



**Rural Rehabilitation Association for Afghanistan,**

# **Anti-Corruption/ Fraud Policy**

January 2016

## CONTENTS

<b>INTRODUCTION.....</b>	<b>3</b>
<b>REPORTING ALLEGATIONS OF FRAUD OR CORRUPTION .....</b>	<b>3</b>
<b>PREVENTION.....</b>	<b>3</b>
THE ROLE OF MANAGEMENT .....	3
RESPONSIBILITIES OF EMPLOYEES .....	4
<b>DETECTION AND INVESTIGATION.....</b>	<b>5</b>
<b>AWARENESS AND TRAINING .....</b>	<b>5</b>
<b>REVIEW OF THIS POLICY .....</b>	<b>5</b>

## Introduction

Rural Rehabilitation Association for Afghanistan, RRAA expects employees at all levels to adopt the highest standards of propriety and accountability. This procedure is non-contractual, and sets out the steps we are taking to combat fraud and corruption.

**Fraud** is defined as: “The intentional distortion of financial statements or other records by persons internal or external to the organization which is carried out to conceal the misappropriation of assets or otherwise for gain or carried out to mislead or misrepresent or to take personal gain or advantage”.

**Corruption** is defined as: “The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”. In addition, “the failure to disclose an interest in order to gain financial or other pecuniary gain.”

## Reporting allegations of fraud or corruption

Concerns must be raised when employees reasonably believe that one or more of the following has occurred, is in the process of occurring, or is likely to occur:

- A criminal offence
- A failure to comply with a statutory or legal obligation
- Improper unauthorized use of funds
- Deliberate concealment of or complicity in any of the above.

RRAA will ensure that any allegations received in any way, including by anonymous letters or phone calls, will be taken seriously and investigated in an appropriate manner.

We will deal firmly with those who defraud RRAA, or who are corrupt, or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as employees raising malicious allegations) may be dealt with as a disciplinary matter.

When fraud or corruption has occurred because of a breakdown in our systems or procedures, RRAA will ensure that appropriate improvements in systems of control are implemented to prevent a reoccurrence.

## Prevention

### The role of Management

Management is responsible for the communication and implementation of this policy in their work area. They are also responsible for ensuring that their employees are aware of our

Financial Regulations and Procedure Rules, and that the requirement of each are being met in their everyday business activities.

Management is expected to strive to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities. Management is responsible for initially following up any allegation of fraud or corruption received and will:

- Deal promptly with the matter
- Report the matter to the Managing Director
- Obtain advice from the Managing Director, who will arrange for an appropriate investigation to be carried out
- Record all the evidence received
- Ensure that evidence is sound and adequately supported
- Contact other agencies, for example the police, when necessary
- Implement our disciplinary procedures where appropriate
- Random spot checks by managers
- Budgetary and other financial reports
- Performance monitoring by management
- Reviews by independent bodies such as audit

Special arrangements may be applied where employees are in charge of financial systems and systems that generate payments, for example payroll.

Management must ensure that relevant training is provided for employees.

Checks must be carried out at least annually to ensure that proper procedures are being followed.

### Responsibilities of employees

Each employee is governed in his/her work by the organization procedures and policies (for example security and safety). They are also governed by organization's codes of conduct for employees. (included in this are guidelines on codes of conduct associated with professional and personal conduct and conflicts of interest.)

Employees are responsible for ensuring that they follow the instructions given to them by management, particularly in relation to the safekeeping of the assets of RRAA.

Employees are always expected to be aware of the possibility that fraud, corruption or theft may exist in the workplace and be able to share their concerns with management. However, should he/she prefer (perhaps because the manager is unavailable or indeed might be the cause of the concern), then any of the following, all of whom are designated to deal with such matters, may be approached: Managing Director or Deputy Director or any member of management team.

RRAA recognizes that a key preventative 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. Our equal opportunities policy will be adhered to during this process.

In particular, written references will be obtained regarding know honesty and integrity of potential employees before employment offers are made and checks will be made against the application form regarding qualifications and previous employment.

## Detection and investigation

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

In some cases, fraud is discovered by chance or by 'tip-offs' and arrangements will be in place to enable such information to be properly dealt with. Any decision to refer a matter to the police will be taken by the Managing Director.

RRAA will normally wish the police to be made aware of, and investigate independently, offenders where financial impropriety is discovered.

RRAA's disciplinary procedures will be used to facilitate a thorough investigation of any allegations of improper behavior by employees.

## Awareness and training

The organization recognizes that the continuing success of this strategy and its general credibility will depend in part on the effectiveness of programmed training and an awareness of employees throughout the organization.

To facilitate this, positive and appropriate provision will be made via induction and for employees via their development plans. This may include specialist training for certain employees.

## Review of this policy

This procedure will be kept under regular review to ensure its effectiveness. Any comments on this procedure should be made to the Managing Director.