



Fraud Prevention Policy

1.1.1. Introduction

- CIVICUS recognizes the importance of protecting the organisation, its operations, its employees and its assets against financial risks, operational breaches and unethical activities. Therefore, it is incumbent upon CIVICUS' Board of Directors and management to institute and clearly communicate the fraud prevention policy to both internal and external customers, vendors and partners.
- CIVICUS recognizes a zero tolerance policy regarding fraud and corruption. All matters raised by any source will be taken seriously and properly investigated.
- This policy covers all CIVICUS employees and officers. Additionally, this policy covers all CIVICUS vendors, customers and partners to the extent that any CIVICUS resources are involved or impacted.

1.1.2. Definition of Fraud

Fraud is defined as an intentional deception, misappropriation of resources or the manipulation of data to the advantage or disadvantage of a person or entity. The general offence of fraud is broken into three sections:

- Fraud by false representation
- Fraud by failing to disclose information
- Fraud by abuse of position

1.1.2.1. Fraud by false representation

Representation must be made dishonestly and is made with the intention of making a gain or causing a loss or risk to another.

A representation is defined as false if it is untrue or misleading and the person making it knows that it is or might be, untrue or misleading. Representation can be stated by words or communicated by conduct i.e. written, spoken or by electronic means.

1.1.2.2. Fraud by failing to disclose information

Fraud by failing to disclose information details that a fraud will have been committed if a person fails to declare information which he/she has a legal duty to disclose. There is a requirement that the person acts dishonestly and intends to make a gain for himself/herself, cause a loss to another or expose another to a risk of loss.

1.1.2.3. Fraud by abuse of position

Fraud by abuse of position requires a person who is in a privileged position to act dishonestly by abusing then position held; and by doing so, fails to disclose to another person, information which he/she is legally required to disclose. The dishonest act must be with the intention of making a gain for himself/herself or another. The offence may be committed by omitting to make a declaration as well as by an act.

Some examples of fraud include:

- Falsification of expenses and invoices;
- Theft of cash or fixed assets;
- Alteration or falsification of records;
- Failure to account for monies collected;
- Knowingly providing false information on job applications and requests for funding

Corruption is defined as the offering, giving, soliciting or accepting of an inducement or reward that may improperly influence the action of a person or entity. Some examples of corruption include:

- ◆ Bribery
- ◆ Conspiracy
- ◆ Extortion

1.1.3. Definition of Corruption

Corruption is a specific type of fraud and involves: "The offering, giving, soliciting or acceptance of any inducement or reward which may influence the action of any person". Corruption involves two or more people. Corruption does not always result in a loss, indeed the corrupt person may not benefit directly from their deeds.

1.1.4. Definition of Irregularity

An irregularity may be any significant matter or issue other than fraud or corruption. For example ,an irregularity may be where a member of staff makes a genuine error or mistake in the course of their duties/responsibilities but where this error or mistake is subsequently hidden. Additionally, an irregularity may also involve consideration of the possible inappropriate use of CIVICUS' funds or assets, but which may not technically constitute fraud or corruption.

1.1.5. Reporting of Fraud or Corruption

Allegations and concerns about fraudulent or corrupt activity may come from various sources including:

- Employees
- Vendors
- Members of the public
- Results of internal or external audit reviews
- Any other interested parties

All employees and officers have a duty to report concerns they have or information provided to them about the possible fraudulent or corrupt activity of any officer, employee, vendor or any other party with any association with CIVICUS. Any person who has a reasonable basis for believing fraudulent or corrupt acts have occurred has a responsibility to report the suspected act immediately.

Concerns should be reported in terms of the CIVICUS Fraud Response Plan.

Retaliation and retribution will not be tolerated against any employee or officer who reports suspected fraudulent or corrupt activities. However, if an employee is determined to have acted maliciously or with deceit, the employee will be subject to disciplinary action.

All reports will be taken seriously and will be investigated by the Management Team or designated investigation team. If deemed necessary, CIVICUS will notify and fully cooperate with the appropriate law enforcement agency. Any investigation resulting in the finding of fraud or corruption will be referred to the CIVICUS Management Team for action. Fraudulent or corrupt activities that result in disciplinary action will be reported to the Board of Directors.

1.1.6. Detering Fraud and Corruption

- CIVICUS has established internal controls, policies and procedures in an effort to deter, prevent and detect fraud and corruption.
- All new employees, plus temporary and contract employees, are subject to background investigations including a criminal background check. CIVICUS will also verify all applicants' employment history, education and personal references prior to making an offer of employment.
- All vendors, contractors and suppliers must be active, in good standing and authorized to transact business in the country which CIVICUS operates from. Vendors, contractors and suppliers are subject to screening, including verification of the individual's or company's status as a debarred party.
- All contractual agreements with CIVICUS will contain a provision prohibiting fraudulent or corruptive acts and will include information about reporting fraud and corruption.
- CIVICUS employees will receive fraud and corruption awareness training. New employees will receive training as part of orientation at the commencement of employment.
- All employees will receive fraud and corruption awareness training every two years.

1.1.7. Corrective Action

- Final determination regarding action against an employee, vendor, recipient or other person found to have committed fraud or corruption will be made by the Management Team in accordance with the CIVICUS Disciplinary Code and laws of the land.
- Offenders at all levels of the organisation will be treated equally regardless of their position or years of service with CIVICUS. Determinations will be made based on a finding of facts in each case, actual or potential damage to the Corporation, cooperation by the offender and legal requirements.
- Depending upon the seriousness of the offense and the facts of each individual case, action against an employee can range from written reprimand and a probationary period to legal action – either civil or criminal. In all cases involving monetary losses to CIVICUS, CIVICUS will pursue recovery of losses.

1.1.8. The Organisation's responsibility

- Overall responsibility for dealing with fraud and corruption rests with the Secretary General/Chief Executive Officer.
- As the Accounting Officer, the responsibilities of this post include:
 - Establishing and maintaining a sound system of internal control to prevent fraud.
 - Establishing effective financial regulations, policies and procedures.
 - Establishing appropriate mechanisms for reporting fraud risk issues.
 - Ensuring that vigorous and prompt investigations are carried out.
 - Taking appropriate e legal and/or disciplinary action where fraud is proven.
 - Ensuring that appropriate action is taken to minimise the risk of similar frauds in the future.
 - Taking appropriate action to recover assets and minimise the loss.
- Staff in positions of financial responsibility and authorisation is required to provide the Company Secretary with information concerning their direct or indirect pecuniary interests and keep that information up-to-date.

1.1.9. Line management responsibility

- Line Managers are responsible for ensuring that an adequate system of internal control exists within their areas of responsibility and that those controls are effective.
- The responsibility for prevention and detection of fraud therefore rests primarily with the Managers.
- Managers need to assess all types of risk their department might be exposed to.
- Line Managers should keep alert to the unusual events or transactions.

1.1.10. Staff Responsibilities

- It is the responsibility of all members of staff within CIVICUS to ensure that public funds are safeguarded against fraud.
- Staff must alert their line Manager if they believe any opportunity for fraud exists because of poor procedures or controls.
- Staff must report any suspicion of fraud immediately to their line Manager who should record this.
- Staff are required to co-operate fully with internal checks, reviews or fraud investigations.
- Failure to comply with policies and procedures may result in disciplinary action.
- All the employees have a right to "blow the whistle" on what they perceive to be a cause of serious concern or malpractice. All staff should familiarise themselves with CIVICUS's Whistleblowing Policy.

CIVICUS has adopted a Fraud Prevention Plan to effectively manage the fraud risks to which CIVICUS is exposed.

CIVICUS has developed a Fraud Prevention Plan, consisting of Fraud Prevention, Fraud Response and Fraud Risk assessment which are based on the high risk areas identified through risk assessments.

The term fraud is used expansively, and is intended to include all aspects of economic crime and acts of dishonesty.

In order to ensure focused vigilance in the management of fraud risk, the Management Team has been tasked with managing prevention, detection and investigation issues. An investigation team has been made provision for under the guidance of the Management Team. The Management Team's mandate is to discuss and manage fraud risk at operational level, ultimately reporting through to the Secretary General/Chief Executive Officer.