



## Fraud Policy

**Executive Director – Jimmy Wilford**

📍 24 Jefferson Road, Logan Park, Hatfield, Harare, Zimbabwe

📞 Cell: +263 772 819 786 / Tel +263 242 571184, +263 242 571190

[jimmy@saywhat.org.zw](mailto:jimmy@saywhat.org.zw)

[saywhat@mweb.zo.zw](mailto:saywhat@mweb.zo.zw)

[www.saywhat.org.zw](http://www.saywhat.org.zw)

<b>Document Control</b>	
<b>Owned By</b>	Head Of Finance and Administration, Finance, Administration and Legal Committee
<b>Reviewed and Approved By</b>	SAYWHAT Advisory board
<b>Created</b>	
<b>Next Review</b>	
<b>Version</b>	

## Table of Contents

1. INTRODUCTION .....	4
2. CONTEXT .....	5
3. PURPOSE .....	6
4. SCOPE .....	7
5. POLICY CONSIDERATIONS/PRINCIPLES .....	8
6. DEFINITION .....	9
7. SAYWHAT's Responsibilities .....	11
8. Line Managers' Responsibilities.....	13
a. Internal Audit .....	14
b. Staff Responsibilities .....	15
9. Investigations.....	16
Where an investigation is likely to take more than 180 days, this should be notified to the Finance, Admin and legal committee. ....	16
10. Disciplinary Action .....	17
11. Characteristics of Fraud.....	18
a. Common Methods and Types of Fraud .....	19
b. Examples of Good Management Practices .....	20
12. Fraud Response Plan .....	23
a. Introduction .....	23
b. Preliminary Stage .....	23
c. Formal Reporting Stage .....	24
d. Action Required for Internal Fraud.....	24
e. Action Required for External Fraud.....	24
Liaison with the Police.....	24
f. Post Event Action.....	25
g. Conclusion .....	25

## **1. INTRODUCTION**

By developing this Policy, SAYWHAT commits to harmonising its policies, rules and practices on fraud and corruption in line with International anti-fraud and anti-corruption practices and standards. In developing this Policy, SAYWHAT seeks to clearly define and streamline fraud and corruption and practical ways of combatting these. In developing this Policy, SAYWHAT is cognisant of the dynamic and complex nature of corruption and bribery issues which may require the SAYWHAT board to exercise its discretion in further giving effect to the spirit of this Policy.

## **2. CONTEXT**

SAYWHAT recognises fraud and corruption as severe impediments to organisational growth and sustainability and the vulnerability of all institutions to fraud and corruption. SAYWHAT is cognisant of the potential damage which corruption and fraud may have to SAYWHAT's work if not mitigated. If SAYWHAT is to achieve its strategic objectives, mission, and vision, practical strategies for combating fraud and corruption remain a policy priority. Therefore, this Policy is SAYWHAT's commitment to its key stakeholders and beneficiaries towards programming interventions that are devoid of corruption and fraud.

### 3. PURPOSE

- a) The overall purpose of this Anti-Fraud Policy is to define SAYWHAT's anti-fraud and anti-corruption mechanisms for prevention, detection and dealing with fraudulent and corruption practices. This includes the detailed responsibilities and procedures to be followed if fraud is detected or suspected, detailed in the Fraud Response Plan.
- b) The organisation requires all staff, at all times, to act honestly and with integrity and to safeguard the resources for which they are responsible. Fraud is an ever-present threat to these resources and must be a concern to all staff members. The organisation will not tolerate any level of fraud or corruption; consequently, the policy is to thoroughly investigate all suspected frauds and allegations (anonymous or otherwise) and, where appropriate, refer to the police at the earliest juncture all such cases involving criminal elements. SAYWHAT is also committed to ensuring that opportunities for fraud and corruption are reduced to the lowest possible level of risk.
- c) In circumstances where legal advice in relation to the handling of fraud has been sought from outside, SAYWHAT, the legal advisers should be apprised of the contents of this Anti-Fraud Policy and Fraud Response Plan and with relevant guidance issued by the Director.

#### **4. SCOPE**

This policy shall apply to all activities and programmes conducted by SAYWHAT as well as individuals and institutions which interact with SAYWHAT, including but not limited to;

- a) All SAYWHAT employees.
- b) Individual persons having business relations with SAYWHAT, including those with contractual obligations with SAYWHAT, providers of legal services, consultants, volunteers, interns, and technical partners ;

## 5. POLICY CONSIDERATIONS/PRINCIPLES

This Policy is hinged on the following SAYWHAT Principles.

- a) Anti-fraud and anti-corruption.
- b) Accountability
- c) Transparency
- d) Stakeholder engagement for eradication of fraud and corruption



## 6. DEFINITION

For conclusiveness, the following fraudulent or corrupt activities will be fined.

- The term fraud is used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.
- For practical purposes, fraud may be defined as the use of deception to obtain an advantage, avoiding an obligation or causing loss to another party. The criminal act is the attempt to deceive, and attempted fraud is treated as seriously as accomplished fraud.
- Fraud can also be perpetrated through the alteration, concealment or destruction of manual/computer records, the misuse of computer facilities, computer programs and the Internet. The suspicion that these acts have occurred should be regarded as potentially fraudulent and dealt with as such.
- Corruption or corrupt practice involves the offering, giving, receiving, or soliciting of anything of value to influence the actions of another party improperly, and this may include the abuse of power or improper use of resources for private gain.
- Theft or misappropriation involves the illegal or unauthorised taking of anything of value that belongs to another person.
- Fraud or fraudulent practice involves the act or omission, including any misrepresentation, that knowingly misleads or attempts to mislead, a party to obtain a benefit or avoid an obligation, whether for oneself or others.
- Money laundering which is also an act of fraud and corruption, includes the conversion, transfer, acquisition, possession or use of the property by any party who knows, or who may be reasonably presumed to know, that such property is derived from criminal activity or from participation in such activity, including the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of, such property, or aiding, abetting and facilitating such acts.
- Financing of terrorist activities include the provision or collection of funds, by any means, directly or indirectly, with the intention to benefit individuals and entities subject to sanctions imposed by the United Nations Security Council and appearing on the United Nations Security Council Consolidated List.
- Conflict of interest is when private interests, financial, or personal interfere, or could appear to interfere, with the ability of a covered

party to act impartially, to discharge their functions or obligations and to objectively regulate their conduct with the interests of SAYWHAT.

## 7. SAYWHAT'S RESPONSIBILITIES

- I. The Head of Finance and Administration is responsible for establishing and maintaining a sound system of internal control that supports the achievement of departmental policies, aims and objectives. The system of internal control is designed to respond to and manage the whole range of risks that a department faces. The system of internal control is based on an on-going process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively.
- II. Overall responsibility for managing the risk of fraud has been delegated to the Director and the board committee chairperson on the finance and administration. The Head of Finance and Administration's responsibilities include:
  - (a) Developing a fraud risk profile and undertaking a regular review of the fraud risks;
  - (b) Establishing an effective anti-fraud policy and fraud response plan, commensurate to the level of fraud risk identified in the fraud risk profile;
  - (c) Designing an effective control environment to prevent fraud commensurate with the fraud risk profile;
  - (d) Operating appropriate pre-employment screening measures;
  - (e) Establishing appropriate mechanisms for:
    - Reporting fraud risk issues;
    - Reporting incidents of fraud to the director;
    - Coordinating assurances about the effectiveness of anti-fraud policies to support the Statement of Internal Control;
  - (f) Liaising with the finance, admin and legal Committee and the Corporate Governance and Risk Management Committees;
  - (g) Making sure that all staff are aware of the organisation's anti-fraud policy and know what their responsibilities are in relation to combating fraud;

- (h) Ensuring that appropriate anti-fraud training and development opportunities are available to relevant staff;
- (i) Ensuring that vigorous and prompt investigations are carried out if fraud occurs, is attempted or is suspected;
- (j) Ensuring, where appropriate, legal and/or disciplinary action against perpetrators of fraud;
- (k) Ensuring, where appropriate, disciplinary action against supervisors where supervisory failures have contributed to the commission of fraud;
- (l) Ensuring, where appropriate, disciplinary action against staff who fail to report **fraud**;
- (m) Taking appropriate action to recover assets and losses; and
- (n) Ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future.

## **8. LINE MANAGERS' RESPONSIBILITIES**

- I. Line managers are responsible for ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively. Responsibility for the prevention and detection of fraud, therefore, rests primarily with managers.
- II. In terms of establishing and maintaining effective controls, it is generally desirable that:
  - (a) Staff is properly trained in how to deal with fraud risks.
  - (b) There is a regular rotation of staff, particularly in posts involving management of financial or other assets;
  - (c) Wherever possible, there is a separation of duties so that control of asset requisition and dispersal is not vested in one individual;
  - (d) Supervision should be greater in any work area where separation of duties and rotation is not practical;
  - (e) Control and bank accounts should be reconciled on at least monthly basis;
  - (f) Staff takes their annual leave entitlements;
  - (g) Backlogs are not allowed to accumulate;
  - (h) In designing any new system, consideration is given to building in safeguards to prevent and/or detect internal and external fraud;
  - (i) Staff have access to operating procedures; and
  - (j) Advice should be sought from the finance department
- III. A major element of good corporate governance is a sound assessment of the organisation's business risks. Managers need to ensure that:
  - (a) Fraud risks have been identified within Risk Management and Control Frameworks encompassing all operations for which they are responsible;

- (b) Each risk has been assessed for likelihood and potential impact;
  - (c) Adequate and effective management controls have been identified for each risk;
  - (d) Controls are being complied with, through regular review and testing of control systems;
  - (e) Risks are reassessed as result of the introduction of new systems or amendments to existing systems;
  - (f) Where a fraud has occurred, or has been attempted, controls are reviewed and new controls implemented, as necessary, to reduce the risk of frauds recurring;
  - (g) Fraud occurrences are quantified on an annual basis and Risk Registers/ Risk and control Frameworks updated to reflect the quantum of fraud within the Business Area. Where appropriate, strategies should be devised to combat recurrence of fraud and targets set to reduce the level of fraud; and
  - (h) The recommendations of internal and external audit are promptly implemented (where appropriate).
- IV. As fraud prevention is the ultimate aim, anti-fraud measures should be considered and incorporated in every system and programme at the design stage, e.g. the design of application forms, the statement of accountability in respect of the content in completed applications, regular monitoring of expenditure etc. Internal Audit will offer advice to managers on risk and control issues in respect of existing and developing systems/programmes.

**a. Internal Audit**

- a. Internal Audit is responsible for the provision of an independent and objective opinion to the Accounting Officer on risk management, control and governance processes. The adequacy of arrangements for managing the risk of fraud and ensuring the Department promotes an anti-fraud culture is a fundamental element in arriving at an overall opinion.
- b. Internal Audit does not carry prime responsibility for the prevention and detection of fraud. However, internal auditors should be alert in all their work to risks and exposures that could allow fraud. Individual audit assignments, therefore, are planned and prioritised to assist in deterring and preventing

fraud by examining and evaluating the effectiveness of control commensurate with the extent of the potential exposure/risk.

**b. Staff Responsibilities**

- i. Every member of staff has a duty to ensure that public funds are safeguarded and therefore, everyone is responsible for:
- ii. Acting with propriety in the use of official resources and the handling and use of funds in all instances. This includes cash, vouchers, warrants, tickets etc and/or payment systems, receipts and dealing with suppliers;
- iii. Conducting themselves in accordance with the seven principles (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
- iv. Being vigilant to the possibility that unusual events or transactions could be indicators of fraud and alerting their line manager where they believe the opportunity for fraud exists
- v. It is the responsibility of every member of staff to report details immediately to their line manager if they suspect that a fraud has been attempted or committed, or see any suspicious acts or events.
- vi. Their lawyers can give free confidential advice at any stage regarding a concern about serious malpractice at work. An employee can, of course, also seek advice from a lawyer of their own choice, at their own expense.
- vii. Staff must also assist any investigations by making available all relevant information and by co-operating in interviews. Any information provided by staff will be treated confidentially
- viii. As stewards of donor funds all staff must have, and be seen to have, high standards of personal integrity. Staff should not accept gifts, hospitality or benefits of any kind from a third party, which might be seen to compromise their integrity.
- ix. It is also essential that staff understand and adhere to laid down systems and procedures including those of a personnel/management nature such as submission of expenses claims and records of absence, flexi and annual leave.

## 9. INVESTIGATIONS

- a. Line managers should be alert to the possibility that unusual events or transactions can be symptoms of fraud or attempted fraud. Fraud may also be highlighted as a result of specific management checks or be brought to management's attention by a third party.
- b. It is SAYWHAT policy that there will be consistent handling of all suspected fraud cases without regard to position held or length of service.
- c. Investigators should have free access to all staff, records and premises in order to carry out investigations.
- d. Irrespective of the source of suspicion, it is for the appropriate line management to undertake an initial examination to ascertain the facts (normally the Director) and to confirm or repudiate the suspicions, which have arisen so that, if necessary, further investigation may be instigated. After suspicion has been aroused, prompt action is essential.
- e. If the initial examination confirms the suspicion that a fraud has been perpetrated or attempted, management should follow the procedures provided in the Fraud Response Plan, which forms part of the SAYWHAT's anti-fraud policy.
- f. Dealing effectively with suspected fraud involves prompt action. The following minimum time frame has therefore been established. In many cases straightforward fraud should be resolved in a much shorter time frame.

Activities	Time Frame
Notification to senior /line management	within 3 days
Initiation of fraud investigation	within 10 days
Verbal findings of investigation to senior management	within 20 days
Written report on investigation	within 30 days
Management action	within 60 days
Implementation of recommendation	within 180 days

Where an investigation is likely to take more than 180 days, this should be notified to the Finance, Admin and legal committee.



## 10. DISCIPLINARY ACTION

- a. After full investigation the organization will take legal and/or disciplinary action in all cases where it is considered appropriate. Any member of staff found guilty of perpetrating a fraud against the organization will be considered to have committed a serious disciplinary offence and may be dismissed from the organization
- b. Where supervisory negligence is found to be a contributory factor, disciplinary action may also be initiated against those managers/supervisors responsible.
- c. It is SAYWHAT policy that in all cases of fraud, whether perpetrated or attempted by a member of staff or by external organisations or persons, the case will be referred to the police at the earliest possible juncture and that restitution and prosecution will be pursued by whatever means possible.
- d. Compliance with this Anti-Fraud Policy is compulsory and failure to do so may result in disciplinary action.
- e. Losses resulting from fraud should be recovered if necessary through civil action.

## 11. CHARACTERISTICS OF FRAUD

- Missing expenditure vouchers and unavailable official records
- SAYWHAT management coupled with a pressured business climate
- Profitability declining
- Excessive variations to budgets or contracts
- Refusals to produce files, minutes or other records
- Related party transactions
- Increased employee absences
- Borrowing from fellow employees
- An easily led personality
- Covering up inefficiencies
- Lack of Board oversight
- No supervision
- Staff turnover is excessive
- Figures, trends or results which do not accord with expectations
- Bank reconciliations are not maintained or can't be balanced
- Excessive movement of cash funds
- Multiple cash collection points
- Remote locations
- Unauthorised changes to systems or work
- Officers with excessively flamboyant characteristics
- Employees suffering financial hardships
- Placing undated/post-dated personal cheques in petty cash
- Employees apparently living beyond their means
- Heavy gambling debts
- Signs of drinking or drug abuse problems
- Conflicts of interest
- Lowest tenders or quotes passed over with scant explanations recorded
- Employees with an apparently excessive work situation for their position
- Managers bypassing subordinates
- Subordinates bypassing managers
- Excessive generosity
- Large sums of unclaimed money
- Large sums held in petty cash
- Lack of clear financial delegations
- Secretiveness
- Apparent personal problems
- Marked character changes

- practices
- Employees with outside business interests or other jobs
- Large outstanding bad or doubtful debts
- Poor morale
- Excessive control of all records by one officer
- Poor security checking processes over staff being hired
- Unusual working hours on a regular basis
- Refusal to comply with normal rules and practices
- Personal creditors appearing at the workplace
- Non taking of leave
- Excessive overtime
- Large backlogs in high risk areas
- Lost assets
- Excessive ambition
- Apparent lack of ambition
- Unwarranted organisation structure
- Absence of controls and audit trails.
- Socialising with clients – meals, drinks, holidays
- Seeking work for clients
- Favourable treatment of clients – e.g. allocation of work
- Altering contract specifications
- Contract not completed to specification
- Contractor paid for work not done.
- Grants not used for specified purpose – e.g. Leasing capital equipment instead of purchasing them

### **Corporate Fraud**

- Lack of thorough investigations of alleged wrongdoing
- Pecuniary gain to organisation – but no personal gain

#### **a. Common Methods and Types of Fraud**

- Payment for work not performed
- Forged endorsements
- Altering amounts and details on
- False official identification used
- Damaging/destroying documentation
- Using copies of records and receipts

- documents
- Collusive bidding
- Overcharging
- Writing off recoverable assets or debts
- Unauthorised transactions
- Selling information
- Altering stock records
- Altering sales records
- Cheques made out to false persons
- False persons on payroll
- Theft of official purchasing authorities such as order books
- Unrecorded transactions
- Transactions (expenditure/receipts/deposits) recorded for incorrect sums
- Cash stolen
- Supplies not recorded at all
- Inappropriate use of assets like air/rail tickets/vouchers – convertible for value
- Using imaging and desktop publishing technology to produce apparent original invoices
- Charging incorrect amounts with amounts stolen
- Transferring amounts between accounts frequently
- Delayed terminations from payroll
- Bribes
- Over claiming expenses
- Skimming odd pence and rounding
- Running a private business with official assets
- Incorrect facsimile signatures
- False compensation and insurance claims
- Stealing of discounts
- Selling waste and scrap.

#### **b. Examples of Good Management Practices**

- a. All income is promptly entered in the accounting records with the immediate endorsement of all cheques
- b. Regulations governing contracts and the supply of goods and services are properly enforced

- c. Accounting records provide a reliable basis for the preparation of financial statements
- d. Controls operate which ensure that errors and irregularities become apparent during the processing of accounting information
- e. A strong internal audit presence
- f. Management encourages sound working practices
- g. All cash/non-cash assets are properly recorded and accounted for with strict control over known or expected losses
- h. Accounting instructions and financial regulations are available to all staff and are kept up to date
- i. Effective segregation of duties exists, particularly in financial accounting and cash/securities handling areas
- j. Close relatives do not work together, particularly in financial, accounting and cash/securities handling areas
- k. Creation of a culture to promote ethical behaviour
- l. Act immediately on internal/external auditor's report to rectify control weaknesses
- m. Review, where possible, the financial risks of employees
- n. Issue accounts payable promptly and follow-up any non-payments
- o. Set standards of conduct for suppliers and contractors
- p. Maintain effective security of physical assets; accountable documents (such as cheque books, order books); information, payment and purchasing systems
- q. Review large and unusual payments
- r. Perpetrators should be suspended from duties pending investigation
- s. Proven perpetrators should be dismissed without a reference and prosecuted
- t. Query mutilation of cheque stubs or cancelled cheques
- u. Store cheque stubs in numerical order
- v. Undertake scheduled or unscheduled checks and institute confirmation procedures

- w. Develop well defined procedures for reporting fraud, investigating fraud and dealing with perpetrators
- x. Maintain good physical security of all premises
- y. Randomly change security locks and rotate shifts at times (if feasible and economical)
- z. Conduct regular staff appraisals
- aa. Review work practices open to collusion or manipulation
- bb. Develop and routinely review and reset data processing controls
- cc. Regularly review accounting and administrative controls
- dd. Set achievable targets and budgets, and stringently review results
- ee. Ensure staff take regular leave and as far as possible use all leave entitlement annually
- ff. Rotate staff between posts
- gg. Ensure all expenditure is authorised at appropriate level
- hh. Conduct periodic analytical reviews to highlight variations to norms
- ii.** Take swift and decisive action on all fraud situations
- jj.** Ensure staff is fully aware of their rights and obligations in all matters concerned with fraud.

## 12. FRAUD RESPONSE PLAN

### a. Introduction

- a. SAYWHAT has prepared this Fraud Response Plan to act as a procedural guide and provide a checklist of the required actions, which must be followed, in the event of a fraud, or attempted fraud, being suspected.
- b. Adherence to this plan will ensure that timely and effective action is taken to prevent further losses, maximise the recovery and minimise recurrence of losses, identify the fraudsters and maximise the success of any disciplinary/legal action taken.
- c. The overarching theme of this plan is 'IF IN DOUBT, ASK FOR ADVICE'. This applies at any point in an investigation.

### b. Preliminary Stage

***In the event of a fraud, attempted fraud or other illegal act being suspected, the officer should immediately report the matter to their line manager. If there is concern that line management may be involved, the matter should be reported to the next appropriate level.***

- a) It is for line management to undertake an initial exercise to ascertain the facts. This discreet enquiry should be carried out as speedily as possible and certainly within 24 hours of the suspicion being raised.
- b) The purpose of the initial fact-finding exercise is to determine the factors that gave rise to the suspicion and to clarify whether a genuine mistake has been made or if it is likely that fraud has been attempted or occurred. This may involve discreet enquiries with staff or the examination of documents. **It is imperative that such enquiries should not prejudice subsequent investigations or corrupt evidence; therefore, IF IN DOUBT, ASK FOR ADVICE.**
- c) If the preliminary enquiry confirms that a fraud has not been attempted or perpetrated, however, internal controls are deficient, and management should review their control systems with a view to ensuring they are adequate and effective. Internal Audit is available to offer advice and assistance on matters relating to internal control if required.

### **c. Formal Reporting Stage**

- a) If the preliminary enquiry confirms the suspicion that a fraud has been attempted or perpetrated, management must ensure that all original documentation and computer-based files are preserved in a safe place for further investigation. This is to prevent the loss of evidence, which may be essential to support subsequent disciplinary action or prosecution. The facts should be reported immediately to the Director.
- b) To remove any threat of further fraud or loss, management should immediately change/strengthen procedures and if appropriate, suspend any further payments pending full investigation.

### **d. Action Required for Internal Fraud**

- Where there is the suspicion of staff being involved (internal fraud) the Director should be notified immediately.
- The Director will decide on the appropriate course of action including the full formal investigation arrangements. Officers who are independent from the management of the business unit should determine the scope of the investigation. The investigation should be conducted by at least two officers, one of whom is trained in investigative techniques and independent of the area under scrutiny.

**It is the organization's policy to suspend an individual suspected of fraudulent activity at the earliest juncture. Suspension itself does not imply guilt – it is simply another safeguard to prevent the removal or destruction or alteration of evidence.**

### **e. Action Required for External Fraud**

Where fraud is suspected involving an external organisation or individual, management must determine, having consulted with the Lawyers, and an appropriate course of action. If there is sufficient evidence, the Director will notify the police. Thereafter, the investigation will be guided by police advice. The board Chairperson must be advised of all such cases before a notification to the police.

### **Liaison with the Police**



The Director and the board should ensure that legal and/or police advice is sought where necessary.

**f. Post Event Action**

1. Where a fraud, or attempted fraud, has occurred; management must make any necessary changes to systems and procedures to ensure that similar frauds or attempted frauds will not recur. Additionally, if a SAYWHAT employee is suspected of involvement, the Director will consider the appropriate course of action. This may range from close monitoring/supervision to precautionary suspension, however, it should be noted that suspension does not in any way imply guilt.
2. The Finance Officer is available to offer advice and assistance on matters relating to internal control if considered appropriate.
3. Following an investigation, the investigation team will compile a report documenting lessons learned from all aspects of the fraud or attempted fraud, i.e., the cause, how it was detected, the investigation process and how similar frauds or attempted frauds can be prevented in future. The report will be circulated as appropriate.

**g. Conclusion**

Any queries in connection with this response plan should be made to THE Finance Office.

**THUS DONE and SIGNED at HARARE on this day**

.....

.....

**BOARD CHAIRPERSON**

.....

**EXECUTIVE DIRECTOR**