

# FRAUD AND CORRUPTION POLICY



**Windle Trust**  
**International**

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**WTI is committed to promoting and adhering to the highest standards of integrity and accountability in the use of its resources, and takes a zero-tolerance stance towards fraud, corruption and theft.**

All instances of actual, attempted and suspected fraud, corruption and theft, whether internal or external, opportunistic or systematic, will be investigated and WTI will seek to recover any lost funds and assets and subject perpetrators to disciplinary and/or legal action.

*This policy is endorsed and supported by the Board of Trustees and Executive Director.*

## **1. Introduction**

It is WTI's responsibility to ensure that its resources are used for the intended purposes, whether administered or controlled by WTI staff, or organisations implementing WTI projects. WTI staff members, consultants, contractors, partners, and others with a contractual link to WTI must be beyond reproach, and the organisation's regulations and procedures must support the highest standards of ethical and financial integrity.

This policy applies to any fraud or corruption (actual, suspected or attempted) involving WTI staff members as well as any party, individual or corporate, having a direct or indirect contractual relationship with WTI or who is funded wholly or in part by WTI resources.

The purpose of this document is to consider the nature of fraud and corruption to which WTI could become victim and to set out the organisation's policy to address the prevention of, and response to such incidents. This policy is used to:

- Raise awareness of fraud and corruption risks;
- Implement and strengthen controls aimed at preventing fraud and corruption;
- Consolidate procedures for the detection, investigation and handling of fraud and corruption; and
- Provide concrete and practical advice to WTI staff in identifying potential risk areas and tools to prevent or address situations of fraud and corruption.

## **2. Definitions and scope**

For purposes of this Policy, the following definitions apply:

- **Fraud** – Any act or omission, including misrepresentation or concealment of a material fact, that knowingly or intentionally misleads, or attempts to mislead, a party to obtain a benefit, whether directly or indirectly, whether for oneself or for a third party. Fraud could involve misappropriation of cash (such as fraudulent claims/disbursements) or other assets (such as fraudulent shipments, falsifying inventory records), or fraudulent statements (purposefully misreporting or omitting information). OR
- The intentional distortion of financial statements or other records, which is carried out to conceal the misappropriation of assets or otherwise for gain.

- **Corruption** – The offering, giving, receiving or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party. Corruption may take the form of an undisclosed conflict of interest, unauthorised acceptance of honours, gifts or remuneration, bribery (including kickbacks), illegal gratuities or economic extortion.

The risks of fraudulent acts whether by staff or external parties with whom WTI has business relations, may be grouped into three broad categories: **financial risks**, which can be measured in monetary terms; **operational and security risks**, which cause deficiencies in the implementation and delivery of programmes and danger to staff, and **reputational risks**, which harm the prestige and respect of the organisation.

An organisation may be vulnerable to ‘opportunistic’ and/or ‘systemic’ fraud. Opportunistic fraud refers to isolated incidents in a generally well-controlled environment. Systemic fraud refers to those situations in which fraud is endemic, entrenched in the system – the norm rather than the exception. Systemic fraud represents a much more serious problem to the organisation, its operations and reputation than opportunistic fraud.

### **3. Reporting allegations of fraud or corruption**

Concerns must be raised when employees reasonably believe that an act of fraud or corruption has occurred, is occurring or is likely to occur.

Any allegations received in any way will be taken seriously and investigated in the appropriate manner. Firm administrative/disciplinary measures or contractual remedies will be applied where the allegations are substantiated.

Where fraud or corruption has occurred because of a breakdown in systems or procedures, appropriate improvements in systems of control will be implemented to prevent a reoccurrence.

Staff members have the duty to report any breach of the organisation’s policies and procedures to their supervisors whose responsibility it is to take appropriate action and to cooperate with duly authorised audits and investigations. Staff members shall not be penalised for fulfilling these duties.

A report of possible misconduct may be brought to the attention of the Country Director as a complaint, allegation, observation or concern; or through inspection, inquiry, audit or other oversight observations. Upon receipt for such a report, the Country Director will facilitate a thorough investigation for appropriate action.

Staff members may not be retaliated against for complying with the duty to report possible misconduct. No action may be taken against staff or others as a reprisal for reporting and disclosing information on possible fraud or corruption.

The identity of any person or entity reporting possible fraud or corruption is confidential and should not be disclosed without good reason. However, the source may become known to the alleged perpetrator during a disciplinary process.

Individuals who believe they have been subjected to retaliation or a threat of retaliation should forward all information and documentation available to them to support their

complaint to the Country Director or the Executive Director if the country director is directly involved in the complaint.

## **4. Prevention**

Preventing fraudulent acts is a shared responsibility that cuts across functional and hierarchical lines, and extends to all WTI staff. WTI policies and procedures in human resources management, financial management, procurement, and stores management are specifically designed to reduce the risk of fraud or corruption.

Fraudulent acts can be significantly minimised by:

- Senior management setting a good example of behaviour, according to the highest standards of ethical and financial integrity
- Strengthening awareness of staff about fraud and corruption prevention
- Sound and consistent application of the organisation's policies and procedures, including those relating to finance, human resources/recruitment and procurement
- Internal controls (e.g. segregation of duties, clear authorities for each responsibility).

### **4.1 The role of managers**

Managers play a key role through their oversight of the organisation's control environment, including integrity and ethical values, compliance and disclosure.

Managing the risk of fraud is a crucial part of the organisation's good governance. While it is the responsibility of every staff member to assist in preventing and combating fraud and corruption, managers are expected to put in place the appropriate controls to prevent and address fraud and corruption risks. It is always advisable to identify such risks at the earliest possible stage, to be able to take mitigation actions. In particular:

- Identify the types of risks to which activities are exposed,
- Assess the identified risks and risk mitigation options, and design and implement cost effective prevention and control measures;

Managers must ensure relevant training for employees, through the Human Resources Officer.

Managers are responsible for initially following up any allegation of fraud or corruption received and must:

- Deal promptly with the matter;
- Report the matter to the Country Director or Executive Director, who will arrange for the appropriate investigation to be carried out;
- Record the evidence received;
- Ensure evidence is sound and supported;
- Contact other agencies (for example police) if directed to do so by the Country (or Executive) Director;
- Ensure insurers are notified, if appropriate;
- Implement disciplinary measures if directed to do so by the Country (or Executive) Director;

Managers, who fail to take appropriate action or who directly or indirectly tolerate or condone improper activities, may be subject to administrative or disciplinary action in case negligence or misconduct is established.

#### **4.2 The responsibility of all staff**

All staff members have a duty to comply with WTI Human Resources, Financial Procurement and Stores Policies and Regulations. In the context of the prevention and detection of fraud, all staff members have a duty to assist in safeguarding the organisation's assets and combating fraud, and to report instances of possible misconduct, including fraud and corruption, as well as any information that relates to misconduct they have observed.

Staff members who violate, wilfully or with gross negligence, the WTI Financial Policies and procedures or relevant administrative instructions, either through their own action or by not implementing mandatory control mechanisms, may be required to reimburse WTI for financial loss incurred to the organisation as a result of their actions.

A key preventive measure in dealing with fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts, by seeking references and checking qualifications and previous employment.

#### **4.3 Specific considerations for offices handling large amounts of cash**

WTI's African offices operate in a volatile environment, without access to an effective banking system and may be handling large amounts of cash or dealing with other valuable assets. It is particularly important that the organisation's internal controls and policies relating to the safeguarding of cash and assets are adhered to.

### **5. Detection, investigation and disciplinary measures**

WTI has systems controls in place to deter fraud and corruption but it is often the vigilance of employees that aids detection.

Once a matter has been brought to the attention of the Country (or Executive) Director, it will be investigated.

The purpose of an investigation by the Country Director is to determine whether or not there are facts to support an allegation of misconduct that may ultimately be subject to disciplinary measures. An investigation is an administrative fact-finding exercise to determine whether misconduct has occurred, and not a punitive undertaking.

The Country Director is responsible for ensuring that the person or team appointed to investigate maintains objectivity, impartiality, and fairness throughout the investigative process, conducting its activities competently and with the highest levels of integrity.

The Country Director is responsible for deciding whether the matter should be referred to the police.

Disciplinary measure resulting from the investigation will be actioned in accordance with WTI Human Resources policy and procedures. Fraud and corruption, once established, constitute a serious act of misconduct, which may result in the termination of a staff member's contract of employment.

## **6. Awareness and training**

The continuing success of this strategy and its credibility will depend in part on the effective training and awareness of employees throughout the organisation. This may include specialist training for certain employees.

## **7. Review of policy**

This policy will be kept under review to ensure its effectiveness. Any comments on this document should be made to the Executive Director.

**Last reviewed and updated:** August 2015

## **Annex 1: Corruption**

### **Corruption – Money laundering**

Money laundering is the process by which the proceeds of crime are converted into assets, which appear to have a legitimate origin. One area where a charity could be involved is by receiving donations in cash, which the charity is subsequently asked to repay by cheque. Staff must be on their guard for any donor providing funds and then trying to receive funds from WTI. This would result in the donor receiving what is referred to as “laundered” money, as it is now from a reputable source. It may not be challenged by the authorities or banking system in the way a large cash sum would, and helps to obscure the trail back to the original corrupt source of the funds. Staff must also be wary of gifts with unusual conditions, such as the requirement to pass money on to a third party.

### **Corruption – Terrorist financing**

Staff must ensure that we are not inadvertently used by a terrorist organisation. The authorities are concerned about individuals working for charities, and therefore in positions of trust and authority, being used to smuggle weapons or purchase weapons on behalf of the terrorist organisation. Alternatively another concern is that an employee, or volunteer may use the charity’s funds to support the terrorist organisation, by for example directing charity funds to a body connected with a terrorist organisation.



## **Annex 2: Bond's anti-Bribery Principles**

WTI's policy follows the following Bond principles.

### High-level commitment

The Board of Trustees and senior management are committed to and oversee the implementation of a policy of zero-tolerance, recognising that bribery is contrary to fundamental values of integrity, transparency and accountability and undermines organisational effectiveness.

### Risk assessment

Bribery risk assessment is an integral part of the organisation's overall and ongoing risk management process.

### Devise and implement robust anti-bribery procedures

WTI has devised and is implementing and maintaining robust procedures (set out in this document) which are proportionate to the risks and to the size, resources and complexity of the organisation.

### Due-diligence assessment of partners, agents and contractors

WTI assesses the bribery risk associated with entering into partnership or contracting arrangements with other entities and carries out periodic due diligence based on that risk assessment. Partnership or contractual arrangements are checked to ensure that these organisations have policies and procedures that are consistent with WTI's own procedures.

### Dissemination and communication

WTI has established means for effective internal and external communication of its policy and procedures. The organisation undertakes training and awareness programmes to ensure staff, agents and partners are aware of the potential risks, how bribery might affect them, what they should do if they are offered a bribe, and the consequences should they be found to have made or received a bribe.

### Monitoring and evaluation

Implementation of anti-bribery procedures is monitored as part of overall risk management and internal control processes. Periodic reviews of anti-bribery procedures are made and reported as part of governance and accountability processes.

### Collective action

WTI is committed to sharing information and strengthening collective action to prevent bribery and corruption.