

Policy against Fraud and Corruption

Introduction

Good governance and transparency are at the heart of NGO legitimacy. Corruption and fraud may occur at any stage of programme activities. Any act of fraud and corruption not only depletes funds, assets and other resources necessary to the organisation's activities and beneficiaries, but can seriously damage an organisation's reputation and diminish donor's 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 organisation's ability to attract and retain a talented work force.

Solidar Suisse is committed to maintain high legal, ethical and moral standards, to adhere to the principles of integrity, objectivity and honesty. All members of staff are expected to share this commitment.

1. General Policy and Scope

Solidar Suisse has **zero tolerance** for fraud and corruption. All staff members, partners, suppliers, implementing partners, suppliers and other responsible parties in a business relationship with Solidar Suisse are not to engage in any fraudulent or corruptive practices.

All incidents of fraud and corruption are to be reported and shall be assessed and where appropriate investigated. Any investigative activity required shall be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to Solidar Suisse.

Fraud and corruption, whether committed by staff members or external partners constitutes misconduct for which disciplinary measures may be imposed, including dismissal or termination of contracts.

Solidar Suisse is committed to an effective approach to the management of risk of fraud and corruption through raising awareness of fraud risks and implementing controls aimed at preventing and detecting fraud and corruption at all stages of its business activities.

2. Definitions

- **Fraud** is any intentional act or omission designed to deceive others in order to obtain a personal advantage. This includes a whole range of activities such as deception, forgery, extortion, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.
- **Corruption** involves the act of dishonestly obtaining an advantage from a third party by abusing an entrusted power for private gain.
- Neither fraud nor corruption are restricted to monetary or material benefit, but also include intangible benefits, such as non-monetary favours, reputation or information. This might encompass the manipulation or diversion of humanitarian assistance to non-target groups; the allocation of relief resources in exchange for sexual favours; preferential treatment in assistance or hiring processes for family members or friends (nepotism and cronyism); and the coercion and intimidation of staff or beneficiaries to turn a blind eye on irregularities.

- **Private gain** refers not just to individuals but includes collective gain to families and communities; ethnic, regional or religious groupings; political parties and organisations; corporations and professional or social associations.
- **Conflict of interests** exists where the impartial and objective exercise of the official functions of a person are compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest.

Fraud and Corruption cover a wide range of activity including (but not exclusive):

- Theft of assets, proprietary data, intellectual Property
- Misappropriation of funds
- Misuse of the organisation's assets (e.g. using Solidar vehicles privately without permission or declaration)
- Deception (e.g. misrepresentation of qualifications to obtain employment)
- Intentionally misrepresenting the financial status (false financial statements) of an office, a project, an activity etc.
- Providing contracts to third parties for the provider's personal benefit
- Failing to disclose a conflict of interest, while participating in the award management

3. Prevention measures

3.1 Fraud Awareness and Training

Staff members shall be aware of fraud risks and their responsibility to prevent fraud and corruption. In this regard the management shall ensure that all staff members receive reiterate anti-fraud trainings and are familiar with the policy and their duty to report instances of fraud and corruption as set out in Solidar's Whistleblowing Policy.

Solidar Suisse shall carry out a vigorous and prompt review into all cases of suspected and actual fraud which have occurred with a view to improve the internal management and control system where necessary. Each member of the management team shall be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

3.2 Internal Control System

Solidar seeks to ensure that appropriate procedures and internal control mechanisms apt to limit exposure to fraud and corruption are put in place and reviewed by an internal audit function in order to provide assurance on effectiveness of processes.

This includes minimal control standards on rules and regulations in risk prone fields that be incorporated and observed in all offices' SOPs:

- Finance: Proper authorization procedures and levels, safeguarding of assets, internal spot checks and reconciliations, adequate segregation of duties, thorough documentation of financial transactions, external audits
- HR: standardized reference checks for key staff recruitment, regular staff appraisals etc.
- Procurement: strong procurement policy and anti-corruption waiver in supplier's standard contracts
- Partner: Use of standard contracts with implementing partners stipulating anti-corruption and fraud prevention measures.

3.3 Personal Conduct

Solidar staff members must have, and be seen to have, high standards of personal integrity. All staff members and consultants shall follow the Solidar's Code of Conduct, ensuring behavior and working ethics characterised by high standards of personal and organisational integrity. Towards this aim management shall report on adherence to the Code of Conduct annually.

Breaches to the code of conduct may be sanctioned either with:

- Written warning with threat of dismissal
- Dismissal with immediate effect including the prospect of criminal prosecution.

4. Roles and responsibilities

4.1 HQ:

- Providing guidance on the measures to be taken by the Country Representatives in order to implement this policy.
- Arranging for reported incidents to be promptly and appropriately investigated
- Ensuring that legal or disciplinary action is taken against the perpetrators of fraud or corruption
- Reporting incidents of fraud and corruption to the Board

4.2 Country Representative:

- Ensure this policy is readily available to all staff members and implemented.
- Ensuring that staff members receive the necessary trainings
- Ensuring compliance with rules and regulations and recommendations for control improvements being implemented promptly.

4.3 Line Management:

- Assessing the types of fraud and corruption risk involved in the operations for which they are responsible.
- Ensure that adequate control mechanisms within their area of responsibility are in place and effective.
- Ensure that all staff reporting to them adhere to these control procedures at all time.

5. Reporting Fraud and Corruption

Solidar Suisse has procedures in place for reporting fraud. As per whistleblowing Policy and staff regulations, staff who have knowledge or reasons to suspect of an occurrence of fraud or corruption shall report any reasonable allegations to their supervisor or if not applicable to the therefore appointed staff in HQ. Such information shall be treated with **confidentiality** to protect the resource person. Staff reporting irregularities or suspected frauds are protected from reprisals.

Anonymous Allegations: Employees may opt to make an anonymous allegation, however it should be noted that Solidar 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:

- 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, Solidar guarantees that no action will be taken against the compliant. If, however, individuals make malicious allegations with the intention of bringing damage other colleagues, disciplinary action will be considered against an individual making the allegations.

5.1 Contents of a Fraud Report

The following details shall be included in a report of fraud:

- Type of wrongdoing
- When, where and how the wrongdoing occurred
- Who was involved and may have knowledge fo the matters bein reported

Relevant documents or other evidence shall be included with the report or provided as soon as possible.

6. Conclusion

Fraud can manifest itself in many different ways. Solidar Suisse has a zero tolerance policy to fraud and corruption, and has in place a robust control system that is designed to prevent and detect, as far as is practicable, acts of fraud and correct their impact, should they occur. This policy and all relevant procedures and strategies are supported by the management board who will proactively review and update them on a continual basis.

V 1.0 approved by the management board on 15.12.2016

Annex: Guidelines Anti-Fraud Training Programme

Guidelines Anti-Fraud Training Programme

Introduction

Reiterate Anti-Fraud Training and enhancing Fraud awareness is a core element of the Solidar Suisse Fraud & Corruption Policy.

By implementing an effective anti-fraud training programme, the organisation shall harness the efforts of the full staff in its anti-fraud activities and shall significantly reduce the risk of fraud within the organisation.

However, as staff training is a resource intensive undertaking, Solidar Suisse aims to concentrate resources where they are needed most and pursues a twofold approach to its anti-fraud training programme, that is:

- a. Basic anti-Fraud training for all staff, being incorporated into existing training budgets
- b. Specific trainings that address an added fraud prevention and detection responsibility — and ability — provided by positions of authority, managers and executives in fraud-prone areas such as e.g. procurement, logistics, selection procedures etc.

A. Basic Anti-Fraud Training

1. Scope and Frequency

A basic Training shall provide **all staff** with the know-how to effectively prevent, detect and report suspicions and / or incidences of fraud.

All staff shall receive one basic training in the first year of employment. Refreshers training shall be conducted at least every 3 years.

2. Training Objectives

- a. **Participants know what fraud is and what it is not and are able to classify their behaviour in business situations**
 - Provision of external legal definitions and frame
 - Refreshing organisational instructions of what behavior is acceptable and what is not given the prevailing Code of Conduct, Rules & Regulations and SOPs.
- b. **Participants understand the damage of fraudulent practices for an organisation and its staff and thus increase commitment to aiding fraud prevention and detection efforts.**
 - Information of how all frauds result typically in lost resources; decreased productivity; lowered morale; investments of time and money into investigation, punishment, and remediation; and a hit to the organisations' reputation.
 - Information of how a fraud perpetrated by any staff member can negatively affect all employees individually through decreased salaries, loss of bonuses, possible layoffs, increased scrutiny, decreased trust throughout the organisation etc.

- c. Participants know the warning signs and conditions for enhancing fraudulent behaviour**
 - Introduction of the fraud-triangle theory indicating that anyone being at risk of committing fraud, when having the combination of sufficient pressure, adequate opportunity, and an ability to rationalize a dishonest act.
- d. Participants know the warning signs of fraudulent activities and are able to classify them within different scenarios.**
 - Introduction to Financial/Transactional Red Flags
 - Introduction to Behavioral Red Flags
- e. Participants know how to report suspicion/incidents of fraud**
 - Information about insider tips as the best possible fraud detection control
 - Refreshing the whistle blowing policy
 - Introduction to the reporting form
 - Introduction to investigation processes following a report
- f. Participants know that fraudulent behaviour is sanctioned**
 - Introduction to sanctions and / or prosecution following an act of fraud.

3. Training Method

The method to deliver the training in order to meet the objectives must take into account the number and appropriateness of target audience, which shows a large variety among the CoOfs and HQ.

However, **life training facilitated by an external fraud-training provider** is preferable because it allows staff the opportunity to actively participate, interact with other employees, discuss the true fraud risks facing the organisation, and seek and provide feedback regarding the anti-fraud training.

B. Specific Anti-Fraud Trainings

Specific Anti-Fraud training shall provide an advanced fraud know-how that is directly connected to the risk prone positions of the participants and thus must be tailor-made and needs to be treated case by case.

To design such training the following steps are preconditional:

1. Definition of training needs by identifying weak areas, where further training is required most. This shall be based on staff interviews and an internal fraud risk assessment.
2. Based on 1. the target audience and the learning objectives are to be defined.
3. Design and conduct shall be instructor – led by an external specialist.

Annual Statement

Country Programme.....

for the attention of the Solidar Suisse Headquarter, Zürich

Adherence to the Code of Conduct

We acknowledge our obligation to ensure abidance by the Solidar Suisse Code of Conduct.

We therefore confirm:

1. All staff members are aware of the Solidar Suisse Code of Conduct and have consented to it by their signature.
2. All contractual and implementing partners are aware of the Solidar Suisse Code of Conduct and have consented to it by their signature.
3. Except cases reported in the Annex, nothing has come to our attention, which indicates a non-compliant behaviour by staff members or contractual partners.

Place and date:

.....
Country Coordinator

.....
Human Resources

