CIFOR-ICRAF ANTI-FRAUD POLICY

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Preamble

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CIFOR and ICRAF having a fraud prevention and detection policy is key in all the processes within and outside both organizations. The policy is established to facilitate the development of controls which will aid in the detection and prevention of fraud. As part of developing an anti-fraud culture, we take the threat of fraud seriously and thus will take the strongest possible action against all types of employees and third parties who commit fraud. We focus on a simple and easily understood fraud policy as a way of demonstrating both organizations' commitment to combat fraud and corruption wherever it is found. It is the intent of CIFOR and ICRAF to promote consistent behaviour by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

Definitions

a) **Fraud:** A deliberate intent to acquire money or goods dishonestly through the falsification of records or documents. The deliberate changing of financial statements or other records by either; a member of the public, someone who works or is a volunteer for CIFOR and ICRAF. The criminal act is the attempt to deceive and attempted fraud is therefore treated as seriously as accomplished fraud

b) **Theft:** Dishonestly acquiring, using or disposing of physical or intellectual property belonging to CIFOR and ICRAF or to individual members of the organisation.

c) **Misuse of equipment:** Deliberately misusing materials or equipment belonging to CIFOR and ICRAF for financial or material benefit.

d) **Abuse of position:** Exploiting a position of trust within the organisation for financial or material benefit

Scope of Policy

This policy applies to

(i) any contractual arrangements between CIFOR and ICRAF with their partners, vendors etc.

(ii) all activities and operations of CIFOR and ICRAF, including any project funded by CIFOR and ICRAF; and any project implemented by CIFOR and ICRAF and the cooperating partners.

(iii) any fraud, or suspected fraud, involving employees (our people) as well as stake holders/ partners, consultants, associates, students/interns, vendors, suppliers, contractors, sub-contractors and sourced services/ any other parties with a business relationship with CIFOR and ICRAF.

(iv) This policy applies equally to members of the Board of Trustees (BoT).

Policy Statement

CIFOR and ICRAF are committed to preventing, identifying and addressing all acts of fraud against both organizations. In doing so, both organizations are dedicated to creating and supporting a workplace culture that promotes fair and just standards as outline in the respective Code of Conduct.

A zero-tolerance policy is CIFOR and ICRAF answer to fraud. Fraud will not be tolerated under any circumstance. Appropriate disciplinary actions may be taken against any employee or external party involved if found of committing fraud. All efforts will be made to recover assets misappropriated or losses suffered due to fraud.

Actions Constituting Fraud

1. Asset misappropriation

a) Cash

- Theft of cash

- Theft of funds through electronic banking

b) Non-cash

- Theft of intellectual property

- Disclosing confidential information to outside parties without authority for personal gain

- Theft or misappropriation of supplies, inventory, securities or any other assets such as furniture, fixtures or equipment

- Use of CIFOR and ICRAF assets (including office supplies, letterheads, etc) for personal gain

- False accounting

- Material and deliberate misstatement of accounting information

c) Insurance

- False claims for workers compensation

- False claim for accidents or other claims

d) Fraudulent disbursements

- Falsifying expense claims

- Corporate credit card misuse

Actions Constituting Fraud (cont)

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d) Fraudulent disbursements (cont)

• False invoicing

• Payroll falsification

• Forgery or alteration of any document

2. Corruption

• Collusive bidding

• Inside trading

• Secret commissions (kickbacks received by employees- our people), that is seeking or accepting anything of material value for personal gain from contractors, vendors or persons providing service(s)/goods.

• Conflict of Interest and Illegal Gratuities

3. Fraudulent statements

• Intentional statements of incorrect or misleading employment history / education qualifications

• Providing false or misleading information or failing to provide information when there is an obligation to do so

• Inappropriate use of delegated authority that results in fraud, misappropriation or obtaining benefit by deception or other unethical measure

Responsibilities / Management of Fraud

In general, management is responsible for the detection and prevention of fraud, misappropriations, and other inappropriate conduct. However,

Board of Trustees:

- As part of risk management, the BoT should ensure that there is an on-going process designed to identify any fraudulent acts among other risks.

Directors General:

- The BoT delegates the overall responsibility for managing fraud to both the Directors General of CIFOR and ICRAF.

- They are to ensure that the internal control systems are working to minimize the financial, operational and reputational damage that can be caused to CIFOR and ICRAF through fraud.

- Design an effective control environment to prevent fraud.

Senior Management:

- Ensure that there are policies, procedures and systems in place, which support the implementation of the Fraud Policy.

- Where fraud has taken place, review existing or implement new controls to reduce the risk of similar fraud to re-occur.

All employees (our people) should:

- Take responsibility for ensuring that any party or individual that does business with CIFOR and ICRAF strictly adheres to the standards and principles of this policy.

- Perform their duties with honesty, integrity and in an ethical manner

- If they see or suspect fraudulent activity, must report that suspected fraudulent activity immediately

- Notify internal audit/Human Resources Office or supervisors

Supervisors and /or middle managers should:

- Ensure that effective operation of preventative and detection controls that minimise the opportunity for fraud in their areas of work through regular reviews of control systems for which they are responsible.

- Promote sound fraud risk management practices within all activities for which they are responsible by ensuring that controls are being complied with.

- Cooperate fully with fraud investigations

Non-Staff (Consultants/ Vendors/ Partners/ etc)

- Report any suspected fraudulent activity immediately, this requires alert to the possibility of unusual events and / or transactions, etc.

- Expected to conduct themselves with integrity, openness, objectivity, selflessness and honesty.

- In case of any investigations, corporate with internal audit checks/reviews.

Reporting

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If you see or suspect any fraudulent activity, you must report it immediately through our on-line anonymous systems for CIFOR through Lighthouse or Human Resources Office and ICRAF through Whispli or internal audit unit, who will treat information received confidentially. Reporting applies to all staff and non -staff.

Investigation procedure

   i. Rights and privileges of the suspect

   ii. Recovering assets

   iii. Disciplinary action

   iv. Follow up Action

   v. Whistleblower protection

The investigation process will be as per (i) CIFOR- Annex I to the Anti-Bribery, Anti-corrupt Practices and Anti-Money Laundering Policy and ICRAF- 1.0 Implementation of the integrity policy in the Human Resources Procedures Manual

Investigation of Allegations

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The internal Audit Unit of ICRAF or CIFOR have the primary responsibility for the investigation of all suspected fraudulent acts. Deputy Director General – Operations of CIFOR or the Head of Internal Audit of ICRAF will issue reports to the Directors General and the chair of the Audit committee.

Other Documents/Policies

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The Anti-Fraud Policy should be read in conjunction with other relevant documents, such as

  - Code of conduct

  - Conflict of interest policy

  - Anti-bribery, anti-corruption practices and anti-money laundering policy – CIFOR

  - Anti-Money Laundering and Anti-Terrorist Financing Policy and integrity policy – ICRAF

  - Fraud Prevention, Monitoring and Response Policy-ICRAF

  - Scientific Fraud Policy

Training

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CIFOR and ICRAF will raise awareness through seminars and induction programmes of the Anti-Fraud policy. This will also be part of all vendors/consultants' contracts.