



**Protecting women and children against violence**

# **Fraud Policy and fraud response Plan**

## **Introduction**

MIFUMI requires all staff at all times to act honestly and with integrity and to safeguard the resources for which they are responsible. MIFUMI's policy is that:

- any level of fraud or corruption in or against the Organisation will not be tolerated;
- every attempt will be made to deter and prevent fraud;
- opportunities for fraud and corruption will be reduced to the lowest possible level of risk;
- staff will be made aware of the obligation to report suspicions of fraud;
- mechanisms will be in place for staff to report fraud;
- any suspicion of fraud will be thoroughly investigated and dealt with appropriately;
- any evidence of criminal activity will be reported to the Police; and
- Mechanisms will be in place for seeking redress in respect of money defrauded.

MIFUMI also expects that individuals and organisations (e.g. suppliers, contractors and service providers) that it interacts with will act towards the Organisation with integrity and without thought or actions involving fraud. Where relevant the MIFUMI will include appropriate clauses in its contracts about the consequences of fraud, bribery and corruption; evidence of such acts is likely to lead to a termination of the particular contract and may lead to prosecution.

## **What is Fraud?**

The definition of fraud, and its manifestation is defined and governed by the relevant statutes and laws of Uganda.

## **Avenues for Reporting Fraud**

MIFUMI has in place avenues for reporting suspicions of fraud. Staff should report such suspicions to the Head of Finance or other nominated person responsible for managing the risk of fraud within the Organisation.

All matters will be dealt with in confidence and in strict accordance with the terms relevant Ugandan governing laws and statutes.

## **Responsibilities**

The responsible person within MIFUMI has overall responsibility for the Organisation's counter-fraud policy and procedures, and for establishing and maintaining a sound system of internal control that supports the achievement of MIFUMI's policies, aims and objectives.

The system of internal control is based on an ongoing process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively. Managing fraud risk will be seen in the context of the management of this wider range of risks.

Responsibilities include:

- Developing a fraud risk profile and undertaking a regular review of the fraud risks associated with each of the key organisational objectives in order to keep the profile current;
- Establishing an effective anti-fraud policy and fraud response plan, commensurate to the level of fraud risk identified in the fraud risk profile;
- Designing an effective control environment to prevent fraud commensurate with the fraud risk profile;
- Establishing appropriate mechanisms for:
  - reporting fraud risk issues;
  - reporting incidents of fraud to the governing body;
  - reporting to the Police; and
- Liaising with the Risk Management Committee and / or Audit Committee;
- Ensuring that MIFUMI's recruitment policy is adhered to and that effective steps are taken at recruitment to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts.
- Making sure that all staff are aware of MIFUMI's anti-fraud policy and know what their responsibilities are in relation to combating fraud;
- Ensuring that appropriate counter-fraud training is available to staff;
- Ensuring that vigorous and prompt investigations are carried out if fraud occurs or is suspected;
- Ensuring that appropriate legal and / or disciplinary action is taken against perpetrators of fraud;
- Taking appropriate disciplinary action against supervisors where supervisory failures have contributed to the commission of fraud;
- Taking appropriate disciplinary action against staff who fail to report fraud;
- Taking appropriate action to recover assets;

- Ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future.

Operational managers / supervisors are responsible for:

- Ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively;
- Preventing and detecting fraud;
- Assessing the types of risk involved in the operations for which they are responsible;
- Reviewing and testing the control systems for which they are responsible regularly;
- Ensuring that controls are being complied with and their systems continue to operate effectively;
- Implementing new controls to reduce the risk of similar fraud occurring where frauds have taken place.

Every member of staff is responsible for:

- Acting with propriety in the use of MIFUMI's resources and the handling and use of funds whether they are involved with cash or payments systems, receipts or dealing with suppliers;
- Being alert to the possibility that unusual events or transactions could be indicators of fraud;
- Reporting details immediately through the appropriate channel if they suspect that a fraud has been committed or see any suspicious acts or events;
- Cooperating fully with whoever is conducting internal checks or reviews or fraud investigations.

### **Fraud Response Plan**

MIFUMI has a Fraud Response Plan that sets out, for example, how to report suspicions of fraud, how the fraud will be investigated and by whom, what experts to contact for advice. The Plan forms part of the Organisation's anti-fraud policy.

# MIFUMI FRAUD RESPONSE PLAN

## Purpose

The purpose of this plan is to provide guidance on the action to be taken when a fraud is suspected or discovered. It covers among other things, to whom the fraud will be reported, responsibilities for actions, who will investigate the incident and how employees under suspicion will be dealt with. The use of the plan may enable the governing body within MIFUMI to:

- prevent further loss;
- establish and secure evidence necessary for criminal and disciplinary action;
- notify the relevant authority, funding body and/or Police;
- establish circumstances in which external specialists will be involved;
- minimise and recover losses;
- punish the culprits;
- review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud; and
- keep all personnel with a need to know suitably informed about the incident and the Organisation's response.

## Initiating Action

### Detection

Suspicion of fraud or irregularity may be captured through a number of means, including the following:

- supervision and checking outputs;
- random spot checks by managers;
- operation of proper management and control procedures;
- a complete and secure audit trail;

### Action to be taken

- a) All actual or suspected incidents of fraud will be reported without delay to the **Fraud Liaison Officer or other nominated person** responsible for managing the risk of fraud within MIFUMI
- b) MIFUMI will immediately take steps to identify if the actual or suspected fraud involves public funding or is restricted to the MIFUMI's own funds.
- c) Where the fraud may involve public funding MIFUMI will immediately contact the **relevant funding body** for guidance on what action needs to be taken by MIFUMI. This may include advice on any preliminary enquiries which may be required and on who will conduct the investigation;
- d) If the fraud involves MIFUMI's own private funding then the Police should be notified immediately. In such instances the Police will be responsible for taking forward any investigation and providing advice in respect of any preliminary enquiry to be undertaken.

## Prevention of further loss

- a) Where initial enquiries provide reasonable grounds for suspecting a member or members of staff of fraud, MIFUMI will decide how to prevent further loss. This may require the suspension, with or without pay of the suspect(s); it may be necessary to plan the timing of suspension to prevent the suspect(s) from destroying or removing evidence that may be needed to support disciplinary or criminal action. **Regard should be paid to guidance below in relation to disciplinary action.**
- b) In these circumstances, the suspect(s) will be approached unannounced. They will be supervised at all times before leaving the premises. They will be allowed to collect personal property under supervision, but will not be able to remove any property belonging to MIFUMI. Any security passes and keys to premises, offices and furniture will be returned.
- c) MIFUMI will consider the best means of denying access to its premises/property while the suspect(s) remain suspended (for example by changing locks and informing staff not to admit the individual(s) to any part of the premises). Similarly, access permissions to all computer systems will be withdrawn.

## Establishing and securing evidence

Following an allegation or the report of a suspicion of fraud, information to determine whether fraud is a possibility will initially be obtained by the organisation:

Discreet enquiries –

- MIFUMI must follow up any such suspicions or allegations; this may involve enquiries with for example members of the management committee, employees and volunteers. These will be carried out in such a way as to ensure that innocent individuals are not harmed by false accusations; and in the event of a fraud having been committed to avoid alerting the perpetrators.

Review of documents/records–

- Security of records - once a suspected fraud is reported, steps will be taken immediately to prevent the theft, alteration, or destruction of relevant records. Such actions may include, but are not necessarily limited to, removing the records and placing them in a secure location, limiting access to the location(s) where the records currently exist, and preventing the individual(s) suspected of committing the fraud from having access to the records. The records must be adequately secured until the relevant investigation unit or the Police obtain the records to begin an investigation.

The funding body or the Police may consider whether it is necessary to investigate systems other than that which has given rise to suspicion, to determine the extent of any fraudulent activity

At an early stage it may be useful to seek guidance from either the funding body or the Police, on how to proceed and to ensure that evidence requirements will be met during any fraud investigation.

### **Recovery of losses**

Where MIFUMI has suffered a loss, efforts will be made to recover that loss. In some circumstances this may involve a civil action and it will probably be necessary to seek legal advice. If the loss may be covered by insurance then the appointed brokers will be advised at the earliest opportunity.

The funding body or the Police should be able to advise on options available.

### **Other Issues**

#### Disciplinary action

The application of disciplinary procedures is solely a matter for MIFUMI. Advice shall however be obtained, either from the funding body or the Police, on whether or not such action could impede or interfere with a potential criminal investigation.

All disciplinary action will be conducted in line with relevant employment legislation and recognised codes of practice.

#### Review of Fraud Response Plan

The Fraud Response Plan will be reviewed annually or following an incident of fraud, to ensure that it reflects changes, which may be necessary to strengthen future responses to fraud. Changes to the Fraud Response Plan will be the responsibility of MIFUMI