



FRAUD POLICY [FRG018]

BRITISH TRIATHLON'S VIEWS ON FRAUD

British Triathlon places considerable emphasis on the prevention of fraud. Measures include the denial of opportunity, effective leadership, auditing and employee screening.

WHAT IS FRAUD?

The Fraud Act 2006 gives a single legal definition of fraud for the first time. Under the Act, fraud may be committed in three ways:

- False representation;
- Failure to disclose information; and
- Abuse of position.

In all cases, there must be dishonesty and an intention by the perpetrator to make a gain, cause a loss to another person, or expose them to the risk of loss.

There does not need to be any actual gain or loss for an offence to have occurred.

The term fraud is used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. Fraud can occur anywhere within British Triathlon and can present itself as financial or financially motivated but covers areas including financial, reputational and employment. This Policy covers all the above.

For practical purposes of the application of this policy, fraud may be defined as the use of deception with the intention of:

- Gaining an advantage, personally and for family or friends; or
- Avoiding an obligation; or
- Causing a financial loss to British Triathlon.

The main types of irregularity are:

- Theft - This may include the removal or misuse of funds, assets or cash;
- False accounting - dishonesty destroying, defacing, concealing or falsifying any account, record or document required for any accounting purpose, with a view to personal gain or gain for another, or with the intent to cause loss to British Triathlon or furnishing information which is or may be misleading, false or deceptive; and
- Abuse of position - abusing authorities and misusing British Triathlon resources or information for personal gain or causing loss to British Triathlon.

FRAUD POLICY STATEMENT

1. INTRODUCTION

British Triathlon is committed to protecting the public funds with which it has been entrusted. To ensure resources are used for their intended purpose of development and performance, it is essential that losses due to fraud are minimised

The public is entitled to expect British Triathlon to conduct its affairs with integrity, honesty and openness and demand the highest standards of conduct from both staff and athletes. This Policy outlines its commitment to creating an anti-fraud culture and maintaining high ethical standards in its administration of funds

The Policy gives advice for fighting fraud and a model response plan. The Policy is also based on a series of comprehensive and interrelated policies and procedures that provide a corporate framework to counter fraudulent activity. These include:

- Financial procedures and controls manual;
- Effective recruitment and selection procedures;
- Disciplinary procedure; and
- Whistle-blowing Policy.

The purpose of this Policy is to outline British Triathlon's approach, as well as defining roles and responsibilities, for dealing with the threat of fraud, both internally and externally. It applies to staff, board members, athletes, suppliers, contractors, consultants and other service users.

2. CULTURE

British Triathlon believes that the creation of a culture of honesty and openness is a key element in tackling fraud, as is raising the level of awareness and understanding of the key policies and procedures and their role in preventing or detecting fraud. In its commitment to maintaining the highest standards of governance, British Triathlon has defined acceptable behaviour which members of staff are expected to follow. These are based on the Nolan Principles of Standards in Public Life. These are selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

The staff and athletes at British Triathlon are an important element in British Triathlon's stance on fraud, and they are encouraged to raise any concern that they may have on these issues where they are associated with British Triathlon business or activity.

3. PREVENTION

Fraud is costly, both in terms of reputational risk and financial losses, as well as time-consuming to identify and investigate, disruptive and unpleasant. The prevention of fraud is therefore a key objective. Measures should be put in place to deny opportunity, provide effective leadership, auditing, employee screening and athlete recruitment.

Fraud can be minimised through carefully designed and consistently operated procedures, which deny opportunities for fraud. Staff are made aware of policies.

Staff recruitment procedures require applicants to declare any connections with existing staff and athletes or potential conflicts of interest.

The Financial Regulations help to ensure that at all times the financial management of British Triathlon is conducted in accordance with the highest standards. Continuous management review of systems and reports with the agreed annual audit programme should assist in preventing and detecting fraud; and should result in continuous improvements. The risk of fraud should be a factor for consideration in audit plans.

Key determinants of the code of conduct in British Triathlon will be the standards observed and the policy and approach to their enforcement promoted from the top.

The credibility and success of the Fraud Policy is dependent largely on how effective it is communicated throughout the organisation. To this end, details of the Policy will be provided to all staff and athletes and be included on future induction programmes.

Induction training, and/or communication of all policies for staff, will be provided to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.

5. DETECTION

No system of preventative measures can guarantee that frauds will not occur. However, policies and procedures are in place to detect and highlight irregular transactions. It is the responsibility of senior officers and their managers to prevent and detect fraud by maintaining good control systems within their departments and making sure that all staff understand the systems and work within them.

British Triathlon has established systems and procedures in place which incorporate effective and efficient internal controls. British Triathlon has Financial Regulations in place which require employees to follow standard practices when conducting British Triathlon's affairs, to act in accordance with best practice and adhere to agreed internal control systems.

A 'whistle-blowing' Policy was agreed by the Board.

Robust preventative measure by management, coupled with sound checks and balances, are adopted by British Triathlon.

6. INVESTIGATIONS

British Triathlon recognises the unpredictability of fraud and the disruption which it may cause once identified. However, it also recognises the need to safeguard its assets, recover losses and secure evidence for legal and disciplinary processes.

In order to meet these objectives, and to clarify its approach when fraud is suspected, British Triathlon has a Fraud Response Plan which seeks to:

- Prevent further loss and recover where possible any losses incurred;
- Establish and secure evidence necessary for criminal and /or disciplinary action;
- Notify [Body], if the circumstances are covered by the mandatory requirements of the Audit Code of Practice;
- Take appropriate action against those who have committed fraud;
- Deal with requests for references for employees or athletes disciplined or prosecuted for fraud;
- Review the reasons for the incident, the measures taken to prevent a recurrence, and British Triathlon's response;
- Inform the Police if appropriate; and
- Assign responsibility for investigating the incident and determine if an external specialist should be involved.

FRAUD RESPONSE PLAN

1. INTRODUCTION

1.1. The purpose of this plan is to define authority levels, responsibilities for action, and reporting lines in the event of a suspected fraud.

2. INITIATION ACTION

- 2.1 Suspicion of fraud may be captured through a number of means, including the following:
 - Requirement on all personnel under Financial Regulations to report fraud;
 - Public interest disclosure procedure ('whistle-blower's charter');
 - Planned audit work; and
 - Operation of proper management and control procedure.
- 2.2 All actual or suspected incidents should be reported without delay to the Chair of the Board, who should, as soon as possible, convene a meeting of the following Project Group or their nominees on the initial response:
 - CEO;
 - Non-Executive Finance Director; and
 - Others as determined by the Chair.
- 2.3 The project group will decide on the action to be taken. This will normally be an investigation, led under the direction of the Project Group.
- 2.4 The decision by the Project Group to initiate a special investigation shall constitute authority to spend the necessary Internal Audit time on this work. The group will also consider its membership, and the need to include representatives from other specialist areas and whether to appoint an independent adjudicator.
- 2.5 Where an investigation is to take place, and the matter implicates any of the individuals in the Project Group, another person with senior management responsibility shall be appointed to the Project Group by the Chair of the Board.

3. PREVENTION OF FURTHER LOSS

- 3.1 Where the initial investigation provides reasonable grounds for suspecting either staff or athlete of fraud, the project group will decide how to prevent further loss. If the suspect is a member of staff, they will be suspended on full pay. If the suspect is a member of the Board or any other volunteer, they will be suspended during the investigation. If it is an athlete, they may be suspended from all or part of training. It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.
- 3.2 In these circumstances, the suspect(s) should be approached unannounced. They should be supervised at all times before leaving the British Triathlon's premises. They should be allowed to collect personal property under supervision but should not be able to remove any property belonging to British Triathlon. Any security passes and keys to premises, offices, and furniture should be returned. Laptop computers and associated hardware/software must also be returned.
- 3.3 Facilities management will advise on the best means of denying access to the office base, while the suspect remains suspended (for example by changing locks and informing staff not to admit the individuals to any part of the premises). Similarly, the IT service provider should be instructed to immediately withdraw access permissions to the British Triathlon's computer systems.
- 3.4 The project group will consider whether it is necessary to investigate systems other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate British Triathlon's assets.

4. ESTABLISHING AND SECURING EVIDENCE

- 4.1 A major objective in any fraud investigation will be the punishment of those involved, to act as a deterrent to other personnel. British Triathlon will follow disciplinary procedures against any member of staff or athlete who has committed fraud.
 - 4.2 The Chair of the Board will:
 - Adhere to British Triathlon's disciplinary procedures, to ensure that the evidence requirements will be met during any fraud investigation;
 - Establish and maintain contact with the Police;
 - Establish whether there is a need for staff to be trained in the evidence rules interviews under the "Police and Criminal Evidence Act"; and
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- Ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

5. RECOVERY OF LOSSES

- 5.1 Recovering losses is a major objective of any fraud investigation. The project group will ensure that, in all fraud investigations, the amount of any loss is quantified. Repayment of losses will be sought in all cases.
- 5.2 Where the loss is substantial, legal advice may be obtained about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice may also be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. British Triathlon will normally expect to recover costs in addition to losses.
- 5.3 If appropriate the Director for Finance will liaise with the British Triathlon insurer to formulate a claim under existing insurance cover.

6. REFERENCES FOR EMPLOYEES OR ATHLETES DISCIPLINED OR PROSECUTED FOR FRAUD

- 1.1 There is a requirement that any request for a reference for a member of staff or an athlete who has been disciplined or prosecuted for fraud shall be referred to the HR Manager and Performance Director respectively. They shall take advice and prepare any answer to a request for a reference having regard to employment law.

7. REPORTING TO THE BOARD

- 1.1 Any variation from the approved fraud response plan, together with the reasons for the variation, shall be reported promptly to the Chair of the Board.
- 1.2 On completion of a special investigation, a written report shall be submitted to the Chair of the Board containing:
 - A description of the incident, including the value of any loss, the people involved and the means of perpetrating the fraud;
 - The measures taken to prevent a recurrence; and
 - Any action needed to strengthen future responses to fraud, with a follow up report on whether the actions have been taken.
- 1.3 This report will normally be prepared by the project group.

8. REPORTING LINES

- 1.1 The project group shall provide a confidential report to the Chair of the Board at least monthly, unless the report recipients request a lesser frequency. The scope of the report shall include:
 - Quantification of losses;
 - Progress with recovery action/progress with disciplinary action;
 - Progress with criminal action;
 - Estimate of resources to conclude the investigation; and
 - Actions taken to prevent and detect similar incidents
- 1.2 A final report will be produced by the project group once the investigation is completed, and it will represent the definitive document on which management (in a disciplinary situation) and possibly the Police (in a criminal situation) will base their decision.

9. RESPONSIBILITY FOR INVESTIGATION

1.1 All special investigations should normally be led by the project group set up to deal with the specific case. Special investigations should not be undertaken by management, although management shall co-operate with requests for assistance from the project group. Some special investigations may require the use of technical expertise which the project group may not possess. In these circumstances, the project group may approve the appointment of external specialists to lead or contribute to the special investigation.

10. REVIEW AND MONITORING OF FRAUD RESPONSE PLAN

1.1 This plan will be reviewed to check that it is “fit for purpose” at least annually. Any changes proposed will be presented to the Board for its approval. The CEO will keep a register of all incidents showing the nature of the incident, and the outcome including actions to be taken to prevent and detect similar incidents.

ADDITIONAL GUIDANCE

1. EXAMPLES AND INDICATORS OF FRAUD

1.1. Examples of fraud, which are neither exclusive nor exhaustive, include the following:

- Misappropriation of cash;
- Theft of stock;
- Fraudulent encashment of payable orders or cheques;
- Misappropriation of other assets including information and intellectual property. This would also include theft of stationery for private use, unauthorised use of British Triathlon property e.g. vehicles, computers, other equipment;
- Purchasing or purchase ledger fraud (e.g. approving/paying for goods not received, approving/paying bogus suppliers, approving/paying inflated prices for goods and services, accepting bribes);
- Travel and Expense claims overstated or falsely claimed. This may include advances not recovered or forging of counter-signatories;
- Accepting time off in lieu for time not worked (e.g. false claim of hours worked, failing to work full contracted hours by any member of staff, false time off in lieu claims, or falsification of sickness self-certification); and
- Computer fraud (e.g. altering or substituting records, duplicating or creating spurious records, or destroying or suppressing records), where IT equipment has been used to manipulate program of data dishonestly, or where the use of an IT system was a material factor in the preparation of the fraud.

1.2. Whilst by no means being proof on their own, the circumstances below (warning signs) may indicate fraud, and should therefore put managers and staff on the alert:

- Altered documents (correcting fluid, different pen or handwriting);
 - Claim form details not readily checkable or properly approved;
 - Changes in normal patterns, of cash taking or expense claim details (for example);
 - Delay in completion or submissions of expense claims;
 - Lack of vouchers or receipts in support of expense claims, etc.;
 - Staff seemingly living beyond their means;
 - Staff under constant financial or other stress;
 - Staff choosing not to take annual leave (and so preventing others becoming involved in their work), especially if solely responsible for a “risk” area; and
 - Complaints from public or staff.
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2. "Do's AND DON'TS"

In addition to the warning signs outlined above, members of staff are advised to take notice of the following "Do's and Don'ts" in respect of possible fraud-related instances or actions:

Do	Don't
Make a note of your concerns.	Be afraid of raising your concerns.
Record all relevant details, such as the nature of your concern, the names of parties you believe to be involved, details of any telephone or other conversations with names and dates and times and any witnesses. Notes do not need to be overly formal, but should be timed, signed and dated. Timeliness is most important. The longer you delay writing up, the greater the chances of recollections becoming distorted and the case being weakened.	The Public Interest Disclosure Act provides protection for employees who raise reasonably held concerns through the appropriate channels e.g. FRG019 Whistle Blowing. You will not suffer discrimination or victimisation as a result of following these procedures and the matter will be treated sensitively and confidentially.
Retain any evidence you may have.	Convey your concerns to anyone other than authorised persons listed in the British Triathlon's Fraud Response Plan.
The quality of evidence is crucial and the more direct and tangible the evidence, the better the chances of an effective investigation.	There may be a perfectly reasonable explanation for the events that give rise to your suspicion. Spreading unsubstantiated concerns may harm innocent persons.
Report your suspicions promptly.	Approach the person you suspect or try to investigate the matter yourself.
All concerns must be reported to the Board.	There are special rules relating to the gathering of evidence for use in criminal cases. Any attempt to gather evidence by persons who are unfamiliar with these rules may undermine the case.

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