TRANSCULTURAL PSYCHOSOCIAL ORGANIZATION

FRAUD CONTROL AND CONFLICT OF INTEREST POLICY

CONTENT

1.1 Fraudulent Practice

Fraud is a generic category of crime that involves an individual or groups of individuals dishonestly obtaining property or some financial advantage by means of deception. Perpetrators may seek to gain money, property, time, information or influence. Fraud prevention should aim to maximize crime reduction without imposing unrealistic burdens on the organization.

"Fraudulent Practice" includes a misrepresentation of facts in order to influence a procurement or disposal process or the execution of a contract to the detriment of the procuring or disposing entity, and includes colluding with bidders prior to or after bid submission designed to establish bid prices at artificial non-competitive levels and to deprive the organization of the benefits of free and open competition.

1.2 Fraud Investigation Capability

15.2.1 As no prevention strategy is ever fool proof, an effective investigation capability is of utmost importance because it reduces the potential for loss, increases the prospect of recovery and acts as a deterrent.

1.3 Fraud Prevention Strategy

Fraud prevention strategy is designed to:

- Identify and limit the opportunity to commit fraud;
- Control the issues that affect employee motivation to commit fraud;
- Reduce the ability of the employee to rationalize his behavior as acceptable; and
- Facilitate effective response to reported instances of fraud

1.4 Fraud control emphasis

1.4.1 Management support is required to establish, implement and effectively manage the fraud control and compliance policy. Emphasis shall be on fraud prevention rather than on deterrence based approaches.

1.4.2 Of the programs that can advance a company's fraud prevention agenda, a hotline and an ethics program are the two most popular and effective. A hotline program allows a company to establish an anonymous process for employees to report questionable activities.

1.4.3 A complaint or tip hotline can help strengthen the early detection of fraud as calls are monitored and acted upon. Confidentiality and outsourcing the phone line to a third party shall be considered as it provides the added benefit of ensuring there is no personal bias in its operations and resulting follow up.

1.4.4 Another important policy in fraud prevention programs is the collective groups of policies referred to as a code of conduct. A code of conduct policy is a set of ethical standards or policies designed to guide the behavior of all members of staff at their different levels. TPO shall develop a code of conduct or ethical policy for the organization and its board of directors.

1.5 Fraud Awareness and Education

1.5.1 Fraud education and training are needed to supplement communication and create awareness at all levels of the organization. The board, senior leadership, and financial personnel shall undertake extensive training in the inner workings of the organization's programs and ethical issues, as well as a broader and deeper perspective on how and where fraud occurs.

There is a need to protect PINs (Personal Identification Numbers) and passwords. Staff shall be educated and encouraged to take greater care of their cards (e.g. the organization's identity cards and their own ATMs i.e. Automated Teller Machine cards).

1.5.2 Care shall be taken when giving information to staff, so that they are not alerted to ways in which they may act dishonestly themselves.

1.5.3 Be especially vigilant and alert with staff when redundancy or organizational restructuring may be being considered.

1.6 Personnel Monitoring

1.6.1 Modern technology enables some staff to have access to security equipment, to sensitive and confidential information, passwords and account records thus giving them the ability to commit fraud either on their own or in collusion with other parties within or outside the organization.

It is therefore important for interview panels to be well trained in interviewing skills to ensure that dishonest conduct in a potential employee's past can be unearthed before they are engaged by the organization. Pre-employment integrity screening is therefore very important and an assessment made whether the potential employee's dishonest behavior in the past is likely to reoccur in the future.

1.6.2 On-going monitoring shall also be carried out so that the organization is able to identify changes in an employee's behavior, social characteristics or working patterns. Such changes can be pointers to a more serious problem that may lead to fraudulent tendency or actual commitment of fraud. Job rotation (if applicable) can also minimize fraud. Having separate control and division of duty systems in place is advised e.g. making sure that the personnel responsible for purchases is not the one responsible for payments as well.

1.6.3 Making people aware of the new programmes and organizational changes and getting them to accept them from the familiar requires a comprehensive program of change management. Communicating the organization’s message requires consistent information about what is taking place. Different messages must be tailored to employees, management, and other groups with specific fraud prevention responsibilities, such as internal audit, senior management, and the board of directors. The organization shall incorporate into its code of conduct a message of zero tolerance to fraud.

1.6.4 The organization shall ensure that the identity cards given to staff use the latest technology and difficult to forge. The cards shall clearly show the expiry dates on the cards. If funds allow, it is best that new cards are issued every year. On separation with the organization, the human resources administrator shall demand the return of the IDs before the employee leaves the organization. If the employee has any benefits accruing to him, He/she shall not get the benefits before handing over the organization’s identity card.

As much bio-data as possible must be obtained when an employee is being appointed. Some of the information shall include:

- Place of resident (residential address)
- Copy of passport
- INSS number
- Driving Permit
- Passport photo and full length photo
- Next of kin
- Legal wife
- Birth certificate (check with government registry)
- Etc.

1.7 Transaction Monitoring

Cash transactions shall be reduced to the minimum. Crossed cheques, telegraphic transfers (TTs), real time gross settlement (RTGS), or electronic fund transfer system (EFTs) shall be the modes used for payments. For those accounts that are more active or handle big amounts, the bank shall be given instructions to submit weekly bank statements so that suspicious entries can be quickly spotted in time. Confirmation letters to confirm all payment instructions shall be sent to the bank. Instructions shall be given to the bank to check with the finance manager or country director/coordinator by phone for payments that exceed a certain amount (regardless of the confirmation letter having been received by them).

The confirmation letters shall be delivered to the banks by separate cover for every payment instruction given to the bank whether made by cheque, by electronic or by other means.

1.8 Fraud Response Plan

It is important that quick action is taken in the face of suspected fraudulent activity. This can dramatically cut losses. Internal forensic experts, or an external team, shall investigate all suspected fraudulent activities.

Since this may not always be possible, when fraud has been suspected, staff shall voice his/her suspicions to his/her supervisor so that the person suspected is closely monitored.

When fraud has been detected, a report shall be made to the country director. Action shall be taken depending on the gravity of the fraud and/or degree of loss incurred or likely to have been incurred if it has not been detected.

Disciplinary measures shall be taken immediately to minimize damage or loss. For serious cases a report to the police shall be made immediately whether prosecution is being contemplated or not.

The country director/coordinator shall take the decision to prosecute or not after consulting with the human resources administrator, the senior management team or the board of directors depending on the seniority of the employee and the gravity of the fraud.

Prosecution and dismissal of the employee are options and that the organization shall always be ready to take.

2.1 Conflict of interest and Corruption

Conflict of interest will refer to relationships between TPO and service providers; specifically where the TPO employee has vested interest in the service providers either as an agent, shareholder. All efforts should be made to minimize all conflict of interest in regards to external sourcing of organization procurement and service provision. For instance no staff would supply the organization with such items as stationery, printed materials etc. No employee shall accept, or solicit in respect of a service rendered in his/her official capacity, any fee, commission, gratuity or consideration whatsoever from any person. Where a company as part of its policy pays commission on procurement, the TPO employee executing such a transaction will be mandated to declare such a commission as a discount to the accounting officers who will in turn treat it as a deduction on purchased price.

No staff shall engage in dealings that promotes corruption. A staff who will be proved to be corrupt in any way may loose his/her job.