



Protect - Promote - Defend

# Anti Fruad Policy



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Lesbians, Gays, and Bisexuals of Botswana

Email [admin@legabibo.org](mailto:admin@legabibo.org)

Tel (+267) 316 7425 Fax (+267) 316 7465

P.O. Box 5500430 Mogoditshane, Botswana

## ANTI FRAUD POLICY

### 1. Introduction

LEGABIBO's Values, Mission Statement and Financial Policy underpin the organization's commitment to conduct business in pursuit of the highest ethical standards. Any act of fraud and corruption in LEGABIBO's activities depletes funds, assets and other resources necessary to fulfil LEGABIBO's mandate. Fraudulent and corrupt practices can also seriously damage LEGABIBO's reputation and diminish donor's trust in its ability to deliver results in an accountable and transparent manner. Furthermore, it may affect staff and personnel's effectiveness, motivation and morale and impact on the Organisation's ability to attract and retain a talented work force.

These ethical standards will be the framework for application of organizational policies and practices at all levels, such as oversight by the Board and management practices. It will resonate in the organizational structure; hiring and promotional practices; training and education; employee, donor, vendor and community relationships; and will contribute to a work environment that is conducive to conduct based on integrity, transparency, accountability and in turn, the organization's success.

### 2. Purpose

This Anti-Fraud Policy intends to support the Organization's commitment to protecting its revenue, property, reputation and other assets; to emphasize clearly the need for accurate financial reporting; and to define guidelines for the investigation and handling of fraud, should it occur.

### 3. Applicability

This Policy applies to all employees of LEGABIBO. This includes all full-time, part-time, and other temporary employees. In addition, the policy applies to all activities and operations of LEGABIBO.

### 4. Definition Of Fraud

In law, "fraud" generally involves an act of deception, bribery, forgery, extortion, theft, misappropriation, false representation, conspiracy, corruption, collusion, embezzlement, or concealment of material facts.

Fraud may be committed by: an individual; a group of individuals or by one or more organizations. Fraud is a violation of trust, that and in general, refers to an intentional act committed to secure personal or business advantage.

While fraud can cover many activities, this Policy is directed primarily at financial matters that could be legally defined as fraud. Examples of "financial fraud" generally fall into four broad categories and may include, but are not limited to:



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Misappropriation of Assets: Forgery; alteration or misappropriation of cheques; payments; unauthorized; non-business acquisition; use; or disposition of funds; inventory; furniture; fixtures; equipment; records; or other assets.

Fraudulent Financial Reporting: Earnings management - Improper Revenue Recognition. Over statement of assets, understatement of liabilities.

Expenditures and Liabilities for Improper Purposes: Bribery/Kickbacks, accepting hospitality such as meals or entertainment from a vendor, failing to disclose a financial interest in a business or outside party while participating in the award/management of a contract to the benefit of that business or outside party etc.

Fraudulently Obtained Income and Assets: Embezzlement, theft, falsifying time sheets or payroll records, including but not limited to reporting hours not worked; falsifying travel and entertainment expenses and/or utilizing company funds to pay for personal expenses. Fictitious reporting of receipts from suppliers/service providers, misappropriation of LEGABIBO owned computer hardware, software, data, or other records including intangibles (e.g. proprietary information, patents, etc.)

## 5. Fraud Prevention Measures

### 5.1. Fraud awareness

Staff members, volunteers, vendors, service providers, implementing partners and responsible parties must be aware of their responsibility to prevent fraud and corruption. In this regard, managers are to raise awareness of this Policy, and reiterate the duty of all staff members to report instances of fraud and corruption. Managers are also required to make non-staff personnel, volunteers, vendors, service providers, implementing partners and responsible parties contracted/engaged by their respective offices aware of this Policy.

### 5.2. Building fraud prevention into program and project designs

When developing a new programme or project, it is important to ensure that fraud risks are fully considered in the programme/project design and processes. This is especially important for high risk programmes/projects, such as those that are complex or operate in high risk environments. These programme/project risk logs shall be communicated to relevant stakeholders, including donors, implementing partners and responsible parties, together with an assessment of the extent to which risks can be mitigated. Programme and Project Managers are responsible for ensuring that the risk of fraud and corruption is identified during the programme/project design phase. They are to consider how easily fraudulent acts might occur and be replicated in the day-to-day operations. They are also to evaluate their impact, and the effectiveness of the measures taken to mitigate risks, including systemic monitoring actions. Informed decisions can then be made on additional mitigating actions.



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### 5.3. Integrity and other best practices

Integrity is a paramount consideration in the recruitment of staff members and the contracting of non-staff personnel. In this context, recruitment and procurement committees should ensure that the Organization recruits/contracts individuals that meet the standards of conduct expected of staff members and non-staff personnel. This can be achieved, for instance, by using specific interview assessment tools for integrity, professional experience and academic checks. Additionally, with respect to the hiring of staff members, the recruitment committee has the duty to enquire about the candidates' possible family relationships and to ensure that the candidates are aware of and declare any family or spousal relationships.

## 6. Policy and Responsibilities

- 6.1. It is LEGABIBO's intent to investigate any suspected acts of fraud, misappropriation or other similar irregularity. An objective and impartial investigation, as deemed necessary will be conducted regardless of the position, title, and length of service or relationship with the Organization of any party who might be or becomes involved in or becomes/is the subject of such investigation.
- 6.2. The Executive Committee/Board and Executive Secretary/CEO are responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud, misappropriations and other irregularities. LEGABIBO management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.
- 6.3. The Executive Secretary/CEO with consultation and support from the Finance & Administration Manager has the primary responsibility for overseeing the investigation of all activity as defined in this policy and as appropriate.
- 6.4. The Executive Secretary/CEO will immediately notify the Executive Committee/Board of any significant fraud investigation. Where there are reasonable grounds to indicate that fraud may have occurred, the Organization may report the incident to the appropriate authorities in order to pursue all legal remedies. In addition, the Organization will pursue every reasonable effort, including court ordered restitution, to obtain recovery of the losses from the offender. Upon conclusion of the investigation, the results will be reported to the Executive Committee/Board.

### 6.5. Procedures for Reporting

All Employees - Any employee who has knowledge of an occurrence of fraudulent conduct, or has reason to suspect that fraud has occurred, shall immediately notify their supervisor. If the employee has reason to believe that the employee's supervisor may be involved, the employee shall immediately notify the Executive Secretary/CEO or Finance & Administration Manager or Executive Committee/Board.

Upon notification from an employee of suspected fraud, or if the Executive Secretary/CEO has reason to suspect that fraud has occurred, they shall immediately notify the Executive Committee/Board.



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## 7. Investigation

Upon notification or discovery of suspected fraud, the Executive Secretary/CEO will take the following actions:

- 7.1. Promptly investigate the fraud. In order for investigations to be successful, complaints should be as specific as possible. To the extent possible they should include details such as;
  - The type of alleged wrong-doing;
  - When, where and how the wrongdoing occurred; and
  - Who was involved and may have knowledge of the matters reported.
- 7.2. Make every effort to keep the investigation confidential to the extent possible within the legitimate needs of the investigation; however, from time to time other members of the Executive Committee/Board will need to be consulted in relation to the investigation. Individuals wishing to protect their identity may report fraud anonymously.
- 7.3. After an initial review and a determination that the suspected fraud warrants additional investigation, the Executive Secretary/CEO will notify the Executive Committee/Board, as appropriate. When deemed necessary the Executive Secretary/CEO shall coordinate the investigation with the appropriate law enforcement officials. Internal or external counsel will be involved in the process, as deemed appropriate.

## 8. Security of Evidence

Once suspected fraudulent conduct is reported, immediate action to prevent the theft, alteration, or destruction of relevant records needs to occur. Such actions include, but are not necessarily limited to:

- Removing the records and placing them in a secure location,
- Limiting access to the location where the records currently exist, and preventing the individual suspected of committing the fraud from having access to the records.
- The records must be adequately secured until the Executive Secretary/CEO obtains the records to begin the audit investigation.

## 9. Confidentiality

All participants in a fraud investigation shall keep the details and results of the investigation confidential. However, as noted above, from time to time members of the Board/Executive Committees will need to be consulted in relation to the investigation.



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## 10. Actions Against Fraud

If a suspicion of fraud is substantiated by the investigation, disciplinary action, up to, and including dismissal, shall be taken by the Executive Secretary/CEO. In addition, administrative or other actions may be taken depending on the case. The outcomes may be as follows;

- 10.1. For staff members and volunteers disciplinary action.
- 10.2. For service contract holders and individual contractors, non-renewal or termination of their contract or other action as deemed necessary.
- 10.3. For vendors and service suppliers, termination of the contract and debarment from doing business with LEGABIBO and other sanctions.
- 10.4. Referral to the national authorities for criminal investigation and prosecution.
- 10.5. Recovery of financial loss and/or assets suffered by LEGABIBO and to return funds recovered to the respective funding internal controls.

## 11. Whistle-Blower Protection

No employee of LEGABIBO, or person acting on behalf of the Organization, in attempting to comply with this policy shall be dismissed or threatened to be dismissed, be disciplined or suspended or threatened to be disciplined or suspended, be penalized or any other retribution imposed, or be intimidated or coerced, based to any extent upon the fact that the employee has reported an incident or participated in an investigation in accordance with the requirements of this Policy.

Violation of this section of the Policy will result in disciplinary action, up to and including dismissal. If an allegation is made in good faith, but it is not confirmed by the investigation no action will be taken against the originator. If, however, allegations made are proven to be malicious, action may be considered against the individual making the allegation.

## 12. Reporting Fraud

### 12.1 Reporting Fraud To The Police

It is the policy of LEGABIBO to report all cases of suspected fraud to the local police, who may decide to investigate. In exceptional cases, the Executive Secretary/CEO is the only member of the SMT who may decide (with appropriate reason) not to report the matter to the police.

### 12.2 Reporting to the Board/Executive Committee

Reporting is an important element in communication and awareness of LEGABIBO'S Anti-Fraud Policy. A report on disciplinary cases, which sets out the disciplinary measures taken in cases of fraudulent or unethical behaviour, should be submitted to the Executive Committee/Board annually.