

London Organising Committee of the Olympic Games and Paralympic Games Limited (the “Company”)

Anti-Fraud Policy

Introduction

LOCOG requires all staff to act honestly at all times, to uphold our core value of integrity, and to safeguard the resources for which the Company is responsible.

Fraud, which for these purposes includes corruption, is a matter of concern for all members of staff and for everyone we engage to undertake services for us. It may occur internally or externally, and may be perpetrated by employees, consultants, suppliers, or contractors, acting individually or in collusion.

The immediate impact of fraud could be the loss of money or other assets, but the wider impacts would be on LOCOG’s credibility and reputation and the overall image of London as the venue for the Games.

In carrying out our mission to put on a successful Games, therefore, we must work together to do everything possible to minimise the risk of fraud and corruption. We must take sensible steps to prevent it, and must be able to recognise and deal with it appropriately whenever it occurs.

Scope

The purposes of this policy are to:

- describe fraud, and give examples of how it may occur
- set out our responsibilities with regard to fraud prevention
- tell you what to do if you suspect or detect fraud
- explain the Company’s response to fraud

What is Fraud?

Fraud is a term which is used to describe acts such as deception, bribery, forgery, extortion, embezzlement, misappropriation, and collusion or conspiracy to commit such acts. Fraud can be a form of stealing or theft, or depriving someone of something by means of deceit. Examples are:

- false accounting
- kickbacks or rebates to steer business to a supplier
- money laundering
- anti-competitive behaviour such as bid-rigging
- computer fraud (for example, where IT equipment is used to manipulate programs or data by altering or manufacturing spurious records)
- raising false invoices from fake suppliers
- raising false cheques or payments
- signing contracts that deliberately cause value to be wrongfully transferred from the Company
- creating records that do not reflect the truth or are deliberately misleading, (for example, changing timesheets to demonstrate falsely that more work has been performed than actually has been done).

Fraud is anything that causes the Company’s property or cash or information to be taken from the Company without proper authorisation; or which causes

London Organising Committee of the Olympic Games and Paralympic Games Limited (the “Company”)

Anti-Fraud Policy

the Company or a member of staff to benefit inappropriately to the unfair detriment of a third party such as a supplier or sponsor; or causes the Company’s financial accounts to be misstated.

How Do We Prevent Fraud?

Everyone is responsible for maintaining a fair and honest environment and for promoting an anti-fraud culture throughout the Company and in our dealings with sponsors and suppliers.

Compliance with the Company’s policies concerning conflicts of interest and gifts and gratuities is an important part of sustaining the right culture. Beyond this, don’t be afraid to challenge and ask questions if you don’t understand something or believe something is wrong. If you think something is wrong, it may be wrong—trust your instincts.

Irrespective of the amount involved, you must report all cases of suspected, attempted, or proven fraud or corruption of which you become aware, so that the Company can fully investigate and address each case. You should communicate your concerns to your line manager or directly to the Head of Risk Assurance (“HRA”), Mary Hardy, on extension 2842. **Under no circumstances should you attempt to investigate the allegations yourself as this may compromise our ability to take appropriate legal action in due course.**

The Company is committed to ensuring that concerns can be reported without fear of reprisal, and to providing a channel for communication of such concerns independently of management. As an alternative, the Company has, therefore, made arrangements for concerns to be reported in strict confidence to either the external specialist organisation, Expolink, or to the Ethics Commissioner for London 2012, currently Michael Beloff Q.C.

- Reports can be made through Expolink by calling the **FREE** confidential helpline on **0800 374199**, emailing hotline@expolink.co.uk or via www.expolink.co.uk. To use web-based reporting, the log on code is LOCOG2012. The helpline is available 24 hours a day, 7 days a week.

Reports can be made to Michael Beloff QC who will act as an external Referee. Mr. Beloff has served as the Ethics Commissioner for London 2012 since the time of the Bid, and is a highly-regarded professional with considerable experience in such matters. He may be contacted by email at michaelbeloff@blackstonechambers.com.

In both cases, they will need to discuss the situation with you to ensure they have all the information you have. This will then be summarised and reported to the HRA, without revealing your identity, for further evaluation and investigation if deemed necessary. Expolink or Mr Beloff may come back to you to check information or update you as the investigation progresses. If you prefer, you may provide information anonymously, although you should be aware that this may compromise our ability to follow up on the information provided.

London Organising Committee of the Olympic Games and Paralympic Games Limited (the “Company”)

Anti-Fraud Policy

Responsibility for Fraud Risk Management

The HRA is responsible for implementing and maintaining this anti-fraud policy. She will keep the Anti-Fraud Policy under review, and communicate it to all staff providing training and other support as necessary. In addition, the HRA will ensure that:

- appropriate action is taken in response to allegations of fraud, including convening the Fraud Response Group as appropriate (see below)
- appropriate legal and/or disciplinary action is taken against perpetrators of fraud
- appropriate action is taken to recover assets; and
- appropriate remedial action is taken to minimise the risk of similar frauds occurring.

Although the day-to-day responsibility for the prevention and detection of fraud rests with every employee, secondee and consultant, **line managers** in particular are responsible for:

- identifying the risks to which systems, operations and procedures are exposed
- developing and maintaining effective controls to prevent and detect fraud
- ensuring that controls are complied with; and
- where fraud has occurred, reviewing the effectiveness of existing controls and identifying control gaps which need to be addressed to reduce the risk of any recurrence.

All staff, including managers, are responsible for:

- acting with propriety in the use of the Company’s resources and in the handling and use of funds, whether involved with cash or payment systems, receipts, or dealing with contractors, suppliers or other third parties
- ensuring that internal controls which are designed to prevent and detect fraud are rigorously observed
- reporting any concerns immediately to their line manager or the HRA, if they suspect or believe there is evidence of irregular or improper behaviour or that a fraud may have been committed; and
- cooperating fully with the HRA or her delegates in any investigation of fraud.

How Do We Respond to Fraud?

An integral part of the Company’s Anti-Fraud Policy is the way in which we respond to actual or suspected incidents of fraud. The Company will vigorously investigate all cases of actual or suspected fraud, and will take appropriate action.

Upon receiving allegations or concerns, the HRA will evaluate them and conduct a preliminary inquiry to determine what other action, if any, is required, including whether the Fraud Response Group should meet.

London Organising Committee of the Olympic Games and Paralympic Games Limited (the “Company”)

Anti-Fraud Policy

The Fraud Response Group (“FRG”) is comprised of the HRA (Chair), Chief Financial Officer, Director of Human Resources, General Counsel and Head of Security.

If convened, the FRG will review the incident and determine the appropriate response, which might include one or more of the following:

- Take no further action
- Ask the HRA to obtain more information; or
- Direct the HRA to conduct a Special Investigation, and set the terms of reference of any such investigation (this may include authorisation to engage external counsel and/or forensic accountants, or use other resources).

What Happens During and After a Special Investigation?

The Chief Executive Officer and the Chair of the Audit Committee will be notified when a Special Investigation has been initiated. The FRG will also determine whether to include other functional areas (for example, Finance, IT, Procurement, Facilities).

The FRG will meet as required to oversee the progress of any Special Investigation and take major decisions relating to the incident, including determining what actions, if any, should be taken in respect of staff, third parties, or the Police.

During the course of any Special Investigation the FRG may decide to suspend one or more staff member(s) where there are reasonable grounds to believe they may be involved in fraud, and may take measures, including removal of access to premises or systems, to prevent the destruction or removal of evidence that may be needed to support disciplinary, civil or criminal action.

You should be aware that the Company will take disciplinary action (including where appropriate suspension or dismissal) against any member of staff involved directly or indirectly in actual or suspected fraud, including refusal to cooperate with an investigation. Such involvement will be treated as gross misconduct.

The Company may also initiate civil action for the recovery of assets, including against any third parties believed to be involved. Repayment of any losses will be pursued in all cases where it is practical and cost-effective, and the FRG will consider all available legal actions on the basis of advice from the General Counsel and other members of the internal Legal department and external counsel as appropriate.

The FRG will determine whether an incident should be referred to the Police, taking into account the quality of evidence available, the opinion of external advisors, if involved, and the opinion of the HRA. If the FRG decides that there are sufficient grounds to refer the incident to the Police, it will recommend this to the CEO.

During the course of any Special Investigation, and until a matter is brought to closure, the HRA will provide periodic confidential reports to the Chair of the Audit Committee, the CEO and the CFO summarising the situation, including loss incurred,

London Organising Committee of the Olympic Games and Paralympic Games Limited (the “Company”)

Anti-Fraud Policy

progress with recovery, any disciplinary action, any civil or criminal action, estimated resources expended and required, and actions taken to prevent and/or detect similar incidents. On completion of any Special Investigation, the HRA will submit a final report to the same persons, including recommendations for preventative steps.

The Company’s Anti-Fraud Policy will be reviewed by the HRA periodically and in the context of any Special Investigation, and any changes will be proposed to the Audit Committee for approval. The HRA will provide appropriate briefings to the Management Committee on incidents of fraud, and will contribute a report on fraud to the Annual Compliance Review produced by the Company’s Ethical Compliance Officer.

Conclusion

It is everyone’s job to understand and comply with the Company’s Anti-Fraud Policy. **Although circumstances of fraud may vary, the Company’s approach is consistent: it does not tolerate any fraud.** As described above, all cases of actual or suspected fraud will be vigorously investigated and appropriate action will be taken.

If you have any questions concerning this policy, or wish to report any matters, you should feel free to contact either the HRA (Mary Hardy on extension 2842) or the General Counsel (Terry Miller on extension 2145).

Associated policies

‘Speak up’ policy
Staff Handbook – section on ethics in particular
Gifts and Gratuities policy
Conflicts of Interest