities come to light in the course of audit reviews.

13 Irrespective of the source of suspicion, it is for management to undertake an initial enquiry to ascertain facts. This should be carried out as quickly as possible after suspicion has been aroused – prompt action is essential.

14 The factors that gave rise to the suspicion should be examined to clarify whether a genuine mistake has been made or an irregularity has occurred. An irregularity can be defined as any incident or action, which is not part of the normal operation of the system or the expected course of events. Preliminary examination may involve discreet enquires with staff or the review of key documents. It is important for staff to be clear that any irregularity of this type, however apparently innocent will be analysed.

15 If the initial examination confirms the suspicion that a fraud has been perpetrated, then to prevent loss of evidence which may provide essential for subsequent disciplinary action or prosecution, management shall take steps to ensure all the original documentation is preserved in a safe place for further investigation. Additionally UK Sport may require the suspension of the staff member involved, pending the outcome of the investigation. Suspension itself does not imply guilt; it is applied to preserve the circumstantial status quo and to safeguard and prevent even unwittingly, the removal or destruction of possible evidence.

Further Responsibilities

16 Every member has a duty to ensure that all funds and assets are safeguarded, whether they are involved with payments systems, receipts, stocks, equipment, or dealing with contractors, consultants, suppliers or grant recipients.

17 Personnel should alert the relevant immediate supervisor where they believe the opportunity for fraud exists because of poor procedures or lack of effective oversight.

18 In addition it is the responsibility of every member to report details immediately to their supervisor the FISS Chairman, treasurer, Secretary or legal officer or other appropriate board member if they suspect that a fraud has been committed or see any suspicious acts or events.

29 All personnel should also assist in any investigations by making available all relevant information and by co-operating in interviews.

Personal Conduct

20 All stewards of public funds must have and be seen to have, high standards of personal integrity. Staff should never accept gifts, hospitality or benefits of any kind from a third party, which might be seen to compromise their integrity. UK Sport subscribes to the seven principles of public life set out in the Nolan Committee's first report "Standards in Public Life"

20.1 Selflessness – holders of public office should take decisions solely in terms of public interest. They should not do so in order to gain financial or other material benefit for themselves, their family or their friends

20.2 Integrity – holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties

20.3 Objectivity – in carrying out public business, including making public appointments, awarding contracts, or recommending individuals for reward or benefits holders of public office should make choices based upon merit.

20.4 Accountability – holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

20.5 Openness – holders of public office should be as open as possible about all the decisions and actions they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands it

20.6 Honesty – holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects public interest.

20.7 Leadership – holders of public office should promote and support these principles by leadership and example.

Disciplinary Action

21 After proper investigation FISS will take legal and/or disciplinary action in all cases where it is considered appropriate. In the case of a proven or suspected fraud, FISS will refer the case to the police immediately and will co-operate fully with police enquiries.

22 Steps will be taken to attempt to recover any losses resulting from the fraud and a civil action against the perpetrator may be considered appropriate. The investigations described above will also consider whether there has been any failure of supervision. Where this is determined to have occurred, appropriate disciplinary action should be taken.

Learning from Experience

23 Where a fraud has occurred, management must make any necessary changes in systems and procedures to ensure that similar frauds do not recur. The investigation may indicate where there has been a failure of supervision or a breakdown of control.

24 The circumstances of individual frauds will vary. But it is important that all are vigorously and promptly investigated and that appropriate action is taken.