



Anti-Fraud, Corruption and Theft Policy

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Document Profile

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Version No.	Sources
1	In developing this Anti-Fraud, Corruption and Theft Policy, JOA consulted an array of existing resources, including (i) the fraud policies of Plan International, IMPACT, GOAL, Concern Worldwide, and the UK Department of Foreign Affairs and Trade, (ii) the frameworks of the Ikea Foundation and UNHCR, (iii) the investigation protocol of FCDO, (iv) the donor fraud incident reporting templates of Trocaire and the Start Network, (v) the published fraud report of Irish Aid, and (vi) the guidelines and definitions of CIMA Global and Investopedia.

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1 Introduction

1.1 Rationale

Jersey Overseas Aid (JOA) has a dual responsibility to the world's poorest and neediest people and to Jersey's taxpayers. As a recipient of public sector funds, it is vital that JOA is vigilant in the management and oversight of resources. Fraud and Corruption (defined in clause 2) can result in financial loss to the organisation, cause significant reputational damage, and divert resources – intended for humanitarian assistance and development – away from JOA's intended beneficiaries.

1.2 Aims of the Policy

This policy outlines JOA's approach for the prevention, detection, reporting and handling of Fraud, Corruption and Theft. JOA recognises the three elements of the 'fraud triangle' – Motivation, Opportunity, and Rationalisation – and takes a variety of measures to reduce or deter employees' or grantees' drivers to commit fraud.

This policy sets out the specific responsibilities of individuals with regard to preventing and reporting Fraud, Corruption and Theft, as well the procedure for reporting and investigating such incidents.

1.3 Scope

The JOA Anti-Fraud and Corruption Policy applies to:

- all employees of JOA;
- all Jersey Overseas Aid Commissioners;
- all secondees, interns and JOA Volunteers;
- all Consultants of JOA; and
- all organisations that have entered into a partnership with JOA, including, but not limited to, Grantees and Advisory Organisations. For the avoidance of doubt, the Policy must be referenced or included in any agreements with Partners.

All of the above individuals and entities are required to conduct themselves in accordance with the Policy and must therefore be aware of and have understood its provisions and any changes. When they are unsure of how to proceed, they should seek the advice of a competent person within JOA.

This policy should be read in conjunction with:

- JOA's Whistleblowing Policy
- JOA's Safeguarding Policy
- JOA's Code of Conduct (where applicable)
- JOA's Data Protection Policy

1.4 Principles

Zero Tolerance: JOA has a policy of zero tolerance of Fraud and Corruption, and we require all individuals and entities subject to this policy to act honestly and with integrity, and to safeguard the Resources for which they are responsible.

Transparency and Accountability: JOA is committed to the highest possible standards of openness, transparency and accountability in all its affairs and wishes to promote a culture of honesty and integrity.

Jersey's Public Finance Principles: JOA embodies and upholds the principles set out in the Government of Jersey's Public Finances Manual throughout its work.

2 Definitions

"Advisory Organisations"	Advisory organisations include any and all organisations that have entered into an agreement with JOA for the purpose of providing specialist support and thematic expertise. Advisory organisations may also be Grantees.
"Auditors"	The States of Jersey's internal audit team and any external auditors engaged for the purposes of auditing JOA.
"Consultant"	A consultant is a third party, individual or group, with or without legal personality, who directly or indirectly provides any type of consulting services to JOA.
"Corruption"	Corruption involves the actual or attempted complicit exchange of private gain (monetary or other) in return for the abuse of professional obligations. This includes offering, promising, giving, accepting or soliciting money, a gift or other private advantage as an inducement to, or reward for doing something that is illegal, an abuse of power or authority, a breach of trust or duty, or otherwise improper, in the course of carrying out an organisation's activities. Examples of Corruption are set out in Annex 1.
"Fraud"	Fraud concerns civil or criminal deception, intended for unfair or unlawful financial or personal gain or to cause loss to another party, such as by misappropriation of resources, abuse of position, collusion, false representation and/or prejudicing someone's rights, as well as the theft or misuse of JOA funds or other resources. Examples of Fraud are set out in Annex 1.
"Grantees"	Any registered organisation that is a recipient of funding from JOA for the purpose of delivering assistance overseas.
"JOA Volunteers"	JOA Volunteers include participants in community work projects, as well as desk-based volunteers who support JOA's activities for purposes including, but not limited to, gaining work experience.
"Partners"	JOA partners consist of Grantees, Advisory Organisations, and any other organisation JOA funds for the purpose of

supporting its international development, humanitarian, and outreach work.

“Resources” Resources consist of JOA funds and assets purchased using JOA funds, for which JOA or its Partners are responsible.

“Theft” The deliberate taking of property, including funds and assets, belonging to a JOA-funded project, without appropriate consent.

3 Roles and Responsibilities

3.1 JOA Commission

It is the responsibility of the JOA Commission to ensure that all relevant policies and procedures are in place to prevent and address instances of Fraud, Corruption and Theft.

3.2 JOA Director

The director of JOA is the Principal Accountable Officer and is responsible for the systems of internal control within JOA that support the achievement of the avoidance of fraud. This includes ensuring that all staff receive appropriate training.

The director of JOA is also ultimately responsible for ensuring that all reports of suspected and detected Fraud, Corruption and Theft – both (i) within JOA-funded projects and programmes and (ii) with JOA – are recorded and responded to accordingly.

3.3 JOA staff

Fraud, Corruption, or Theft within JOA

It is the responsibility of JOA staff (and any secondees to JOA) to:

- Be familiar with the types of Fraud, Corruption and Theft that might occur in their area.
- Ensure that effective internal controls are operating within their areas of responsibility.
- Be alert for any indication of improper activity and to maintain controls to avoid such occurrences.
- Carry out work in such a way as to prevent fraud occurring in the workplace, including acting with propriety in the use of official resources and the handling and use of public funds.

- Report any instances of suspected or detected Fraud, Corruption, or Theft in accordance with this policy.
- Cooperate fully in the event of any internal checks or reviews, or fraud and corruption investigations.

Staff responsible for the management of other employees, JOA Interns, Volunteers and Consultants must also ensure that all individuals under their control are provided with adequate training, given a copy of this policy and acknowledge its receipt.

Fraud, Corruption, or Theft in JOA-funded projects or programmes

The majority of JOA funds are directed toward providing overseas assistance through projects and programmes delivered by Grantees with their own fraud and corruption policies. JOA staff are responsible for the prevention of Fraud, Corruption and Theft in JOA-funded projects and programmes by:

- Carrying out proper due diligence of potential Partners, including consideration of Fraud and Corruption risks and their capability to manage said risks.
- Identifying any specific Fraud, Corruption and Theft risks during project set-up.
- Ensuring adequate control and assurance arrangements are in place to mitigate said risks.
- Ensuring that Grantees have been provided with this policy and informed of their reporting obligations.
- Engaging with Grantees and analysing project and programme reports for signs of potential Fraud, Corruption or Theft.
- Acting as a focal point for Grantees to submit reports of suspected or detected incidents.

3.4 JOA Partners

It is the responsibility of Partners to be familiar with the types of Fraud, Corruption and Theft that might occur in their area, to be alert for any indication of improper activity and to maintain controls to avoid such occurrences, as well as carry out their work in such a way as to prevent fraud occurring.

Partners are responsible for familiarising themselves with this policy and for adhering to all reporting requirements.

3.5 States of Jersey Treasury

As a States-funded Body without a separate bank account, JOA relies on Treasury to make and record payments, which are internally and externally audited by Treasury in the framework of its accountability and control procedures. JOA agreed with the

Government of Jersey that it would not keep a separate set of accounts, nor appoint its own external auditor.

As a result, the States of Jersey Treasury is responsible for ensuring that JOA's accounts are audited, however, JOA retains primary responsibility for preventing, detecting and mitigating fraud.

4 Approaches to preventing the opportunity for Fraud, Corruption and Theft

4.1 Separation of Duties and Conflicts of Interest

Separation of duties is the means by which no one person has sole control over the lifespan of a transaction. Ideally, at least two people should be responsible in the course of (i) initiating, (ii) recording, (iii) authorizing, and (iv) reconciling a transaction.

4.2 Pre-approval of Actions and Transactions

The requirement for pre-approval of actions and transactions, such as a Travel Authorization Procedure, reduces the opportunity for the fraudulent or corrupt use of assets.

4.3 Access Controls

The use of authentication and authorization measures, such as passwords, ensures that only appropriate individuals have access to financial systems.

4.4 Physical Controls

The restriction of access to assets through the use of physical controls, such as Safes, vaults, and safety deposit boxes, reduces the opportunity for theft.

4.5 Employee Screening and Training

Careful hiring practices, including background checks for all new recruits, will reduce the risk of engaging inappropriate individuals for roles. Furthermore, new employees should be provided with appropriate training and oversight.

5 Reporting

5.1 Suspected or detected Fraud, Corruption or Theft in JOA-funded projects or programmes

- **Partners:** In the event that a Partner suspects or detects an instance of Fraud, Corruption or Theft in relation to a JOA-funded project or programme, the Partner is required to report their concern to a member of JOA staff upon launching an investigation, regardless of whether or not the investigation has been concluded.
- **JOA staff:** In the event that a member of JOA staff is made aware of an instance of suspected or detected Fraud, Corruption or Theft in relation to a JOA-funded project

or programme – or said member of JOA staff suspects or detects an incident of Fraud, Corruption or Theft in the course of carrying out their duties – the member of JOA staff is required to report the incident to the director of JOA without delay.

- **JOA Volunteers, Interns and Consultants:** In the event that a JOA Volunteer, Intern or Consultant suspects or detects an instance of Fraud, Corruption or Theft in relation to a JOA-funded project or programme, such individual is required to report the incident to the director of JOA without delay.
- **JOA Director:** The director of JOA is the Accountable Officer at JOA and is required to ensure that all incidents of suspected and detected Fraud, Corruption or Theft are registered in the JOA Fraud Incident Log (an example of which is set out in Appendix 4).

The director of JOA is also responsible for escalating the incident to JOA Commissioners and States of Jersey Treasury, where appropriate, in accordance with the JOA Incident Response Plan (Appendix 3).

5.2 Suspected or detected Fraud, Corruption or Theft in JOA

- **JOA staff, Volunteers, Interns and Consultants:** In the event that an individual suspects or detects an incident of Fraud, Corruption or Theft in relation to JOA operations or with regard to a member of JOA staff, Volunteer, Intern or Consultant, such an individual is required to report the incident to the director of JOA.

In the event that the suspected or detected Fraud, Corruption or Theft relates to, or involves, the director of JOA, the incident must be reported directly to the chair of the JOA Commission.

- **JOA Director:** In the event that an incident of suspected or detected Fraud, Corruption or Theft comes to the attention of the director of JOA, the JOA director is required to initiate an investigation in accordance with the JOA Incident Response Plan (Appendix 3).

5.3 Whistleblowing

At all times, any individual is able to anonymously report concerns regarding suspected or detected Fraud, Corruption or Theft, directly to JOA, through JOA's Whistleblowing mechanism.

6 Recording

In accordance with the policy for reporting instances of suspected or detected Fraud, Corruption or Theft in JOA-funded projects or programmes, all incidents will be recorded in the JOA Fraud Incident Log.

Records of suspected or detected incidents of Fraud, Corruption or Theft in relation to JOA operations, or with regard to a member of JOA staff, Volunteer, Intern or Consultant, will be maintained separately and confidentially.

7 Response

7.1 Response Requirements

All instances of suspected or detected Fraud, Corruption or Theft must be handled in accordance with the JOA Incident Response Plan (Appendix 3).

Individuals who suspect or have detected an instance of Fraud, Corruption or Theft must not:

- Contact the suspected individual(s) directly in an effort to determine facts, demand explanations or restitution, save in the course of carrying out an authorised investigation.
- Discuss the issue with anyone other than the appropriate person to report to, except as required by law.

7.2 JOA right to recover losses

As a grant-making organisation, any loss of JOA funds through Fraud, Corruption or Theft in JOA-funded projects or programmes will be subject to the terms and conditions of the relevant grant agreement.

In accordance with JOA's grant agreement, the onus is on each Grantee to recover or reimburse JOA for any loss of funds to the project or programme as a result of Fraud, Corruption or Theft.

8 Data Protection

Any information provided to JOA under this policy will be processed in accordance with Jersey's data protection law and for the purposes set out in the policy.

If an investigation is subject to a freedom of Information (FOI) request then a response may be provided in accordance with the provisions of applicable data protection laws, ensuring it does not compromise any investigations or individuals' rights under the law.

Appendix 1

Examples of Fraud and Corruption

Examples of Fraud and Corruption include, but are not limited to:

Fraud

- Inappropriate use of an organisation's finances or assets.
- Submitting false expense claims.
- Forging, tampering with or falsely creating documents, including printed and electronic materials, records, online materials and electronic devices.
- Destroying or removing documents or records.
- Knowingly creating or distributing false financial information or reports.
- Deliberately ignoring or acquiescing in fraudulent activity.
- False Accounting.
- Counterfeit Currency.

Corruption

- A potential supplier offers money or a gift to influence a procurement/tender process.
- A job applicant offers payment or a gift to increase their chances of being hired.
- A gift, or excessive hospitality, is offered in return for a project being approved.
- An organisation hires a relative of a local official and the following month the organisation asks the official to grant an important permit.
- A potential or actual beneficiary offers a payment or a gift in return for them, or their family, being given aid to which they are not entitled.
- A government official asks for a payment to secure an organisation's registration.
- A customs official asks for an unofficial payment or gift to release goods.

Appendix 2

Signs of Fraud and Corruption

This list is not intended to be exhaustive, however, these examples are indicative of common red flags for Fraud and Corruption that may occur in JOA-funded projects or programmes or in relation to JOA itself:

- Abnormal cash payments.
- Pressure exerted for payments to be made urgently, or ahead of schedule without appropriate rationale.
- Private meetings with public contractors or companies hoping to tender for contracts.
- Lavish gifts being offered or received.
- A person who never takes holidays, time off when ill, or insists on dealing personally with specific contractors.
- Unexpected or illogical decisions made to accept projects or contracts.
- An unusually smooth processing of responsibilities where an individual does not have the required level of knowledge or expertise.
- Abuse of the decision-making process or delegated powers in specific cases.
- Agreeing to contracts where the terms or the time period are not favourable to JOA or a Partner.
- An unexplained preference for certain contractors during the tendering period.
- Avoidance of independent checks on the tendering or contracting processes.
- Raised barriers around specific roles or departments that are key to the tendering or contracting processes.
- Invoices being agreed in excess of the contract, without reasonable cause.
- Missing documents or records of meetings or decisions.
- Company procedures or guidelines not being followed.
- Lack of sufficient / independent oversight of practices and procedures.

Internal Policies

- The organisation does not anticipate fraud and believes kickbacks, collusion, and theft are rare.
- For 'security' or 'reputational' reasons, the organisation claims it cannot share information with other partners about corrupt staff, vendors, or sub-partners.
- The organisation has been operating in an area for several years and continues to have a number of waivers and deviations from normal policy.
- The organisation does not provide conflict-of-interest or anti-fraud training or Partner Management materials.
- The organisation does not conduct random site visits at any Grantees or sub-grantees' offices, warehouses, clinics, etc.
- A Partner has no fraud reporting mechanism for beneficiaries and staff.

Procurement

- The organisation has a high threshold for publicly advertised procurements.
- The organisation frequently uses sole source waivers and frequently justifies procurement decisions with subjective product quality or capacity reasons.
- Staff collect bids in person from the same vendors without witnesses or rotation.
- Procurement staff solicit tenders with very short response times or specifications such that only a specific vendor could win the contract.
- The organisation selects vendors based on quality but does not keep bid samples for later review.
- The quality control process is based on contract specifications and not the bid sample.
- Procurement committee membership is infrequently changed; records of procurement committee meetings are inadequate

Warehousing and Storage

- Inventory counts, and reconciliations are not periodically performed.
- Warehouses are not organised, and inventory is not sorted and properly labelled.
- Vendor delivery inspections never find any discrepancies.

Feedback Mechanisms

- The organisation does not have an independent beneficiary feedback mechanism.

- There is no way for staff at the organisation to report complaints to personnel outside of their immediate supervisors.

Reporting

- The organisation has never registered an allegation of fraud.
- A Partner fires staff or takes action without notifying JOA of the incident.
- Previous incidents have not been reported expeditiously.
- A Partner conducts its own internal investigations of fraud or theft-related incidents without JOA.
- A Partner has conducted numerous fraud investigations relating to a single project and found no concrete evidence of fraud.

Appendix 3

JOA Incident Response Plan

1 Incident relating to a JOA-funded project or programme

1.1 Investigation and initial reporting of a suspected or detected incident of fraud, corruption, or theft

Suspected or Detected by Partner: In the event that a Partner suspects or detects an incident of Fraud, Corruption or Theft, the Partner is required to submit a report to JOA. The Partner must then investigate the incident in accordance with its own policies, unless otherwise determined by JOA.

Suspected or Detected by JOA staff, Volunteer, Intern or Consultant: In the event that a member of JOA staff, Volunteer, Intern or Consultant suspects or detects an incident of fraud, corruption or theft – or is made aware of the possibility of such an incident as a result of a whistle-blower – such individual is required to report their concerns to the director of JOA without delay.

JOA will subsequently engage with the relevant organisation to obtain all relevant information pertaining to the incident, such as any receipts or records.

- In the event that JOA is concerned that the organisation had knowingly withheld concerns of suspected or detected fraud, corruption or theft, JOA may require an independent investigation into the incident.
- In the event that JOA is confident in the ability of the organisation to conduct its own investigation into the incident, the Partner must then investigate the incident in accordance with its own policies.

1.2 Recording of detected or suspected incident

The director of JOA is required to ensure that all reports of detected or suspected Fraud, Corruption or Theft are registered by JOA staff in the JOA Fraud Incident Log (an example of which is set out in Appendix 4).

1.3 Ongoing reporting of the investigation and its outcome

Where an investigation is underway in relation to a suspected or detected incident of Fraud, Corruption or Theft, the Partner – or any party commissioned by JOA to investigate the incident – is required to periodically update JOA with regard to the status of the investigation, its conclusion, and any outcomes.

1.4 Reporting to the JOA Commission

In the event that a report of suspected or detected Fraud, Corruption or Theft relates to a JOA-attributed sum of £5,000 or more, the incident will be brought to the attention of the JOA Commission, accompanied by a recommendation as to what further action is required.

In any event where the director of JOA deems that a report of suspected or detected Fraud, Corruption or Theft of whatever value demonstrates evidence of a significant control breach, or blatant failure of a Partner to adhere to this policy or their own policies, such incident will be brought to the attention of the JOA Commission, accompanied by a recommendation as to what further action is required.

In the event that the director of JOA determines that the outcome of an investigation does not resolve any serious concerns with regard to the project's management, organisational controls or procedures, JOA will bring the incident to the attention of the JOA Commission, accompanied by a recommendation for further action.

1.5 Reporting to the Government of Jersey

In accordance with the Public Finances Manual, in the event that the director of JOA determines that an incident of Fraud, Corruption or Theft constitutes a significant control breach or significant material loss to JOA, the incident will be reported to the Director of Risk and Audit, in addition to the JOA Commission, without delay.

2 Incident relating to JOA staff or operations

2.1 Recording of detected or suspected incident

- **JOA Director:** In the event that an incident of suspected or detected Fraud, Corruption or Theft is reported to the director of JOA in relation to JOA operations or with regard to a member of JOA staff, Volunteer, Intern or Consultant, the director is required to create a record of the report and trigger the process for investigating the incident.
- **Chair of the Commission:** In the event that an incident of suspected or detected Fraud, Corruption or Theft concerns the director of JOA and is reported to the Chair of the Commission, the chair is required to call an extraordinary meeting of Commissioners, which should be minuted, to trigger the process for investigating the incident.

2.2 Investigation of the suspected or detected fraud, corruption, or theft

- **Responsible persons:** Investigations should be undertaken by a team of at least two people, including one or more appropriately experienced representatives of either the Government of Jersey's HR Department or an independent HR advisory agency.

Where the fraud has financial implications, it is recommended that a person with suitable financial skills and experience is a part of the investigation team.

- **Investigation:** The purpose of the investigation is to establish the facts. All work of the investigation team should be documented, including transcripts of interviews conducted. The investigation should be held in a timely manner.

In order to ensure confidentiality, a confidentiality clause will usually form part of the interview notes sign-off statement, and breaches of confidentiality may result in disciplinary action for employees of JOA.

- **Investigation report:** The conclusion of all fraud investigations must be documented. The Investigation Report will contain all details relating to the investigation and a timeline of all the events which took place. The Report will also include the transcripts of any interviews undertaken and any legal advice received as an appendix. The report may also contain the recommendations of the investigation team on the course of action to be taken.

The person(s) that initially reported the suspected or detected incident should be informed of the outcome of the investigation, but this should be done only once the report and proposed course of action has been finalised.

2.3 Reporting findings to the JOA Commission

Once the investigation is complete, the investigation report should be provided to the Commissioners and documented in the B Minutes of the following Commissioners' meeting.

2.4 Reporting findings to the Government of Jersey

In the event that the outcome of an investigation finds that there has been an instance of significant material loss for JOA, or a significant loss of control, such incident will be reported to the Director of Risk and Audit, in addition to the JOA Commission, without delay.

3 Further Action

3.1 Suspension or termination of project or programme

In the event that it is determined that, in accordance with the terms of the grant agreement, it is necessary to suspend or terminate the project or programme, JOA will convey the decision to the Partner in a timely manner.

3.2 Termination, suspension, or disciplinary measures

In the event that it is determined that disciplinary measures are appropriate, or that it is necessary to terminate or suspend a Volunteer, Intern or member of JOA staff's

contract, such proceedings will be in accordance with JOA's standard disciplinary procedure, as set out in the terms of the individual's contract.

3.3 Recovery of losses

Where JOA has suffered loss, full restitution will be sought, and the recovery of costs will be sought from individuals or organisations responsible for the loss. If the individual or organisation cannot or will not make good the loss, consideration will be given to taking civil legal action to recover losses. This is in addition to any criminal proceedings which may result.

3.4 Police engagement

In the event that it is concluded that an incident of Fraud, Corruption or Theft has occurred in relation to a member of JOA staff, Volunteer, Intern or Consultant and that the loss exceeds £1,000, JOA Commissioners will report the incident to the Jersey police, unless otherwise agreed.

The JOA Commission retains the right to report incidents relating to sums under £1,000, and involving a member of JOA staff, Volunteer, Intern or Consultant, to the police at their discretion.

