

CanTRA POLICY BOOK

A—7 ANTI-FRAUD

(1) Introduction

This document sets out the policy of the Canadian Therapeutic Riding Association (also in this document: “CanTRA,” “the organization” or “the Charity”) against fraud and other forms of dishonesty, together with the steps that must be taken when any of these practices is suspected or discovered.

The policy applies to directors, staff and volunteers. Anybody associated with CanTRA who commits fraud, theft or any other dishonesty, or who becomes aware of it and does not report it, will be subject to appropriate disciplinary action.

A copy of this policy is available to directors, staff, volunteers, service users, suppliers and other third parties, and is posted on the CanTRA website.

(2) Statement of intent

CanTRA will continually strive to ensure that all its financial and administrative processes are carried out and reported honestly, accurately, transparently and accountably, and that all decisions are taken objectively and free of personal interest. We will not condone any behaviour that falls short of these principles.

All members of CanTRA have a responsibility to put these principles into practice and to report any breaches they discover.

(3) Definitions

- **Fraud:** A deliberate intent to acquire money or goods dishonestly through the falsification of records or documents. The deliberate changing of financial statements or other records by a member of the public, or an employee or contractee of the Charity, or a person volunteering with the Charity. The criminal act is the attempt to deceive, and attempted fraud is therefore treated as seriously as accomplished fraud.
- **Theft:** Dishonestly acquiring or disposing of physical or intellectual property belonging to the Charity or to individual members of the Charity, or suing the Charity under false pretences.
- **Misuse of equipment:** Deliberately misusing materials or equipment belonging to the Charity.
- **Abuse of position:** Exploiting a position of trust within the Charity. This includes accepting or seeking anything of material value from contractors, vendors or persons providing services/materials to the Charity (exception: gifts less than \$50 in value); disclosing confidential and propriety information to outside parties; or any similar or related irregularities.

(4) Culture

The Charity’s culture is intended to foster honesty and integrity, and is underpinned by seven principles of behaviour: **selflessness, integrity, objectivity, accountability, openness, honesty, leadership**. Directors, staff and volunteers are expected to lead by example in adhering to policies, procedures and practices. Equally, members of the public, service users, and external organizations

(such as suppliers and contractors) are expected to act with integrity and without intent to commit fraud against CanTRA in any dealings they may have with the organization.

(5) Reporting suspected fraud

Any individual acting in any capacity for CanTRA who is aware of suspicions of fraud in any context covered by this policy should report it to the CanTRA President. The President will immediately inform the Finance Committee Chair and they will form an Investigation Team. *See section 7 below for further details.*

The Investigation Team is expected to deal promptly, firmly and fairly with suspicions and allegations of fraud or corrupt practice.

(6) Responsibilities

In relation to the prevention of fraud, theft, misuse of equipment, and abuse of position, specific responsibilities are as follows:

a) Board of Directors (“board”)

The board is responsible for establishing and maintaining a sound system of internal control that supports the achievement of the organization’s policies, aims and objectives.

The system of internal control is designed to respond to and manage the whole range of risks that the organization faces. This system is based on an ongoing process designed to identify the principal risks, to evaluate the nature and extent of those risks, and to manage them effectively. Managing fraud risk is seen in the context of the management of this wider range of risks.

b) The Finance Committee Chair

Overall responsibility for managing the risk of fraud has been delegated to the Finance Committee Chair. His/her responsibilities include

- undertaking an annual review of the fraud risks associated with each of the purposes as listed in the CanTRA by-laws;
- establishing an effective anti-fraud response plan, in proportion to the level of fraud risk identified;
- designing an effective control environment to prevent fraud;
- establishing appropriate mechanisms for
 - reporting fraud risk issues
 - reporting significant incidents of fraud or attempted fraud to the board;
- liaising with CanTRA’s appointed auditors;
- making sure that all board members and staff are aware of CanTRA’s Anti-Fraud Policy and know what their responsibilities are in relation to combatting fraud;
- ensuring that appropriate anti-fraud training is made available to directors, staff and volunteers as required;
- ensuring that appropriate action is taken to minimize the risk of previous frauds occurring in future.

c) Committee chairs

Committee chairs are responsible for

- ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively;
- preventing and detecting fraud as far as possible;
- assessing the types of risk involved in the operations for which they are responsible;
- regularly reviewing the control systems for which they are responsible;
- ensuring that controls are being complied with and their systems continue to operate effectively;
- implementing new controls to reduce the risk of similar fraud occurring where frauds have taken place;
- reporting details immediately to the President if they suspect that a fraud has been committed or see any suspicious acts or events;
- cooperating fully with the Investigation Team.

d) Staff and Volunteers

Every staff member or volunteer is responsible for

- acting with propriety in the use of the organization's resources and the handling and use of funds, whether they are involved with cash, receipts, payments or dealing with suppliers (*ref: CanTRA Administrator: Financial Tasks, filed at head office*);
- conducting themselves in accordance with the seven principles set out above: **selflessness, integrity, objectivity, accountability, openness, honesty, leadership**;
- being alert to the possibility that unusual events or transactions could be indicators of fraud;
- alerting the President when they believe the opportunity for fraud exists, e.g., because of poor procedures or lack of effective oversight;
- reporting details immediately to the President if they suspect that a fraud has been committed or see any suspicious acts or events;
- cooperating fully with the Investigation Team.

(7) Detection, Reporting, Confidentiality and Investigation

Whilst having regard to the requirements of the federal Privacy Act, the Charity actively participates in an exchange of information with external agencies on fraud and corruption. It is often the alertness of directors, staff or volunteers and the general public to the possibility of fraud and corruption that leads to detection of financial irregularity.

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. Reporting of suspected irregularities is essential as it facilitates a proper investigation by experienced personnel, and ensures the consistent treatment of information regarding fraud and corruption.

- The President will immediately notify the Finance Committee Chair of any report of irregularities or suspected irregularities, including those affecting cash, supplies, property, remuneration or allowances.
- The President and the Finance Committee Chair will immediately appoint an Investigation Team with a designated team leader to instigate an investigation.

- The designated team leader will
 - deal promptly with the matter;
 - have access to CanTRA's premises, documents, computers, desks, cabinets and other storage facilities, and the ability to copy and photograph items as needed within the scope of the investigation;
 - record the evidence received;
 - ensure the security and confidentiality of evidence, making sure investigation results are only disclosed and discussed with those who have a legitimate need to know; this is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct, and to protect the organization from potential civil liability;
 - work closely with the Investigation Team and with other agencies, such as the police and courts, to ensure that all issues are properly investigated and reported upon;
 - ensure maximum recoveries are made on behalf of the organization;
 - forward to the board any disciplinary procedures suggested by the Investigation Team (referral to the police will not prohibit or restrict action under the disciplinary procedures).
- In cases of suspected payroll irregularities where a fraud investigation may be possible, discussion will occur between the President, the Finance Committee Chair, and Human Resources Chair if it is thought a disciplinary investigation is more appropriate.
- Other irregularities concerning moral, ethical or behavioural conduct should be resolved by the board and the Human Resources Committee if the actions do not constitute fraud after being reported.
- Malicious accusations may be the subject of disciplinary action.

(8) Termination

If an investigation results in a recommendation to terminate an individual (volunteer or staff), the recommendation will be reviewed for approval by the board and the Human Resources Committee. Additional outside counsel (especially legal counsel) may be sought. The designated investigator does not have the authority to terminate any persons involved.

(9) Training

An important contribution to the continuing success of an anti-fraud strategy, and its general credibility, lies in the effectiveness of programmed training of directors, staff and volunteers throughout the organization. This will be achieved through the development of both induction and refresher training for all personnel involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced. Regular review of board policy by individual board members is also recommended.

(10) Review

This policy will be reviewed on an annual basis and revised as needed. The Finance Committee Chair will be responsible for maintaining this policy and review in consultation with the Human Resources Chair.