



## ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY

### INTRODUCTION

The incidence of corporate fraud and corruption has risen in recent years making it essential for companies and organisations to put in place effective deterrence mechanisms. Non-governmental organisations, including Network Partners of IAM, have also been affected.

IAM has a commitment to uphold legal and ethical standards. All members of staff, as well as consultants, contractors, partner organisations and any other person with a financial or fiduciary relationship with IAM is expected to share this commitment.

The IAM Anti-Fraud and Corruption Policy is one of ZERO-TOLERANCE. A clear definition of Fraud and Corruption has been developed.

### 1 PURPOSE AND SCOPE

The purpose of this Anti-Fraud and Corruption policy is to minimise the chances of fraud and corruption within IAM and its Network Partners.

#### The policy aims to:

- Ensure that financial and other resources are used solely for the intended purposes.
- Promote a culture of honesty and openness among the staff and management of IAM.
- Ensure that vulnerable populations are not disadvantaged or exploited by staff members or their associates who commit fraudulent and corrupt acts; and
- Assure members of staff and target populations that they can safely and confidently raise and report all serious concerns about unethical conduct, suspected fraud and corruption.

1.1. This Policy applies to all IAM employees (full time and part time,), IAM network partners.

1.2. The policy covers all bona fide concerns raised relating to the following:

- Financial misconduct, including criminal acts such as theft of cash and false accounting thereof.
- Abuse of resources which belong to IAM and those provided by or purchased using funds raised by IAM and other non-IAM donors in response to an IAM appeal. Abuse of resources can include theft and computer crimes where an occurrence, computer or network is the source, tool, target, or place of a crime (e.g., unauthorised access, suppression of data, electronic fraud, etc).
- Use of improper means, such as bribery, kickbacks or so-called 'facilitation' payments, by someone to induce another person to act or to refrain from acting in the exercise of her/his duties, in order to obtain or retain an undue advantage.
- Any action or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.



- Threatened or actual illegal actions such as personal injury or damage to property, in order to obtain an undue advantage or to avoid an obligation.
- Collusion in improper procurement or contracting activities.
- Any attempts to suppress or conceal any of the above

## 2 DEFINITIONS

For the purpose of this policy statement, the terms ‘fraud’ and ‘corruption’ are defined as follows:

- **Corruption** is the “offering, giving, soliciting or acceptance of an inducement or reward which may improperly influence the action of any person”.
- **Bribery** is the act of giving or receiving something of value in exchange for influence or action in return, that the recipient would otherwise not have. Essentially, bribery is offering to do something for someone for the expressed purpose of receiving something that is beneficial in exchange. It may be money, goods, privilege, payment, objects of value, advantage, or merely a promise to influence an action, vote, or to influence a person in an official or public capacity.
- **Fraud** is an intentional distortion, deceit, trickery, and perversion of truth or breach of confidence, relating to an organization’s financial, material, or human resources, assets, services and/or transactions, generally for the purpose of personal gain or benefit. Fraud is a criminal deception or the use of false representations to gain an unjust advantage.

*The definitions above equally apply to all malpractice and unethical behaviour, including (this list is not exhaustive):*

- Embezzlement- theft of organisation’s resources for own use. It may involve only one person or more.
- Misuse and misappropriation of funds;
- Collusion and bribery. Bribery means that a person, organisation or institution improperly provides goods or services against some form of improper remuneration. This involves (at least) two parties;
- Obstruction of justice;
- Sharing of profits / kickbacks, cuts, discounts for personal benefits; and
- Abuse or misuse of power;
- Extortion - the act of obtaining something by force, threats or undue demands.
- Favouritism is the unfair favouring of one person or a group with something at the expense of others.
- Nepotism is favouritism shown to relatives in conferring offices or privileges.”

## 3. DEFINITIONS CULTURAL STANCE AGAINST FRAUD AND CORRUPTION

IAM is committed to creating an environment that is based on the prevention of fraud and corruption. This is achieved by promoting a culture of openness and honesty in all IAM’s activities and initiatives. IAM’s governance and management are therefore committed to the following principles:

- Creating an anti-fraud and corruption culture and maintaining high ethical standards in its administration;
- Accepting that an anti-fraud and corruption culture is the joint responsibility of all those involved in giving political direction of the organization, determining policy and



management; Requiring that IAM's Network Partners and employees will lead by example in ensuring adherence to legal requirements, standing orders, financial regulations, and codes of conduct, values, procedures and practices as displayed in IAM's Employee Handbook

#### **4. POLICY PRINCIPLES**

- 4.1 IAM is therefore committed to the prevention, detection and investigation of all forms of fraud and corruption, whether these are attempted from within or outside the organisation.
- 4.2 IAM is committed to ensuring that concerns raised by the board or staff at all levels of the organization, as well as complaints registered by the target population, are considered and investigated fairly, equally and in a responsible manner.
- 4.3 IAM Network Partners who have received funding and/or resources through IAM's mechanism are to ensure that systems limiting the possibilities of misuse and mismanagement of those funds and resources are in place. The partners shall make good any losses suffered as a result of negligence, fraudulent activities on the part of their staff and or partners.
- 4.4 Contracts and agreements with employees, partners and consultants shall be consistent with this policy".

#### **5. RESONSIBILITIES OF EMPLOYEES**

- 5.1 The Director, with the support of senior management, are responsible for day-to-day management of the organisation, and for the maintenance of the systems and controls designed to minimize incidents of fraud within the organization. All managers are responsible for ensuring that, through a system of line management, employees are:
  - 5.1.1 aware of the risks of fraud, bribery and corruption; and
  - 5.1.2 familiar with the types of impropriety that might be expected to occur within their areas of responsibility and to be alert to any indications of irregularity.
- 5.2 Similarly, the Directors, senior management team are responsible for ensuring that employees comply with systems established to prevent and detect fraudulent activities, bribery and/or corruption. The senior management and H.R. Unit are specifically responsible for the design, implementation, development and maintenance of systems to prevent and detect fraudulent activities, bribery and corruption. It is also the responsibility of the H.R. Unit to maintain a register of reported cases of suspected fraud.
- 5.3 All employees have a duty to act honestly and with integrity at all times, and to report any suspected irregular actions without delay. An employee who is concerned about the actions of management and/or a colleague/s and suspects fraud, bribery and corruption has been committed or planned should not give the suspect any idea of their suspicions, as this would jeopardize an investigation. The details should be reported immediately by the employee to his/her direct line manager and to the H.R. Unit, if for any reason the employee feels unable to discuss the matter with his/her/their direct line manager, it should be discussed with another member of the senior management team.



5.4 The manager to whom the act of suspected fraud, bribery and or corruption has been reported should inform the H.R. Unit who would carry out the investigation into the allegation. In the event that one or more of the senior management is implicated in the suspected fraud, bribery and corruption, the incident should be reported to the Chairperson of the Board immediately.

## **6. PROCEDURE OF RESPONDING TO REPORTS OF SUSPECTED FRAUD**

6.1 If the Line Manager or H.R. Unit Manager concludes that an allegation of a suspected irregularity has substance, he/she/they must report the matter to the Director, who is responsible both for ensuring that an investigation is initiated and for determining the nature of the investigation. Such an investigation will aim to:

- 6.1.1 establish the extent of the fraudulent act.
- 6.1.2 identify the perpetrator; and
- 6.1.3 determine whether other employees are involved.

6.2 The investigation shall consider whether a lack of adequate systems and internal controls allowed for fraud, bribery or corruption to be committed, or whether the problem arose due to the failure of management to ensure compliance with the existing systems.

6.3 If the investigation concludes that fraud, bribery or corruption arose from non-compliance with existing systems, on the part of management, those responsible will be subjected to disciplinary action. Serious negligence on the part of the senior management team (SMT), any other manager or employee is considered grounds for dismissal after due process has been followed.

## **7. ANONYMOUS REPORTING**

If an employee has reason to believe that fraud, corruption or bribery is taking place in the organisation and want to report it anonymously then they may report such information to the following email addresses.

**Email:** [info@iam.org.za](mailto:info@iam.org.za) or [lolliedubes@icloud.com](mailto:lolliedubes@icloud.com) (Chairperson of IAM)

**Note:** Refer to Whistle-blower policy.

## **8. DISCIPLINARY ACTION**

8.1 It is the policy of IAM to report all cases of fraud, bribery or corruption to the police, and to also seriously consider proceeding with criminal charges. IAM shall make every effort possible to recover funds that the organisation has been defrauded of. Whether or not the matter is referred to the police, disciplinary action, which may result in dismissal, will be taken against the employee(s) concerned.

8.2 An allegation which proves to be unfounded and of malicious intent would be considered an act of gross misconduct on the part of the employee reporting the matter. Disciplinary action may result in dismissal against any employee making false and unsubstantiated allegations.

## **9. CONFIDENTIALITY AND CONCLUSION**



Staff members should be assured that all information received will be treated with strict confidence and shall not be disclosed to third parties unless there is a legal obligation to do so.