



Anti-Fraud Policy

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SECTION 1: INTRODUCTION

1.1 Lacrosse Scotland requires all directors, working group members and staff to act honestly, with integrity and to safeguard Lacrosse Scotland's resources for which they are responsible. Fraud is an ever-present threat to these resources and hence must be a concern to everyone. Lacrosse Scotland views fraud as an extremely serious matter and is committed to the promotion of an anti-fraud culture throughout the organisation.

1.2 Lacrosse Scotland will not accept any level of fraud or corruption; consequently, any case will be thoroughly investigated and dealt with appropriately. The Governing Body is committed to ensuring that opportunities for fraud and corruption are reduced to the lowest possible level of risk.

1.3 This section explains the responsibilities of Lacrosse Scotland's directors, working group members and staff in relation to both prevention and detection of fraud. The Fraud Response Plan (Appendix A) sets out the procedures to be followed where a fraud is detected or suspected.

Suspected Fraud by Members

1.4 Lacrosse Scotland requires all its members to be open and transparent in the way they operate. In cases where fraudulent behaviour is suspected then this must be reported to the Lacrosse Scotland Chair (or Lacrosse Scotland Finance Director if the Chair is implicated) immediately who will bring it before the Board. The Board will consider if there is sufficient evidence to report this matter as set out in the Fraud Response Plan (Appendix A) and will support any investigation should this be found necessary.

Definitions - What is Fraud?

1.5 No precise legal definition of fraud exists; 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, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

1.6 "Fraud" is usually used to describe depriving someone of something by deceit, which might either be straight theft, misuse of funds or other resources, or more complicated crimes like false accounting and the supply of false information. In legal terms, all of these activities are the same crime – theft.

1.7 Fraud may involve:

- (a) manipulation, falsification or alteration of records or documents;
- (b) suppression or omission of the effects of transactions from records or documents;
- (c) recording of transactions without substance;
- (d) misappropriation (theft) or wilful destruction or loss of assets including cash;
- (e) deliberate misapplication of accounting or other regulations or policies;
- (f) bribery and corruption.

1.8 Lacrosse Scotland faces exposure in 2 ways:

- (a) The criminal act is the attempt to deceive and attempted fraud is therefore treated as seriously as accomplished fraud;

- (b) Computer fraud is where information technology 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. (For example see Appendix B)

SECTION 2: COMPANY RESPONSIBILITIES

- 2.1 Lacrosse Scotland must undertake fraud investigations where there is suspected fraud by any of Lacrosse Scotland's directors, working group members or staff and take the appropriate disciplinary and/or legal action in all cases where that would be justified.
- 2.2 Where there is fraud (proven or suspected), Lacrosse Scotland should make any necessary changes to systems and procedures to prevent similar frauds occurring in the future.
- 2.3 Lacrosse Scotland should establish systems for recording and subsequently monitoring all discovered cases of fraud (proven or suspected).
- 2.4 Responsibility for exercising disciplinary powers rests with the Board, although this should be done in consultation with the sportscotland's expert HR resource.
- 2.5 All frauds will be reported immediately to the Lacrosse Scotland Chair (or Lacrosse Scotland Finance Director if the Chair is implicated), however subject to prior approval from the police, certain types or groups of frauds will be reported on an agreed basis. An example would include recurring or high volume frauds being reported at regular intervals. Novel or substantial frauds will be reported immediately.

Managing the Risk of Fraud

- 2.6 The Board is responsible for establishing and maintaining a sound system of internal control that supports the achievement of Lacrosse Scotland policies, aims and objectives.
- 2.7 The system of internal control is designed to respond to and manage the whole range of risks that Lacrosse Scotland faces. The system of internal control is based on an on-going process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively. Managing fraud risk will be seen in the context of the management of this wider range of risks.
- 2.8 Overall responsibility for managing the risk of fraud rests with the Board. The Board is responsible for:-
- (a) Establishing the adequacy of arrangements for managing the risk of fraud and ensuring that Lacrosse Scotland promotes an anti-fraud culture;
 - (b) Developing a fraud risk profile and undertaking a regular review of the fraud risks associated with each of the key organisational objectives in order to keep the profile current;

- (c) Establishing an effective Anti-Fraud Policy and Fraud Response Plan, commensurate to the level of fraud risk identified in the fraud risk profile;
- (d) Conducting fraud investigations promptly if fraud occurs or is suspected;
- (e) Wherever possible, ensure that the control of any key function is not vested in one individual;
- (f) Ensure back-logs are not allowed to accumulate;
- (g) When designing any new system, ensure consideration is given to building in safeguards against internal and external fraud;
- (h) Establishing appropriate mechanisms for:
 - i. reporting fraud risk issues;
 - ii. reporting significant incidents of fraud;
 - iii. co-ordinating assurances about the effectiveness of anti-fraud policies;
- (i) Making sure that all of Lacrosse Scotland's directors, working group members and staff are aware of the organisation's Anti-Fraud Policy and know what their responsibilities are in relation to combating fraud;
- (j) Ensuring that appropriate anti-fraud training and development opportunities are available to appropriate Lacrosse Scotland directors, working group members and staff in order to obtain the required levels of competency;
- (k) Taking appropriate disciplinary and/or legal action against perpetrators of fraud;
- (l) Taking appropriate disciplinary action against line managers where management failures have contributed to the commission of fraud;
- (m) Taking appropriate action against Lacrosse Scotland directors, working group members or staff who fail to report fraud;
- (n) Taking appropriate action to recover assets;
- (o) Ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future.

2.9 Lacrosse Scotland directors, working group members and staff are responsible for:

- (a) Acting with propriety in the use of Lacrosse Scotland's resources and the handling and use of Lacrosse Scotland's funds whether they are involved with cash or payments systems, receipts or dealing with suppliers;
- (b) Being alert to the possibility that unusual events or transactions could be indicators of fraud;

- (c) Reporting details immediately through the appropriate channel set out in the Fraud Response Plan (Appendix A) if they suspect that a fraud has been committed or see any suspicious acts or events;
- (d) Co-operating fully with whoever is conducting internal checks, reviews or fraud investigations.

SECTION 3: MANAGING FRAUD

Fraud Detection

3.1 The Finance Director should be alert to the possibility that unusual events or transactions could be symptoms of fraud or attempted fraud.

3.2 Fraud may also be highlighted as a result of specific management checks or be brought to the Board's attention by a third party. Additionally, irregularities occasionally come to light in the course of reviews. (See Lacrosse Scotland's Whistleblowing Policy)

3.3 Irrespective of the source of suspicion, it is essential to undertake an initial enquiry to ascertain the facts. This enquiry should be carried out as speedily as possible after suspicion has been aroused: prompt action is essential. The purpose of the initial enquiry is to confirm or repudiate the suspicions which have arisen so that, if necessary, further investigation may be instigated.

3.4 The factors which gave rise to the suspicion should be determined and examined to clarify whether a genuine mistake has been made or an irregularity has occurred. An irregularity may be defined as any incident or action which is not part of the normal operation of the system or the expected course of events.

3.5 Preliminary examination may involve discreet enquiries with Lacrosse Scotland directors, working group members and staff or the review of documents. It is important for Lacrosse Scotland directors, working group members and staff to be clear that any irregularity of this type, however apparently innocent, will be analysed.

3.6 If initial examination confirms the suspicion that a fraud has been perpetrated, then to prevent the loss of evidence which may prove essential for subsequent disciplinary action or prosecution, the Board should:

- (a) Take steps to ensure that all original evidence is secured as soon as possible;
- (b) Be able to account for the security of the evidence at all times after it has been secured, including keeping a record of its movement and signatures of all persons to whom the evidence has been transferred. For this purpose all items of evidence should be individually numbered and descriptively labelled;
- (c) Not alter or amend the evidence in any way;
- (d) Keep a note of when they came into possession of the evidence. This will be useful later if proceedings take place.

3.7 Remember that all memoranda relating to the investigation must be disclosed to the defence in the event of formal proceedings and so it is important to carefully consider what information needs to be recorded. Particular care must be taken with phrases such as “discrepancy” and “irregularity” when what is really meant is fraud or theft.

3.8 Additionally, Lacrosse Scotland may suspend any Lacrosse Scotland director, working group member or member of staff involved pending the outcome of an investigation. Suspension itself does not imply guilt; it can be however another safeguard to prevent the removal or destruction of evidence.

Reporting

3.9 All directors, working group members and staff are required to report immediately to the Board all proven or suspected fraud by a Lacrosse Scotland member. Guidance on how fraud (proven or suspected) should be reported is set out in the Fraud Response Plan (Appendix A).

Disciplinary / Legal Action

3.10 After proper investigation, Lacrosse Scotland will take disciplinary and/or legal action in all cases where it is considered appropriate and there will be consistent handling of cases without regard to position or length of service.

3.11 When considered appropriate, proven frauds or suspected frauds which come to light, whether perpetrated by a Lacrosse Scotland director, working group member or members of staff, will be referred to the police at the earliest possible opportunity.

3.12 Lacrosse Scotland will co-operate fully with police enquiries and these may result in the offender(s) being prosecuted. Steps need to be taken to attempt to recover all losses resulting from the fraud. A civil action against the perpetrator may be appropriate.

3.13 The investigations described above will also consider whether there has been any failure in line management and/or supervision. Where this has occurred appropriate disciplinary action will be taken against those responsible.

3.14 When considered appropriate, proven frauds or suspected frauds which come to light, whether perpetrated by a Lacrosse Scotland director, working group member or members of staff, the appropriate Local Authority, sportscotland and/or any other external agencies will be informed and kept up to date of proceedings.

Learning from Experience

3.15 Where a fraud has occurred the Board must make any necessary changes to systems and procedures to ensure that similar frauds will not recur. The investigation may have identified where there has been a failure of line management, a breakdown in or an absence of control.

APPENDIX A: LACROSSE SCOTLAND FRAUD RESPONSE PLAN

The following paragraphs summarise the actions to be taken following the discovery of fraud or suspected fraud.

SECTION 1: PURPOSE OF THE FRAUD RESPONSE PLAN

- 1.1 The purpose of this plan is to ensure that timely and effective action is taken in the event of a fraud.
- 1.2 The plan aims to help minimize losses and increase the chances of a successful investigation.
- 1.3 The plan defines authority levels, responsibilities for action, and reporting lines in the event of a suspected fraud or irregularity.
- 1.4 The plan acts as a checklist of actions and a guide to follow in the event of fraud being suspected.
- 1.5 The plan is designed to enable Lacrosse Scotland to:
 - (a) Prevent further loss;
 - (b) Establish and secure evidence necessary for disciplinary and/or criminal action;
 - (c) Assign responsibility for investigating the incident;
 - (d) Determine when and how to contact the police and establish lines of communication;
 - (e) Keep all personnel with a need to know suitably informed about the incident as the investigation develops;
 - (f) Minimise and recover losses;
 - (g) Review the reasons for the incident, the measures taken to prevent a recurrence, and determine any action needed to strengthen future responses to fraud;
 - (h) Help promote an anti-fraud culture by making it clear to Lacrosse Scotland directors, working group members, staff, members and partners that Lacrosse Scotland will pursue all cases of fraud vigorously taking appropriate disciplinary and/or legal action in all cases where that is justified.

SECTION 2: ACTION FOLLOWING DETECTION

- 2.1 When it is suspected that a fraud has occurred, notification must be given to the Chair (or Lacrosse Scotland Finance Director if the Chair is implicated) immediately.
- 2.2 Speed is of the essence and this initial report should be verbal and must be followed up within 24 hours by a written report addressed to the Chair which should cover:
 - (a) The amount/value, if established

- (b) The position regarding recovery
- (c) The period over which the irregularity occurred, if known
- (d) The date of discovery and how the suspected fraud was discovered
- (e) The type of irregularity and what led to it, i.e.:
 - i. Was there a breakdown in the systems of internal control, or
 - ii. Is there any inherent weakness in the system of internal control which allowed it to occur?
 - iii. Whether the person responsible has been identified
 - iv. Whether any collusion with others is suspected
- (f) Details of any actions taken to date
- (g) Any other information or comments which might be useful

Consultation within Lacrosse Scotland

2.3 On verbal notification of a possible fraud the Chair (or Lacrosse Scotland Finance Director if the Chair is implicated) must immediately contact the Board.

2.4 It is a matter for the Board to decide whether there is prima facie evidence of fraud in which case the police should be notified immediately, normally by the Chair (or Lacrosse Scotland Finance Director if the Chair is implicated).

2.5 On receipt of the follow up written report, the Chair (or Lacrosse Scotland Finance Director if the Chair is implicated) should forward this to the Board, excluding any directors who might be implicated.

Initial Enquiries

2.6 Before completing the report above it may be necessary for the Chair in partnership with the Finance Director to undertake an initial enquiry to ascertain the facts. This enquiry should be carried out as speedily as possible after suspicion has been aroused: prompt action is essential.

2.7 The purpose of the initial enquiry is to confirm or repudiate, as far as possible, the suspicions that have arisen so that, if necessary, disciplinary action including a further and more detailed investigation (under disciplinary procedures and/or the police) may be instigated.

Managers' Duty of Care

2.8 Anyone conducting initial enquiries must be conscious that disciplinary action and /or criminal prosecution may result. If such action is later taken then under proper procedure the Lacrosse Scotland director, working group member or member of staff concerned has a right to representation and may have the right to remain silent. Utmost care is therefore required from the outset in conducting enquiries and interviews.

2.9 In addition, in order to protect Lacrosse Scotland from further loss and destruction of evidence, it may be necessary to suspend the Lacrosse Scotland director, working group member or member of staff concerned immediately after the allegation has been made or following the submission of the Chair's initial verbal report. Specific advice should be sought from sportscotland's expert legal resource before proceeding.

Protection of Evidence

2.10 If the initial examination or audit confirms the suspicion that a fraud has been perpetrated, then to prevent the loss of evidence which may subsequently prove essential for disciplinary action or prosecution, Lacrosse Scotland should:

- (a) Take steps to ensure that all original evidence is secured as soon as possible;
- (b) Be able to account for the security of the evidence at all times after it has been secured, including keeping a record of its movement and signatures of all persons to whom the evidence has been transferred. For this purpose all items of evidence should be individually numbered and descriptively labelled;
- (c) Not alter or amend the evidence in any way;
- (d) Keep a note of when they came into possession of the evidence. This will be useful later if proceedings take place.

Appointment of Case Manager

2.11 Should the initial investigation indicate that there is prima facie evidence of fraud, it is critical that the Board oversee and control the subsequent investigation.

2.12 The Board must arrange for an action plan to be put in place with, as far as is possible, a set timeframe and regular reviews.

2.13 The Board have full responsibility for progressing the case and can and should call on the assistance of various sources of help at all stages, e.g. directors, sportscotland's expert legal and HR resource, however ultimate responsibility and accountability in progressing the case should rest with the Board.

2.14 The Board should therefore have the necessary authority (e.g. experience) to enable them to properly discharge these duties.

2.15 Directors should also be independent from the matter in question.

2.16 It is the responsibility of the Chair to keep the Board abreast of developments, ensuring all material developments are promptly reported to the Board.

Police Involvement

2.17 If the Board is satisfied that there is prima facie evidence of fraud, then they must report the matter to the police. Consultation with the police at an early stage is beneficial allowing the police to examine the evidence available at that time and make decisions on whether there is sufficient evidence to support a criminal prosecution or if a police investigation is appropriate.

2.18 Alternatively, the police may recommend that the Board conducts further investigations and they will provide useful advice and guidance on how the case should be taken forward.

2.19 If the police decide to investigate then it will be necessary for the Board to postpone further internal action and make suitable adjustments to the action plan. However, the Board should continue to liaise with the police at regular intervals and report on progress made.

Fraud Register

2.20 The Board should ensure that the Fraud Register, is updated with all the appropriate details including the value of any loss to the association as a result of the fraud.

Partner Organisations

2.21 Where relevant, if the Board is satisfied that there is prima facie evidence of fraud the Chair should make relevant partner organisations (e.g. sportscotland, Local Authorities and/or other external agencies) aware of the investigation and keep them informed of any progress and findings.

Learning from Experience

2.22 Following completion of the case, the Chair in consultation with the Board should prepare a summary report on the outcome and lessons learned, circulating it to all other interested parties. The Board must take the appropriate action to improve controls to mitigate the scope for future recurrence of the fraud.

APPENDIX B: EXAMPLES OF FRAUD CASES

1.1 In the past there has been some confusion about the types of cases which require to be reported as fraud or suspected fraud. The following paragraphs attempt to illustrate the distinction between cases which do and do not require to be reported.

Examples of Cases Which Should Be Reported

1.2 A Lacrosse Scotland director, working group member or member of staff steals money from petty cash or small items of office equipment, e.g., a calculator.

1.3 A Lacrosse Scotland director, working group member or member of staff "borrows" money from petty cash or cash receipts, even though there is an intention to repay.

1.4 A Lacrosse Scotland director, working group member or member of staff steals stores or materials for his/her own personal use or reward.

1.5 Incidents similar to the above are likely to lead to disciplinary action which could result in dismissal.

Examples of Cases Which Need Not Be Reported as Fraud

1.6 An office is broken into and cash, etc, is removed from the safe. This should not be reported as fraud unless:

- a) There is proof or a suspicion that a Lacrosse Scotland director, working group member or member of staff was involved;
- b) That the perpetrator had some official connection with Lacrosse Scotland which was used to enable the theft to take place.

1.7 However, the theft of official documents which may later lead to fraud should be reported.

Theft of Personal Property

1.8 While the theft of the personal property or cash of a Lacrosse Scotland director, working group member or member of staff does not constitute fraud against Lacrosse Scotland and therefore does not need to be reported to the Board, it is nevertheless essential that any such incidents are reported so that appropriate action is taken e.g. notification of the police.

1.9 Responsibility for the prevention of the theft of personal property or cash rests with individuals who are ultimately responsible for their own property. However, it is prudent to remind Lacrosse Scotland director, working group member or member of staff not to leave personal valuables or cash unattended.