

ANNEX III-ANTI-FRAUD AND CORRUPTION GUIDELINES AND ITS DECLARATION

1.1 Introduction

WARDI plays a significant role and effort to combat fraud and corruption. Any act of fraud and corruption in WARDI activities depletes funds, assets and other resources necessary to fulfill WARDI mandate. Fraudulent and corrupt practices can also seriously damage WARDI reputation and diminish donors' trust in its ability to deliver results in an accountable and transparent manner. Furthermore, it may affect staff and personnel effectiveness, motivation and morale, and impact on the Organization's ability to attract and retain a talented work force.

1.2 Scope and application

WARDI has zero tolerance for fraud and corruption, meaning that WARDI staff members, non-staff personnel, vendors, implementing partners and responsible parties are not to engage in fraud or corruption. All incidents of fraud and corruption are to be reported, and will be assessed and, as appropriate, investigated in accordance with the Investigation Guidelines.

WARDI is committed to preventing, identifying and addressing all acts of fraud and corruption against WARDI through raising awareness of fraud risks, implementing controls aimed at preventing and detecting fraud and corruption, and enforcing this Policy. This Policy aims to prevent, detect and address acts of fraud and corruption involving:

- Staff members holding WARDI letter of appointment.
- Non-staff personnel, including Service Contract holders, Individual Contractors, Volunteers and interns.
- Vendors, including actual or potential contractors of civil works and suppliers of goods and services.

1.3 Definition of fraud and corruption

The definition of fraud and corruption varies among countries and jurisdictions, and the term is commonly used to describe a wide variety of dishonest practices. The following definitions shall apply in the context of this Policy:

Fraud is a knowing misrepresentation of the truth or a concealment of a material fact to induce another to act to his or her detriment. Corruption is the act of doing something with intent to give an advantage inappropriate with official duties to obtain a benefit, to harm or to influence improperly the actions of another party.

Actions taken to instigate, aid, abet, attempt, conspire or cooperate in a fraudulent or corrupt act, also constitute fraud or corruption.

Examples of fraud and corruption include, but are not limited to, the following actions:

- Forging documents, preparing false entries in WARDI's systems or making false statements to obtain a financial or other benefit for oneself or another/others.
- Collusion or other anti-competitive scheme between suppliers during a procurement process.
- Providing information in relation to a medical insurance claim or another entitlement that the claimant knows to be false.

- Forging the signature of WARDI staff member or forging a document purporting to be from WARDI to induce a party outside WARDI to act.
- Using another's IT identity or password, or creating false identities/passwords, without consent or authority to manipulate WARDI processes or cause the approval or denial of actions.
- Accepting hospitality such as meals or entertainment from a vendor.
- Misrepresenting WARDI employment status to obtain a benefit from a government or private sector entity.
- Failing to disclose a financial or familial interest in a business or outside party while participating in the award/management of a contract to the benefit of that business or outside party.
- Processing the cost of personal travel as part of an official travel.
- Making misrepresentations, including educational credentials or professional qualifications, on a personal history form in the context of a job application.
- Falsifying documents, making false statements, preparing false entries in WARDI systems or other deceptive acts to the detriment of those someone seeks to disfavor, or to discredit a person, programme or the Organization.

1.4 Fraud prevention measures

1.4.1 Fraud awareness

Staff members, non-staff personnel, vendors, implementing partners and responsible parties must be aware of their responsibility to prevent fraud and corruption. In this regard, managers are to raise awareness of this Policy, and reiterate the duty of all staff members to report instances of fraud and corruption, as required by the rules. Managers are also required to make non-staff personnel, vendors and responsible parties contracted/engaged by their respective offices aware of this Policy.

1.4.2 Building fraud prevention into programme and project design

When developing a new programme or project, it is important to ensure that fraud risks are fully considered in the programme/project design and processes. This is especially important for high risk programmes/projects, such as those that are complex or operate in high risk environments. These programme/project risk logs shall be communicated to relevant stakeholders, including donors and responsible parties, together with an assessment of the extent to which risks can be mitigated.

Programme and Project Managers are responsible for ensuring that the risk of fraud and corruption is identified during the programme/project design phase. They are to consider how easily fraudulent acts might occur and be replicated in the day-to-day operations. They are also to evaluate their impact, and the effectiveness of the measures taken to mitigate risks, including systemic monitoring actions. Informed decisions can then be made on additional mitigating actions.

1.4.3 Management of the risk of fraud and corruption

Managers shall identify and assess the risks in their programme or project areas, including the risk of fraud and corruption, and apply mitigating measures, taking due account of the level of risk involved. Because it is impossible to eliminate all risks, good risk management requires a sound balance of the following aspects: assessment, mitigation, transfer or acceptance of risks. These risks shall be communicated to relevant stakeholders, together with an assessment of the extent to which risks can be mitigated.

1.4.4 Fraud risk assessment

Where a high risk of fraud has been identified within the general risk assessment of programmes/projects, an additional and specific fraud risk assessment may be necessary. This in-depth assessment should be used to better identify fraud risks and develop effective measures that address these high risks. The aim is to help management to identify and evaluate areas of the programme/project that are most susceptible to fraud, and prioritise where WARDI should focus its resources for fraud prevention and mitigation.

These fraud prevention and mitigation measures should be monitored for effectiveness over time, and the fraud risk assessment process may be repeated periodically utilizing lessons learned, especially for longer-duration programmes/projects or where material changes are made to the design of the programme/project during its implementation.

1.4.5 Internal control system

A strong internal control system, where policies and procedures are enforced, internal controls are appropriately implemented, and staff members, non-staff personnel, vendors, implementing partners and responsible parties are informed about fraud and corruption and its consequences, can curtail fraud and corruption.

Where managers have identified and assessed the risk of fraud and corruption, these risks can be managed by establishing practices and controls to mitigate the risks, by accepting the risks but monitoring actual exposure — or by designing ongoing or specific fraud evaluation procedures to deal with individual fraud risks.

1.4.6 Integrity and other best practices

Integrity is a paramount consideration in the recruitment of staff members and the contracting of non-staff personnel. In this context, WARDI HR department should ensure that the recruiting/contracting individuals meet the standards of conduct expected of staff members and non-staff personnel. This can be achieved, for instance, by using specific interview assessment tools for integrity, professional experience and academic checks.

Additionally, with respect to the hiring staff members, the HR department has the duty to enquire about the candidates' possible existence of family relationships and to ensure that the job candidates are aware of and declare any family or spousal relationships, as required by WARDI policy on the Recruitment of Family Members, and Conflicts of Interest.

WARDI requires all of its vendors to be qualified, as well as be eligible. WARDI shall not award a contract to any vendor that has been debarred by WARDI or any other agency. Awarding a contract to an ineligible vendor may only occur when a vendor has been rehabilitated or when WARDI Vendor Review Committee (VRC) considers that a waiver or exception should be granted in consideration of the specific circumstances surrounding the procurement action.

1.4.7 Application and adherence to standards and codes of conduct

Standards and codes of conduct have been established for staff members and non-staff personnel. In addition, contracts issued to non-staff personnel and vendors stipulate requirements with respect to such non-staff personnel's and vendors' actions in the context of their contractual relationship with WARDI. The observance of such standards of conduct and contractual obligations deters fraud and encourages the highest standards of professional behavior.

1.5 Roles and responsibilities

All WARDI staff members and non-staff personnel have critical roles and responsibilities in ensuring that fraud is prevented, detected and dealt with promptly. They are responsible for safeguarding resources entrusted to WARDI and for upholding and protecting its reputation. Similarly, all WARDI vendors, implementing partners and responsible parties shall be held to the highest ethical standards, and should report to WARDI any acts of fraud and corruption.

1.5.1 Staff Members and Non-staff Personnel

Staff members and non-staff personnel must understand their roles and responsibilities, and how their job functions and procedures are designed to manage fraud risks, and how non-compliance may create an opportunity for fraud to occur or go undetected. Staff members have the obligation to complete all mandatory WARDI trainings, and to keep themselves informed of new policies, and report immediately any evidence of practices that indicate fraud or corruption may have occurred.

Fraud and corruption, if committed by a staff member, constitutes misconduct for which a disciplinary measure may be imposed, including dismissal. Similarly, fraud and corruption by non-staff personnel is not tolerated in accordance with WARDI zero tolerance policy. Contracts must be terminated where non-staff personnel's involvement in prescribed practices is established. In both instances, the allegations of fraud and corruption may be referred to national authorities for criminal investigation and prosecution of those involved.

Additionally, managers are expected to act as role models and through their actions and behaviours set the tone for the rest of the Organization. They should foster a culture of zero tolerance for fraud and corruption, and ensure that any practices not aligned with this Policy are dealt with expeditiously. They are required to go beyond compliance with relevant corporate policies and procedures and to take proactive steps to prevent and identify potential fraud and corruption. In particular, managers are expected to:

- Perform risk assessments to identify potential fraud risks to which their assets, programmes, activities, and interests are exposed.
- Assess the identified risks, select risk-avoidance options, design and implement cost effective prevention, mitigation and control measures.
- Establish/implement measures to prevent the recurrence of fraud.
- Monitor and supervise the performance, working methods and outputs of their staff to ensure that staff is conducting themselves in ways that meet the most ethical and professional standards.

Managers who fail to take appropriate action or who tolerate or condone fraudulent activities or corruption will be held accountable.

1.5.2 Vendors

Actual and potential WARDI vendors and their employees, personnel and agents, have the duty to interact honestly and with integrity in the provision of goods and services to WARDI, and to report immediately allegations of fraud and corruption to WARDI. Vendors shall be encouraged to establish robust policies and procedures to combat fraud and corrupt practices, and are to cooperate with WARDI auditors and investigators.

When allegations concerning possible involvement in fraud or corruption are deemed substantiated, WARDI shall take any administrative actions available to it, including but not limited to Vendor Sanctions Procedures, and shall seek to recover fully any financial loss. In addition, WARDI may terminate contracts, and may refer appropriate cases to national authorities for criminal investigation and prosecution, when applicable.

WARDI has a zero-tolerance policy towards the acceptance of any gift or any offer of hospitality from vendors. WARDI staff will not accept any invitations to sporting or cultural events, offers of holidays or other recreational trips, transportation, or invitations to lunches or dinners. WARDI vendors shall not offer any benefit such as free goods or services, employment or sales opportunity to WARDI staff member in order to facilitate the suppliers' business with WARDI.

Post-employment restrictions apply to WARDI staff in service and former WARDI staff members who participated in the procurement process, if such persons had prior professional dealings with suppliers. WARDI suppliers are to refrain from offering employment to any such person for a period of at least one year following separation from service.

1.5.3 The Vendor Review Committee

Vendors are subject to the Vendor Review Committee (VRC). The VRC is an internal body tasked with making recommendations on vendor sanctions, including with respect to vendors' continued eligibility to do business with WARDI. If the WARDI finds that a vendor has been involved in prescribed practices, it can recommend sanctions, including debarment. Cases are referred to the VRC.

1.6 Reporting fraud

WARDI has established a 'Hotline' to ensure that persons can report fraud free of charge, using different options. Anyone with information regarding fraud or other corrupt practices against WARDI or involving WARDI staff, non-staff personnel, vendors and responsible parties, is strongly encouraged to report this information through the Investigations Hotline.

1.6.1 Details that should be included in a report of fraud

In order for investigations to be successful, complaints should be as specific as possible. To the extent possible, they should include details such as:

- The type of alleged wrongdoings.
- When, where and how the wrongdoings occurred.
- Who was involved and may have knowledge of the matters being reported. Relevant documents or other evidence should be included with the report or provided as soon as possible.

1.6.2 Confidentiality

Requests for confidentiality by persons making a complaint will be honored to the extent possible within the legitimate needs of the investigation. All investigations undertaken are confidential. Information will only be disclosed as required by the legitimate needs of the investigation.

The work product of the VRC is also confidential, and its members are advised of the sensitive nature of the discussions carried out therein. Until decisions are final, the identity of the vendors or implementing partners involved is kept confidential within WARDI. Senior Managers may, at their discretion, share general aspects of a case with other agencies, funds and programmes on an as-needed basis.

1.6.3 Anonymous reports

Individuals wishing to protect their identity may report fraud anonymously. For anonymous reports, a report number and code are used to allow the individual making a complaint to follow up and to check if the assessing officer has requested further information.

1.6.4 Protection against retaliation (“Whistleblower” protection)

WARDI does not tolerate any form of retaliation against whistleblowers, i.e. an individual holding WARDI assignment/contract that has reported allegations of wrongdoings or cooperated with a duly authorized audit or investigation.

1.7 Investigation of allegations

All allegations of fraud and corruption are taken seriously. Upon receipt of an allegation, the investigators will assess the case and if it determines that there is sufficient ground to warrant an investigation, it will conduct an investigation. In addition, the investigators may undertake proactive investigations in high risk areas that are susceptible to fraud and corruption. The team shall also coordinate with other fraud investigation and enforcement offices, as appropriate, to ensure the effective investigation of fraud involving external parties, parties for whom does not have the authority to investigate, or for investigations involving more than one organization.

1.8 Action based on investigations

The allegations, if substantiated by the investigation, may result in disciplinary and/or administrative actions or other actions taken by WARDI, depending on the case. The outcomes may be as follows:

- For staff members, disciplinary and/or administrative actions.
- For Service Contract holders and Individual Contractors, non-renewal or termination of their contract or other action as deemed necessary. Cases involving Individual Contractors may also be referred to the VRC.
- For Volunteers, standard procedures are followed, ultimately with a recommendation made by the Panel on Disciplinary Measures to the Executive Director.
- For vendors, termination of the contract and debarment from doing business with WARDI or other sanctions.
- Referral to the national authorities of a member state for criminal investigation and prosecution.
- Recovery of financial loss and/or assets suffered by WARDI, and to return funds recovered to the respective funding sources.
- Issuance of Management Letters to allow business units concerned to take corrective actions and strengthen internal controls.

1.9 Remediation and implementation of lessons learned.

The investigating team will also use its collective knowledge gained from lessons learned on audits and investigations to enable WARDI management to be more proactive in dealing with potential systemic weaknesses. When appropriate, the team will provide briefings and reports on risks facing the Organization and “lessons learned” from investigations to relevant management in WARDI. In addition, if during an investigation the team determines that there is a substantial risk to security, or a threat to personnel or WARDI interest, it may inform persons with a need to know of sufficient information about the investigation to allow them to taking mitigating measures. Action is then taken to address the problems identified and prevent their recurrence.



Periodic review shall be carried out on the outputs from the investigation processes and the resultant remediation, mitigation, sanctions and recovery cycles, to ensure that this process is operating coherently and timely, and to seek to improve the effectiveness of the process.

1.10 Reporting

WARDI has a long-standing commitment to transparency, including reporting on matters of fraud and corruption. WARDI Annual Report on Disciplinary Measures, actions taken in Response to Fraud, Corruption and Other Wrongdoings includes an overview of actions taken in cases of fraudulent or corrupt practices. The annual Report on internal audit and investigations to the Board of Directors contains information on investigations of fraud and other corrupt practices conducted during the reporting period. In addition, reports of cases of fraud and alleged fraud are annexed to WARDI annual Financial Report and Audited Financial.

I, _____ (name and position) herewith declare that I was informed about- and I have understood the anti-corruption guidelines of WARDI relief and development initiative.

I will report any incident of corruption to the WARDI relief and development initiative.

Company name: (_____)

Duly authorized to sign this tender on behalf of:

(_____)

Place, date and stamp: (_____)