

Counter-Fraud and Money Laundering Policy

Date of adoption by British Gymnastics Foundation Board	9 th April 2018
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Last review date	
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Summary of changes introduced at last review

Review date amended to reflect a 3 year review period. (Amended from 2019 – 2021 on March 11th 2019)

1. PURPOSE

1.1. The purpose of this policy is to provide a definition of fraud and money laundering and define authority levels, responsibilities for action and reporting lines in the event of suspected, attempted or actual fraud or irregularity or money laundering perpetrated against the Charity.

2. WHO THE COUNTER-FRAUD AND MONEY LAUNDERING POLICY APPLIES TO

2.1. The staff, Trustees, contracted deliverers and volunteers of British Gymnastics Foundation.

3. WHY WE HAVE A COUNTER-FRAUD AND MONEY LAUNDERING POLICY

3.1. British Gymnastics Foundation (BGF) conducts its business in a legal and ethical manner and is committed to the prevention of fraud and money laundering and to the promotion of an anti-fraud culture. This policy sets out the responsibility of all persons acting on BGF's behalf to act with honesty and integrity. It sets out the types of fraud and money laundering that could effect BGF, and what controls are in place to mitigate these risks. It includes a list of the actions that should be taken if fraud or money laundering is suspected or has occurred and who is responsible for these actions.

4. DEFINITION OF FRAUD

4.1. The Fraud Act 2006 provides a framework within which there are three potential areas that an individual may be guilty of fraud if in breach. These are fraud by:

4.1.1.False representation: a person commits fraud if they intentionally and dishonestly make a false representation;

4.1.2.Failing to disclose information: a person commits fraud if they dishonestly fail to disclose information;

4.1.3. Abuse of position: a person commits fraud if they dishonestly abuse their position.

4.2. The individual is deemed to have committed fraud if they make a false representation, fail to disclose information or abuse their position for the purpose of:

4.2.1.Making a gain for themselves or another; or

4.2.2.Causing a loss to another or to expose another to a risk of loss.

5. DEFINITION OF MONEY LAUNDERING

5.1. Money laundering is the process of transforming the profits of crime and corruption into ostensibly 'legitimate' assets.

POLICY DETAILS

6. Types of fraud and money-laundering crimes that BGF may be at risk of, and methods of mitigating these risks:

6.1. Staff and Trustees should be alert to the possibility that unusual events or transactions could indicate 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.

Irregularities may also come to light in the course of audit or independent examination reviews. The particular types of fraud that BGF may be at risk of, and the methods of mitigating these risks are detailed in 6.3 to 6.7 below.

6.2. Staff and Trustees should be alert to the possibility that donations with conditions attached, or donations from sources that cannot be checked or identified, could indicate money-laundering. The particular types of money-laundering that BGF may be at risk of, and the methods of mitigating these risks are detailed in 6.8 to 6.9 below.

6.3. Charity-specific fraud for example: bogus fundraising events, where the “fundraiser” has no intention of handing over the funds to the charity (this type of fraud can lead to reputational damage to charity).

6.3.1. Mitigation: legitimate fundraisers are given BGF letter of authorisation (and BGF website states that this is the case)

6.4. Abuse of position fraud for example: overclaiming expenses, stealing cash

6.4.1. Mitigation: authorisation procedures and other financial procedures (as detailed in Financial Regulations)

6.5. Procurement fraud: under-provision or over-charging of goods/services

6.5.1. Mitigation: requirement for quotes and authorisation procedures (as detailed in Financial Regulations)

6.6. Mandate fraud: fraudsters purport to represent contractors and seek to change payee account details so that monies are fraudulently misdirected

6.6.1. Mitigation: change of bank details are only accepted if supplied on company headed paper

6.7. Cyber fraud for example: fraudsters use a charity’s on-line donation platform to determine if stolen or cloned cards are still “live” (a £1 donation will determine this)

6.7.1. Unusual activity (for example many small £1 donations) will be investigated, and the Police will be informed

6.8. Donations with conditions for example: donor makes a donation to BGF with specific restrictions as to which partner or project is to be funded as a means of transferring funds and disguising the origin of the funds.

6.8.1. Mitigation: Head of BGF responsible for due diligence checks on all donations (see Scheme of Delegation).

6.9. Proceeds of crime for example: anonymous cash donations or donations through suspect third parties may be a means of disposing of the proceeds of crime.

6.9.1. Mitigation: Head of BGF responsible for due diligence checks on all donations (see Scheme of Delegation).

7. Actions to be taken if fraud or money laundering is suspected or has occurred

7.1. As soon as possible after fraud is suspected, the “Trustee responsible for fraud monitoring” will undertake an initial enquiry to ascertain the facts;

- 7.2.** This initial enquiry will ascertain 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. This initial enquiry may involve discreet enquires with staff or the review of key documents. Staff should be aware that all irregularities of this type, however apparently innocent, will be examined;
- 7.3.** If this initial enquiry confirms that fraud or money-laundering has occurred, then the “Trustee responsible for fraud monitoring” will immediately advise all Trustees, and authorise BGF staff to inform one or more of the following, as appropriate:
- 7.3.1. Action Fraud, the UK’s national reporting centre for fraud and cyber crime
 - 7.3.2. Charity Commission (fraud or money laundering is a “serious incident”, as defined by the Charity Commission)
 - 7.3.3. BGF’s bank if fraud involves the bank’s business card, online banking etc.
 - 7.3.4. HMRC if BGF has been a victim of tax fraud;
- 7.4.** To prevent loss of evidence for a subsequent disciplinary action or prosecution, the “Trustee responsible for fraud monitoring” will ensure that all the original documentation is preserved in a safe place for further investigation;
- 7.5.** If the fraud involves a member of BGF’s staff seconded from BG, then, in accordance with its Disciplinary policy, BG may suspend the staff member involved pending the outcome of the investigation;
- 7.6.** Where fraud or money laundering has occurred, management, under the direction of the “Trustee responsible for fraud monitoring”, must make any necessary changes in systems and procedures to ensure that similar incidents will not recur. The investigation may have uncovered failures of supervision or a breakdown in internal controls.

8. Responsibilities

8.1. Trustees

- 8.1.1. The Board of Trustees is responsible for developing and maintaining effective controls to prevent fraud and money laundering, and to ensure that if it does occur it will be dealt with promptly;
- 8.1.2. The Board of Trustees is responsible for appointing one of its Trustees as the “Trustee responsible for fraud monitoring”;
- 8.1.3. If fraud or money laundering occurs the “Trustee responsible for fraud monitoring” will carry out a thorough and prompt investigation;
- 8.1.4. The Board of Trustees will liaise with BG to ensure that appropriate legal action and/or disciplinary action is taken against seconded staff in all cases where it is justified;
- 8.1.5. The Board of Trustees will ensure that any necessary changes to systems and procedures are made to ensure that similar issues may not happen again;
- 8.1.6. In the case of a proven fraud/money laundering incident or suspected fraud/money laundering incident, whether committed by a member of staff or an external person, the “Trustee responsible for fraud monitoring”, with the authority of the Board, will refer the case to the authorities, as detailed in 7.3 above, and will cooperate fully with all authorities (which may result in the individual(s) being prosecuted);
- 8.1.7. Steps will be taken to attempt to recover any losses resulting from the fraud and civil action against the perpetrator may be taken.

8.2. Head of Charity

- 8.2.1. The Head of BGF is responsible for ensuring that BGF's internal control system is adequate and operates effectively. He is responsible for assessing the types of risk involved in BGF's operations and regularly reviewing and testing the control systems, ensuring that the controls are being complied with, and satisfying himself that the systems continue to operate effectively;
- 8.2.2. The Head of BGF is responsible for ensuring that all staff, contractors and volunteers (if appropriate) are given a copy of the relevant BGF policies (to include the Financial Regulations and the Counter-Fraud and Money Laundering Policy);
- 8.2.3. The Head of BGF is responsible for investigating donors in line with the Scheme of Delegation;
- 8.2.4. The Head of BGF is responsible for investigating potential partners in line with the Scheme of Delegation.

8.3. Staff

- 8.3.1. Every member of BGF staff has a duty to ensure that the Charity's funds and assets are safeguarded, whether they are involved with fundraising, payment systems, receipts, contractors, consultants, suppliers or grant recipients;
- 8.3.2. Staff should alert their manager where they believe the opportunity for fraud or money laundering exists because of poor procedures or lack of effective oversight;
- 8.3.3. In addition, it is the responsibility of every member of staff to report details immediately to their manager, the Head of BGF or the "Trustee responsible for fraud monitoring" if they suspect that an incident of fraud or money laundering has occurred or see any suspicious acts or events;
- 8.3.4. Staff should also assist in any investigations by making available all relevant information and by co-operating in interviews.

9. **INTERDEPENDENCIES**

- 9.1. Fraud Act 2006
- 9.2. BGF's Scheme of delegation
- 9.3. BGF's Financial Regulations

10. **REVIEW**

- 10.1. The Counter-Fraud and Money Laundering Policy's next review date is March 2021