



Rights and Voice Initiative

RAVI FRAUD POLICY

Introduction

RAVI has some times experienced problems with some of the RGP's with regard to financial management. It has therefore become necessary to develop a fraud policy to guide our work as far as fraud and financial mismanagement is concerned. This policy seeks to provide RAVI staff, Management Agency (MA), the Steering Committee (SC), partners and communities with information on RAVI's attitude towards fraud, channels to address cases of alleged fraud and prevention tools. This policy draws its mandate from RAVI's values that affirm that financial mismanagement has no place in the Initiative. The values include mutual respect, equity and justice, honesty and transparency, solidarity with the poor, courage of conviction, independence and humility.

Scope of Policy

This policy applies to any fraud, actual or suspected fraud, involving staff, partners, MA and SC members, consultants, vendors, contractors, outside agencies or other parties doing business with staff of RAVI, and/or any other parties with a business relationship with RAVI. Any investigation under this policy will be conducted without regard to issues of the suspected wrong doer's length of service, position/title or relationship to RAVI.

Management is ultimately responsible for the detection and prevention of fraud, misappropriation of funds, and other inappropriate conduct. But other members of staff, partners MA, SC and other stake holders have a responsibility to prevent and expose fraud.

Definition of fraud

"Fraud can be defined as the use of one's position or personal enrichment through the deliberate misuse or misapplication of the organisation's resources or assets." It can be a pervasive problem and will have severe consequences for RAVI as well as its partners.

One of the causes for fraud is the non existent of and ineffective control systems that increase the chances of an organisation or individuals indulging in it. Thus in order to prevent fraud, RAVI must have in place effective controls that reduce the likelihood of fraud. .

Actions Constituting Fraud

Fraud and other irregularities include, but are not limited to, acts referred to below:

- Any dishonest or fraudulent act. e.g. theft, deception, bribery and corruption.
- Forgery or intentional falsification of any document or account belonging to RAVI
- Forgery or alteration of a cheque, bank draft or any other financial document
- Misappropriation of funds, supplies or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Profiteering as a result of insider knowledge of RAVI activities
- Disclosing confidential and propriety information to outside parties
- Accepting or seeking anything of material value from contractors, vendors or persons providing services/materials to the organization.
- Destruction, removal or inappropriate use of records, furniture, fixtures and equipment.
- Any similar or related inappropriate conduct.

Whistle blowing procedures

Whistle blowing is an effective technique for exposure when a staff member or partner is involved in irregularities that are so deeply hidden or networked and where normal internal control systems are unable to detect the irregularities. There may also be occasions where staff members feel that financial or procedural malpractice is taking place. Whistle blowing covers situations where employees reasonably believe that wrong-doing is occurring and reports such alleged wrong-doing through the appropriate channels within the organisation.

If a member of staff has a genuine concern over the actions of a colleague, partner, MA/SC member, and/or any other parties with a business relationship with RAVI then the matter should be raised with the Project Coordinator, or the Country Director of ActionAid Ghana (AAG).

The Project Coordinator or the Country Director has an *obligation* to protect the identity of the whistle blower. {There should be strong protection of whistle blowers to encourage such reporting without fear of reprisals..} RAVI must thoroughly investigate reports from whistle blowers as a control activity. Even if management is convinced that a report about possible fraud is unreasonable, management needs to conduct a thorough investigation to support its assessment of the situation. Only then can the organisation have the confidence to reject the whistleblower's report as unfounded.

Reporting Procedure

Where instances of suspected fraud or irregularities involving the staff of RAVI, its management or its partners are discovered by any RAVI staff member or a partner, these must be promptly reported to the Project Coordinator who should in turn report the case in confidence to the Country Director of AAG.

RAVI staff, partners or MA/SC must use their judgment and discretion in deciding whether or not to inform the Project Coordinator where issues of friendship, connections etc might make it difficult for the Project Coordinator to objectively and promptly pass the information to the Country Director of AAG directly.

Reporting to the Steering Committee and AAG Audit

Annual reports of fraud and irregularities should be provided to AAG Internal Audit and the Steering Committee.

Reporting by Partners

Partners should report any fraud and suspicions of fraudulent act to the Resource Facilitators. In cases where the Resource Facilitators are suspected to be involved then the case has to be reported in confidence to the Project Coordinator or the Country Director of AAG. If the Project Coordinator or other MA members are involved then the case has to be reported to the Director of AAG.

Fraud Investigation

A fraud investigation should be initiated when there is evidence or suspicion of fraudulent acts. The principle underpinning each fraud investigation will be fairness, objectivity and conclusiveness. All reported incidents of fraud should be treated with the strictest confidence. The purpose of the investigation is to determine the extent of the fraud, establish how it was carried out so that safeguards can be put in place to prevent reoccurrence and to identify the person(s) responsible and the application of possible sanctions where cases have been established against perpetrators.

Knowledge that fraud has been uncovered should be limited to key personnel only. This will increase the likelihood of full and unbiased information emerging and prevent the untimely departure of the suspected person(s), destruction of evidence and accusations of slander. All relevant evidence must be gathered, preserved and analysed.

The three issues to address in the investigation are:

- Whether any criminal prosecution is likely and how the investigation should proceed such that this end is not compromised.
- The recovery of losses incurred by RAVI by taking action through the courts
- Action to be taken to prevent reoccurrence of the fraud.

Fraud Investigation Process

- **Initially** an **inquiry** must be held to determine whether the allegations or related issues warrant further investigation. This will be done by the Project Coordinator assisted by one person appointed by the Country Director of AAG. At the inquiry stage factual information is gathered and reviewed to determine if an investigation of the allegation is warranted. The identity of the complainant should be kept confidential. The respondents and complainant should be informed within two weeks whether there will be further investigation or not.

- If warranted, the inquiry will proceed to the second stage – the **investigation**. An investigative team will be appointed by the Country Director of AAG to collect and thoroughly examine evidence. The purpose of the investigation is to explore further the allegations and determine whether fraud has been committed. The investigation should focus on the accusations of fraud and examine the factual materials of each case.
- The investigative team must be unbiased and have expertise in examining the issues raised.

Key issues to take into account during the investigation

- All parties should be provided with appropriate due process, justice and fairness.
- The investigative team should be sensitive to the reputations and vulnerability of all parties.
- The procedures should preserve the highest attainable degree of confidentiality.
- The integrity of the process should be maintained by painstakingly avoiding real or apparent conflict of interest.
- Investigative team should document the pertinent facts and actions at each stage of the process.
- Detailed report on the findings and recommendations should be submitted to RAVI and the Country Director of AAG who will make recommendations on further action to the Management Agency.
- All entities initially notified of the investigation should be informed of its final outcome.
- Management must make diligent efforts to protect and restore the reputation of those accused wrongly.

Timeliness of Investigation and Action

Dealing effectively with suspected fraud involves prompt action. Investigations should be conducted promptly and steps to prevent recurrence of similar fraud should be implemented. Therefore the conclusion should not exceed 30 days from the date of detection and reporting of fraud.

Disciplinary action against RAVI staff involved in fraud

Disciplinary action against RAVI staff involved in fraud would be guided by the provisions of AAG's Human Resources Policies and Procedures Manual. Section 13.10 of the manual which stipulates that in the event of a staff being found guilty of fraud the person should be summarily dismissed without notice and forfeiture of all entitlements due to the staff. The manual also provides for appeal.

Action against MA members involved in fraud.

Where any member of the Management Agency is found guilty of fraud disciplinary action should be instituted by the Director of AAG in accordance with the provisions of the contract that ActionAid has with the rest of the RAVI consortium members.

Action against partners involved in fraud

RAVI will ensure that partners who are found guilty of fraud are immediately asked to stop all activities and prevented from further handling RAVI funds. The MOU with the partner would be abrogated. Where there is conclusive evidence that such a partner has misappropriated RAVI funds the fraud will be reported to the police. RAVI will also institute legal action against the partner to recover any funds misappropriated.

Right of Appeal

Any partner who wishes to appeal against these measures can do so to the level of the Steering Committee. The appeal must be in writing to the appropriate agency with copies to the Director of AAG within two weeks of notification of the notice. An acknowledgement of the appeal shall be given within two weeks of receipt of the letter and a review commenced within one month of the appeal.

Preventive Mechanisms

- Implementation of fraud prevention and detection compliance programs under generally accepted accounting principles.
- Reminding staff and partners of expected code of conduct.
- Continuously identifying, assessing and evaluating fraud risks related to internal control over financial reporting.
- Regularly identifying individuals performing duties that could lead to a circumvention of internal controls.
- Continuously creating an environment that promotes integrity.
- Assessing the effectiveness of RAVI's relevant internal controls and commenting and taking actions on the findings in the RAVI annual audit reports.
- The fraud policy should be disseminated to all staff, partners, MA and SC members who will acknowledge receipt of the policy by signing for the document received.

Annual Review of this Policy

This policy would be evaluated and reviewed annually.

Conclusion

As RAVI puts in place policies and procedures that will deal effectively and expeditiously with allegations or evidence of fraud, it is important to ensure that an atmosphere is not created that might discourage openness and creativity.