

PUNTLAND NON-STATE ACTORS ASSOCIATION

ANTI FRAUD POLICY

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A. Policy Statement

PUNSAA adopts a zero tolerance approach towards corruption and is committed to respecting the highest standards in terms of efficiency, responsibility and transparency in its activities, as well as an anti-fraud, bribery and corruption policy that:

- Encourages prevention;
- Promotes detection;
- Sets out a clear investigation procedure.

This policy is aimed at guiding PUNSAA staff, and must be considered together with:

- PUNSAA's Code of Conduct;
- PUNSAA's Grievance Policy;
- PUNSAA's Child Protection Policy;
- PUNSAA's Conflict of Interest Prevention Policy;
- PUNSAA's Data Protection Policy;
- PUNSAA's Policy Against Sexual Exploitation and Abuse ;
- PUNSAA's Anti-Terrorism Policy;
- PUNSAA's procedures and handbooks e.g. Finance, Logistics, Human Resources, Internal Audit, Security and AME, in connection with the prevention, detection and reporting of fraud, bribery and corruption.

B. PUNSAA's Anti-Fraud and Corruption Principles

PUNSAA is guided by three main principles related to anti-fraud and corruption:

- Anti-Fraud and corruption: PUNSAA refuses to support fraudulent actions directly or indirectly and Undertakes to minimize risks of corruption in the implementation of its activities.
- Transparency and accountability: PUNSAA commits to be fully accountable and transparent towards its beneficiaries, partners and financial donors, by providing access to information regarding the allocation and management of its funds. The organisation undertakes to have in hand all necessary tools to ensure the correct management of its operations.
- Professionalism: PUNSAA bases its design, implementation, management and evaluation of programmes on high standards of professionalism, and capitalises on its experience in order to maximize efficiency and resources.

Article 1 – Scope of application

1. This policy applies to all PUNSAA staff and PUNSAA governance.

2. The provisions of this policy may also be applied to any person employed by an entity that carries out missions for PUNSAA.

3. In particular, this policy applies to consultants, implementing partners depending on specific clauses and conditions of the grant agreement, suppliers, sub-grantees and others associated entities.

Article 2 – definitions

1. Corruption : Under the terms of this policy, corruption is a dishonest conduct that consists of seeking, soliciting, accepting or receiving – directly or indirectly – all unjustified payment, gift or benefit for having undertaken, or, alternatively, for having abstained from their professional obligations.

Corruption can take many forms such as:

- Bribes : payments to all persons to perform or refrain from performing an act falling within their
- function, in a more flexible and favourable manner;
- Facilitation payment: unofficial payments of small amounts intended to facilitate or ensure the smooth running of simple procedures or necessary acts that the payer is entitled to expect, whether on a legal or other basis.
- Fraud: falsification of data, reports, invoices, etc.
- Extortion: money obtained through coercion or force.
- Favouritism , Nepotism , Collusion : the practice of giving unfair preferential treatment to one person or group at the expense of another.
- Misappropriation of funds: theft of resources (money, supplies, goods etc.) PUNSAA staff, as well as the other entities mentioned in Article 1 of this policy, resources given to ghost people (staff, suppliers, beneficiaries), etc.
- Embezzlement: misappropriation when the funds involved have been lawfully entrusted to the embezzler;
- Product substitution: refers to the knowing and willful substitution, without the purchaser's knowledge or consent, of sub-standard, used, or counterfeit products or materials for those specified in the contract or purchase order.

2. Governance: Under the terms of this policy, the term governance refers to any person elected by decision making bodies to participate in the managerial and administrative body. In particular, the members of boards of directors and supervisory boards are Governance members.

3. Implementing partners: Under the terms of this policy, an implementing partner is a partner to whom the implementation of one or more projects or activities has been delegated, and to whom a budget has been allocated for this purpose. In particular, this refers to sub contractors/Sub implementing partner.

4. Stakeholders: Under the terms of this policy, stakeholders are individuals or groups, with or without a legal personality, who directly or indirectly, voluntarily or involuntarily, contribute to, participate in or benefit, in any way, from the actions, programmes and activities of PUNSAA.

5. PUNSAA staff: Under the terms of this policy, the term PUNSAA staff refers to any person employed by

PUNSAA .

6. Sub-grantee: Under the terms of this policy, a sub-grantee is an individual or group, with or without a legal personality, who receives a budget to carry out a project or activity.

Article 3 – Information and adherence to the policy

1. This policy is published under the authority of PUNSAA. PUNSAA staff, as well as the other entities mentioned in Article 1 of this policy, are required to conduct themselves in accordance with this policy and must therefore be aware of its provisions and any changes. When they are unsure of how to proceed, they should seek the advice of a competent person.

2. PUNSAA staff, as well as the other entities referred to in Article 1 of this policy, who negotiate the terms and conditions of employment of PUNSAA staff, as well as the other entities referred to in Article 1 of this policy, shall include a provision stating that this policy is to be complied with and forms part of these terms and conditions.

3. It is the responsibility of PUNSAA's staff, as well as the other entities referred to in Article 1 of this policy, responsible for controlling or directing other PUNSAA staff, as well as the other entities referred to in Article 1 of this policy, to ensure that they comply with this policy and to take or propose appropriate disciplinary measures as sanction against any violation of its provisions.

4. This policy shall form part of the working conditions of PUNSAA staff and the conditions for the performance of the missions of the other entities mentioned in Article 1 of this policy from the moment they certify that they have read it.

5. PUNSAA will review the provisions of this policy at regular intervals.

Article 4 – Purpose of the Policy

The purpose of this policy is to specify the rules on integrity, anti-fraud, bribery and corruption and conduct that PUNSAA staff and other entities mentioned in Article 1 of this policy must observe, assist them in complying with these standards and inform third parties of the conduct that they are entitled to expect from PUNSAA staff and other entities mentioned in Article 1 of this policy.

Article 5 – Neutrality

PUNSAA staff, as well as the other entities referred to in Article 1 of this policy, and the other entities mentioned in Article 1 of this policy must fulfill their duties in a politically neutral manner, in accordance with the law, legitimate instructions and ethical rules relating to their roles.

Article 6 – Impartiality

In the context of their professional roles and/or their missions, PUNSAA staff, as well as the other entities referred to in Article 1 of this policy, and the other entities mentioned in Article 1 of this policy must act in accordance with the law and exercise their discretionary power in an impartial manner, taking only relevant circumstances into consideration.

Article 7 – Confidence of stakeholders

PUNSAA staff and the other entities mentioned in Article 1 of this policy have a duty to conduct themselves at all times in a way that preserves and reinforces the confidence of all stakeholders regarding the integrity, impartiality and efficiency of PUNSAA.

Article 8 – Hierarchical responsibility

PUNSAA staff report to their immediate superior and/or the head of their functional department, unless otherwise provided for by law.

Article 9 – Confidentiality

Duly considering the stakeholders' potential right to access information, PUNSAA staff and the other entities mentioned in Article 1 of this policy must process all the information and all the documents acquired during or as part of the exercise of their duties with the necessary confidentiality.

Article 10 – Political or public activity

1. Subject to respect of fundamental and constitutional rights, PUNSAA staff must ensure that their personal participation in political activities or their involvement in public or political debates does not alter the confidence of stakeholders, international, national or local authorities, or PUNSAA, with regard to their ability to complete the mission fairly and impartially.

2. In the performance of their duties, PUNSAA staff must not lend themselves to their own use for partisan purposes.

Article 11 – Protection of privacy

All the necessary measures must be taken to ensure that the privacy of PUNSAA staff and the other entities mentioned in Article 1 of this policy is appropriately respected; as a result, the declarations provided for in this policy must remain confidential, unless otherwise provided for by law.

Article 12 – Information held

1. Considering the general framework of all local and international law regarding access to information held by private individuals, PUNSAA staff and the other entities mentioned in Article 1 of this policy must only disclose information in accordance with the rules and requirements applicable to PUNSAA.

2. PUNSAA staff and the other entities mentioned in Article 1 of this policy must take the appropriate measures to guarantee the security and confidentiality of the information for which they are responsible or of which they are aware.

3. PUNSAA staff and the other entities mentioned in Article 1 of this policy must not seek access to information which would be inappropriate for them to have. PUNSAA staff and the other entities mentioned in Article 1 of this policy must not make inappropriate use of the information they may obtain in or as part of the exercise of their duties.

4. In the same way, PUNSAA staff and the other entities mentioned in Article 1 of this policy must not retain professional information that may or should be legitimately circulated, or circulate information they know, or have reasonable grounds to believe, is inaccurate or misleading.

Article 13 – Professional resources

In the exercise of their discretionary power, PUNSAA staff and the other entities mentioned in Article 1 of this policy must ensure that the staff and the property, facilities, services and financial resources entrusted to them are managed and used in a useful, effective and economic manner. They must not be used for private purposes, unless this is authorized in writing.

Article 14 – responsibility of line managers

PUNSAA staff in charge of monitoring or directing other PUNSAA staff must do so in accordance with the policies and objectives of PUNSAA. They must respond to the acts and omissions of their staff which violate these policies and objectives, if they have not taken the due diligence measures expected from a person in their position to prevent such acts or omissions.

PUNSAA staff tasked with monitoring or directing other PUNSAA staff must take the measures necessary to prevent their staff from engaging in acts of corruption in relation to their work. These measures may be: to draw attention to and implement the laws and regulations; to ensure adequate training against the corruption their staff may face; and to set an example of integrity through their personal conduct.

Article 15 – Prohibition of all acts of corruption

1. PUNSAA staff and other entities mentioned in Article 1 of this policy must avoid engaging, directly or indirectly, in any act of corruption or fraud within the meaning of this policy.

2. In no event shall PUNSAA staff and other entities referred to in Article 1 of this policy take undue advantage of their professional position for their personal benefit.

A. Corruption prevention mechanism

Article 16 – Importance of prevention

Fully aware that corruption can be avoided most effectively by creating an effective organizational culture that uses money carefully, PUNSAA has developed a series of preventive mechanisms and internal control systems aimed at preventing and identifying fraud and corruption notably included in the Finance, Logistics, Human Resources, Audit and other manuals/handbooks.

Article 17 – Prevention and identification mechanisms

PUNSAA developed some mechanisms that may help in preventing corruption such as:

- Providing staff, implementing partners with a clear sense of purpose and direction and inspiring them to live out PUNSAA's core values and policies;
- Putting in place appropriate controls, in particular accounting controls, and checking that such controls are working - in a way that empowers field staff to make good judgements. This also means providing staff with the training they need to work in practice;
- Identify risk factors throughout the project or program cycle and throughout the supply chain, recognize their likelihood, understand the consequences and set up appropriate countermeasures;
- Making sure that field staff maintain a respectful dialogue with beneficiaries. Accountability to

beneficiaries is a particularly effective way of reducing the risk of fraud;

- Setting up training for managers and staff most exposed to the risks of corruption and influence
- peddling;
- Implementing evaluation procedures for PUNSAA's partners by conducting due diligence, particularly with regard to their anti-corruption commitments.

B. duty to report

Article 18 - To report

1. PUNSAA has adopted a participatory approach with the desire to promote and ensure transparency within the organization and focal point via a specific email address confidential@punsaa.org

2. PUNSAA staff and other entities referred to in Article 1 of this policy, which believe that they are required to act unlawfully, improperly or unethically, which may be in violation of this policy or otherwise inconsistent with this policy, should report it to their superiors and/or personal correspondents within PUNSAA and in any case to confidential@punsaa.org

3. PUNSAA staff and the other entities mentioned in Article 1 of this policy must report to their superiors and/or personal correspondents and in any case to confidential@punsaa.orgg any evidence, allegation or suspicion of illegal or criminal activity concerning PUNSAA of which they are aware in or in connection with the performance of their duties. The investigation of the reported facts is the responsibility of PUNSAA, in accordance with Article 22 of this policy.

4. If it is not appropriate to report to the line manager, PUNSAA staff should do so with the senior manager of their team or department and report it to confidential@punsaa.org

5. PUNSAA may, within the framework of its contractual and/or legal obligations, be obliged to inform the donors concerned and the external authorities if necessary, any case of fraud after an internal investigation has proven a case of fraud.

6. PUNSAA must ensure that PUNSAA staff who report a case as described above on the basis of reasonable suspicion and good faith do not suffer any harm.

7. Cases of misuse of the mechanisms provided for in this Article may be subject to sanctions.

8. PUNSAA must take the necessary measures to guarantee the confidentiality of the author of the report and the persons concerned.

C. Conduct in the event of corruption

Article 19 – Conduct in the event of attempted corruption

1. Since PUNSAA staff and the other entities mentioned in Article 1 of this policy are generally the only ones who know if they are confronted with an attempt at bribery, they are personally liable for:
    - being attentive to any actual or potential corruption;
    - taking measures to avoid such an act;
    - in accordance with article 18, informing his or her superior or personal correspondent within PUNSAA and in any case confidential@punsaa.org of any act of corruption as soon as he or she becomes aware of it;
    - complying with any final decision requiring him/her to withdraw from the situation giving rise to such an act.

2. If PUNSAA staff and other entities referred to in Article 1 of this policy are offered an undue advantage, PUNSAA staff and other entities must take the following measures to ensure their protection:
    - refusing the undue advantage; it is not necessary to accept it in order to use it as evidence;
    - try to identify the person who made the offer;
    - Avoid prolonged contact, although knowledge of the reason for the offer may be useful in a statement;
    - if the gift cannot be refused or returned to the sender, it must be kept and handled as little as possible;
    - Try to have witnesses, for example colleagues working in the vicinity;
    - draw up as soon as possible a written report on this attempt and communicate it to his or her superiors;
    - In accordance with Article 18, report the attempt as soon as possible to his superior and in any case to confidential@punsaa.org;
    - continue to work normally, in particular on the case on which the undue advantage was offered.

3. Any significant gifts that could not be refused must be given to the organization with a written statement.

4. It should be noted that in the event of a direct request for facilitation of payments, the following mechanisms may be put in place:
    - Explain that this type of practice is contrary to PUNSAA's policy;
    - Refuse to pay;
    - Record the proposer's name and request an official card;
    - Report the fraud/corruption attempt to the coordination and in any case to confidential@punsaa.org

5. No staff of PUNSAA and other entities mentioned in Article 1 may suffer from their refusal to pay or receive a bribe or an ethical alert made in good faith.

6. PUNSAA considers the health and safety of its staff to be of paramount importance. In situations of serious coercion and in the event of serious and imminent danger to the physical health or safety of persons, PUNSAA staff and other entities mentioned in Article 1 of this policy must not endanger themselves or others by strictly complying with this policy. PUNSAA strives to prevent staff members from becoming victims of such situations. However, if they do occur, these incidents should be reported as soon as possible to PUNSAA's coordination and, in any case, to confidential@punsaa.org

D. PUNSAA's investigations mechanisms

Article 20 – Investigation by PUNSAA

1. In accordance with Article 18, PUNSAA staff and other entities referred to in Article 1 of this policy must inform their superiors and/or personal contacts, and in any case to confidential@punsaa.org of any suspicions of corruption.

2. An e-mail reply is sent by confidential@punsaa.org upon receipt of the complaint, that:
   - informs of the foreseeable time and the necessity to examine its admissibility and the modalities according to which the reporter is informed of the follow up to their report;
   - details the process to be followed in cases of suspected corruption;
   - requests, where appropriate, more information to clarify and assess the complaint.

3. The management of the complaint is carried out according to the assessment of the complaint. This evaluation is carried out by the team at upon receipt of the complaint on confidential@punsaa.org

4. PUNSAA staff and other entities referred to in Article 1 of this policy shall:
   - cooperate with any investigation conducted by PUNSAA.
   - keep records of any alleged involvement that may be required for an investigation.
   - maintain the confidentiality of all allegations.

5. PUNSAA records the details of each proven fraud and the action taken in a fraud register.

Article 21 – Investigation authority

The Executive Director shall be responsible to put up an independent team to carry investigations which may include among others competent persons or the BOD shall put up such a team in case Executive Director is under investigation.

Article 22 – Specific audits of corruption and financial irregularity

1. Audits on specific frauds and financial irregularities are intended to verify the existence and extent of suspected fraud and financial irregularities. These investigations may be carried out at the request of the Audit and the office of Executive Director or any other member of PUNSAA's management.

2. These investigations can be conducted at the auditor or committee, depending on the evaluation of the complaint.

3. The investigation team, led by the Executive Director or by any other member of PUNSAA's Management, shall exercise the utmost discretion when carrying out an audit on fraud or financial irregularity.

4. All the inquiries will be communicated in writing to the confidential@punsaa.org.

E. law Enforcement mechanism of corruption

Article 23 – measures following fraud, bribery or corruption investigations

Investigations conducted under this policy may have the following consequences:

- Disciplinary procedures: Persons found involved in acts of corruption have committed serious misconduct and will be treated in accordance with PUNSAA's Human Resources Policy on Disciplinary Measures. Allegations of proven fraud may result in dismissal;
- Loss compensation: where PUNSAA has suffered losses, the total restitution of any undue profits or benefits obtained and the recovery of costs will be sought from the individual(s) or organization (s) responsible for the loss. In the event that the individual or organization is unable or unwilling to make good the damage, civil proceedings will be considered to recover the losses;
- Criminal prosecution: PUNSAA may refer fraud cases to local law enforcement authorities to initiate legal proceedings. The local context as well as the human rights consequences following the implementation of such lawsuits against those involved will be taken into account. In all cases, the final decision on whether or not to take legal action will be taken by the Audit and the Executive Committee;
- Lessons learned and improvement of internal controls: a fraud investigation can potentially point to supervisory errors and/or a loophole or lack of control; all the measures to be taken to improve systems must be documented in the investigation report and implemented when the report is finalized.

Article 24 – Implementation date of the policy

This anti-fraud, bribery and corruption policy comes into effect immediately, after approval by the Board.

Article 25 – Adherence to the policy

PUNSAA staff and the other entities mentioned in Article 1 of this policy certify that they adhere to these principles by signing the PUNSAA Policy Acceptance Form and/or by signing their employment contract.