

ANTI-FRAUD POLICY GUIDELINES

Social Efforts for Education and Development



November 2011



SEED ANTI- FRAUD POLICY

1. Introduction

SEED is committed to the highest possible standards of openness, transparency and accountability in all its affairs. We wish to promote a culture of honesty and opposition to fraud in all its forms.

The organization operates in many locations, and in common with many large and decentralized office(s), the size and nature of our operations in future will puts us at risk of loss due to fraud.

The purpose of this policy is to provide:

- A clear definition of what we mean by “fraud”
- A definitive statement to staff forbidding fraudulent activity in all its forms
- A summary to staff of their responsibilities for identifying exposures to fraudulent activities and for establishing controls and procedures for preventing such fraudulent activity and/or detecting such fraudulent activity when it occurs.
- Guidance to employees as to action which should be taken where they suspect any fraudulent activity.
- Clear guidance as to responsibilities for conducting investigations into fraud related activities.
- Protection to employees in circumstances where they may be victimized as a consequence of reporting, or being a witness to, fraudulent activities.

This document is intended to provide guidance and should be read in conjunction with:

- The relevant Human Resource Policies,
- Finance Policies & Procedures in relation to Reporting Fraud/Theft and Negligence.

This document will be reviewed periodically in order to determine whether it remains useful, relevant and effective.

2. Definitions

SEED defines fraud as:

"The theft or misuse of SEED's funds or other resources, by an employee or a third party, which may or may not also involve misstatement of financial documents or records to conceal the theft or misuse"

For example, fraud includes but is not limited to the following:

- Theft of funds or any other SEED property
- Falsification of costs or expenses
- Forgery or alteration of documents



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- Destruction or removal of records
- Inappropriate personal use of SEED's assets
- Employees seeking or accepting cash, gifts or other benefits from third parties in exchange for preferment of the third parties in their dealings with SEED
- Blackmail or extortion
- Paying of excessive prices or fees to third parties with the aim of personal gain.

3. SEED Policy

Fraud in all its forms is wrong, and is unacceptable to SEED. This is because where fraud occurs:

- It is not just a loss to SEED, but ultimately to our beneficiaries, people living in extreme poverty and the needy segment of the communities
- It may have a major impact on our reputation, on donors' confidence and therefore again on our beneficiaries.

SEED's objective is that fraud is eliminated from its activities. Any indications of fraud will be rigorously investigated and dealt with in a firm and controlled way.

4. Responsibilities of Employees

a. Managers

It is the responsibility of managers to be familiar with the types of fraud that might occur in their area, be alert for any indication of fraud or improper activity and maintain controls to avoid such occurrences.

Managers are required to ensure that all staff under their control be given a copy of this policy in a language they can understand, and acknowledge its receipt.

Managers should also ensure that staff be encouraged to report suspected issues of fraud.

b. All Staff

It is the responsibility of all employees to carry out their work in such a way as to prevent fraud occurring in the workplace. Employees must also be alert for occurrences of fraud, be aware that unusual transactions or behaviors could be indications of fraud, and report potential cases of fraud as outlined below.

5. Reporting Suspected Fraud

Employees are required to report issues of suspected fraud. Employees should report their suspicions as follows:

- Field Staff: To their Program/Project Manager, or to the CEO
- HO Staff: To the Chief Executive and / or Chairperson of BOD

If the circumstances are such that reporting a suspicion as above is inappropriate, or if the person to whom it is reported is unable to assist, the issue may be reported to the SEED confidential



helpline. *[This clause will be applicable once SEED acquires enough grounds to stand firm]*

This helpline is monitored by the Internal Auditor and is accessed as follows:

- By email to xxxxx@xxxxx.xxxx
- By telephone to xxx xxx xxx xxxx
- By post marked “Private & Confidential” to Internal Auditor *[Auditors’ postal address]*

Employees who suspect fraud should not do any of the following:

- Contact the suspected individual(s) directly in an effort to determine facts, demand explanations or restitution
- Discuss the issue with anyone within SEED other than the people listed above

6. Dealing with Reports of Suspected Fraud

Any suspicions of fraud will be taken seriously by SEED.

SEED expects its managers to deal firmly and quickly with any reports of suspected fraud

Managers receiving reports of suspected fraud must immediately notify the issue and proposed actions to the following:

- Field Staff: To the Program/Project Manager or CEO
- HO Staff: To CEO or Chairperson BOD
- Any Staff: To CEO / Chairperson BOD and Internal Auditors *[Once system is in place]*

7. Safeguards for Employees

Issues reported to line management and the helpline will be investigated with the following safeguards.

Harassment or Victimization: SEED recognizes that the decision to report a suspicion can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. SEED in accordance with its Human Resource Policies will not tolerate harassment or victimization and will take all practical steps to protect those who raise an issue in good faith.

Confidentiality: SEED will endeavor to protect an individual’s identity when he or she raises an issue and does not want their name to be disclosed. It should be understood, however, that an investigation of any malpractice may need to identify the source of the information and a statement by the individual may be required as part of the evidence.

Anonymous Allegations: SEED discourages anonymous allegations. Issues expressed anonymously will be considered at the discretion of SEED. In exercising this discretion, the factors to be taken into account will include:

- The seriousness of the issues raised



- The credibility of the allegations and the supporting facts
- The likelihood of confirming the allegation from attributable sources

Untrue Allegations: If an allegation is made in good faith, but it is not confirmed by an investigation, SEED guarantees that no action will be taken against the complainant. If, however, individuals make malicious or vexatious allegations, disciplinary action will be considered against an individual making the allegation.

8. Actions Arising from Fraud Investigations

a. Disciplinary procedures

Persons who are judged guilty of fraud have committed gross misconduct and will be dealt with in accordance with the HR Policy on Disciplinary Action. Proven allegations of fraud may result in dismissal.

Where appropriate, SEED will refer significant fraud to the local law enforcement agencies with a view to initiating criminal prosecution. Consideration should be given to the local context and the consequences in terms of human rights of initiating criminal prosecution against the individuals involved. In every case, the final decision whether or not to prosecute should be taken by:

- Field Staff: CEO, in consultation with the concerned Program/Project/Line Manager
- Central Staff: Chief Executive or Chairperson

b. Changes to systems of controls

The fraud investigation is likely to highlight where there has been a failure of supervision and / or a breakdown or absence of control; the course of action required to improve systems should be documented in the investigation report and implemented when this report is finalized.

c. Recovery of losses

Where SEED has suffered loss, full restitution will be sought of any benefit or advantage obtained and the recovery of costs will be sought from individual(s) or organizations responsible for the loss.

If the individual or organization cannot or will not make good the loss, consideration will be given to taking civil legal action to recover losses. This is in addition to any criminal proceedings which may result.

9. Effective Date

The Anti-Fraud Policy will come into effect immediately upon approval by the BOD.

10. Review of this Policy

In the interests of maintaining best practice, the contents of this Anti-Fraud Policy will be reviewed by the BoD in the light of lessons learnt and any observations raised by any third party including the auditors every six months.