



ANTI- FRAUD & WHISTLE-BLOWING POLICY

1. Introduction

Concern 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.

The organisation operates in many countries, and in common with many large and decentralised organisations, 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.
- Guidance to employees as to action which should be taken where they suspect any fraudulent activity.
- Clear guidance as to responsibilities for conducting investigations into fraud related activities.
- Protection to employees in circumstances where they may be at risk of victimisation 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.

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

2. Definitions

Concern defines fraud as:

"The theft or misuse of Concern'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 Concern property
- Falsification of costs or expenses
- Forgery or alteration of documents
- Destruction or removal of records
- Inappropriate personal use of Concern'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 Concern
- Blackmail or extortion
- Offering, promising or giving of a bribe and requesting, agreeing to receive or accepting a bribe for any reason
- Paying of excessive prices or fees to third parties with the aim of personal gain.

3. Concern Policy

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

- It is not just a loss to Concern, but ultimately to our beneficiaries, people living in extreme poverty and the most needy of the world's citizens
- It may have a major impact on our reputation, on donor confidence and therefore again on our beneficiaries.

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

4. Responsibilities of Employees

a. 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 be given a copy of this policy in a language they can understand, and acknowledge its receipt.

Managers should also ensure that staff be encouraged to report suspected issues of fraud.

b. 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 Country Director.
- Country Directors: To the Regional Director and Internal Auditor where the fraud is in excess of €500.
- Staff based in Ireland, UK and USA: To the responsible SMT member.
- SMT Members: To the Chief Executive and / or Chairperson, Internal Auditor, Finance Director, and HR Director
- Internal Auditor: To Audit & Risk Committee of Council

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 Concern other than the people listed above
- Discuss the issue with anyone outside of Concern, except as required by law

5.1 Reporting Information

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, the issue may be reported to the Concern confidential helpline. This helpline is monitored by the Internal Auditor and is accessed as follows:

- By email to fraudmailbox@concern.net
- By telephone to 00-353-1-479-1326
- By post marked "Private & Confidential" to Internal Auditor, Corporate Services, Concern, 52-55 Lower Camden Street, Dublin 2, Ireland.

6. Dealing with Reports of Suspected Fraud

Any suspicions of fraud will be taken seriously by Concern. Concern 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: To the Country Director

- Country Directors: To the Regional Director and Internal Auditor where the fraud is in excess of €500.
- Regional Directors: To the Overseas Director, Finance Director and other Directors as appropriate.
- SMT Members: To Internal Auditor, Finance Director, and HR Director
- Internal Auditor: To Audit & Risk Committee of Council

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: Country Director, or any other person nominated by the Regional Director
- Central Functions: Responsible SMT member, or any other person nominated by the Chief Executive or Chairperson

In all circumstances those responsible must consult with the Internal Auditor regarding the investigation process, approval of investigation TOR, etc.

7.1 Investigation Team

Investigations should be completed either by appropriately experienced independent Concern 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 Country Accountant, Regional Accountant or a resource from the Dublin 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 Concern, position or length of service.

The Country Director / responsible SMT member 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. If a translator is required this should be an independent translator.

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 Regional Director and Internal Auditor should be

kept informed of any major developments.

In order to ensure confidentiality, as per the HR investigation guidelines; 'A confidentiality clause is part of the interview notes sign-off statement, and breaches of confidentiality may result in disciplinary action for employees of Concern'. To maintain confidentiality, disclosure of details of the allegation being investigated should be appropriate to the situation and to the person being interviewed, whilst not misleading the witness in anyway.

Where external expert advice is required, for example the opinion of a lawyer, this advice should be summarized in an appendix to the investigation report.

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 Country Director / responsible SMT member 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 finalised.

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 wrong doing.

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

- Harassment or Victimization: Concern recognises 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. Concern in accordance with its Human Resource Policies will not tolerate harassment or victimisation and will take all practical steps to protect those who raise an issue in good faith.
- ***Confidentiality: Concern will endeavour 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 Concern discourages anonymous allegations. Issues expressed anonymously will be considered at the discretion of Concern. In exercising this discretion, the factors to be taken into account will include:
 - The seriousness of the issues raised
 - The credibility of the allegations and the supporting facts
 - 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, Concern 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.

In addition, where appropriate, Concern 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: Regional Director in consultation with the Overseas Director
- Central functions: Chief Executive or Chairperson

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 finalised.

9.3 Recovery of losses

Where Concern 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 organisations responsible for the loss.

If the individual or organisation 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 Organisations and Consultants

Contracts with partner organisations 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 organisation or that in any way involve the resources of the organisation. 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. Sample wording to deal with this requirement is included in Appendix 2.

11. Effective Date

The Anti-Fraud Policy will come into effect immediately upon approval by Council.

12. Review of this Policy

In the interests of maintaining best practice, the contents of this Anti-Fraud Policy will be reviewed by the Audit and Risk Committee every three years.

Appendix 1 – Donor Requirements on Reporting Fraud

1. USAID

The relevant sections of USAID rules are:

22 CFR 226.51 Monitoring and reporting program performance

(f) Recipients shall immediately notify USAID of developments that have a significant impact on the award-supported activities. Also, notification shall be given in the case of problems, delays, or adverse conditions which materially impair the ability to meet the objectives of the award. This notification shall include a statement of the action taken or contemplated, and any assistance needed to resolve the situation.

And

ADS 324.5.8 Refund Claims

USAID shall claim a refund from a supplier, contractor, nonprofit grantee, or cooperating country when audits or other sources show that USAID funds have been used to finance a transaction which is not in compliance with the USAID rules and regulations as required in the underlying agreement, or which is ineligible for other reasons, such as fraud. The USAID Controller, in coordination with USAID/W, issues such refund claims. (See HB 19, Ch 7) Claims may be limited to the cost of that portion of a transaction which is not in compliance with USAID's rules and regulations as required in the underlying agreement or which is ineligible, or for bilateral assistance, the claim may be for the entire amount of the procurement if USAID chooses to disassociate itself entirely from the transaction.

2. Irish Aid

Fraud is deemed to have been perpetrated where:

- a) An act is willfully or knowingly perpetrated; and
- b) Such act has the characteristics of fraud including, but not limited to, misappropriation, deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, false representation, alteration of negotiable instruments such as cheques, falsification of accounting records or financial reports, or concealment of material facts and collusion: and
- c) The Department suffers, or could realistically believe that it might suffer, an actual loss including but not limited to a financial loss.

In such cases, you are obliged to report the suspicion of fraud by following the procedures outlined below:

1. Communicate in writing and by email with the signatory (or his / her replacement) of the legal contract between your organization and the Department of Foreign Affairs.
2. Describe, as far as possible, the circumstances of the (alleged) fraud, the suspected principals involved and an estimate of Irish Aid funds concerned.
3. Describe any action already take, the proposed follow-up actions, including plans for a forensic audit if this is deemed appropriate.
4. Share the draft TORs of an investigative exercise for comment with Irish Aid before tendering the exercise to a third party.
5. Share all relevant documentation that might be requested by Irish Aid, including the results of the forensic audit in a timely manner.
6. Maintain constant contact with Irish Aid until the fraud case is thoroughly investigated and the case deemed closed by Irish Aid officials.

Notwithstanding full compliance with the above, the Department reserves the right to undertake a separate audit exercise should that be deemed an appropriate course of action.

3. DFID

The Counter Fraud Unit (CFU) is the central point for reporting all suspicions or allegations of fraud or corrupt practices. This includes both internal and external cases where DFID funds, assets or interests (including DFID's reputation) are involved. All suspicions of fraud or corruption must be reported. The Counter Fraud Unit has a dedicated fraud response email address for reporting suspicions fraud@dfid.gov.uk.

Background

Fraud is the use of deception to obtain an advantage, avoid an obligation or cause a loss to another party. Corruption is the abuse of public office for private gain.

DFID is committed to ensuring that its resources, voted by the UK Parliament on behalf of the UK Taxpayer, will be used only for the purposes intended. DFID management is committed to minimising the resources lost through fraud and corruption.

The risk of fraud and corruption is increasing given the scale of change that we are experiencing, the amount of money for which we are responsible, the context within which much of our work is done and changes to the method of funding developing countries.

All DFID employees, consultants and contractors, in the UK and overseas, have a responsibility to protect DFID funds and other assets from fraud and corruption.

While it is accepted that there will always be some risk of fraud in DFID programmes, all reported suspicions will be considered for further investigation. Fraud and corruption against DFID funds, either by DFID staff, partner organisations (e.g. contractors) or in partner Governments will not be tolerated because it:

- Diverts vital resources from the poor;
- Breaches our public service ethics and core values;
- Damages our reputation for sound financial management; and
- Challenges our 'fitness for purpose' and our credibility in the eyes of our UK stakeholders and International partners.

Those found to have been involved in fraudulent and corrupt activity or to have been negligent in the exercise of supervisory duties will be subject to disciplinary and, where appropriate, criminal proceedings.

Action will also be taken to recover any funds that have been lost. Similarly, funding may be recovered, and future funding withheld from partner Governments where arrangements for preventing or detecting fraud and corruption fail to improve.

Compliance Tasks

Any allegations or suspicions of fraud or corruption against DFID resources must be reported to the Head of Internal Audit (HIA). (+44 (0) 20 70230193) or by email fraud@dfid.gov.uk who will decide on further action. Neither they, nor their line manager should investigate allegations without advice from the HIA as this is likely to undermine any future action

All investigations of fraud and/or corruption will be directed by the Head of Internal Audit

Heads of Department/Overseas Offices must provide details of all suspected or actual frauds to Internal Audit Department for inclusion in the Annual Fraud Return to Treasury.

Risks of non-compliance

- Supervisory staff may face disciplinary action if their negligence results in a fraud being committed
- Staff committing a fraud, or accepting inducements, face dismissal and prosecution
- Civil recovery action will be actively pursued for any losses incurred plus resulting costs of action.

4. EU

Currently there are no set procedures on reporting fraud. The main advice given was, if there was a fraud which occurred in an EU funded project and of "significant" value, we should contact the local delegation and let them know and inform them of what measures we were taking to address it and how we would endeavour to stop it happening again.

5. Gates

Other than the conditions set out in the award letter from the Foundation, there is not much additional guidance the Foundation has for these types of issues.

When a query was raised with the foundation if they had guidelines to grant holders their reply is clear that they rely on the implementing agency's established procedures. Therefore the Foundation do not have specific guidelines on reporting fraud.

Appendix 2 – Clauses for inclusion in contracts with partner organisations and consultants.

The following clauses should be inserted in the relevant contracts:

1. Partner Organisations

*As indicated in its **Anti-fraud and Whistle Blowing Policy**, Concern Worldwide is opposed to fraud in all of its forms. It is a condition of this grant that the partner organisation should take all reasonable steps to prevent, detect and deal with fraud. Partner agencies are required to:*

- *Review the Concern Worldwide policy (available at: <https://www.concern.net/>).*
- *Report any suspected incidents of fraud that arise in dealing with Concern Worldwide or that involve its resources, to the Concern Worldwide Country Director or by e mail to the helpline detailed in section 5.1 of the policy i.e. fraudmailbox@concern.net*
- *Facilitate investigation and resolution of such incidents.*

2. Consultants

*As indicated in its **Anti-fraud and Whistle Blowing Policy**, Concern Worldwide is opposed to fraud in all of its forms. It is a condition of this agreement that the consultant should:*

- *Review the policy (available at: <https://www.concern.net/>).*
- *Report any suspected incidents of fraud that arise in dealing with Concern Worldwide or that involve its resources, to the Concern Worldwide Country Director or by e mail to the helpline detailed in section 5.1 of the policy i.e. fraudmailbox@concern.net*
- *Participate as appropriate in the investigation and resolution of such incidents*