

Terre des Hommes Netherlands

ANTI – FRAUD POLICY

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Terre des Hommes Netherlands ANTI – FRAUD POLICY

1. INTRODUCTION

Terre des Hommes Netherlands 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.

Terre des Hommes Netherlands, like many other organizations of similar size and nature, faces a risk of loss due to fraud.

In order to protect its financial systems, resources, and assets, and the honesty and integrity of its board, management, staff and financial stakeholders, it is important that Terre des Hommes Netherlands has an established policy in place to minimize the risk and impact of fraudulent or corrupt activity.

This document sets out a framework for the prevention, identification, investigation and resolution of allegations of financial irregularity made against its board, management, employees and financial stakeholders of Terre des Hommes Netherlands.

Purpose of the Anti-Fraud Policy

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, 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 at risk of victimization as a consequence of reporting, or being a witness to, fraudulent activities. This also includes any ‘whistle-blowers’.

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

- The Human Resource Manual
- The Finance Manual

- TdH financial guidelines and procedures:
https://drive.google.com/open?id=0B_88U8YoZZfWQUhweW9zVlp4Slk
- Any other official communication or document that outlines procedures for TdH-NL
- National laws and regulations within a country's jurisdiction.

1.2 Effective Date

The Anti-Fraud Policy will come into effect immediately upon approval by the HO Management Team or the International Board.

1.3 Review of this Policy

In the interests of maintaining best practice, the contents of this Anti-Fraud Policy will be reviewed by a committee of staff appointed by the Management Team every three years. Any revisions shall be effective upon approval by the HO Management Team or the International Board.

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

2. DEFINITIONS

Terre des Hommes Netherlands defines fraud as:

"The theft or misuse of Terre des Hommes Netherlands' 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 Terre des Hommes Netherlands property
- Falsification of costs or expenses
- Forgery or alteration of documents
- Destruction or removal of records
- Inappropriate personal use of Terre des Hommes Netherlands' 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 Terre des Hommes Netherlands
- Blackmail or extortion
- Offering, promising or giving of a bribe and requesting, agreeing to receive or accepting a bribe for any reason
- Paying of excessive prices or fees to third parties with the aim of personal gain.

The Management Team shall have the last word on definition of whether an act constitutes fraud or not.

Terre des Hommes Netherlands defines corruption as:

“The offering, giving, soliciting, or acceptance of an inducement or reward which may influence the action of any person”.

For purposes of clarity, TdH-NL shall consider gifts from suppliers or other stakeholders whose value is, or is estimated to be above these amounts, as inappropriate and should not be accepted by staff.

For East Africa region currencies:

Euros 30, Kshs. 3,000/=, UGX 100,000/- or TZS 75,000.

For Asian region currencies:

Euros 30 =, KHR 142,000/- or USD 36, INR 2,300, NPR 3,500, LKR 4,800, IDR 455,000, LAK 284,400, MYR 133, MMK 39,000, PHP 1620, THB 1,200.

Whichever the case, these must be reported to the management team - whether accepted or declined.

3. Terre des Hommes Netherlands ANTI – FRAUD POLICY STATEMENT

Fraud in all its forms is wrong, and is unacceptable to Terre des Hommes Netherlands. This is because where fraud occurs:

- It is not just a loss to Terre des Hommes Netherlands, but ultimately to our beneficiaries, people living in poverty, disease and the most needy in our society.
- It may have a major impact on our reputation, on donor confidence and therefore, again on our beneficiaries.

Terre des Hommes Netherlands’ 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

4.1 Directors and Managers

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

The Manager responsible for Human Resources in each region and country shall ensure that each new member of staff is properly inducted as to the content, meaning and implications of this policy in sufficient detail. She/he shall also ensure that at least annually, all staff shall be re-oriented on this policy.

4.2 The 'Trusted' Person

At any one time, TdH-NL shall have at least one person, referred to as 'The Trusted Person' who shall be available for staff to openly share any confidential or sensitive matters that they may find difficult or uncomfortable to share with their line managers or through other established channels. This person(s) shall be introduced to all staff in the first instance by the Director of Finance, and subsequently, on an annual basis, by the regional managers responsible for Human Resources. Whenever there is a change or an additional person to this position, this shall be communicated to all staff by the Director of Finance.

4.3 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. It is also the responsibility of each staff to seek clarity from their management team when they are not certain an act constitutes fraud or not.

5. REPORTING SUSPECTED FRAUD

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

Directors and HO Management Team members: To the Chair of the Supervisory Board.

Regional MT Members: To the Director TDH

Other staff: To the Regional Representative

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 Terre des Hommes Netherlands other than the people listed above.

- Discuss the issue with anyone outside of Terre des Hommes Netherlands, except as required by law.

5.1 Reporting Information

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 Terre des Hommes Netherlands confidential email address. This email address is accessible to the Regional Representative and Regional Finance & Administration Manager; These are accessed as follows:

- By email to fraudreporting.africa@tdh.nl
- By email to fraudreporting.asia@tdh.nl
- By email to fraudreporting.nl@tdh.nl
- By telephone to +.....
- By post marked “Private & Confidential” to the relevant regional address:
 The Regional Representative
 Terre des Hommes Netherlands - (Eastern Africa or Asia or HO)
 P.O. BoxCode:.....
 CITY:.....

Fraud that may implicate the Regional Representative or the Regional Finance and Administration Manager should be reported to the TdH-NL CEO: a.j.van.santbrink@tdh.nl

Fraud that may implicate any director should be reported directly to the Chair of the Supervisory Board using Maarten Koopman: m.koopman@dif.eu

6. DEALING WITH REPORTS OF SUSPECTED FRAUD

Any suspicions of fraud will be taken seriously by Terre des Hommes Netherlands. The organization expects its directors and 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 Regional Representative and Regional Finance & Administration Manager. They should do this without first carrying out an investigation.

The purpose of this prompt notification is to ensure transparency in dealing with the issues and to allow the sharing of experience of similar situations that may already have arisen elsewhere.

7. INVESTIGATION GUIDELINES

7.1 Responsibility for Investigations

In consultation with the persons notified, arrangements must be made for a comprehensive investigation of the issue. The Regional Finance & Administration Manager is responsible for managing these investigations:

7.2 Investigation Team

Investigations should be completed either by appropriately experienced independent Terre des Hommes Netherlands staff, or by independent third parties. Where the fraud has financial implications, it is recommended that a person with suitable financial skills and experience such as the Finance & Administration Manager or other competent person is a part of the investigation team. An investigation is required to be done without regard to any person's relationship with Terre des Hommes Netherlands, position or length of service.

The Regional Representative will not be involved in the investigation directly as he / she will be the one to review the investigation report and be involved in the decision on any disciplinary action to be taken.

The investigation team should comprise at least two members. If a translator is required this should be an independent translator.

When conducting their investigation, investigators must be very alert not to act in a way or reveal documents or other information that will allow others to guess that there is a whistle blower involved or to work out who they might be. The safeguards for reporting employees / whistleblowers must be applied in all cases - see below.

7.3 Investigation

The purpose of the investigation is to establish the facts. All work of the investigation team should be documented, including transcripts of interviews conducted. The investigation should be held in a timely manner and the Regional Representative should be kept informed of any major developments.

In order to ensure confidentiality, confidentiality clause is part of the interview notes sign-off statement, and breaches of confidentiality may result in disciplinary action for employees of Terre des Hommes Netherlands. To maintain confidentiality, disclosure of details of the allegation being investigated should be appropriate to the situation and to the person being interviewed, whilst not misleading the witness in anyway.

Where external expert advice is required, for example the opinion of a lawyer, this advice should be summarized in an appendix to the investigation report.

7.4 Investigation Report

The conclusion of all fraud investigations must be documented. The Investigation Report will contain all details relating to the investigation and a timeline of all the events which took place. This will include:

- a conclusion as to whether the allegations of fraud, corruption or other financial irregularity have any substance;
- the comments of the respondent in respect of the allegations made;
- the nature and extent of the irregularity;
- its effects upon TdH-NL;
- who was involved (including those staff and/or management whose failure to exercise appropriate supervision or control may have contributed to the fraud);
- internal control weaknesses which may have allowed the irregularity to occur, with recommendations to improve those systems of control.

The Report will also include the transcripts of any interviews undertaken and any legal advice received as appendices. The report may also contain the recommendations of the investigation team on the course of action to be taken.

The Regional Representative should forward the written report/conclusions to the persons requiring notification – see section 6 above – and agree the appropriate action to be taken. The person(s) that initially reported the suspicions should be informed of the outcome of the investigation but this should be done only once the report and proposed course of action has been finalized.

8. SAFEGUARDS FOR EMPLOYEES

The safety of whistleblowers is a very important consideration for investigators and one that must not be taken lightly. The organization has an obligation to protect staff members who have come forward to report wrongdoing.

Issues reported to line management and to the **Trusted Person** will be investigated with the following safeguards:

8.1 Harassment or Victimization: Terre des Hommes Netherlands 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. Terre des Hommes Netherlands 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.

8.2 Confidentiality: Terre des Hommes Netherlands 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.

8.3 Anonymous Allegations: Employees may opt to make an anonymous allegation, however it should be noted that Terre des Hommes Netherlands discourages anonymous allegations. Issues expressed anonymously will be considered at the discretion of Terre des Hommes Netherlands. 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

The Regional Representative has the final say on whether a matter reported anonymously should be considered.

8.4 Untrue Allegations: Employees should be aware that if an allegation is made in good faith, but it is not confirmed by an investigation, Terre des Hommes Netherlands 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.

9. ACTIONS ARISING FROM FRAUD INVESTIGATIONS

9.1 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. The process and people involved in deciding on this disciplinary action are set out in section 7 above.

In addition, where appropriate, Terre des Hommes Netherlands 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 the Board.

9.2 Changes to systems of controls

The primary objectives of this policy are to minimize the risk of any fraud occurring within Terre des Hommes Netherlands, and to optimize the likelihood of its detection as soon as possible, leading to full investigation.

In order to achieve these aims and objectives Terre des Hommes Netherlands primarily places emphasis upon measures to prevent fraud, through:

- Establishing managerial, supervisory, and operational systems which incorporate adequate and effective internal controls designed to minimize the incidence of fraud, limit its impact, and ensure its prompt detection.
- Developing and promoting an organizational culture which encourages the prevention of fraud by raising awareness of the need for high standards of personal conduct.

However, notwithstanding the above, Terre des Hommes Netherlands recognizes that no system of control is infallible: in order to support the above it is necessary also to have in place:

- Clear written procedures to be followed by employees who have a suspicion of, or concern about: possible or actual fraud; corruption; or any other form of financial irregularity, within TdH-NL.
- Investigation guidelines (Section 7) act as management control procedures for those involved in investigating an allegation, in order to ensure that allegations and reports of financial irregularity are considered in a consistent, thorough, and objective manner.

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.

9.3 Recovery of losses

Where Terre des Hommes Netherlands has suffered loss, full restitution will be sought of any benefit or advantage obtained and the recovery of costs will be sought from individuals) 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.

10. APPLICATION TO PARTNER ORGANIZATIONS AND CONSULTANTS

Contracts with partner organizations and with consultants should make explicit reference to the existence of this policy and should require partner agencies and consultants to report any fraud that arise in their dealings with the organization or that in any way involve the resources of the organization. In addition all contracts with partners and consultants should include a copy of an abridged version of this policy (code of conduct) as an attachment or clearly specify where a copy can be obtained.