

POLICY

ANTI-FRAUD, ANTI-BRIBERY AND CORRUPTION

Lead	Regional Assurance
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Effective Date (if different from above)	s/a
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APPLICATION

This policy applies to:

- a. H4BF, including its headquarters, regional offices, liaison offices, and any other offices, some of which operate as branches and some as subsidiaries;
- b. All other entities that agree to be bound by the National Policies.
(together, “H4BF Entities”, or may be referred to as “we” or “us” in this document).

The principles and definitions in this policy also extend to relationships H4BF Entities have with third parties (including, without limitation, implementing partners, contractors and donors).

Each of the H4BF Entities shall enact their own procedures, regulations or other regulatory documents that enable compliance by its staff (and/or, when appropriate, contractors and other partners) with this National Policy.

PURPOSE

To ensure that H4BF Entities continue to have high standards of accountability, transparency and legal compliance¹, it is imperative that clear guidance is provided on our organisational framework for addressing the risks of fraud and corruption.

This National Policy sets out the specific responsibilities of staff and volunteers with regard to the risks of fraud, and bribery and corruption. It is also a clear demonstration of the commitment of senior leadership and our governing bodies to the promotion of a culture of integrity and transparency throughout H4BF Entities.

The principles and definitions in this National Policy also extend to relationships H4BF Entities have with third parties (including, without limitation, collaborative partners, contractors, government officials and donors).

POLICY STATEMENT

We have a policy of zero tolerance of fraud and corruption, and we require staff and volunteers at all times to act honestly and with integrity, and to safeguard the assets for which they are responsible. Fraud and corruption are ever-present threats to our assets and reputation and so must be a concern of all members of staff and volunteers.

We take the most serious view of any actual or attempted act of fraud or corruption by staff, volunteers, contractors or their employees, implementing or consortium partners and agents acting on our behalf. Staff and volunteers involved in actual or attempted fraud or corruption of any kind will be subject to disciplinary action up to and including dismissal (if legally bound), and, where practical, will normally be reported to law enforcement authorities for criminal prosecution. We will endeavour to recover, by any and all legal means, any funds lost through fraud from those responsible and will take robust action against involved third parties (including partners, contractors and agents).

APPLICABLE REQUIREMENT

We are committed to preventing fraud and corruption and developing an anti-fraud and anti-corruption culture. To achieve this, we will:

- develop, maintain and consistently apply effective controls to prevent fraud and corruption at all levels;
- ensure that if fraud or corruption occurs, a vigorous and prompt investigation takes place, and that reports are shared with stakeholders as appropriate;
- take appropriate disciplinary and legal action in all cases, where justified;
- take all appropriate and reasonable steps to recover any financial losses;
- review systems and procedures to prevent similar frauds or acts of corruption;
- ensure fraud and corruption risks are taken into consideration in programme planning;
- report incidents to donors as required; and
- publish summaries of all completed fraud investigations and significant thefts on the publicly available H4BF website.

We may report back to our donor organisations particulars of individuals convicted in a final court of law of fraud against us, for purposes of inclusion on donors' lists of suspended and debarred individuals, where such lists exist. We may also publicise such individuals, following consultation with local legal counsel to ensure full legal compliance and minimise the possibility of civil litigation against any of the H4BF Entities.

It may be possible on a case-by-case that some changes to the investigation procedures may be made where required by grant donors.

General guidelines are in Appendix A.

ROLES AND RESPONSIBILITY

All members of staff and volunteers are responsible for:

- Acting with propriety in the use of assets and resources of H4BF Entities;
- Conducting themselves in accordance with the principles set out in applicable codes of conduct or equivalent, including:
 - declaring at the earliest opportunity any actual or apparent conflict of interest having a bearing on their responsibilities;
 - alerting line managers where they believe the opportunity for fraud or corruption exists;
 - Reporting details immediately to their line manager of any suspected or actual fraud or corruption; and/or any suspicious acts or events which might give rise to a suspicion of fraud or corruption; and
- Assisting in any investigations by making available all relevant information and by cooperating in interviews.

If for any reason a member of staff does not feel able to report a suspected fraud or corruption incident to their line manager, a more senior manager up to and including Director should be informed. Staff still unwilling to report internally may alternatively use the independent Safe call confidential misconduct reporting facility.

Role-specific responsibilities are detailed in Appendix B.

TERMS AND CONDITIONS

When used in this document:

“Fraud” is civil or criminal deception, intended for unfair or unlawful financial or personal gain or to cause loss to another party, such as by misappropriation of assets, abuse of position, collusion, false representation and/or prejudicing someone’s rights. Additionally, acts of theft are included in this National Policy.

“Bribery and Corruption” involves the (attempted) complicit exchange of private gain and abuse of entrusted authority. This includes offering, promising, giving, accepting or soliciting money, a gift or other private advantage as an inducement to, or reward for doing something that is illegal, an abuse of power or authority, a breach of trust or duty, or otherwise improper, in the course of carrying out an organisation’s activities. Corruption can include nepotism or favouritism. Neither fraud nor corruption are restricted to monetary or material gain (of any size), but could also include intangible benefits such as status or information, and can be for the benefit of an individual or interest group.

APPENDIX A

GENERAL GUIDELINES

We value long-lasting relationships, and we deal with our suppliers, programme partners, regulators, governmental agencies, public officials, political figures and other stakeholders on the basis of merit, professionalism, trust and integrity - never illicit payments, unlawful “favours” or other actions that could expose us to the many risks of financial loss, operational impairment, dependency, blackmail, extortion, legal sanction and reputational harm.

➤ **“DO NOTs” - We prohibit all forms of fraud and corruption with a zero-tolerance policy.**

Do not make or receive any payments or gifts, or provide or receive other favours, to or from any public official, political figure, representative of a regulatory body or government agency, nor to or from any of our suppliers, programme partners or any other party (whether public or private) in order to influence or reward any act or decision to grant a license or regulatory approval, obtain or retain business, or to seek any other unlawful or improper purpose of advantage.

➤ This prohibition excludes gifts and hospitality of minor value which are in keeping with general business practices and which are not subject to reasonable interpretation as an improper inducement. Offices may wish to maintain a register of gifts and hospitality.

➤ **“DOs” - In critical situations, act as follows:**

- Ignore or reject any hints at committing an act of fraud or corruption;
- Try to have someone as your witness to support you;
- Agree to nothing improper, even if the suggestion includes a “charitable donation”; and
- Maintain fair and accurate records, documenting the details of any requested, attempted or actual act of fraud or corruption, as soon as possible after the event.

➤ **“IF YOU SEE SOMETHING, SAY SOMETHING”**

- **Report all suspected, requested, attempted or actual acts of fraud or corruption to your own or other more senior manager, or use the Safe call confidential reporting service.** Safe call can be contacted via specific telephone numbers, on-line or via e-mail. reportcorruption@h4bf-foundation.org

‘Red Flags’

The following examples of general ‘red flags’ (which is not an exclusive list) may raise suspicion and be helpful indicators of fraud and corruption risk:

- Financial record-keeping and accounting discrepancies, such as:
 - absent, vague, inconsistent or false transaction descriptions or account allocations;
 - absent, false or unusual record of the identity of the payee / agent / counter-party;
 - excessive or unusually high compensation without supporting detail;
 - unusual payment patterns or structures, use of shell companies or other financial arrangements;
 - general purpose or miscellaneous accounts that can be used to hide improper payments; or
 - over-invoicing; false or inaccurate invoices, travel and/or expense forms; unrecorded accounts or transactions;
- A third party does not appear to be qualified to perform the duties for which it/he/she is engaged;
- A third party refuses to certify, or provide information about its/her/his governmental relationships to verify, its compliance with anti-corruption requirements;
- Requests for commissions to be paid in a third party country, to a third party, or in cash or untraceable funds;

- Heavy reliance by a party on political or government contacts as opposed to knowledgeable staff and investment of time to promote our interests;
- A desire to keep third party representation secret;
- Lack of written agreements, anti-bribery policies, training or code of conduct at target company; or
- Misrepresentation or failure of the target company to cooperate in due diligence process.

Specific Risks

Our diverse international operations are exposed to risks of fraud and corruption. This requires all staff to be aware of and adhere to the following standards:

- **Gratuities:** It is against our policy for any staff member to incur expenditures for the provision of gifts, travel, entertainment or other gratuities to external parties, with the very limited exception of *de minimis* hospitality charges covering external guests' attendance at official events, where such hospitality does not create even the appearance of impropriety or influence over the objectivity of decision-making. This does not include circumstances where we are paying the expenses of an external party (such as a celebrity) engaged to promote our work.
- **Government officials:** We must sustain collaborative relationships of integrity with diverse governmental bodies, to enter the respective countries, establish offices, hire local and expatriate staff, raise funds, conduct programming activities, and maintain tax-exempt status. Accordingly, we shall not induce or reward inappropriate public administration. In particular:
 - **Facilitation payments** are payments made to government officials to perform or expedite an existing duty or administrative process where the outcome should already be pre-determined. Under applicable legislation, a facilitation payment is considered a form of bribery, which is therefore prohibited with a 'zero tolerance' policy. Staff should be alert to the risk that such payments are sometimes included, but hidden, within agency fees. Transparent 'per diem' payments are not considered as facilitation.
 - **Programming activities:** particularly when government agencies are involved in the planning and coordination of programming activities, e.g., in disaster response and large infrastructure projects, individual government process around third-party procurement, sub-contracting, partner selection and payment. Unless the respective grant-funding contract explicitly provides for such governmental involvement, we shall make such decisions objectively independent of any such attempted influence.
- **Procurement and partnerships:** When engaging with external stakeholders such as in procurement and programming partnerships, staff shall implement the applicable mandatory standards, best-practice processes and facilitating tools, to comply with legal requirements and maximise such engagements' effectiveness.

In practice, conducting “Know Your Counter-party” due diligence checks, implementing financial controls and performance monitoring are among the best tools to combat both fraud and corruption. In general, fulfilment of the above obligations typically requires

- implementing a tender process;
- conducting a due diligence assessment;
- selecting the best counter-party;
- negotiating the contractual terms of engagement; and
- segregating, limiting and delegating expenditure authorizations, all at “arm’s length” and with regard to objective criteria, including the effectiveness, quality, and pricing of the proposed goods / services.

The H4BF Finance [Operations Manual – Procurement](#) sets out specific functional responsibilities for management of the supply chain, covering key purchasing standards, to ensure that all goods and services are procured in our best interests.

The H4BF [Contract Management Process](#) provides a straightforward flow-chart of necessary steps and tools to navigate many of these complexities in a streamlined manner.

Third party organizations are highly recommended to integrate appropriate similar controls and guidelines within their control framework and/or procurement policies and procedures

- **Duress:** Circumstances may arise in which payments are made to protect against an imminent threat to the life, health, safety or liberty of staff or those around them. Staff making a payment under such extreme duress must report the incident but will not be subject to sanction.
- **Unfounded allegations:** Allegations and suspicions reported in good faith will never result in adverse consequences for the reporter whatever any ultimate findings reveal. However, allegations found by the H4BF Counter-Fraud Unit to be deliberately malicious or vexatious allegations against innocent parties constitute serious misconduct and will be treated as such.

Further Resources

Transparency International – Preventing Corruption in Humanitarian Operations

http://www.transparency.org/whatwedo/pub/handbook_of_good_practices_preventing_corruption_in_humanitarian_operations

Bond - Anti-Bribery Principles and Guidance for NGOs

<http://www.transparency.org.uk/our-work/publications/10-publications/128-anti-bribery-principles-and-guidance-for-ngos>

LRN - Coordinating UK Bribery Act and FCPA Compliance

http://www.lrn.com/sites/default/files/Coordinating%20UK%20Bribery%20Act%20and%20FCPA%20Compliance_0.pdf

Red Flag Group - Best Practices in Conducting FCPA / Anti-Bribery Due Diligence

<https://www.redflaggroup.com/whitepaper/best-practices-in-conducting-FCPA-anti-bribery-due-diligence.pdf>

Transparency International - Business Principles for Countering Bribery

ROLE SPECIFIC RESPONSIBILITIES

Managers' Responsibilities

The day-to-day responsibility for the prevention and detection of fraud and corruption rests with line managers who are responsible for:

- identifying the risks to which systems, operations and procedures are exposed;
- developing and maintaining effective controls to prevent and detect fraud and corruption; and
- ensuring that controls are being implemented.

National Directors, Regional Directors and Divisional Directors are responsible for:

- ensuring that all cases of suspected and/or alleged fraud are reported at the earliest opportunity to H4BF's Head of Counter Fraud using the standard incident report mechanism in place. Investigations must not be commissioned prior to reporting;
- Additionally, where the alleged fraud affects grant funds, reporting such to the relevant National Organisation;
- Assisting the H4BF's Head of Counter Fraud in providing an appropriate investigative response;
- Exceptionally, National Directors may, at their discretion and as an alternative to passing responsibility to H4BF's Head of Counter Fraud, direct or delegate investigations themselves and/or refer the matter to their respective national law enforcement authorities if wholly contained within the jurisdiction of their NO country and not involving any H4BF staff outside the National Organisation. In such case full reporting requirements to the Head of Counter Fraud will still apply;
- Responding to recommendations made in consequent investigation reports;
- Ensuring that staff and third parties are made explicitly aware of this Policy, supplementary Procedures and Guidelines, and their responsibilities hereunder, in training including that to be provided to all new staff as part of the induction process; and
- National Directors are additionally responsible for reporting fraud incidents affecting the National Organisation to the chair of their board or relevant board committee.

The **H4BF Director of Business Resources and Solutions** is responsible for establishing the internal control system designed to counter the risks of fraud and corruption and ensuring the adequacy and effectiveness of this system.

The **H4BF Director of National Assurance** is responsible for:

- ensuring that the risks of fraud and corruption have been properly identified and assessed by management;
- assessing that the internal control framework has been properly designed to address the risks of fraud and corruption, and that it is working effectively; and
- ensuring that there are arrangements in place for the prompt and proper investigation of all actual, suspected and alleged fraud or corruption to a consistent standard.

The **H4BF Director of National Risk and Insurance** is responsible for ensuring that the assessment of fraud and corruption risks forms part of H4BF's overall and ongoing risk management process.

Third party organizations do not all operate to a common organizational model. However National Directors must ensure that the equivalent responsibilities of the three H4BF staff listed above are assigned to designated staff for the National Organisation, which could include the National Director him/herself. A documented record of these responsibilities shall be maintained by the National Organisation.

The **H4BF Head of Counter-Fraud** (under the Director of National Assurance) is Nationally responsible for:

- The conduct of all fraud investigations – except where the National Director has exercised his/her discretion to direct in circumstances described above. On receipt of any allegation of fraud or corruption, whether from H4BF or a National Organisation, he/she will determine, in consultation with the Director(s) concerned, the nature and composition of any consequent investigation. Staff engaged on investigations will be directed by him/her or by person so delegated by him/her;
- Ensuring the maintenance of an investigative capacity across H4BF and National Organisations;
- Maintaining a fraud and corruption register;
- Reporting to the Chair of the relevant National Organisation governing body, through the National Director (unless inappropriate), details of fraud investigations directed by him/her concerning National Organisation staff or National Organisation funds within the country concerned;
- **Providing a summary report of all cases of fraud and corruption to the Financial Audit Committee (FAC) of the International Board on a quarterly basis.** To ensure National oversight at management level, such quarterly reports will be circulated, prior to the meeting of the FAC, to the National Management Committee and will subsequently be made available to National Organisations; and
- Providing a counter-fraud and counter-corruption support service to management to help reduce exposure to fraud and corruption risk and ensure compliance with this policy.

Staff from the H4BF Counter Fraud Unit, National Finance and National Assurance departments are available to offer advice and assistance on control issues and fraud prevention, and managers are encouraged to make use of this service.

Staff shall ensure that third Parties (implementing partners, suppliers, contractors and others working for or on behalf of H4BF Entities) take responsibility for:

- Ensuring that all cases of suspected and/or alleged fraud which relate to H4BF Entities are reported at the earliest opportunity to the local office;
- Providing H4BF Entities with all relevant or requested information to enable an appropriate investigative response; and
- Ensuring that their staff are made aware of this National Policy and their responsibilities hereunder.