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POLICY STATEMENT

FIND expects all people and organizations associated with it to be honest and fair in their dealings with the organization, its members and its partners. FIND will not tolerate any level of inappropriate activities, including fraud or corruption that result in harm to the organization. Any detected case will be thoroughly investigated, with disciplinary or criminal sanctions pursued where appropriate and possible, and losses recovered by any lawful means. FIND is also committed to ensuring that opportunities for fraud are reduced to the lowest possible level of risk; that effective controls are maintained to prevent fraud; and that control systems, policies and procedures are regularly reviewed and, in the event of detected cases of fraud, improved.

1. PURPOSE

The aim of FIND Anti-Fraud Policy is to safeguard the reputation and financial viability of FIND through management of fraud risk. It sets out explicit steps to be taken in response to reported or suspected fraud, as well as measures that will be taken to prevent or minimize the risk of fraud.

2. SCOPE

This is an organization-wide policy that applies to all key processes, sub-processes and activities. While FIND's Leadership Team (LT) plays a significant role in fraud detection, mitigation and reporting, all Members (defined below) have a role to play in the identification and management of potential fraud risks through processes that are embedded in business as usual management activities.

This Policy should be read and applied in conjunction with:

- *Code of Conduct in the Employee Handbook*
- *Conflicts of Interest Policy*
- *Risk Management Policy*
- *Accounting Manual*
- *Charter of the Finance & Audit committee*

In addition, the definitions that appear below are to be interpreted within the context of this policy. For additional definitions, see Risk Management Policy.

3. DEFINITIONS

Allegation	A statement or accusation by a person that an act of fraud has or may have been committed. This does not require evidence of the offence or identification of suspects, but there is usually some stated basis for the accusation.
Conflict of interest	A situation in which the impartiality of a Member in discharging his/her duties could be called into question because of the potential, perceived or actual improper and impermissible influence of personal considerations, financial or other.
External fraud	Fraud committed against FIND by an external party, for example the employees of a partner or supplier.
External party	Any legal entity or individual other than the Members of FIND.
Fraud	For the sake of this policy, the term fraud applies to the use of deception by an individual with the intention of obtaining an advantage for him- or herself or for a third party or parties; avoiding an obligation; or causing loss to another party. It includes offences such as, but not limited to: deception; bribery; forgery; extortion; corruption; theft; conspiracy; embezzlement; misappropriation; false representation; concealment of material facts; and collusion.
Fraud prevention	Strategies designed to proactively reduce or eliminate internal and external fraud.
Immediate dismissal	The cessation of a term of employment by FIND immediately upon notice and without any separation benefits that may be provided by local conditions of service, on the basis of the employee's breach of certain terms of his/her contract of employment (including the local conditions of service).
Internal control	A process, effected by the Board of Directors, management and other employees, designed to provide reasonable assurance that risks are managed so as to ensure the achievement of the organization's objectives
Internal fraud	Fraud committed directly against FIND by a staff member of FIND.
Investigation	A search for or collation of evidence connecting or tending to connect a person or body with conduct that infringes the law or FIND policies, procedures and guidelines.
Members	For the sake of this policy, a "Member" is: i) any individual who is a party to a contract of employment with FIND, including staff members, consultants, interns and volunteers working for FIND and individuals seconded by other organizations to FIND, regardless of location; ii) a member or officer of the Board of Directors; or iii) a member of any of the various committees created by FIND.
Partner	An organization, institution or corporation that is involved in funding or delivering services to FIND.

4. CONTENT AND APPROACH

4.1. Application

This Policy is intended to apply to both internal and external fraud as defined in the Definitions section.

4.2. Examples of fraudulent behaviour

- Obtaining property, financial advantage or any other benefit by deception or abuse of authority granted by virtue of official position or duty
- Charging FIND for goods and services that have not been delivered
- Development or application of local policies or practices knowingly inconsistent with the objectives of FIND global practices or objectives
- Seeking to obtain confidential information about a colleague or others with intent to use it for unauthorized purposes
- Knowingly providing false, misleading or incomplete information to FIND, its donors, partners, or other business relations, or deliberately failing to provide information where there is an obligation to do so
- Non-permitted use or theft of FIND computers, equipment, telephones or any other property or services outside of professional duties or without specific authorization
- Hacking into, or interfering with, a FIND computer system
- Forgery or alteration of documents or accounts
- Disclosure of official activities or information for personal advantage

4.3. Impact of fraud

For non-profit organizations like FIND, the potential impact of fraud on the organizations' credibility in the eyes of its donors and the public sector it seeks to serve is significant and cannot be understated. The effects of fraud might include: financial loss; large cost of investigation; damaged reputation and partner relationships; negative publicity; loss of donors and employees; litigation; and damaged morale.

4.4. Approach and key principals

There are four major facets to FIND's strategy for effective fraud prevention:

4.4.1 A culture of honesty and ethics

The most persuasive and effective method of preventing fraud is the promotion by senior management of an ethical and transparent environment that encourages staff members at all levels to actively participate in protecting the organization's reputation and resources.

4.4.2 Risk management and internal control

Risk management is at the heart of effective fraud control, especially through the development of risk criteria and implementation of effective controls. Internal administrative and financial controls are described in policies and procedures, compliance with which is assessed on an annual basis. In addition, FIND will undertake a comprehensive evaluation of its overall vulnerability to fraud as well as the scope and magnitude of fraud risk in specific areas at least every three years, or more frequently as part of an ongoing rolling risk assessment process. Findings will be reported to the Finance and Audit Committee of the Board of Directors.

4.4.3 Awareness raising and training

Fraud awareness raising and training underpins fraud prevention and detection. FIND will ensure that all employees are aware of their responsibilities for fraud control and ethical behaviour. Targeted training will be provided for new staff and refresher training for current staff.

4.4.4 External control

Independent reviews by external auditors will examine the effectiveness of internal controls and review operations for evidence of fraud. The results of such reviews will be reported directly to the CEO and the Finance and Audit Committee of the Board of Directors, and will be followed-up by management.

5. ROLES AND RESPONSIBILITIES

5.1 General

The CEO has overall responsibility for the organizational response in the case of a reported or suspected fraud. Those involved in overseeing fraud response must not have managerial responsibilities in the area(s) affected. FIND Members should be aware of the potential for fraud, and should report any reasonably suspected fraud.

5.2 The Finance and Audit Committee

- Require regular reporting from the CEO on the assessment of fraud risk and measures being taken to prevent fraud at FIND.
- Require periodic external audits on the effectiveness of internal controls.
- Require management responses and follow-up actions to all internal and external audit reports, which identify weaknesses in internal control policies and procedures.

5.3 Chief Executive Officer (CEO)

- Sets the overall tone for the organization and reinforces the message that fraud will not be tolerated at FIND.
- Establishes an internal control system designed to eliminate or mitigate the risks faced by FIND. He/she will be accountable for the adequacy and effectiveness of the controls designed and implemented. Managing fraud risk should be seen in the context of the management of a wider range of risks. (See Risk Management policy).

5.4 Managerial staff

- Assess the risks, including but not limited to fraud risks, involved in their area of responsibility.
- Ensure that controls are properly implemented and complied with.
- Encourage staff to report reasonable suspicions of fraud, treating all allegations seriously, maintaining confidentiality and promptly reporting allegations to the Legal Advisor or CEO.
- Keep records of any allegations as well as any subsequent actions taken.

Finance and quality management are to ensure that an adequate system of internal control exists and functions to address these risks, and that the continuing efficacy of the control system is reviewed annually during routine internal audits.

If informed of a fraud, managers should listen carefully and with respect to staff, ensure that every report is treated seriously and sensitively, and give every allegation a fair hearing. Managers should obtain as much documentation and information as possible regarding the alleged fraud and should reassure staff members that they will be protected and will not suffer any reprisal for having reported allegations made in good faith. Managers are required to prepare a written report of the details of any suspected fraud that has been reported to them, and provide it to the Legal Advisor.

Managers **should not** confront the alleged perpetrator or carry out an investigation themselves. Instead, the matter should be reported immediately to the Legal Advisor or FIND CEO (the Legal Advisor should be copied on all correspondence with the CEO and vice versa. Reporting should preferably be made through FIND's web-based compliance system, accessible through the [Ethics hotline](#) on FIND's website. No time should be lost in reporting the suspected fraud.

5.5 Head of Finance

- Organizes external evaluation of the effectiveness of related internal controls; reports on their adequacy to the CEO and the LT, as well the Finance and Audit Committee of the Board of Directors.
- Reviews and approves proposed changes to the system of internal controls.
- Reviews the implementation of the changes made to the system of internal control subsequent to a case of fraud to evaluate their efficiency and effectiveness.

5.6 Legal Counsel

- Provide guidance to the CEO on the course of action to be taken; the involvement of external experts or legal authorities; the conduct of investigations; potential legal avenues or consequences once a fraud has been established through investigation; and how to recover assets and to restore FIND's reputation and goodwill. Communicate with and manage external criminal lawyers engaged in the particular jurisdictions in which cases of fraud arise.
- Receive reports of fraud from staff and managers, and provide guidance to the CEO or his/her delegate in determining the scope of the fraud and contacting external experts or legal authorities.
- Conduct internal investigations, where applicable, including gathering evidence, conducting interviews, and writing reports on investigations.
- Keep records of any allegations made, any subsequent actions taken, and the ensuing result.

5.7. Operations

- Consult with the CEO regarding the appropriate disciplinary action to be taken against the perpetrators of fraud and supervisors whose failures have contributed to the commission of fraud or those who have made frivolous or bad faith allegations.
- Ensure that appropriate hiring procedures are in place, which include the need for detailed reference checks for all applicants for key positions. If necessary, new staff should provide proof that they do not have a criminal record. In Switzerland, the administrative body that issues work permits requires that each applicant declare his/her criminal record, if any.
- Ensure that the content of work certificates and references regarding outgoing Members to their future employers are accurate and that they do not place FIND in a position of risk.
- Notify insurers immediately of any loss or damage to FIND insured property.

5.8. All staff members

- Conduct themselves lawfully and properly in the use of the organization's resources.
- Remain alert to the possibility of fraud and report suspicious behaviour to their functional supervisor, the Head of Finance or the CEO.
- Attend in-house training courses on risk management and fraud prevention.

External party actions which should be reported include:

- Being offered a bribe or inducement by a partner or supplier
- Receiving fraudulent (i.e. intentionally inaccurate, rather than erroneous) invoices from a supplier
- Known instances of corruption, deception or misuse by a supplier or partner

If staff become aware of a suspected fraud they should take note in writing of any pertinent details, including what was said or done by whom, the date, the time, the location and the names of the individual(s) involved. Staff **should not**:

- Contact the suspected perpetrator to get facts or demand restitution
- Discuss the case facts or allegations with anyone outside of the organization
- Attempt to personally conduct investigations or interviews

If the functional supervisor is a potential suspect, then staff members should report the concern directly to the Legal Advisor or to the CEO. If staff prefer to report anonymously they can do so to the Legal Advisor; all information thus provided will be treated confidentially. However, if criminal activity is to be reported to the police, the identity of the person reporting may eventually have to be disclosed.

If an allegation is determined to have been made frivolously, in bad faith, maliciously, for personal gain or for revenge, disciplinary action may be taken against the person making such an allegation.

6. PROCEDURE

6.1. Decide on appropriate action

As a matter of principle, once an alleged fraud is reported to the Legal Advisor, he/she will disclose all relevant information to the CEO who will then inform the LT. If any of these persons are thought to be involved, then the report should bypass the person at issue, and additionally be sent to the Finance and Audit Committee, who will take appropriate action in the spirit of this Policy.

The CEO will determine, in consultation with the Legal Advisor and the LT, the appropriate course of action including:

- Whether the case can be dealt with internally or whether external involvement is necessary. This decision depends on the magnitude and complexity of the fraud and the individuals involved.
- What the immediate action, if any, should be toward individual concerned. This is of critical importance as the organization's first goal should be to stop the "leak". However, the litigation risk associated with inappropriate termination or suspension of the services of an individual is very high and legal counsel for this action is essential.
- Whether the police should be involved. In FIND branch offices, a local lawyer will be consulted for such advice. The final decision to involve the police will be that of the CEO. All decisions are to be recorded.

The CEO could additionally seek advice and require the involvement, as necessary, from the External Auditors, the Finance and Audit Committee of The Board of Directors, and any other specialist accountant and financial investigators.

If there is sufficient hard evidence of theft and the Legal Advisor has given his/her go-ahead, the following actions are to be taken:

- An appropriate level of management should interview the individual to confront him/her regarding the items discovered and, if possible, determine whether other fraud has been committed.
- Remove the person from the work site. Have someone oversee the removal of any personal items and ensure that the person does not remove any items belonging to the organization. Block access to any organization computers and collect all keys and other building access cards at this time. Then, have the individual escorted off the premises immediately.
- Change door codes and locks where necessary. Change access passwords to the computer systems and ensure that remote access is disabled.
- Notify the insurance company immediately as well as the appropriate authorities, as required by the policy to ensure coverage.
- If the individual was an authorized signatory, notify the bank and other relevant authorities. If necessary, designate another signatory.
- Ensure that all organization credit cards are intact and notify the bank or credit card company immediately.

6.2. Investigation

Depending on the magnitude and the complexity of the fraud, investigations will be carried out either in-house by the Legal Advisor or by external parties such as external audit firms with specialized forensic accounting expertise and access to criminal law expertise, or where deemed appropriate, by the police. Investigations will be conducted without regard to any person's relationship to the organization, position or length of service. The Legal Advisor will keep records of all actions in the investigation, to ensure success in any future criminal, civil or disciplinary action.

The Legal Advisor will determine who should not be involved in the investigation to avoid a conflict of interest situation for Members with close working relationships with the individual(s) in question. The CEO will ensure that full access is given to the Legal Advisor and any external body requested to assist him/her to immediately search the work area in question, including any files and computers. All searches are to be conducted in a lawful manner, to ensure that evidence is admissible in court, if required. The Legal Advisor will keep records of any action or handling of evidence.

The Legal Advisor will issue a report detailing findings and conclusions of every concluded investigation, including recommendations for future action. Results of investigations will not be disclosed to or discussed with any person apart from appropriate members of the LT and the Finance and Audit Committee, and anyone with a legitimate need to be involved. This is important to avoid damaging the reputation of those suspected of wrongdoing and subsequently found innocent, and to protect the organization from potential civil liability and loss of reputation and goodwill.

6.3. Managing External Relations

In the case of substantiated fraud, FIND will take immediate steps to mitigate potential loss of reputation and credibility with donors and partners who are involved in funding or delivering work in the particular context in question. Where an investigation confirms that an act of fraud was committed, the CEO, in consultation with the LT will disclose the details of the fraud, the assets/resources affected, and the efforts being made to remedy the situation to any partner or donor with an interest in the affected area. This must be done in a timely manner and with great care to be transparent and responsible while at the same time not unduly alarming donors or partners.

6.4. Recovering assets

Where FIND has suffered pecuniary loss or loss of other material assets, efforts will be made to seek restitution from the individual(s) responsible for the fraud.

6.5. Disciplinary action

Where the Legal Advisor's investigation reveals that a Member has committed a fraud, the CEO, in consultation with the LT, will pursue disciplinary, legal or criminal action as appropriate.

6.6. Follow-up Action

Following a case of fraud, the CEO will ensure that all managers and staff in the affected area are debriefed on the process and outcome of the investigation. There should also be a follow-up with the individual(s) who reported the initial suspicion of fraud, to provide assurance that their claims have been taken seriously.

The CEO will ensure that the organization conducts a thorough review of operating procedures in the areas affected by the fraud and that improvements are made where necessary. Lessons learned will be disseminated throughout the organization, where applicable, to strengthen the system of internal control and to foster an anti-fraud culture. A report on actions taken will be submitted to the Finance and Audit Committee of The Board of Directors.

7. CHANGE HISTORY

New version #/date	Old version #/date	No. of changes	Description of changes	Source of change request
V1.1/30MAR15	V1.0/07MAY13	Various	Changed CFO to Head of Finance Reformatted including new logo Addition of FIND's compliance Hotline as reporting channel NO MATERIAL CHANGES	Head of Operations