



## **ANTI- FRAUD POLICY**

## **1. Introduction**

AMARD is committed to the highest possible standards of openness, transparency and accountability in all its affairs. We wish to promote a culture of honesty and opposition to fraud in all its forms.

AMARD operates in Somalia, and in common with other organizations, the size and nature of our operations puts us at risk of loss due to fraud. The purpose of this policy is to provide:

- A clear definition of what we mean by “fraud”
- A definitive statement to staff forbidding fraudulent activity in all its forms
- A summary to staff of their responsibilities for identifying exposures to fraudulent activities, for establishing controls and procedures for preventing such fraudulent activity and/or detecting such fraudulent activity when it occurs.
- Guide to employees as to action which should be taken where they suspect any fraudulent activity.
- Clear guide as to responsibilities for conducting investigations into fraud related activities.
- Assurance of protection to employees in circumstances where they may be at risk of victimization as a consequence of reporting, or being a witness to, fraudulent activities. This also includes any ‘whistle-blowers.

This document is intended to provide guidance and should be read in conjunction with:

- the relevant Human Resource Policies in relation to Investigation Guidelines
- Overseas Finance Policies & Procedures in relation to Reporting Fraud / Theft and Negligence
- the Whistleblowing Policy.

This document will be reviewed periodically in order to determine whether it remains useful, relevant and effective.

## 2. Definitions

AMARD defines fraud as:

**"The theft or misuse of AMARD's funds or other resources, by an employee or a third party, which may or may not also involve misstatement of financial documents or records to conceal the theft or misuse".**

For example, fraud includes but is not limited to the following:

- Theft of funds or any other AMARD / Donor property
- Falsification of costs or expenses
- Forgery or alteration of documents
- Destruction or removal of records
- Inappropriate personal use of AMARD's assets
- Employees seeking or accepting cash, gifts or other benefits from third parties in exchange for preferment of the third parties in their dealings with AMARD
- Blackmail or extortion
- Offering, promising or giving of a bribe and requesting, agreeing to receive or accepting a bribe for any reason
- Making facilitation payments
- Paying of excessive prices or fees to third parties with the aim of personal gain.

## 3. AMARD Policy

Fraud in all its forms is wrong, and is unacceptable to AMARD. This is because where fraud occurs:

- It is not just a loss to AMARD, but ultimately to our beneficiaries, people living in extreme poverty and the neediest people
- It may have a major impact on our reputation, on donor confidence and therefore again on our beneficiaries.

AMARD's objective is that fraud is eliminated from its activities. Any indications of fraud will be thoroughly investigated and dealt with in a firm and controlled way.

## **4. Responsibilities of Employees**

### **i. Managers**

It is the responsibility of managers to be familiar with the types of fraud that might occur in their area, to be alert for any indication of fraud or improper activity and to maintain controls to avoid such occurrences.

Managers are required to ensure that all staff under their control are given a copy of this policy and acknowledge its receipt. Managers should also ensure that staff are encouraged to report suspected issues of fraud.

### **ii. All Staff**

It is the responsibility of all employees to carry out their work in such a way as to prevent fraud occurring in the workplace. Employees must also be alert for occurrences of fraud, be aware that unusual transactions or behaviours could be indications of fraud, and report potential cases of fraud as outlined below.

## **5. Reporting Suspected Fraud**

Employees are required to report issues of suspected fraud. Employees should report their suspicions as follows:

- Overseas staff: To their Line Manager, or to the executive director.
- Executive Director: To the board of directors.

Employees who suspect fraud should not do any of the following:

- Contact the suspected individual(s) directly in an effort to determine facts, demand explanations or restitution
  - Discuss the issue with anyone within AMARD other than the people listed above
  - Discuss the issue with anyone outside of AMARD, except as required by law.
- Reporting Information.

If preferred, the issue may be reported to the AMARD executive director confidentially. This can also be used if the circumstances are such that reporting a suspicion as above is inappropriate, or if the person to whom it is reported is unable to assist.

## **6. Dealing with Reports of Suspected Fraud**

Any suspicions of fraud will be taken seriously. AMARD expects its managers to deal firmly and quickly with any reports of suspected fraud.

Managers receiving reports of suspected fraud must immediately notify the issue and proposed actions to the following:

- Overseas Line Managers: Executive Director
- Country Directors: To the Board of Directors

The purpose of this prompt notification is to ensure transparency in dealing with the issues and to allow the sharing of experience of similar situations that may already have arisen elsewhere.

## **7. Investigation Guidelines**

In consultation with the persons notified, arrangements must be made for a comprehensive investigation of the issue. The following are responsible for managing these investigations:

- Overseas: Executive Director, or any other person nominated by Board of Directors.

### **7.1 Investigation Team**

Investigations should be completed either by appropriately experienced independent AMARD staff, or by independent third parties. Where the fraud has financial implications, it is recommended that a person with suitable financial skills and experience such as the Head of finance and procurement, Accountant or a resource from the Finance Team, as appropriate, is a part of the investigation team. An investigation is required to be done without regard to any person's relationship with AMARD, position or length of service.

The Executive Director will not be involved in the investigation directly as he / she will be the one to review the investigation report and be involved in the decision on any disciplinary action to be taken. The investigation team should comprise at least two members.

When conducting their investigation, investigators must be very alert not to act in a way or reveal documents or other information that will allow others to guess that there is a whistle blower involved or to work out who they might be. The safeguards for reporting employees must be applied in all cases - see below.

### **7.2 Investigation**

The purpose of the investigation is to establish the facts. All work of the investigation team should be documented, including transcripts of interviews conducted. The investigation should be held in a timely manner and the executive director and the board of directors should be kept informed of any major developments.

### **7.3 Investigation Report**

The conclusion of all fraud investigations must be documented. The Investigation Report will contain all details relating to the investigation and a timeline of all the events which took place. The Report will also include the transcripts of any interviews undertaken and any legal advice received as an appendix. The report may also contain the recommendations of the investigation team on the course of action to be taken.

The Executive Director should forward the written report/conclusions to the persons requiring notification – see section 6 above – and agree the appropriate action to be taken.

The person(s) that initially reported the suspicions should be informed of the outcome of the investigation but this should be done only once the report and proposed course of action has been finalized.

### **8. Safeguards for Employees**

The safety of whistle blowers is a very important consideration for investigators and one that must not be taken lightly. The organization has an obligation to protect staff members who have come forward to report wrongdoing.

Issues reported to line management will be investigated with the following safeguards:

- Harassment or Victimization: AMARD recognizes that the decision to report a suspicion can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. AMARD in accordance with its Human Resource Policies will not tolerate harassment or victimization and will take all practical steps to protect those who raise an issue in good faith.
- Confidentiality: AMARD will endeavor to protect an individual's identity when he or she raises an issue and does not want their name to be disclosed. It should be understood, however, that an investigation of any malpractice may need to identify the source of the information and a statement by the individual may be required as part of the evidence.
- Anonymous Allegations: Employees may opt to make an anonymous allegation; however, it should be noted that AMARD discourages anonymous allegations. Issues expressed anonymously will be considered at the discretion of AMARD. In exercising this discretion, the factors to be considered will include:
  - a. The seriousness of the issues raised
  - b. The credibility of the allegations and the supporting facts

- c. The likelihood of confirming the allegation from attributable sources
- Untrue Allegations: Employees should be aware that if an allegation is made in good faith, but it is not confirmed by an investigation, AMARD guarantees that no action will be taken against the complainant. If, however, individuals make malicious or vexatious allegations, disciplinary action will be considered against an individual making the allegation.

## **9. Actions Arising from Fraud Investigations**

### **9.1 Disciplinary procedures**

Persons who are judged guilty of fraud have committed gross misconduct and will be dealt with in accordance with the HR Policy on Disciplinary Action. Proven allegations of fraud may result in dismissal. The process and people involved in deciding on this disciplinary action are set out in section 7 above.

We are required to share details of fraud with external organizations such as institutional donors, regulatory bodies and future employers.

In the event where a staff member has been found to have committed fraud, their personal details (e.g. name, date of birth, address and nationality) and details of the fraud will be shared with these external bodies. Organizations may retain this data and use it to inform future decisions. In addition, where appropriate, AMARD will refer significant fraud to the local law enforcement agencies with a view to initiating criminal prosecution. Consideration should be given to the local context and the consequences in terms of human rights of initiating criminal prosecution against the individuals involved. In every case, the final decision whether or not to prosecute should be taken by:

- Overseas: Executive Director Regional Director in consultation with the Overseas Director
- Central functions: head of finance and procurement.

### **9.2 Changes to systems of controls**

The fraud investigation is likely to highlight where there has been a failure of supervision and/or a breakdown or absence of control; the course of action required to improve systems should be documented in the investigation report and implemented when this report is finalized.

### **9.3 Recovery of losses**

Where AMARD has suffered loss, full restitution will be sought of any benefit or advantage obtained and the recovery of costs will be sought from individual(s) or organizations responsible for the loss.

If the individual or organization cannot or will not make good the loss, consideration will be given to taking civil legal action to recover losses. This is in addition to any criminal proceedings which may result.

### **10. Application to Partner Organizations and Consultants**

Contracts with partner organizations and with consultants should make explicit reference to the existence of this policy and should require partner agencies and consultants to report any frauds that arise in their dealings with the organization or that in any way involve the resources of the organization. In addition, all contracts with partners and consultants should either include a copy of this policy as an attachment or clearly specify where a copy can be obtained.

### **11. Effective Date**

The Anti-Fraud Policy will come into effect immediately upon approval of the board of directors.

### **12. Review of this Policy**

In the interests of maintaining best practice, the contents of this Anti-Fraud Policy will be reviewed after every three years.