



# ANTI-FRAUD AND ANTI-CORRUPTION POLICY

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## Anti-Fraud and Anti-Corruption Policy

### 1. Introduction

- 1.1. Human Appeal is an incorporated INGO working across the globe to strengthen humanity's fight against poverty, social injustice and natural disaster, through the provision of immediate relief and establishment of self-sustaining development programmes. Our vision is to contribute to a just, caring and sustainable world, free of poverty. Human Appeal does this by raising money to fund immediate and long-term sustainable solutions, and empower local communities.

### 2. Policy Statement

- 2.1. As fraud and corruption reduces our ability to help those in need, it is Human Appeal's policy to undertake a zero-tolerance approach to fraud and corruption and attempted fraud and corruption. The purpose of this policy is to set out the policy of Human Appeal on fraud and corruption and set out the responsibilities for its prevention.
- 2.2. Human Appeal requires its staff, volunteers, contractors and partners at all times to act honestly and with integrity and to safeguard the resources for which they are responsible. Fraud and Corruption is an ever-present threat to these resources and hence must be a concern for all staff, volunteers, contractors and partners.

### 3. Policy Objective

- 3.1. Human Appeal takes a serious view of any attempt to commit fraud by members of staff, volunteers, contractors and partners acting on behalf of Human Appeal and others. Anyone involved in impropriety of any kind will be subject to disciplinary action, including prosecution, if appropriate.

### 4. Definition of Terms

- 4.1. Zero tolerance: eliminates undesirable behaviour or activity among employees and provide an automatic punishment for violating company rules that will not be tolerated at all.
- 4.2. Fraud: The term includes but not limited to activities such as deception, bribery, forgery, extortion, corruption, theft, conspiracy embezzlement, misappropriation, false representation, concealment of material facts and collusion. Fraud is an act carried internally or externally to the organisation with the deliberate intention of deceiving the Charity, its donors, beneficiaries or other stakeholders to gain a personal advantage or cause a loss to another.
- 4.3. Corruption: Corruption can include money laundering by which the proceeds of crime are converted into assets that appear to have a legitimate origin. Staff, volunteers, contractors and partners are required to undertake due diligence in regards to gifts with unusual conditions, such as the requirement to pass funds on to a third party. Corruption can also include terrorist financing. The organisation shall ensure that its due diligence and vetting procedures are undertaken.

## 5. Roles and Responsibilities

- 5.1. Fraud and corruption prevention and detection is the responsibility of all in Human Appeal, staff, volunteers, contractors and management. Management may devise processes for prevention and detection but the commitment and dedication of staff and volunteers is a vital to enhance protection.
- 5.2. The CEO is responsible to the Board of Trustees for:
  - 5.2.1 Developing and maintaining effective control to help and detect fraud and corruption;
  - 5.2.2 Carrying out vigorous and prompt investigations if fraud or corruption occurs;
  - 5.2.3 Taking appropriate disciplinary and/or legal action against the perpetrators of fraud;
  - 5.2.4 Taking disciplinary action against directors, managers where their failures have contributed to the commission of fraud and corruption; and
  - 5.2.5 Reporting all fraud and corruption or the attempted where monetary loss is in excess of £500 or where there is risk to reputation of Human Appeal to the Chair of the Board of Trustees or failing that to the Audit Committee.
- 5.3. Manager Responsibilities:
  - 5.3.1 Line Managers are responsible for the prevention and detection of fraud and corruption by ensuring that an adequate system of internal control exists within their areas of responsibility, and these controls operate effectively;
- 5.4. As a result it is the responsibility of all managers to:
  - 5.4.1 Identify and assess the risks involved in the operations of which they are responsible;
  - 5.4.2 Develop and maintain effective controls to prevent and detect fraud and corruption;
  - 5.4.3 Ensure compliance with controls; and
  - 5.4.4 Ensure policies and procedures are followed.
  - 5.4.5 Well designed and effective controls will include:
    - 5.4.6 Thorough recruitment procedures
    - 5.4.7 Physical security of assets
    - 5.4.8 Clear organisation of responsibilities and reporting lines
    - 5.4.9 Adequate staffing levels of Supervision and checking of output
    - 5.4.10 Segregation of duties to ensure key functions and controls are not performed by the same individuals
    - 5.4.11 Rotation of staff
    - 5.4.12 Random spot checks by managers
    - 5.4.13 Complete and secure audit trails
    - 5.4.14 Performance monitoring by management
    - 5.4.15 Budgetary and other financial reports
    - 5.4.16 Reviews by Internal audit and oversight by the Audit Committee
- 5.5. Staff and Volunteer Responsibilities
  - 5.5.1 Every member of staff and volunteers has a duty to ensure that public funds, Human Appeal's reputation and its assets are safeguarded and;

- 5.5.2 Should alert their line manager where they believe the opportunity for fraud and corruption exists because of poor procedures or lack of effective supervision;
- 5.5.3 Every member of staff and volunteers have a responsibility to report details of any suspected or actual fraud and corruption
- 5.5.4 Any suspicious acts or events, to their line manager, the CEO or the Audit Committee.
- 5.5.5 Assist in any investigations by making available all relevant information and by cooperating in interviews.
- 5.6. Partner Organisations
  - 5.6.1 Partner organisations have a duty to ensure they understand and abide by Human Appeal's policies, operating an effective control environment where Human Appeal is the funder.
  - 5.6.2 Partner organisations have a duty to ensure Human Appeal receives financial, narrative and media reports.
- 5.7. The Chair of the Audit Committee
  - 5.7.1 Should be contacted if fraud and corruption is suspected or discovered;
  - 5.7.2 Is responsible for investigating actual or suspected fraud and corruption;
  - 5.7.3 Will complete a review of control systems once the investigation has been completed;
  - 5.7.4 The Audit Committee will advise on risk and control issues

## 6. Policy Provisions

### 6.1. Fraud and Corruption Response Plan

Human Appeal has prepared a fraud and corruption response plan, which can act as a checklist of actions and a guide to follow in the event of fraud and corruption being suspected; the key actions to be undertaken;

### 6.2. Set the Objectives, this will include:

- 6.2.1 Consideration of criminal or civil proceedings
- 6.2.2 Regulatory issues
- 6.2.3 Reassurance and whether it could happen again
- 6.2.4 Maintaining proportionate controls

### 6.3. Investigations team

- 6.3.1 A fraud and corruption response team will be established.
- 6.3.2 A coordinator will be appointed to centralise crisis management.

### 6.4. Evidence

This will encompass:

- 6.4.1 Location — consider suspects, collaborators, innocent bystanders and external parties.
- 6.4.2 Preserving records — paper, emails, electronic and paper records
- 6.4.3 Storing evidence securely
- 6.4.4 Protecting — suspend routine deleting of files and collection of recycling.
- 6.4.5 Interviewing, considering independent representation where appropriate.

- 6.4.6 Suspects — suspend access to sensitive records and if appropriate consider garden leave.
- 6.5. Damage assessment
  - 6.5.1 Analyse the impact on Human Appeal's reputation, staff and funders, trustees and other stakeholders;
  - 6.5.2 Identify any regulatory concerns and inform the Charity Commission if appropriate.
  - 6.5.3 Assess whether to inform the police
- 6.6. Media
  - 6.6.1 Ensure the Communications Manager is kept informed in order to deal with any press enquiries and prepare press release if appropriate.
- 6.7. Insurers
  - 6.7.1 Contact Insurance brokers.
  - 6.7.2 Assess whether covered for fraud and corruption, and costs of investigation.
- 6.8. Suspects
  - 6.8.1 Follow disciplinary policy (DPVER02-OCT17) and employment contract.

## 7. Reporting

7.1 Human Appeal will report to Office Financial Sanctions Implementation (OFSI)<sup>1</sup> as soon as practicable if you know or have reasonable cause to suspect that a person:

- 7.1.1 is a designated person
- 7.1.2 has committed an offence under the regulations

7.2 When reporting to OFSI one must include:

- 7.2.1 the information or other matter on which the knowledge or suspicion is based
- 7.2.2 Any information you hold about the person or designated person by which they can be identified.

7.3 As an employee you know or have reasonable cause to suspect that a person is a designated person and that person is a customer of your institution, you must also state the nature and amount or quantity of any funds or economic resources held by you for that customer.

7.4 To report an incident of fraud or corruption staff or persons working on behalf of Human Appeal should use our Serious Incident Report policy and procedure (SIRPVER03.JAN18)

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<sup>1</sup> Office of Financial Sanctions Implementation (OFSI), part of HM Treasury August 2017 .  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/645280/financial\\_sanctions\\_guidance\\_august\\_2017.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/645280/financial_sanctions_guidance_august_2017.pdf)

## 7.5 OFAC:

The Office of Foreign Assets Control ("OFAC") of the US Department of the Treasury administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States<sup>2</sup>.

7.5.1 In connection with its administration of these sanctions programs, OFAC maintains and publishes regulations and lists of individuals and companies owned or controlled by, or acting for or on behalf of, sanctioned countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country specific.

7.5.2 Human Appeal has an obligation to comply with the applicable OFAC regulations, and to file timely reports as may be required with OFAC. Principal has policies and procedures in place to prevent doing business with individuals, entities, or countries subject to sanction and embargoes as required by law.

## 8 Sanctions

Failure to comply with this requirement may result in disciplinary action and immediate dismissal.

8.1 The United Nations (UN) imposes financial sanctions and requires member states to implement them through Resolutions passed by the UN Security Council.<sup>3</sup>

8.2 The European Union (EU) implements all financial sanctions imposed by the UN through EU regulations, which have an influence in the UK. The EU also imposes their own financial sanctions and is referred to as 'EU autonomous' sanctions.<sup>4</sup>

## 9 Policy Review

9.1 The Board of Trustees will monitor the effectiveness and review the implementation of this policy, regularly considering its suitability, adequacy and effectiveness. Any improvements identified will be made as soon as possible. Internal control systems and procedures will be subject to regular audits to provide assurance that they are effective in countering bribery and corruption.

9.2 All workers are responsible for the success of this policy and should ensure they use it to disclose any suspected danger or wrongdoing received and understood this policy and acknowledge any future revisions. Staff, volunteers and contractors who act as staff are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the CEO.

9.3 This Policy will be reviewed on a bi-annual basis to ensure compliance with applicable authorities and regulations.

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<sup>2</sup><https://www.treasury.gov/about/organizational-structure/offices/Pages/Office-of-Foreign-Assets-Controt.aspx>

<sup>3</sup> [https://www.un.org/sc/su\\_borg/en/sanctions/information](https://www.un.org/sc/su_borg/en/sanctions/information)

<sup>4</sup> [https://eeas.europa.eu/headquarters/headquarters-homepage/423/sanctions-policy\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/423/sanctions-policy_en)