

Fraud and Cheat Prevention and Investigation Policy

Purpose

Fraudulent acts and corrupt practices are detrimental for fulfilling the mandate of any organization's funds, assets and other necessary resources. Fraudulent and corrupt practices can also seriously damage Cohesion's reputation and diminish donors' trust in its ability to deliver results in an accountable and transparent manner. Furthermore, it may affect staff and personnel effectiveness, motivation and morale, and impact on the Organization's ability to attract and retain a talented work force.

The policy for fraud and cheat prevention & investigation is established to facilitate the development of controls which will aid in the prevention & investigation of fraud against Cohesion Foundation Trust. It is the intent of CFT to promote consistent organizational behaviour by providing guidelines and assigning responsibility for the development of controls and conduct of investigations. In order to oversee the best practices, this policy is formulated.

The policy is intended for CFT staff members, non-staff personnel, vendors, implementing partners and responsible parties. It applies to all activities and operations of CFT, services provided by CFT to other organisations and management service agreements

Scope and application

CFT has zero tolerance for fraud and corruption, meaning that CFT staff members, non-staff personnel, vendors, implementing partners and responsible parties are not to engage in fraud or corruption. All incidents of fraud and corruption are to be reported, and will be assessed and, as appropriate, investigated in accordance with the Investigation Guidelines when applicable. CFT will pursue rigorously disciplinary and other actions against perpetrators of fraud, including recovery of financial loss. CFT is committed to preventing, identifying and addressing all acts of fraud and corruption against CFT, through raising awareness of fraud risks, implementing controls aimed at preventing and detecting fraud and corruption, and enforcing this Policy. This Policy aims to prevent, detect and address acts of fraud and corruption involving: i) Staff members ii) Non-staff personnel, including Service Contract holders, Individual Contractors, Volunteers assigned to CFT and interns; iii) Vendors, including actual or potential contractors of civil works and suppliers of goods and services; and iv) Implementing partners and responsible parties engaged/contracted by CFT.

Definition of fraud and corruption

The following definitions shall apply in the context of this Policy:

Fraud is a knowing misrepresentation of the truth or a concealment of a material fact to induce another to act to his or her detriment.

Corruption is the act of doing something with an intent to give an advantage inappropriate with official duties to obtain a benefit, to harm or to influence improperly the actions of another party.

Actions taken to instigate, aid, abet, attempt, conspire or cooperate in a fraudulent or corrupt act, also constitute fraud or corruption.

Examples of fraud and corruption include, but are not limited to, the following actions:

- Forging documents, preparing false entries in CFT systems or making false statements to obtain a financial or other benefit for oneself or another/others;
- Collusion or other anti-competitive scheme between suppliers during a procurement process;
- Providing information in relation to a medical insurance claim or another entitlement that the claimant knows to be false;
- Forging the signature of a CFT staff member or forging a document purporting to be from CFT to induce a party outside CFT to act;
- Using another's IT identity or password, or creating false identities/passwords, without consent or authority to manipulate CFT processes or cause the approval or denial of actions;
- Accepting hospitality such as meals or entertainment from a vendor;
- Misrepresenting CFT employment status to obtain a benefit from a government or private sector entity;
- Processing the cost of personal travel as part of an official travel;
- Making misrepresentations, including educational credentials or professional qualifications, on a personal history form in the context of a job application; and
- Falsifying documents, making false statements, preparing false entries in CFT systems or other deceptive acts to the detriment of those someone seeks to disfavor, or to discredit a person, programme or the Organization.

Fraud prevention measures

Fraud awareness

Staff members, non-staff personnel, vendors, implementing partners and responsible parties must be aware of their responsibility to prevent fraud and corruption. In this regard, managers are to raise awareness of this Policy, and reiterate the duty of all staff members to report instances of fraud and corruption. Managers are also required to make non-staff personnel, vendors, implementing partners and responsible parties contracted/engaged by their respective offices aware of this Policy. Vendors, including non-governmental organizations (NGOs) and civil society organizations (CSOs), are made aware.

Building fraud prevention into programme and project design

When developing a new programme or project, it is important to ensure that fraud risks are fully considered in the programme/project design and processes. This is especially important for high risk programmes/projects, such as those that are complex or operate in high risk environments. These programme/project risk logs shall be communicated to relevant stakeholders, including donors, implementing partners and responsible parties, together with an assessment of the extent to which risks

can be mitigated. Programme and Project Managers are responsible for ensuring that the risk of fraud and corruption is identified during the programme/project design phase. They are to consider how easily fraudulent acts might occur and be replicated in the day-to-day operations. They are also to evaluate their impact, and the effectiveness of the measures taken to mitigate risks, including systemic monitoring actions. Informed decisions can then be made on additional mitigating actions.

Management of the risk of fraud and corruption

Managers shall identify and assess the risks in their programme or project areas, including the risk of fraud and corruption, and apply mitigating measures, taking due account of the level of risk involved. Because it is impossible to eliminate all risks, good risk management requires a sound balance of the following aspects: assessment, mitigation, transfer or acceptance of risks. These risks shall be communicated to relevant stakeholders, together with an assessment of the extent to which risks can be mitigated. Managers shall be vigilant in monitoring irregularities and the risk of fraud.

Fraud risk assessment

Where a high risk of fraud has been identified within the general risk assessment of programmes/projects, an additional and specific fraud risk assessment may be necessary. This indepth assessment should be used to better identify fraud risks and develop effective measures that address these high risks. The aim is to help management to identify and evaluate areas of the programme/project that are most susceptible to fraud, and prioritise where CFT should focus its resources for fraud prevention and mitigation. These fraud prevention and mitigation measures should be monitored for effectiveness over time, and the fraud risk assessment process may be repeated periodically utilising lessons learned, especially for longer-duration programmes/projects or where material changes are made to the design of the programme/project during its implementation.

Internal control system

A strong internal control system, where policies and procedures are enforced, internal controls are appropriately implemented, and staff members, non-staff personnel, vendors, implementing partners and responsible parties are informed about fraud and corruption and its consequences, can curtail fraud and corruption. Where managers have identified and assessed the risk of fraud and corruption, these risks can be managed by establishing practices and controls to mitigate the risks, by accepting the risks — but monitoring actual exposure — or by designing ongoing or specific fraud evaluation procedures to deal with individual fraud risks.

Integrity and other best practices

Best practices with respect to knowing staff members, non-staff personnel, vendors, implementing partners and responsible parties, must be followed by CFT staff, especially area managers and other hiring/contracting officials. Integrity is a paramount consideration in the recruitment of staff members and the contracting of non-staff personnel. This can be achieved, for instance, by using specific interview assessment tools for integrity, professional experience and academic checks. Additionally, with respect to the hiring staff members, the hiring unit has the duty to enquire about the candidates' possible existence

of family relationships and to ensure that the job candidates are aware of and declare any family or spousal relationships

Application and adherence to standards and codes of conduct

Standards and codes of conduct have been established for staff members and non-staff personnel. In addition, contracts issued to non-staff personnel and vendors stipulate requirements with respect to such non-staff personnel's and vendors' actions in the context of their contractual relationship with CFT. The observance of such standards of conduct and contractual obligations deters fraud and encourages the highest standards of professional behaviour.

Roles and responsibilities

All CFT staff members and non-staff personnel have critical roles and responsibilities in ensuring that fraud is prevented, detected and dealt with promptly. They are responsible for safeguarding resources entrusted to CFT and for upholding and protecting its reputation. Similarly, all CFT vendors, implementing partners and responsible parties shall be held to the highest ethical standards, and should report to CFT any acts of fraud and corruption.

Reporting fraud

CFT staff, non-staff personnel, vendors, implementing partners and responsible parties, is strongly encouraged to report regarding fraud or other corrupt practices through e-mail of the organization cohesionfoundation@gmail.com.

Details that should be included in a report of fraud in order for investigations to be successful, complaints should be as specific as possible. To the extent possible, they should include details such as:

- The type of alleged wrongdoing;
- When, where and how the wrongdoing occurred; and
- Who was involved and may have knowledge of the matters being reported.

Relevant documents or other evidence should be included with the report or provided as soon as possible. Confidentiality Requests for confidentiality by persons making a complaint will be honored to the extent possible within the legitimate needs of the investigation. Individuals wishing to protect their identity may report fraud anonymously. CFT does not tolerate any form of retaliation against whistleblowers, i

Investigation of allegations

All allegations of fraud and corruption are taken seriously. Upon receipt of an allegation, CFT will assess the case and if it determines that there is sufficient ground to warrant an investigation, it will conduct an investigation. In addition, CFT may undertake proactive investigations in high risk areas that are susceptible to fraud and corruption.

Action based on investigations

The allegations, if substantiated by the investigation, may result in disciplinary and/or administrative actions or other actions taken by CFT, depending on the case. The outcomes may be as follows:

- a) For staff members, disciplinary and/or administrative actions;
- b) For Service Contract holders and Individual Contractors, non-renewal or termination of their contract or other action as deemed necessary.
- c) For Volunteers, standard procedures are followed,
- d) For vendors, NGOs and CSOs, termination of the contract and debarment from doing business with CFT or other sanctions;
- e) Referral to the national authorities of a member state for criminal investigation and prosecution;
- f) Recovery of financial loss and/or assets suffered by CFT, and to return funds recovered to the respective funding sources; and
- g) Issuance of Management Letters to allow business units concerned to take corrective actions and strengthen internal controls.

Remediation and implementation of lessons learned

CFT will also use its collective knowledge gained from lessons learned on audits and investigations to enable CFT management to be more proactive in dealing with potential systemic weaknesses. When appropriate, CFT will provide briefings and reports on risks facing the Organization and “lessons learned” from investigations to relevant management in CFT.