

ANTI-FRAUD POLICY
of the International Charitable Foundation
“International HIV/AIDS Alliance in Ukraine”

Purpose

The Alliance Ukraine has a commitment to high legal and ethical standards. All members of staff, as well as consultants, contractors, partner organisations and any other parties with a financial or fiduciary relationship with the Alliance Ukraine are expected to share this commitment. The purpose of this Policy is to set out the policy of the Alliance Ukraine towards the prevention and detection of fraud and the procedures to be followed if fraud is detected or suspected. Every incident of fraud will be treated with zero tolerance.

Definition

Notwithstanding the Criminal Code of Ukraine provides for the explicit definition of the fraud, in the public and charitable sector, the term is used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, misappropriation and concealment of material facts. For purposes of this Policy *fraud* may be defined as the use of deception with the intention of obtaining an unjust or illegal financial gain or other unfair advantage. Yet a deception with no intention to receive unfair advantage or gain, contradicts to the principle of integrity and constitutes the breach of the Code of Ethics.

Policy

Fraud of any type represents a threat to the good name of the Alliance Ukraine and to the funds for which it is responsible. The Alliance Ukraine is, therefore, committed to the elimination of any fraud within the organisation and its partners, and to the thorough investigation of any such cases.

The policy of the Alliance Ukraine is to promote awareness among staff of the risk of fraud, to establish and maintain controls aimed at preventing and detecting fraud, and to take effective action whenever fraud is discovered or suspected.

The Alliance Ukraine considers it is the duty of all employees to act honestly and with integrity at all times, and to report any suspected irregularity without delay. Therefore it is also the Alliance’s policy, which will be rigorously enforced, that no employee will suffer in any way as a result of reporting reasonably held suspicions.

Responsibility of Alliance Ukraine’s governing bodies

The Board and Supervisory Committee of the Alliance Ukraine and special Senior Advisory Unit on Stakeholder Relations, Risk Management & Compliance (SA Unit: SR, RM&C) are responsible for identifying the major risks to which the Alliance Ukraine is exposed to, and for ensuring that appropriate systems, procedures and controls are in place. In the case of fraud, systems and controls should reduce the likelihood of fraud occurring, and the further procedures should outline the Alliance Ukraine’s response to a suspected or actual fraud.

Responsibility of Alliance Ukraine staff

The Executive Director, with the support of the directors, is responsible for the day-to-day management of the Alliance Ukraine, and therefore for the maintenance of the systems and controls designed to minimise the incidence of fraud within the organisation.

All directors are responsible for ensuring that, through a system of line management, employees are aware of the risks of fraud, familiar with the types of impropriety that might be expected to occur within their areas of responsibility, and alert for any indications of irregularity. Similarly, directors and line managers are responsible for ensuring that employees comply with systems established to prevent and detect fraudulent activity.

The SA Unit: SR, RM&C is specifically responsible for the design, implementation, development and maintenance of systems to prevent and detect fraudulent activity. Compliance with systems should be confirmed by both internal and external audits. It is the responsibility of SA Unit: SR, RM&C to maintain a register of reported cases of suspected fraud.

All employees have a duty to act honestly and with integrity at all times, and to report any suspected irregularity without delay.

Responsibility of all sub-grantees of the Alliance Ukraine

The Alliance Ukraine encourages all sub-grantees to have their own written anti-fraud policy. Any sub-grantee without such a policy may, as an alternative, adapt the Alliance Ukraine policy. The clause regarding anti-fraud issues is part of all grant agreements between the Alliance Ukraine and its sub-grantees.

Procedure for reporting suspected fraud – Alliance Ukraine

An employee who is concerned about the actions of a colleague or colleagues and suspects that a fraud has been committed or planned should not give the suspect any idea of his suspicions, as this would jeopardise any investigation. The details should be reported immediately by the employee in accordance with the Whistle-Blowing Policy

Procedure for reporting suspected fraud – the Alliance Ukraine sub-grantees

An Alliance Ukraine employee who is concerned about the action at Alliance Ukraine sub-grantees should in the first instance report their concerns to the relevant Alliance Ukraine director and/or the Senior Management Team of the Alliance Ukraine, or SA Unit: SR, RM&C Team.

The manager then should report the suspected fraud to SA Unit: SR, RM&C to discuss an appropriate course of action as set out in the next section.

Procedure for responding to all reports of suspected fraud

If the SA Unit: SR, RM&C concludes that the allegations have substance, an investigation should be initiated. The SA Unit Team is responsible for determining the nature of any such investigation that shall follow the Internal Investigation Procedures of Alliance Ukraine.

Such an investigation will aim to establish the extent of the fraud, identify the perpetrator, and determine whether other individuals are involved. It will also consider whether a lack of adequate systems and internal controls allowed the fraud to be perpetrated, or whether the problem arose due to a failure to ensure compliance with existing systems.

Disciplinary action

Non-compliance with existing systems may be evidence of negligence on the part of management, and those responsible will be subject to due disciplinary process. Serious negligence on the part of any manager or employee will be considered grounds for dismissal in accordance with the Labour Law of Ukraine.

It is the policy of the Alliance Ukraine to report all cases of suspected fraud to the relevant law enforcement authorities, who may then wish to take the necessary proceedings. In exceptional cases the Executive Director may decide not to report the matter to the police where for example such a report may potentially result in human rights violation due to the political environment in that country. Whether or not the matter is referred to the police, disciplinary action, which may result in dismissal, will be taken against the employee concerned.

An allegation which proves to be unfounded and of malicious intent could be considered an act of gross misconduct on the part of the employee concerned. Disciplinary action, which may result in dismissal, will be taken against any employee making such an allegation.