



## **CARE International Policy on Fraud and Corruption – Awareness, Prevention, Reporting and Response**

**Sponsor:** Secretary General/CEO

**Policy Owner:** Deputy Secretary General, CARE International

**Effective Date:** 1 February 2018

### **1. Policy Purpose**

This policy reflects the fundamentals and core concept that all CARE International (CI) Members (“CIM”) agree to abide by regarding prevention and response to fraud and corruption. For purposes of this policy, a CIM is any member of CARE International as well as any of its Country Offices and all other locations.

**CARE International has zero tolerance for fraud and corruption**

CI recognizes that fraud and corruption is a prevalent issue, and has harmful effects on employees, the organization and society, and is a threat to our vision.

Fraud and corruption awareness, prevention, reporting and response are critical parts of the accountability and compliance culture at CI and are of great importance to our impact groups, employees, partners, donors, counterparts and other CI stakeholders. Our internal and external stakeholders have a right to expect that we conduct all our activities to the highest ethical standards.

This policy sets out the minimum standards and procedures that all CI is obliged to follow.

This policy addresses the awareness, prevention, identification, reporting, investigation and close-out of fraud and corruption at CI.

Where the donor regulations are more restrictive, those regulations must be complied with and incorporated in our work.

### **2. Scope**

This policy and related procedures applies to all CI entities and personnel including but not limited to those located at country offices, sub-offices, CIM offices, and headquarter offices. This policy places the ultimate responsibility for managing fraud and corruption at the CIM level, and is not intended to replace existing fraud and corruption reporting or management processes as long as they are consistent with this policy. Any conflict shall be superseded by this policy

### **3. Definitions and Examples**

Fraud and corruption is the act of intentionally deceiving someone in order to gain an unfair or illegal advantage of any value, or the abuse of entrusted power for private gain (financial, political or otherwise). Examples are given in **Attachment A**.

#### 4. Policy Statement

CI does not tolerate fraud or corruption by staff or related third parties, including any of CI's agents, consultants, vendors, partners or counterparts. CI staff are required to be watchful for fraud, corruption or any suspicious behavior, and report it to appropriate management. All reported incidents will be appropriately investigated, disclosed to relevant management, governance body and the donor, remediated, and closed out.

#### 5. Policy Details

**5.1. Fraud and corruption Intolerance and Reporting Obligations:** Any incidence of fraud or corruption or suspicious behavior must be reported to appropriate senior management or/and the whistleblower hotline as set forth in **Attachment B**.

**5.2. Internal escalation process:** All CIMs will have in place an internal escalation process to ensure appropriate management awareness and expeditious handling, resolution and donor notification via CIM contract holder (as applicable) as set forth in this policy.

In consideration of local context and donor requirements, if any, CI requires to the maximum extent possible reporting fraudulent and corrupt behavior to authorities in any given country. Any exception must be justified in writing by the respective Chief Executive, Country Director or Representative.

**5.3. Sufficiency of Investigations.** Fraud and corruption and allegations of fraud and corruption will be appropriately investigated after considering severity, credibility, potential for reputational damage, and applicable donor requirements. Investigations will generally be led by an appropriate business function as set forth within each CIM, with input from appropriate management and external resources as necessary, including, but not limited to, legal counsel, external audit firms, etc. Any relevant costs including investigations, audit, etc. shall be borne consistent with the CI Code.

**5.4. Confidentiality of Reports and Investigations; Non-retaliation.** Any report of alleged or actual fraud and corruption submitted pursuant to this policy must be treated confidentially to the fullest extent practicable. Reports of fraud and corruption or suspected fraud and corruption may be submitted anonymously. Staff will not be retaliated against for good faith reports. Only personnel with a need to know should be advised of a report and any related investigation.

#### 6. Procedures

**Procedure Overview.** These procedures are designed to ensure appropriate management, reporting, investigation, remediation and close-out of allegations of fraud and corruption, and appropriate reporting, as specifically set forth below.

**6.1. Prevention and Awareness:** Each CIM is responsible for periodically advising and training its staff, sub-grantees and partners of the content of this policy and for monitoring its implementation in activities for which the CIM is the responsible party. Written agreements with external parties should to the maximum extent possible include a written reference to CI's intolerance of fraud and how it should be managed, a form is attached at **Attachment C**.

**6.2. Report by Staff/Partners/Recipients to Management:** Reports from staff, partners, recipients

or any external parties must be provided immediately (within three business days unless sooner as required by any Individual Project Implementation Agreement (“IPIA”) between a CARE Member Partner (“CMP”) and Lead Member (“LM”)) of suspicion or discovery to appropriate CIM management using its applicable escalation process, as well as any other impacted CIM associated with the relevant funding (as applicable) as set forth in Section 6.4 below. Reports may be received by CI management in any form, but preferably in writing. Reports may also be provided via CI’s whistleblower hotline otherwise known as the “CARE Line” as described in **Attachment D**.

**6.3. Internal Reporting within CIM and between CIMs:** Upon awareness of an alleged or suspected fraud and corruption, appropriate management or his/her designate will inform immediately (within three business days unless sooner as required by a relevant IPIA) the appropriate senior management within the CIM using a completed **Initial Investigation of Suspected Fraudulent and Corrupt Act Report** found at **Attachment E**. If applicable, any member of the CARE International confederation providing funding or support to a project implicated by an alleged fraud shall also be immediately notified and shall be an integral part of determining next steps, provided that the specific timing of any specific report shall be consistent with the CIM contract holder and/or its donor.<sup>1</sup> The report will include a determination of the amount of the suspected fraud, and whether the suspected fraud requires donor reporting. Depending on the nature of the allegations, other units may be consulted, including Finance, HR, Security, CARE’s global crisis communications team, etc., as necessary and applicable. A **Reporting Diagram** and **RACI Chart** are attached at **Attachment D** and **Attachment F**

**6.4. Appropriate Investigation, Report and Follow-Up:** Each CIM will specify steps to investigate alleged fraud and corruption promptly. Alleged fraud or corruption will be investigated and documented commensurate with severity, credibility, potential for reputational damage, and applicable donor requirements. The CIM holding the donor contract should be consulted for guidance on conducting and reporting an investigation. A matter will be considered closed by agreement of all concerned parties when conclusions of an investigation and related remediation activities are satisfactory to each implicated CIM and related donor.

**6.5. Donor Reporting:** The CIM that is the Donor contract holder (also known as the CARE Member Partner in the CI Code) is responsible for any donor reporting of fraud and corruption and overall assessment of donor implications, but may delegate donor engagement to another office or appropriate party. CARE will cooperate with any requests from a donor relating to an ongoing investigation, as applicable.

## **7. Responsibilities - Reference the Anti-Fraud and Anti-corruption RACI Chart:**

### **7.1 All Staff, Partners, Recipients, Agents, Consultants and Vendors**

- Act according to the acceptable legal and ethical standards and expectations
- Be watchful for fraud and corruption at CI or any related third parties including agents consultants, vendors, and partners

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<sup>1</sup> Please refer to the relevant CI entity for clarity on donor expectations regarding reporting templates and timeframe if any. <e.g. Fraud, corruption and diversion: Any credible suspicion of or actual fraud, bribery, corruption or any other financial irregularity or impropriety should be reported to DFID within 24 hours of it being identified via email, and then narrative report.>

- Report to appropriate senior management or the whistleblower hotline
- Cooperate with any investigation into allegations of fraud or misconduct

## 7.2. CI Management<sup>2</sup>

- Maintain an adequate control environment, performs regular risk assessments, implements appropriate procedures and internal control activities, ensure sufficient information communication and monitoring of the whole control system is in place
- Maintain policies and procedures to detect fraud and corruption
- Require staff to report suspicions, allegations or known fraud and corruption
- Report all instances of fraud and corruption
- Appropriately investigate or establish an appropriate person or team to investigate allegations of fraud and corruption
- Depending on context, develop guidelines to ensure clarity of roles and responsibilities
- Coordinate with the funding CIM(s), as applicable
- Ensure implementation of any required or recommended remediation activity
- Activate the CARE global crisis communications team if risk to reputation or of external exposure
- Implement appropriate sanctions against staff who committed fraud and corruption
- Communicate appropriately on the sanctions taken in case of fraud and corruption
- Sensitize staff and partners about the fraud and corruption risk in the local environment regularly, act transparent and encourage open discussion on challenges
- Make the policy and whistleblower hotline available for all staff including partner staff

Subject to the confidentiality requirements set forth in Section 5.3, the personnel designated above may delegate their responsibilities to a qualified individual. However, the ultimate accountability for specific responsibilities set forth in this policy remains with the original designee.

## 8. Governance and Accountability

The CARE international Secretariat will coordinate oversight of this policy in collaboration with CARE Members, and review and update according to the timeframe specified in the policy. The CI Secretariat will monitor and report against this policy utilizing standardized data with appropriate levels of confidentiality for global accountability. Any external reporting shall require the prior agreement of the CI Communications Working Group.

## 9. References

**Attachment A:** Examples of Fraud and Corruption

**Attachment B:** Description of Anti-Fraud and Corruption Reporting Hotline (“CARE Line”)

**Attachment C:** Suggested Language for Contracts with External Parties

**Attachment D:** Initial Investigation of Suspected Fraudulent Act Report

**Attachment E:** Anti-Fraud and Corruption Reporting Diagram

**Attachment F:** Anti-Fraud and Anti-Corruption RACI Chart

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<sup>2</sup> Management in general in all CARE entities and levels



## Attachment A

### Examples of Fraud and Corruption

- Intentional concealment, omission, falsification or perversion of truth
- Inducing another to part with some valuable item or surrender a legal right
- Nepotism
- Bribery, kickbacks and/or gratuities
- Collusive behavior with vendors
- Keeping false records,
- False claims (e.g. requesting payment for goods, services or activities not actually performed)
- Embezzlement, and theft
- Receiving or providing financial and non-financial favors with the intent of facilitating activities that the person may not normally receive
- Conflict of interest

Falsification, misappropriation, and other fiscal irregularities refer to, but are not limited to:

- Any dishonest or fraudulent act
- Forgery or alteration of any document or account (including, but not limited to timesheets, payroll, accounts, travel and expense reports, procurement documents or inventory/asset registers)
- Forgery or alteration of a cheque, bank draft, or any other financial documents
- Misappropriation of funds, commodities, securities, supplies, equipment, or other assets
- Impropriety in the handling or reporting of money, financial transactions, or bidding procedures
- Accepting or seeking anything of material value from suppliers or persons providing services/materials as provided by applicable policies on gifts
- Destruction or misappropriation of records, furniture, fixtures, or equipment
- Diversion, alteration, or mismanagement of documents or information, and/or any similar or related irregularity
- Any malicious use of internet and IT documents or messages
- Cybercrime and/or identity theft



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## Attachment B

### CARE International Whistleblower Hotline or “CARE Line”

CARE is committed to preventing, detecting and correcting fraud, misappropriations, discrimination, sexual harassment, exploitation and abuse, support of terrorism, and other wrongful conduct.

We want to know if you suspect, or have observed or experienced, wrongful conduct. The earlier we find out that something is going wrong in our organisation the sooner we can do something about it. We encourage you to share any concern that you may have.

Any CARE employee or volunteer, partner, vendor, programme participant, or other outside party, may use this service to report wrongful conduct.

All reports of wrongful conduct will be taken seriously, and an investigation will be conducted.

Reports may be submitted anonymously, and will be kept confidential to the greatest extent possible consistent with the need to conduct an adequate investigation.

We will treat disclosures of wrongful conduct seriously and protect those who raise concerns in good faith. No employee will suffer harassment or retaliation.

On this site you may report a concern online or by phone. You may also follow up on a report.

To make a report on the hotline, you may:

- Go to <http://www.care.ethicspoint.com>, click on “Make a Report”, and follow the instructions.
- Call the hotline using a country-specific telephone access number that may be found at <http://www.care.ethicspoint.com>. An operator is available for over 100 languages.

If you have any questions, please email [legal@care.org](mailto:legal@care.org)



## Attachment C

### Suggested Language for Agreements with External Parties

Fraud and Corruption. CI does not tolerate fraud and corruption, and we expect the same from everyone with whom we work. [Insert outside party defined term] shall maintain and comply with written codes of conduct and policies and procedures that protect against any form of fraud and corruption, bribery, kickbacks, conflicts of interest, and others. Upon request, [insert outside party defined term] shall share with CI its applicable codes of conduct, policies and procedures. [Insert outside party defined term] shall inform CI immediately (within twenty-four hours) and in writing of any instance of actual or suspected fraud or corruption related to its work hereunder and shall respond promptly to and fully cooperate with any investigation CI or any donor, in their discretion, may require. [Insert outside party defined term] shall make all staff aware of and encourage reporting of any suspected or actual fraudulent or corrupt behavior to CI's global whistleblower hotline located at <http://www.care.ethicspoint.com>, which enables confidential internet reporting of fraud by clicking on the "Make a Report" tab, and provides country-specific telephone access to report fraud with translations available in over 100 languages. [Insert outside party defined term] shall be financially responsible for any losses due to fraud, and shall promptly refund such amounts to CI.



**Attachment D**

**Initial Investigation of Suspected Fraudulent Report**

Pursuant to CI’s Policy on Fraud and Corruption Prevention, Awareness, Reporting and Response, each CI office or entity receiving an allegation of fraud or corruption must complete and submit this report immediately (within three business days unless sooner as required by a relevant IPIA). This form should be submitted in all cases regardless of donor, amount, or materiality, and should be submitted prior to a full investigation. The CARE Manager or his/her delegate should transmit this document electronically to the appropriate senior management. **One or two sentence responses to each item below are sufficient for purposes of this initial report.**

- 1) CARE Office or Entity: \_\_\_\_\_
- 2) Donor(s) and project(s) compromised: \_\_\_\_\_
- 3) Date of discovery: \_\_\_\_\_
- 4) Method of discovery: \_\_\_\_\_
- 5) Date reported to funding CARE International Member Partner (if applicable): \_\_\_\_\_
- 6) Details: \_\_\_\_\_  
\_\_\_\_\_
- 7) Amount or value (estimate if necessary): \_\_\_\_\_
- 8) Initial internal control weaknesses or systems failures identified: \_\_\_\_\_  
\_\_\_\_\_
- 9) Initial remedial actions taken: \_\_\_\_\_  
\_\_\_\_\_
- 10) Potential for additional related fraud or corruption losses: \_\_\_\_\_  
\_\_\_\_\_
- 11) Initial determination of fraud/corrupted amount: \_\_\_\_\_
- 12) Initial determination if donor reporting is required: \_\_\_\_\_

**[Attach additional pages or attachments if necessary]**

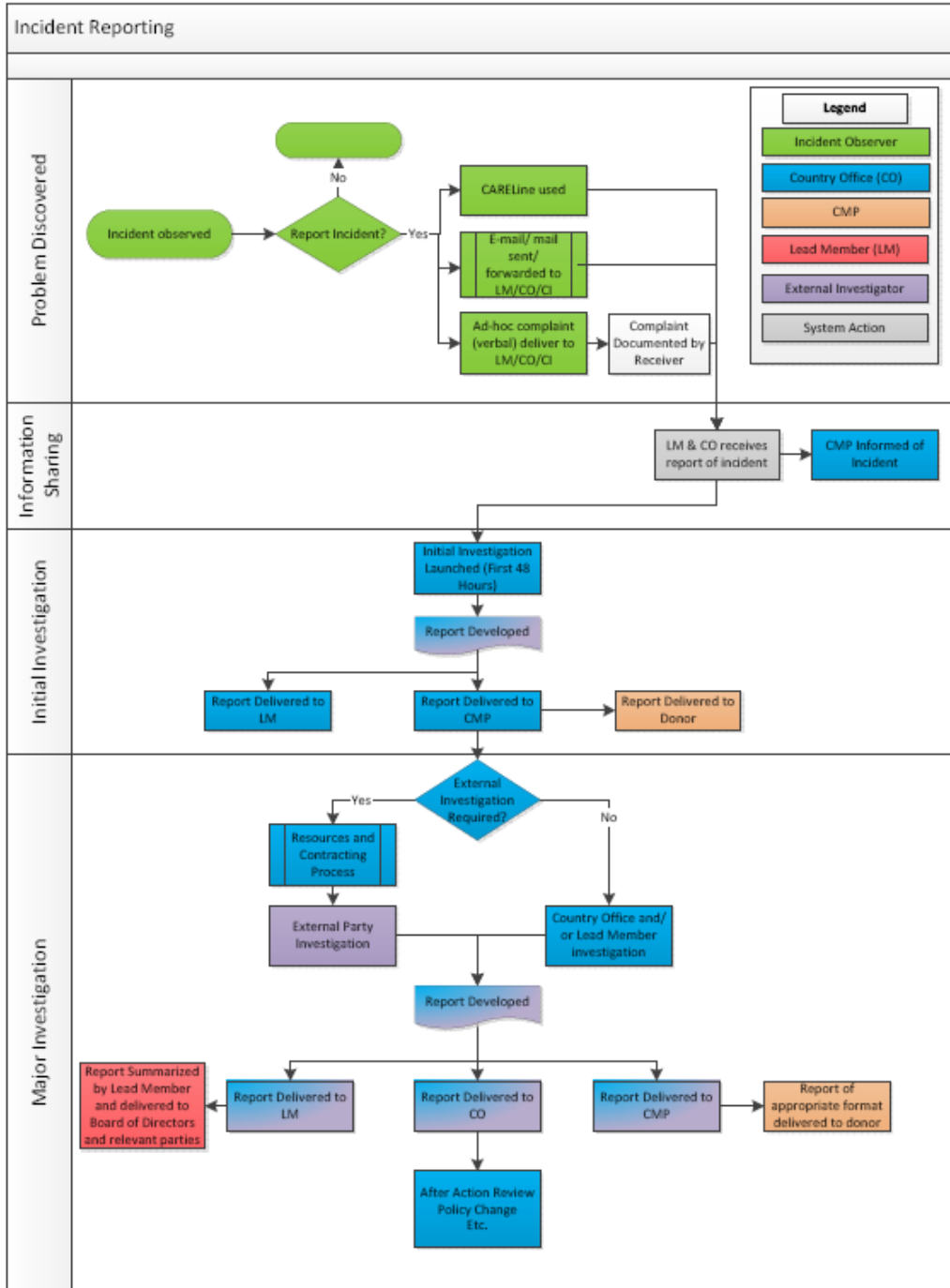




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Attachment E

CARE Fraud and Corruption Reporting Diagram





## Attachment F

### CARE International Anti-Fraud and Corruption RACI Guidance

#### Definitions:

- Responsible** The role or person or entity that is 'Responsible' to perform the work. In other words the 'doer' of the task or activity. The 'Responsible' need not be accountable for that task, even though in some cases the same person can be 'Responsible' and 'Accountable'.
- Accountable** The entity who has the final authority and accountability to a given task. For any given task, there is only one entity accountable.
- Consulted** Entities/people/roles whom we consult and get advice from before and during performance of the task.
- Informed** Informed are the entities/people/roles who we inform after we complete the task.
- CIM** Any member of CARE International as well as any of its country offices and all other locations.
- CMP** CARE Member Partner, CARE International Member who is holding and managing the donor contract.
- Entity** A term representing an independent legal part of CARE.
- LM** Lead Member, a CARE International Member responsible for overseeing and managing a country office(s).
- Office** The part of CARE which is initially notified of a suspicious activity.
- Limits of responsibility** Each CARE entity is responsible only for offices that they directly manage/ oversee (if any). CMPs are responsible for the relationship, role and regulations related to the specific donors that they have contracts with. No entity is expected to be responsible for activities that are not in its domain of control.

Function	Activity	Responsible	Accountable	Consulted	Informed
1) Prevention and awareness (entity's own offices and overseas offices that they manage) <sup>3</sup>	a. Orientation and training for new staff, partners, refresher trainings.	Office	LM	CMPs	CMPs
	b. Systems review, spot-checks, internal audits.	Office, CMP, LM	LM	CMPs	LM, CMPs, Donor
	c. Internal controls in place	Office	LM	CMPs	CMPs
	d. Donor regulations, policies and reporting procedures,	CMP	LM	Donor	Donor

2) Violation alert (tip-off, verbal or written report)	a. CARELine report received and shared to implicated entities.	Legal CUSA	CUSA	CMP	Implicated LM and/or CMP
	b. Report through CI general email received and shared with implicated entities.	Legal USA	CUSA	CMP	Implicated LM and/or CMP
	c. Report received by a Lead Member and shared with implicated entities.	LM	LM	CMP	Implicated CMP
	d. Report directly to an office received and shared with implicated entities.	Office	LM or related entity	CMP	Implicated CMP

3) Initial Investigation	a. Conduct initial investigation constantly .	Office	LM or related entity	CMP	Implicated CMP
	b. Results are shared in preliminary report along with recommendation for further /larger investigation.	Office	LM or related entity	CMP	Implicated CMP
	c. Reporting back to complainant if necessary.	Office	LM or related entity	CMP	Implicated CMP
	d. Initial donor report.	CMP	CMP	CMP	Office, LM

4) Reporting and corrective actions	a. Action / corrective action plan developed and shared.	Office/LM	LM or related entity	CMP	Implicated LM
	b. Donor report.	CMP	CMP	CMP	Office, LM

<sup>3</sup> All CARE entities are expected to coordinate their efforts in order to ensure maximum efficiency

	c. Implement appropriate sanctions and corrective measures	Office/LM	LM or related entity	CMP	Implicated CMP
5) Major Investigation	e. Sourcing external assistance if needed (e.g., TOR, cost, etc.)	Office/LM	LM or related entity	CMP	Implicated CMP
	f. Draft report and recommendation produced and shared.	Office/LM	LM or related entity	CMP	Implicated CMP
	g. Feedback for report finalization.	Office/LM	LM or related entity	CMP	Implicated CMP