

## **Anti-Fraud and Anti-Corruption Policy\***

### **1. Introduction**

VANI plays a significant role in supporting voluntary organisations in strengthening their governance and internal capacities including setting up a framework to prevent fraud and corruption. Any act of fraud and corruption in VANI's activities depletes funds, assets and other resources necessary to fulfil VANI's mandate. Fraudulent and corrupt practices can also seriously damage VANI's reputation and diminish stakeholders 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 Organization's ability to build a credible civil society.

### **2. Scope and application**

VANI has zero tolerance for fraud and corruption, meaning that VANI staff members, non-staff personnel, vendors and any implementing partner/responsible parties, are not to engage in act of fraud or corruption.

All incidents of fraud and corruption are to be reported, and will be assessed and, as appropriate, investigated.

VANI will pursue rigorously disciplinary and other actions against perpetrators of fraud, including recovery of financial loss suffered by VANI.

VANI is committed to preventing, identifying and addressing all acts of fraud and corruption against VANI, through raising awareness of fraud risks, implementing controls aimed at preventing and detecting fraud and corruption, and enforcing this Policy.

This Policy applies to all activities and operations of VANI.

This Policy aims to prevent, detect and address acts of fraud and corruption involving:

- i) Staff members holding a VANI letter of appointment ("staff members");



- ii) Non-staff personnel, including Service Contract holders, Individual Contractors, Volunteers and interns (collectively, “non-staff personnel”);
- iii) Vendors, including actual or potential contractors of civil works and suppliers of goods and services (collectively, “vendors”);
- iv) Implementing partners and responsible parties engaged/contracted by VANI for a VANI funded project (“implementing partners” and “responsible parties”, respectively).

### 3. Definition of fraud and corruption:

The following definitions shall apply in the context of this Policy:

**Fraud** is a knowing misrepresentation of the truth or a concealment of a material fact to induce another to act to his or her detriment.

**Corruption** is the act of doing something with an intent to give an advantage inappropriate with official duties to obtain a benefit, to harm or to influence improperly the actions of another party. Actions taken to instigate, aid, abet, attempt, conspire or cooperate in a fraudulent or corrupt act, also constitute fraud or corruption.

Examples of fraud and corruption include, but are not limited to, the following actions:

- Forging documents, preparing false entries in VANI systems or making false statements to obtain a financial or other benefit for oneself or another/others;
- Collusion or other anti-competitive scheme between suppliers during a procurement process;
- Forging the signature of a VANI staff member or forging a document purporting to be from VANI to induce a party outside VANI to act;
- Using another’s IT identity or password, or creating false identities/passwords, without consent or authority to manipulate VANI’s processes or cause the approval or denial of actions;
- Accepting hospitality such as meals or entertainment from a vendor;
- Misrepresenting VANI’s employment status to obtain a benefit from an external entity;
- Failing to disclose a financial or familial interest in a business or outside party while participating in the award/management of a contract to the benefit of that business or outside party;
- Processing the cost of personal travel as part of an official travel;
- Making misrepresentations, including educational credentials or professional qualifications, on a personal history form in the context of a job application;



- Falsifying documents, making false statements, preparing false entries in VANI's systems or other deceptive acts to the detriment of those someone seeks to disfavour, or to discredit a person, programme or the Organization.

#### **4. Fraud prevention measures**

##### **Fraud awareness**

Staff members, non-staff personnel, vendors, implementing partners and responsible parties must be aware of their responsibility to prevent fraud and corruption. In this regard, managers are to raise awareness of this Policy, and reiterate the duty of all staff members to report instances of fraud and corruption.

##### **Management of the risk of fraud and corruption**

Good risk management requires a sound balance of the following aspects: assessment, mitigation, transfer or acceptance of risks. These risks shall be considered while developing new programmes or projects and communicated to relevant stakeholders, together with an assessment of the extent to which risks can be mitigated.

Managers shall be vigilant in monitoring irregularities and the risk of fraud.

##### **Fraud risk assessment**

Where a high risk of fraud has been identified within the general risk assessment of programmes/projects, an additional and specific fraud risk assessment may be necessary. This indepth assessment should be used to better identify fraud risks and develop effective measures that address these high risks. The aim is to help management to identify and evaluate areas of the programme/project that are most susceptible to fraud and prioritise where VANI should focus its resources for fraud prevention and mitigation. These fraud prevention and mitigation measures should be monitored for effectiveness over time, and the fraud risk assessment process may be repeated periodically utilising lessons learned, especially for longer-duration programmes/projects or where material changes are made to the design of the programme/project during its implementation.

##### **Internal control system**

Where risk of fraud and corruption have been identified and assessed, these risks can be managed by establishing practices and controls to mitigate the risks, by accepting the risks and monitoring actual exposure or by designing



ongoing or specific fraud evaluation procedures to deal with individual fraud risks.

### **Integrity and other best practices**

Best practices with respect to knowing staff members, non-staff personnel, vendors, implementing partners and responsible parties, must be followed by VANI staff, especially managers and other hiring/contracting officials. Integrity is a paramount consideration in the recruitment of staff members and the contracting of non-staff personnel. In this context, VANI's HR personnel/Hiring Manager should ensure that the Organization is recruiting/contracting individuals that meet the standards of conduct expected of staff members and non-staff personnel. This can be achieved, for instance, by using specific interview assessment tools for integrity, professional experience and academic checks. Additionally, with respect to the hiring staff members, the hiring unit has the duty to enquire about the candidates' possible existence of family relationships and to ensure that the job candidates are aware of and declare any family or spousal relationships, as required by VANI's HR Policy on the Recruitment of Family Members, and Conflicts of Interest.

VANI requires all its vendors to be qualified, as well as be eligible.

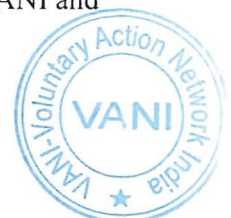
### **Application and adherence to standards and codes of conduct**

Standards and codes of conduct have been established for staff members in HR Manual. In addition, contracts issued to non-staff personnel and vendors stipulate requirements with respect to their actions in the context of their contractual relationship with VANI. The observance of such standards of conduct and contractual obligations deters fraud and encourages the highest standards of professional behaviour.

Vendors and VANI's stakeholders are required to actively ensure that their management processes and business operations align with VANI's principles, including, but not limited to its standards of ethical conduct regarding fraud and corruption, conflict of interest, gifts and hospitality restrictions. They are required to report any instances of wrongdoing.

## **5. Roles and responsibilities**

All VANI staff members and non-staff personnel have critical roles and responsibilities in ensuring that fraud is prevented, detected and dealt with promptly. They are responsible for safeguarding resources entrusted to VANI and for upholding and protecting its reputation.



Similarly, all VANI vendors, implementing partners and responsible parties shall be held to the highest ethical standards, and should report to VANI any acts of fraud and corruption.

### **Staff Members and Non-staff Personnel**

Staff members and non-staff personnel must understand their roles and responsibilities, and how their job functions and procedures are designed to manage fraud risks, and how non-compliance may create an opportunity for fraud to occur or go undetected.

Staff members have the obligation report immediately any evidence of practices that indicate fraud or corruption may have occurred.

Fraud and corruption, if committed by a staff member, constitutes misconduct for which a disciplinary measure may be imposed, including dismissal.

Similarly, fraud and corruption by non-staff personnel is not tolerated in accordance with VANI's zero tolerance policy. Contracts must be terminated where non-staff personnel's involvement in proscribed practices is established.

In both instances, the allegations of fraud and corruption may be referred to national authorities for criminal investigation and prosecution of those involved.

Additionally, managers are expected to act as role models and through their actions and behaviours set the tone for the rest of the Organization. They should foster a culture of zero tolerance for fraud and corruption and ensure that any practices not aligned with this Policy are dealt with expeditiously. They are required to go beyond compliance with relevant policies and procedures and to take proactive steps to prevent and identify potential fraud and corruption.

Senior Management is expected to:

- Perform risk assessments to identify potential fraud risks to which their assets, programmes, activities, and interests are exposed;
- Assess the identified risks, select risk-avoidance options, design and implement cost effective prevention, mitigation and control measures;
- Establish/implement measures to prevent the recurrence of fraud;
- Monitor and supervise the performance, working methods and outputs of their staff to ensure that staff is conducting themselves in ways that meet the most ethical professional standards;



Managers who fail to take appropriate action or who tolerate or condone fraudulent activities or corruption will be held accountable.

### **Vendors (Actual and Potential)**

VANI vendors and their employees, personnel and agents, have the duty to interact honestly and with integrity in the provision of goods and services to VANI, and to report immediately allegations of fraud and corruption to VANI.

Vendors shall be encouraged to establish robust policies and procedures to combat fraud and corrupt practices and are to cooperate with VANI's auditors and investigators. Whenever a VDO acts as a VANI's implementing partner or a responsible party, they have the duty to ensure that those funds are safeguarded and used for their intended purposes, as authorized by VANI.

When allegations concerning possible involvement in fraud or corruption are deemed substantiated, VANI shall take any administrative actions available to it, and shall seek to recover fully any financial loss.

In addition, VANI may terminate contracts, and may refer appropriate cases to national authorities for criminal investigation and prosecution, when applicable.

VANI has a zero tolerance policy towards the acceptance of any gift or any offer of hospitality from vendors. VANI staff will not accept any invitations to sporting or cultural events, offers of holidays or other recreational trips, transportation, or invitations to lunches or dinners.

VANI vendors shall not offer any benefit such as free goods or services, employment or sales opportunity to a VANI staff member in order to facilitate the suppliers' business with VANI.

The Purchase Committee is an internal body tasked with making recommendations on vendor sanctions, including with respect to vendors' continued eligibility to do business with VANI. If the Purchase Committee finds that a vendor has been involved in proscribed practices, it can recommend sanctions, including debarment.

## **6. Reporting fraud**

Persons can report fraud free of charge, using different options. Anyone with information regarding fraud and/or other corrupt practices against VANI or involving VANI staff, non-staff personnel, vendors, implementing partners and responsible parties, is strongly encouraged to report this information.



The Investigations are managed by the Chief Executive Officer/Chairperson and/or any other member of Governing Board. Confidentiality of the reporting person shall be protected.

For investigations to be successful, complaints should be as specific as possible. To the extent possible, details of the fraud reported should include details such as:

- The type of alleged wrong-doing;
- When, where and how the wrong-doing occurred;
- Who was involved and may have knowledge of the matters being reported.

Relevant documents or other evidence should be included with the report or provided as soon as possible. However, the absence of any of the above details does not prevent investigation of allegations of fraud or corruption.

### **Confidentiality**

Requests for confidentiality by persons making a complaint will be honored to the extent possible within the legitimate needs of the investigation. All investigations undertaken are confidential. Information will only be disclosed as required by the legitimate needs of the investigation. Investigation reports are confidential. Senior Managers may, at their discretion, share general aspects of a case with other agencies, funds and programmes on an as-needed basis.

### **Anonymous reports**

Individuals wishing to protect their identity may report fraud anonymously.

### **Protection against retaliation (“Whistle-blower” protection)**

VANI does not tolerate any form of retaliation against whistle blowers, i.e. an individual holding a VANI assignment/contract that has reported allegations of wrongdoing or cooperated with a duly authorized audit or investigation.

## **7. Investigation of allegations**

All allegations of fraud and corruption are taken seriously. Upon receipt of an allegation, the Chief Executive Officer/Chairperson/Governing Board will assess the case and if it is determined that there is enough ground to warrant an investigation, it will conduct an investigation. The allegations, if substantiated by the investigation, may result in disciplinary and/or administrative actions or other actions taken by VANI, depending on the case.

The outcomes may be as follows:



- a) For staff members, disciplinary and/or administrative actions;
- b) For Service Contract holders and Individual Contractors, non-renewal or termination of their contract or other action as deemed necessary. Cases involving Individual Contractors may also be referred to the Purchase Committee;
- d) For vendors and VDOs, termination of the contract and debarment from doing business with VANI or other sanctions;
- e) Referral to the national authorities for criminal investigation and prosecution;
- f) Recovery of financial loss and/or assets suffered by VANI, and to return funds recovered to the respective funding sources;
- g) Issuance of Management Letters to allow business units concerned to take corrective actions and strengthen internal controls.

### **8. Remediation and implementation of lessons learned**

Use of collective knowledge gained from lessons learned on audits and investigations to enable VANI management to be more proactive in dealing with potential systemic weaknesses. If required, Governing Board/CEO will provide briefings and reports on risks facing the Organization and “lessons learned” from investigations to relevant management in VANI.

In addition, if during an investigation a substantial risk to security, or a threat to VANI’s personnel or to the Organization’s interest is found, Board/CEO may inform persons with a need to know of enough information about the investigation to allow them to taking mitigating measures. Action is then taken to address the problems identified and prevent their recurrence. VANI’s Board and CEO shall review periodically the outputs from the investigation processes and the resultant remediation, mitigation, sanctions and recovery cycles, to ensure that this process is operating coherently and timely, and to seek to improve the effectiveness of the process.

### **9. Reporting**

VANI has a long-standing commitment to transparency, including reporting on matters of fraud and corruption. VANI’s Annual Report of the Administrator on Disciplinary Measures on Other actions Taken in Response to Fraud, Corruption and Other Wrongdoing will include an overview of actions taken in cases of fraudulent or corrupt practices. VANI’s annual Financial Report and Audited Financial Statements are available publicly on the VANI’s website.

\*\*\*\*\*

