

SCI POLICY: FRAUD, BRIBERY AND CORRUPTION

Functional Area:	Counter Fraud Management
Owner (Name + Position):	Global Counter Fraud Director – Asha Abdullahi Hussein
Approved by:	Chief Risk Officer (CRO)
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Applicable to:	<ul style="list-style-type: none"> • SCI staff including agency workers, seconded workers, volunteers, interns, contractors and consultants • Third parties including partners, suppliers, distributors, agents and advisers

SECTION I: PURPOSE

The purpose of this policy and accompanying procedure is to:

- Set out our responsibilities as an organisation and how SCI will achieve our aim to observe and uphold our zero-tolerance approach to ***fraud, bribery and corruption*** in our work including with any third party that SCI engages with; and
- Provide information and guidance to those working for SCI on how to recognise and deal with ***fraud, bribery and corruption***.

Where the guidance in this policy conflicts with any applicable laws or regulations, the higher standard must at all times be observed, so that SCI is compliant with all applicable laws and regulations.

- All SCI staff including agency workers, seconded workers, volunteers, interns, contractors, consultants, and agents are responsible for ensuring compliance with this policy, with the Senior Management Team (SMT) in each country and region taking lead responsibility for implementing and raising awareness of this policy.
- SCI employees must ensure ***third parties*** working with SCI are made aware of and understand their obligations under this policy.
- Each supplier, partner and consultant must confirm their knowledge of and adherence to the principles of this policy as part of their contractual relationship with SCI.

All employees will be required to undertake and be able to demonstrate they have completed the compulsory fraud awareness training (either face-to-face or through the SCI Fraud Awareness e-learning module) within the first two months of their employment.

SECTION 2: POLICY STATEMENT(S)

1	SCI is committed to acting professionally, fairly and with integrity in our work and relationships in all the countries in which we work. SCI takes its moral, legal and ethical responsibilities extremely seriously and has put in place effective systems to protect against fraud, bribery and corruption in our organisation
2	SCI takes a “ zero-tolerance approach ” to fraud, bribery and corruption, which means SCI is committed to the highest standards of corporate governance, fiduciary duty, responsibility and ethical behaviour. Fraud, bribery, and corruption diminishes our impact for children, undermining the viability of our organisation, and breaching the trust placed in us by our donor community.
3	All SCI employees are responsible for taking all necessary and appropriate steps to prevent, deter, and detect fraud, bribery, and corruption within their areas of responsibility.
4	SCI employees should consider fraud, bribery, and corruption risks at the outset of any new activity and take practical steps to mitigate those risks through a comprehensive fraud risk assessment at programme design stage.
5	SCI is committed to taking all appropriate corrective actions, including disciplinary, legal or other actions, in light of any findings of fraud, bribery, or corruption with respect to relevant individuals (including those who have committed fraud and/or anyone who knew of such fraud but failed to act). SCI will take steps following any incidents of fraud, bribery, or corruption to review controls and protocols to identify and address any gaps or weaknesses.
6	As a UK charity, SCI is bound by the laws of England and Wales, including for these purposes the Fraud Act 2006 and the Bribery Act 2010, in regards to our conduct both at home and abroad. SCI will uphold all local laws relating to fraud, bribery and corruption in all the jurisdictions in which we operate.
7	SCI employees who are guilty of bribery and corruption could face a criminal prosecution resulting in imprisonment. If SCI is found to have taken part in corrupt activities, we may be subjected to regulatory censure, unlimited fines, be excluded from tendering for institutional funding, and face serious damage to our reputation. All these have a direct negative impact on the children we are trying to help and it is with this in mind that SCI fully commits to preventing fraud, bribery and corruption in our organization.
8	SCI has a responsibility to keep our Donors and Members fully informed and promptly updated on any suspicion of fraud relating to their funds
9	Suspicions of fraud, must be reported through one of the official reporting channels (as described in the fraud,bribery & corruption procedure). Any information relating to a suspicion of fraud must be treated with utmost confidentiality and not be shared with any third party other than those identified as part of the defined reporting channels.

SECTION 3: DEFINITIONS

Word/Term	Definition
FRAUD	<p>An act of deception intended for personal gain to obtain an advantage, avoid an obligation or to cause loss to another party even if no such gain or loss is in fact caused. For the purpose of this policy, fraud also covers the dishonest appropriation of property belonging to another, with the intention of permanently depriving them of it.</p> <ul style="list-style-type: none"> • <u>embezzlement</u>: improperly using funds, property, resources, or other assets belonging to SCI for their own personal advantage instead; • <u>collusion</u>: improperly colluding with others to circumvent, undermine, or ignore our rules, policies, or guidance (e.g. fixing the amounts of a tender in order to bring it below a certain threshold); • <u>abuse of a position of trust</u>: improperly using one's position within Save the Children for personal benefit (e.g. accessing confidential material or passing confidential information) or with the intention of gaining from, unfairly influencing or depriving the organisation of resources, money and/or assets; • <u>nepotism or patronage</u>: improperly using employment to favour or materially benefit friends, relatives, or other associates, or where someone requests that a Save the Children employee offer employment or some other advantage to a friend or relative (e.g. awarding contracts, jobs, or other material advantages); • <u>false accounting</u>: deliberately entering false or misleading information into accounts or financial records (e.g. entering false refunds or voids through the till in a retail shop); • <u>false invoicing</u>: knowingly creating or using invoices that are false in any way; • <u>expenses fraud</u>: dishonestly using the expenses system to pay money or other benefits to which the recipient is not entitled; • <u>payroll fraud</u>: dishonestly manipulating a payroll system to make unauthorised payments (e.g. by creating 'ghost' employees or by increasing an individual's salary); • <u>tax or duty evasion</u>: knowingly avoiding the payment of tax or any other duty that a person is aware should be paid; • <u>forgery</u>: dishonestly creating or altering documents to make any information in the document incorrect or misleading often with the effect of depriving the organisation of resources, money and/or assets; • <u>brand fraud</u>: dishonestly using Save the Children's name, branding or documentation for personal or private gain; • <u>obstructing proper process</u>: threaten or retaliate against another individual who has refused to commit a bribery offence or who has

	<p>raised concerns under this policy;</p> <ul style="list-style-type: none"> • <u><i>failing to disclose information</i></u>: not providing accurate and complete information relevant to your position which will adversely impact your ability to perform your role; for example, failure to disclose a '<i>conflict of interest</i>'
BRIBERY	<p>Offering, promising, giving, soliciting or accepting any financial or other <i>advantage</i>¹, to induce the recipient or any other person to act improperly in the performance of their functions, or to reward them for <i>acting improperly</i>², or where the recipient would act improperly by accepting the advantage. The outcome or reward for which the bribe is offered or given never actually has to occur for it to be a bribe; the promise of such an outcome/reward is sufficient.</p> <ul style="list-style-type: none"> • <u><i>paying or offering a bribe</i></u>: give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given; • <u><i>receiving or requesting a bribe</i></u>: accept a payment, gift or hospitality from a third party including from government officials, representatives or other politicians that you know or suspect is offered with the expectation that it provides them or anyone else an advantage in return; • <u><i>receiving improper benefits</i></u>: give or accept a gift or provide any hospitality during any commercial negotiations or tender process, if this could be perceived as intended or likely to influence SCI's decision-making; • <u><i>receiving a 'kickback'</i></u>: improperly receiving a share of funds or a commission from a supplier as a result of involvement in a bid, tender or procurement exercise.
CORRUPTION	<p>The abuse of entrusted power or position for private gain. It relates to dishonestly accepting, obtaining or attempting to obtain a gift or consideration as an inducement or reward for acting, or omitting to act.</p> <ul style="list-style-type: none"> • <u><i>facilitation payments</i></u>: typically small, unofficial payments made to secure or expedite a routine or necessary action (for example by a government official). They are an inherent risk in Fragile and Conflict affected states and constitute a form of diversion of aid from reaching those intended and potential sources of criminal and or terrorist financing.

¹ An advantage includes money, gifts, loans, fees, hospitality, services, discounts, the award of a contract or anything else of value

² A person acts improperly where they act illegally, unethically, or contrary to an expectation of good faith or impartiality, or where they abuse a position of trust. The improper acts may be in relation to any business or professional activities, public functions, acts in the course of employment, or other activities by or on behalf of any organisation of any kind

	<ul style="list-style-type: none"> • <u><i>improperly seeking to influence a public official</i></u>: to obtain or retain a business or other advantage either directly, or through a third party by offering, promising or giving a financial or other advantage that is not legitimately due to the official or another person at the official's request or with his/her assent or agreement.
CONFLICT OF INTEREST	<p>A Conflict of Interest arises where an employee has a private or personal interest which may, or could be perceived to, compromise their ability to do their job. Actual, potential (could develop) or perceived (could be considered likely) conflicts of interest can arise across all areas of our work. Conflicts may be of a personal, financial or political nature.</p> <p>A conflict of interest would arise when an employee or agent, any member of his or her immediate family, or an organisation which employs any of his family, has a financial or other interest in, or a tangible personal benefit from, a firm considered for a contract.</p> <p>To protect the integrity of SCI processes, all employees, partners, volunteers, interns, consultants, contractors and other third parties must immediately declare any actual or perceived conflict of interest between any personal, private interest and SCI's work</p>
THIRD PARTIES	<p>Any individual or organization SCI comes into contact with during the course of our work, and includes actual and potential clients, customers, partners, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians and political parties.</p>
CASH VOUCHER ASSISTANCE PROGRAMS AND BENEFICIARIES	<p>SCI operates in accordance and under the remit of donor rules and conditions, in addition to its own internal frameworks. Any type of deliberate manipulation in programmatic delivery constitutes a breach of this Policy, including but not limited to the following types under different stages:</p> <p>Registration stage</p> <ul style="list-style-type: none"> • <u><i>False representation by beneficiary</i></u>: presenting themselves as eligible for registration and to receive distributions when they are not due to health, familial, parental or economic circumstances falling outside of the targeting criteria (i.e 'borrowing' a child to present as a mother or presenting as a family when they are separated from family or living alone. Presenting as a local community member when they have travelled to the area for the targeting, registration and distribution. • <u><i>Corrupt inclusion or exclusion of beneficiaries</i></u>: community

	<p>leaders acting as gatekeepers to favour some community members and excluding others in targeting and registration. SCI staff/volunteers including friends or relatives in the registration. Religious/tribal discrimination relating to targeting and registration of beneficiaries</p> <ul style="list-style-type: none"> • <u>Extortion</u>: Potential beneficiaries being coerced to pay cash or act in a way to secure their registration, often under the threat of non registration. <p>Distribution stage</p> <ul style="list-style-type: none"> • <u>Modification of entitlement size or composition of cash distribution</u>: distributors/cashiers augmenting the amounts due to be distributed to the beneficiary i.e. ‘skimming’ off the top of the amounts e.g. 10%. • <u>Diversion of resources during distribution</u>: Prevention of beneficiary receiving their entitlement by theft, distribution to others, or claiming the distribution was already made to the beneficiary when it wasn’t. <p>Post distribution stage</p> <ul style="list-style-type: none"> • <u>Post distribution taxation</u>: Community members/leaders or cashiers taxing beneficiaries an amount of the distribution, often in order to secure inclusion on further distributions or to contribute to the community and sometimes under threat of removal from the registration and future distributions.
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SECTION 4: RELATED DOCUMENTS

1	SCI Fraud Awareness E-learning Module
2	SCI Fraud, Bribery & Corruption Procedure
3	Whistleblowing Policy and Procedure
4	Code of conduct