



## **ANTI- FRAUD POLICY**

### **April 2019**

#### **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 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.
- Assurance of 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
- the Whistleblowing Policy.

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 / Donor 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
- Making facilitation payments
- 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 thoroughly 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 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.

#### 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 the Concern Worldwide Internal Auditor.
- Staff based in Ireland, UK and USA: To the relevant SMT member.
- SMT Members: To the Chief Executive and / or Chairperson and the Concern Worldwide Internal Auditor.
- Concern Worldwide Internal Auditor: To the CEO, COO, Chair of the ROI Audit & Risk Committee, and the most senior executive in any subsidiary or affiliate that may be directly impacted.
- UK Executive Director: To the Concern Worldwide CEO, COO and the Chair of the UK Audit & Finance Committee.
- Country Manager Korea: To the Concern Worldwide CEO, COO and the Chair of the Korean Board.

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

- By email to [fraudmailbox@concern.net](mailto: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 the Concern Worldwide Internal Auditor.
- Regional Directors: To the Overseas Director, the Finance Director and other Directors as appropriate.
- SMT Members: To the Chief Executive and / or Chairperson and the Concern Worldwide Internal Auditor.
- Concern Worldwide Internal Auditor: To the CEO, COO, Chair of the Audit & Risk Committee, and the most senior executive in any subsidiary or affiliate that may be directly impacted.
- UK Executive Director: To the Concern Worldwide CEO, COO and Chair of the UK Audit & Finance Committee.
- Country Manager Korea: To the Concern Worldwide CEO, COO and the Chair of the Korean Board.

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 Concern Worldwide Internal Auditor regarding the investigation process, approval of investigation, terms of reference (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 Financial Controller, 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 whistleblower 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 the Concern Worldwide 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 summarised 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 organisation has an obligation to protect staff members who have come forward to report wrongdoing.

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

- Harassment or Victimisation: 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.

We are required to share details of fraud with external organisations 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. Organisations may retain this data and use it to inform future decisions.

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. Donor and regulatory reporting**

Appendix 1 sets out the main donor requirements in relation to fraud reporting. Appendix 2 sets out the requirements for fraud reporting to regulatory bodies, including the UK Charity Commission.

In cases of fraud or suspected fraud, details of the case should be reported to the relevant people as set out above, including the Concern Worldwide Internal Auditor. The Concern Worldwide Internal Auditor will prepare the required reporting for the relevant donor(s) and regulatory body. This may include a suspected fraud notification report prior to the investigation commencing and/or a fraud investigation conclusions report. These reports will be submitted to the donor(s) and regulatory body by the relevant person. The relevant person may depend on whether the contract is managed in country, in which case the report may be submitted by the CD, or if managed from Head Office, in which case the report may come from the senior member of the relevant programmes support team. This decision will be made by the Concern Worldwide Internal Auditor, the Regional Director and other relevant staff e.g. UK / US staff (if UK/ US Funding).

## **11. 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 3.

## **12. Effective Date**

The Anti-Fraud Policy will come into effect immediately upon approval by the Audit and Risk Committee of the Board.

## **13. 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. In the interim, management is authorised to make adjustments as may be required by changes to statutory obligations and/or donor requirements - however any other significant revision will need approval by the Audit and Risk Committee.



## **Appendix 1 –Donor Requirements on Reporting Fraud (this is not an exhaustive list of donor requirements but a list of the main/larger donor requirements)**

### **1. USAID**

All USAID funding is subject to the rules and regulations as set forth first in the respective Award and in the applicable Federal Acquisition Regulation (FAR), USAID Acquisition Regulations (AIDAR), the Code of Federal Regulations (CFR), USAID Automated Directives System (ADS) including the USAID Standard Provisions for U.S. Nongovernmental Organizations and Cost Principles.

#### **a. Reporting Fraud:**

In relation to fraud the most important USAID rules concern prompt reporting. Once a fraud has been reported internally (Section 5, above), and an agreed suspected fraud notification report drawn up by the Concern Worldwide Internal Auditor (Section 10 above), any fraud or corruption involving USAID resources must be reported in accordance with mandatory disclosure (M28).

M28 requires that all fraud, bribery, or similar acts potentially affecting any US Government award be disclosed in writing, in a timely manner, to the prime recipient (in our case to Concern US Inc.) and to the USAID Office of the Inspector General, (with a copy to the cognizant Agreement Officer).

It is important that we observe this requirement scrupulously - failure to make necessary disclosures can result in sanctions, including suspension or debarment.

Disclosures for the USAID Office of the Inspector General must be sent to:

U.S. Agency for International Development Office of the Inspector General P.O. Box  
657 Washington, DC 20044-0657  
Phone: 1-800-230-6539 or 202-712-1023  
Email: [ig.hotline@usaid.gov](mailto:ig.hotline@usaid.gov)  
URL: <https://oig.usaid.gov/content/usaid-contractor-reporting-form>.

In order to ensure confidentiality and consistency any such disclosures (to USAID/OIG or to Concern Worldwide US Inc.), will be made by the Concern Worldwide Internal Auditor.

This mandatory reporting requirement must be incorporated in all sub-awards that we make from USAID funding.

#### **b. Other related issues:**

- **Significant developments:** Events may occur between the scheduled performance reporting dates that have significant impact upon the work that US Government funding is intended to fund. In such cases, we must inform Concern US as soon as we become aware of any significant problems, delays, or adverse conditions which will materially impair our ability to meet the objective of the Federal award. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.
- **Refund Claims:** USAID will claim a refund from us if 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. Claims may be limited to the cost of that portion of a transaction which is not in compliance with USAID's rules and regulations or 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.

Section 57 of the Irish Aid Programme Guidelines state 'In the event that a grant or part of a grant made available to the NGO is subject to suspected fraud, Irish Aid should be informed immediately in writing. This initial report should describe, the circumstances of the (alleged) fraud, the suspected principals involved, an estimate of both the total funds and the Irish Aid funds concerned and the proposed follow-up actions, including plans for a forensic audit if this is deemed appropriate. Irish Aid should then be informed when the fraud is fully investigated and receive a final report on the incident. The NGO will be informed when Irish Aid deem the case closed'.

The suspected fraud notification report and any subsequent fraud reports will be prepared by the Concern Worldwide Internal Auditor. The Director of International Programmes will submit the fraud reports to Irish Aid.

## 3. DFID and other UK donors

### 3.1 DFID

The Counter Fraud Unit (CFU) is the central point for reporting all suspicions or allegations of fraud or corrupt practices. The DFID fraud email address for fraud reporting / suspicions of fraud is [fraud@dfid.gov.uk](mailto:fraud@dfid.gov.uk).

#### Background

For their purposes DFID define 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.

*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.*

DFID frequently consider fraud alongside the related concept of **Conflict Of Interest**. A conflict of interest arises when an individual could be or is influenced by personal considerations in the course of doing his or her job. This introduces the risk that decisions are made for the wrong reasons - financial or other personal rewards may adversely influence objectivity, integrity or professional commitment and can lead to fraud.

Staff must safeguard themselves against any risk of conflicts of interest.

#### Reporting

Once the fraud has been reported internally (Section 5, above), and an agreed suspected fraud notification report drawn up by the Concern Worldwide Internal Auditor (Section 10 above) any allegations or suspicions of fraud or corruption against DFID resources must be reported to DFID.

- In the case of a **fraud relating to a grant/contract managed from a DFID country office**, the Country Director should submit the agreed report to the relevant DFID programme manager locally, and the UK Head of International Support will simultaneously email the same report to DFID's central team at [fraud@dfid.gov.uk](mailto:fraud@dfid.gov.uk)
- In the case of a **fraud relating to a grant/contract managed by DFID (or an external Fund Manager contracted by DFID) in the UK**, the UK Head of International Support will send the report to the relevant member of staff at DFID or its Fund Manager in the UK and to the [fraud@dfid.gov.uk](mailto:fraud@dfid.gov.uk) address.

Concern should report allegations of fraud involving DFID funds at the earliest opportunity.

### **3.2 Other UK donor funds**

In the case of a fraud involving any other UK donor funds, the relevant Concern UK staff will be made aware of the fraud by the Concern Worldwide Internal Auditor. Once the internal procedure (Section 5 above) has been completed, and if relevant a report drawn up by the Concern Worldwide Internal Auditor (section 10 above), the appropriate UK staff will report the case to the Donor.

As per Appendix 2, below, the Concern UK Executive Director will be responsible for reporting frauds of UK donor funds to the UK Charity Commission.

### **3.3 Disasters Emergency Committee (DEC)**

DEC launch appeals to raise money to help those impacted by disaster. Concern Worldwide are one of 13 leading aid charities to provide and deliver aid from DEC funds.

As part of DEC Member agencies Due Diligence standards, Concern are required to complete a self-assessment covering financial controls, communication, governance, partners, disaster affected communities, procurement and cash programmes. One of the due diligence standards is that:

'We promptly investigate and inform DEC, the Charity Commission, the police and relevant donors as appropriate of suspected or reported serious incidents arising from affected community feedback'.

For all cases of actual or suspected fraud (or serious incidents) (see Appendix 2 below for examples) relating to DEC funds, DEC and the Charity Commission will be made aware of the incident as outlined in 3.2 above, with the Concern UK Executive Director being responsible for reporting the case to DEC/UK Charity Commission.

## **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.

## Appendix 2 – Regulatory reporting

### 1) UK Charity Commission

The Charity Commission UK registers and regulates charities in England and Wales, to ensure that the public can support charities with confidence. There is an obligation to report serious incidents to the Commission as soon as they become aware of them involving UK donor funds. As a matter of good practice, any serious incident that has resulted or could result in a significant loss of funds or a significant risk to the charity's property, work or beneficiaries should be reported to the Commission immediately.

The Charity Commission recognises that some instances of fraud and theft that may occur in a charity might be of a relatively low value, and part of the normal risks that all organisations face. There is no minimum figure that should or must be reported. Trustees need to decide whether incidents are serious enough to report in the context of their charity and the circumstances of the incident, taking account of the actual harm and potential risks to the charity. The higher the value of the loss, the more serious the incident will be, indicating it should be reported

#### **What counts as a serious incident in your charity and how to report it:**

Report any serious incident that results in – or risks - significant:

- loss of charity's money or assets
- damage to charity's property
- harm to charity's work, beneficiaries or reputation

#### **Serious incidents include:**

- A **serious breach in Internal Controls** whether or not loss has arisen
- **fraud, theft or other significant loss**
- a large donation from an unknown or unverified source
- links to terrorism or to any organisation that is 'proscribed' due to terrorist activity
- a disqualified person acting as a trustee
- not having a policy to safeguard charity's vulnerable beneficiaries
- not having 'vetting' procedures in place to check your prospective trustees, volunteers and staff are eligible
- suspicions, allegations or incidents of abuse of vulnerable beneficiaries

Any actual or suspected criminal activity within or involving the charity is a serious incident. Report a serious incident if the charity is being investigated by the police or another regulator for any reason

#### **Fraud reporting:**

Serious incidents including any actual or suspected serious incidents of fraud, theft, other financial crimes or other significant loss to Concern Worldwide should be reported as per the reporting lines at Section 5.

For all cases of actual or suspected fraud (or serious incidents) relating to a UK donor the case details will be reported as per the reporting lines in Section 5, with the Concern UK Executive Director being responsible for reporting the case to the UK Charity Commission.

## **Appendix 3 – 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](mailto: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](mailto:fraudmailbox@concern.net)*
- *Participate as appropriate in the investigation and resolution of such incidents*