



PARTNERSHIPS FOR GLOBAL HEALTH

HPS Fraud, Bribery and Corruption Toolkit

Contents

Introduction	1
Fraud, Bribery and Corruption	2
Prevention and Detection	3
Reporting	4
Investigation	5
THET Policy	5
Requirements for HPS Grant Holders	6

Introduction

This document provides information and advice related to Fraud, Bribery and Corruption and is intended as a resource for all Health Partnerships. The information contained herein is produced for guidance only, and should be used together with contextually specific information and professional advice to create the necessary tools required to ensure robust Fraud Management policies and procedures for your own programme.

THET has made these guidelines available to assist partnerships in this area, for which partnerships themselves must take responsibility. Health Partnership Scheme (HPS) grant holders in particular should take note of contractual obligations related to this area and ensure that they fully understand their roles and responsibilities.

THET does not tolerate any form of fraudulent or improper activity and will take appropriate action against those who perpetrate or attempt to perpetrate fraudulent or improper acts. Details of THET’s fraud policies and procedures, both generally and pertaining specifically to the HPS, are described below.

Fraud, Bribery and Corruption

Definitions

Fraud is defined as an act carried out with the deliberate intention of deceiving the charity, its donors, beneficiaries or the general public to gain a personal advantage, or cause loss to another.

Fraud covers acts varying from theft and false accounting to the consultant who dishonestly conducts unnecessary research and the candidate who falsely claims qualifications on their CV. It may involve not telling the truth, failing to say something when one should, or abusing one's position.

Typical examples of fraud include:

- Stealing money or assets
- Abuse and manipulation of procurement processes
- Staff being paid inflated expenses supported by false receipts
- Double funding of activities
- Unauthorised personal use of assets
- Resources given to ghost staff or beneficiaries who do not exist

Bribery is defined as the offering, promising, giving, accepting or soliciting of money, a gift or other advantage as an inducement to do something that is illegal or a breach of trust in the course of carrying out an organisation's activities.

Corruption is defined as the misuse of public power for private profit, or the misuse of entrusted power for private gain.

Why Fraud, Bribery and Corruption Exist

Understanding the motivations of fraudsters will help to inform key strategies for prevention. Such motivations may fall into one of more of the following:

- **Opportunity:** if internal controls are weak it will be easier to commit and get away with committing fraud. If there is little consequence or people feel they will be protected, there is less risk to individuals who chose to commit fraud
- **Need:** stress and pressure to cover certain costs may lead people to convince themselves that they need the money as much as the intended beneficiaries do
- **Habit:** if people find that they can get away with risk, what starts out as a small need easily met by a small fraud may develop into a habit. Fraud may even have the potential to become habitual within an organisational culture
- **Low morale:** people may be more likely to commit fraud if they are de-motivated, disgruntled, feel undervalued or do not share a common vision

Anti-Bribery

Health Partnerships should be aware and understand the implications of the UK Bribery Act which came into force in 2011. The Act creates four criminal offences; two relating to offering and receiving a bribe, one relating to the bribing of foreign public officials and one relating to the failure of organisations to prevent bribery. Offences can be committed by an individual or an organisation and the penalties include unlimited fines to prison sentences.

The Anti-Bribery Principles and Guidance for NGOs was developed by Mango and Transparency International UK for Bond. It outlines key elements of the Act alongside specific actions that NGOs can take in implementing robust anti-bribery policies and procedures. It can be found here:

<http://www.mango.org.uk/Pool/NGO-anti-corruption-principles-final-Oct-2011.pdf>

Prevention and Detection

There are steps that partnerships can take to encourage an environment where fraud is less likely to occur. It is important to recognise however, that there is no easy solution and that risks can only be minimised rather than eliminated entirely.

Culture

Having a clear stance on fraud, bribery and corruption will be the first step to addressing it in any organisation or partnership. This stance should be underpinned by certain values and reflected in the way that work is carried out.

Partnerships with a clear vision and mission, which staff and volunteers can engage with and are inspired by, will help to create a positive attitude against fraud, bribery and corruption. Involving beneficiaries in planning and implementation and ensuring that efforts are made to share information with them will add to this by increasing accountability.

Prevention and detection of fraud, bribery and corruption should be the responsibility of all those involved in partnership work. When recruiting staff and volunteers, it is important to do so freely and fairly on the basis of merit. The recruitment process should be transparent and partnerships may consider asking questions related to people's attitudes and experiences dealing with fraud.

Controls and Checks

Good internal controls are a key part of dealing with fraud. Financial management is inherently complex within partnerships given the types of institutions involved and the levels at which staff and volunteers will be required to engage with financial systems and processes.

As part of the risk assessment, partnerships should identify key areas related to fraud, bribery and corruption and these should be recorded on a risk register. In particular, pay attention to high-risk areas such as cash and bank, procurement and fixed assets including buildings and equipment. Ensure that

there is a clear and appropriate segregation of duties in place and that staff are adequately trained to engage with financial records and either report or ask critical questions should alarm bells go off.

In addition to prevention, mechanisms for detecting fraud, bribery and corruption should be in place. These might include:

- Regular project visits including meetings with staff and volunteers at all levels
- Internal audit and/or systems review, including the inspection of processes and records
- Verification of financial data against reported activities and results

Some examples of warning signs for fraudulent behaviour are listed below. It should be noted however, that these are neither exhaustive nor should they be taken as conclusive evidence of fraud or abuse.

- Excessive delays or corrections to financial records, or alternatively pristine records which could be an indication of rewritten or duplicate books
- Hand written, missing or incorrect supporting documents including fund requisition forms
- Cash counts not reconciling to accounts
- Multiple purchases of certain goods, especially using petty cash funds, for example stationary or refreshments
- Overly complex or ambiguous procurement policies which may give rise to dubious arrangements with suppliers
- Discrepancies within financial reports across budget lines – for example under-spends caused by delays alongside over-spends on travel or fuel
- Working very long hours, which could be due to having to cover tracks
- Change in habits or lifestyle
- Biased or preferential recruitment, usually involving friends of family members

For more details around Procurement, please see the HPS Procurement Toolkit.

Communication and Training

Fraud prevention and management strategies should be documented in a fraud policy. This should cover the basics such as what fraud is, prevention and detection, reporting and investigation. Roles and responsibilities linked to each of these areas should be clear and the policy shared with all partnership staff and volunteers.

Dealing with fraud, bribery and corruption should form part of any induction process and basic training in how to understand and avoid these issues should be provided.

Reporting

It should be the responsibility of every member of a partnership to report immediately an incident or concern of fraud, bribery or corruption. A concern could be a risk that has been identified in a situation or a weakness identified in a process. Alternatively it could be information that has been passed on from a third party.

Partnerships should reflect on the governance structures they have in place and consider the appropriate lines of reporting. These should be clearly set out in a fraud policy and include provisions for staff and volunteers in the UK and overseas to escalate concerns. It should be made clear that those reporting suspicions will be supported with details of what will happen next.

There may be cases where people feel unable to report incidents or concerns along the agreed reporting lines or where they feel that reports have not been actioned in an appropriate way. For this reason, partnerships should establish mechanisms for whistleblowing, including beyond the partnership including to any donors.

Investigation

All allegations of fraud must be treated seriously and investigated as soon as possible. Internal investigations must be fair and thorough, making the best attempt as possible to gather evidence and draw conclusions. This can be detailed and time consuming and may require drawing on external expertise.

As part of a fraud policy, partnerships should develop a response plan which details the steps and related roles and responsibilities for dealing with an allegation of fraud. For an example of what this might include, please refer to THET's Fraud, Bribery and Corruption Response Plan (see below).

Investigations may generate lessons to help avoid fraud of the same type happening again in the future. This provides an opportunity to reflect on the processes and controls in place and carefully consider how appropriate they are. Where necessary, remedial actions or processes should be implemented. All instances of fraud or suspected fraud, along with the actions taken in response, should be detailed in a fraud register. This is an important document for monitoring fraud and learning from it.

THET Policy

THET has a **zero tolerance policy** towards fraud, the giving and receiving of bribes, and of corruption in any form, in any circumstances. THET aspires to operate to best practice standards, and to comply with all relevant laws in all the jurisdictions in which it operates. This policy extends to all of THET's dealings and transactions in all countries in which it or its consultants and associates operate.

THET will investigate all instances and all reported concerns of fraud, bribery and corruption and will involve all relevant UK and foreign authorities.

Further details can be found in THET's Fraud, Bribery and Corruption Policy. This sets out how staff, volunteers and trustees can help to protect THET's integrity and its assets, and the support that they can expect from THET if they need to report a concern. It also outlines THET's expectations of and processes for dealing with external organisations and individuals in regards to this area.

It may be a useful example for partnerships looking to create their own policy, including a fraud response plan, however please get input from across your partnership before simply copying and pasting this for your own use.

Requirements for HPS Grant Holders

The following basic measures of good practice around the management of fraud, bribery and corruption are required for all partnerships in receipt of HPS funding. This does represent, however, a minimum standard and we would encourage all partnerships to review their processes and policies to ensure that they are appropriate to the size, scope and complexity of their work.

If grant holders feel that they are lacking in any particular areas, THET can provide further support and guidance.

Grant holders must:

- Be aware of and understand contractual obligations related to fraud, bribery and corruption. These are detailed under Clause 16 of the contract and further explained in the Definitions at the end
- Have a formal Fraud Policy and Fraud Register in place with clear reporting lines for allegations or instances of fraud and mechanisms for responding to these
- Notify THET immediately in all cases of fraud or suspected fraud regardless of the potential magnitude
- Consider fraud as part of their risk management processes
- Be aware of THET's Fraud, Bribery and Corruption Policy, and the HPS Fraud, Bribery and Corruption Policy
- Communicate their Fraud Policy to all staff, volunteers and partners and provide relevant training to ensure that roles and responsibilities related to fraud are understood and adhered to