

1. Introduction

- 1.1. British Ski and Snowboard derives much of its income from public funds, benefactions and charitable organisations, so has a particular responsibility to ensure that income and resources are used solely for the purposes intended.
- 1.2. Fraud can occur unpredictably and in any part or any level of the organisation. This policy sets out BSS's responsibilities to prevent fraud and the procedures to be followed where a fraud is suspected or detected.
- 1.3. Fraud is a specific example of a business risk. The Board of Directors review business risk on a regular basis and maintain a risk register to monitor the control and prioritisation of risk.

2. Summary

- 2.1 The Fraud Act 2007 broadly defines three main types of fraud as follows:
 - Fraud by false representation
 - Fraud by wrongfully failing to disclose information
 - Fraud by abuse of position
- 2.2 For a situation to be classed as fraudulent there needs to be intent by the individual to make a gain or to cause a loss or to expose another to the risk of loss. Fraudulent activity can range from compromising data to theft by the submission of inflated expense claims.
- 2.3 Fraud can be "opportunistic" i.e. generally undertaken on an unplanned basis, or it can be "planned" and maybe linked to organised criminal activity/network.
Policies in existence which assist the prevention of fraud, which all employees and athletes are required to abide by are as follows:
 - BSS Officials Code of Conduct
 - BSS Team Members Code of Conduct
 - BSS Expense Policy

3. Prevention

Fraud can be costly, time consuming, disruptive and damage morale as well as having a negative impact on BSS's reputation and relationships with its stakeholders hence a major emphasis of this policy is upon fraud prevention.

- 3.1 Management Procedures
Fraud can be minimised through carefully implemented and consistently monitored procedures, processes and systems. BSS management have a duty to ensure all employees are properly inducted, and if BSS make any updates to their procedures or systems employees must receive the relevant new training. A continuous internal review of systems may deter attempted fraud and should result in continuous improvement.

3.2 Cash

Management of cash should include the following:

- Reconciliation procedures, keeping a record of cash received and banked, deterring and helping to detect fraud.
- Issuing receipts in return for cash received in order to provide an audit trail
- Cash must be kept physically secure.
- Frequent banking
- Use of alternative to cash (Caxton cards, direct debits, standing orders)

3.3 Cheques

Cheques are often completed in ways which facilitate opportunist fraud. Cheques are often intercepted by organised criminals who falsify payee and value details using sophisticated techniques.

The following preventative measures should be taken:

- Physical security – unused, completed and cancelled cheques should never be left unsecured. If cheques are destroyed, more than one employee should be present and record of serial numbers should be maintained
- Frequent bank reconciliations – some frauds have gone undetected for long periods because accounts have not been reconciled promptly, or because discrepancies have not been fully investigated.
- Clear instructions to debtors about correct payee details and the address to which cheques should be sent.
- Use of electronic funds transfer as an alternative to cheques.
- Central opening of all post by more than one person, and recording of all cash and cheques received.

4. Fraud Detection

4.1 BSS management should be alert to the possibility that unusual events or transactions could be symptoms of fraud or attempted fraud. Fraud may be detected through specific management checks or be brought to management's attention by a third party.

4.2 Suspect patterns of behaviour among employees dealing with financial transactions should be investigated, such as living beyond apparent means, taking few holidays, regularly working along out of normal hours and resistance to delegation. Any indication of addiction to drugs, alcohol or gambling should be addressed promptly for the welfare of the individual and minimise risks to BSS

5. Initiating Action

- 5.1 In trying to minimise the risks of fraud to BSS, all employees have a duty to act in a diligent manner and report any genuine concerns to the CEO in the first instance. Employees who have concerns about other employees should not try to take action themselves other than reporting their concerns.
- 5.2 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.
- 5.3 The CEO should, as soon as possible (aim of acting within 24 hours), hold a meeting or teleconference with the following Fraud Project Group members to decide on the initial response:
- CEO
 - Two BSS Independent Directors
- 5.4 The Fraud Project Group will decide on the appropriate action to be taken which will normally be an investigation, led by CEO. The Group will also consider and decide upon the need to:
- Involve external audit, external specialists or combination of these bodies
 - Report the matter to the police for investigation (they may take over the investigation; undertake interviews and gather evidence if appropriate).
 - Suspend the employee (see section 7)
- 5.5 If the CEO is implicated the matter should be reported to the Chairman of the Board. If the Chairman is implicated the matter should be reported to the external auditors.

6. Investigation

- 6.1 The purpose of the investigation will be to gather enough evidence to clear or suspend or arrest an employee, and will also inform the decision whether or not to progress the matter under the Disciplinary Procedure at the end of the fraud investigation process.
- 6.2 The investigation process will vary according to the circumstances of each case but it is likely that interviews will need to be carried out with the employee suspected of fraud, and with possible witnesses.
- 6.2.1 A written invitation will be sent to the employee outlining the issues to be addressed at the interview.
- 6.2.2 Any information disclosed in the interview may form part of either a disciplinary process or may be disclosed to law enforcement agencies for prosecution purposes.
- 6.2.3 The interview will explore the employee's conduct and their version of events, including actions and decisions taken. The employee may be presented with

evidence and asked to clarify any identified ambiguities, to give explanations and/or provide reasons for their behaviour.

6.2.4 At the conclusion of the interview the employee will be informed of the next steps in the process which may involve the following:

- Referral to law enforcement agencies.
- Based upon the evidence a decision will be made whether or not to suspend (see Section 7).
- Recommendation as to whether the matter should proceed under the Disciplinary Procedure.

6.3 The CEO as the investigating officer will ensure that a detailed record of the investigation is maintained which may include a record of telephone conversations, discussions, meetings and interviews, along with details of documents reviewed, tests and analysis undertaken, the results and their significance.

7. Suspension - Prevention of further loss

7.1 Where initial investigation provides reasonable ground for suspecting a member or members of staff or others of fraud, the Fraud Project Group will decide how to prevent further loss. This may require suspension of the employee(s), with pay, under the terms of the Disciplinary Procedure. Suspension should not be regarded as disciplinary action nor should it imply guilt. Suspension may take place at any stage of the investigation process. The decision to suspend will be based upon the evidence available and the perceived risk to BSS of the employee remaining at work.

7.2 It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence, and/or frustrating proceedings which may be needed to support disciplinary or criminal action. In these circumstances the Director of Finance will approach the suspects unannounced and may take the following action.

- Under supervision the employee will be allowed to collect personal property but they will not be able to remove any property belonging to BSS.
- The employee will be required to return any keys to premises/offices and any equipment belonging to BSS before leaving the premises.
- The employee will be escorted from BSS's premises and supervised at all times before leaving.
- Access to any BSS information systems, either hard copy or computerised, will be withdrawn immediately.
- Individuals will be advised that they are forbidden from accessing any BSS premises whilst on suspension. Any potential witnesses will be required to report to the CEO if they receive any contact from the suspended employee.

- 7.3 The CEO will consider whether it is necessary to investigate systems that the individual has had access to, other than those which are under initial suspicion.

8. Monitoring and Reporting

- 8.1 Any incident and account of actions taken shall be reported without delay by the CEO to the Chairman of the BSS Board.
- 8.2 On completion of the matter a written report shall be submitted to the Board of Directors by CEO containing:
- 8.2.1 A description of the incident, including the value of any loss, the people involved, the means of perpetuating the fraud, whether the matter was reported to law enforcement agencies and/or pursued under the BSS Disciplinary Procedure.
 - 8.2.2 The measures taken to prevent a recurrence.
 - 8.2.3 Any action needed to strengthen future responses to fraud, with a follow-up report on whether the actions have been taken.

The CEO will provide the Chairman of the Board of Directors with a confidential report at least monthly, unless the Chairman requests a lesser frequency, including:

- 8.2.4 Quantification of losses
- 8.2.5 Progress with recovery action
- 8.2.6 Progress with disciplinary action
- 8.2.7 Progress with criminal action
- 8.2.8 Estimate of resources required to conclude the investigation
- 8.2.9 Actions taken to prevent and detect similar incidents.

9. Resignation

If at any stage during the processes outlined in this policy the employee tenders their resignation, the fraud investigation will continue during their notice period, together with the Disciplinary Procedure if appropriate, which may ultimately result in dismissing the employee due to gross misconduct. In such circumstances the employee's resignation would be superseded by a dismissal. If an employee is dismissed due to gross misconduct involving fraud such disclosure will be made in any reference request.