The MSI Anti-Fraud and Bribery Programme
Anti-Fraud and Bribery Policy

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Anti-Fraud and Bribery Policy

Introduction

A. Why is the Policy so important?

MSI recognises the significant risk that fraud and bribery pose to the achievement of its aims and objectives. Any money that is lost to fraud or bribery is money that cannot be used to deliver essential services to our clients.

Corrupt behaviour also seriously damages our reputation. The eradication of fraud and bribery in the way we operate is of great importance to securing the trust and confidence of our clients, donors and other business partners.

We owe it to the communities that we operate in not to condone fraud or bribery. Corruption creates unstable societies. It destroys public and business standards, and forces ordinary people to use resources that they can ill afford in their interactions with the government and other public bodies.

For these reasons, MSI takes a **zero tolerance approach** to fraud and bribery, and is committed to pursuing this approach throughout its operational practices across the MSI Partnership.

The Anti-Fraud and Bribery Programme

The Anti-Fraud and Bribery Programme ("**Programme**"), of which this document forms part, is designed to ensure that MSI has a culture of transparency, integrity and strong internal systems and controls, in relation to risk management and ethical business practices. **The Programme comprises four policies**:

- The Anti-Fraud and Bribery Policy (this document)
- The Speaking Up Policy
- The Conflicts of Interest Policy
- The Gifts and Entertainment Policy

These policies will be supported by a series of standard operating procedures, templates and checklists, and training workshops, to assist Country Programmes and support offices with implementation of the Programme. A diagram showing the components of the Programme is set out on the first page of this document, showing where this Policy sits within the wider Programme.

The MSI Board in London has ultimate responsibility for fraud and bribery risk management across the MSI Partnership. It delegates its responsibility to a Risk and Audit Committee which consists of members of the MSI Board, Executive team and SLT.

However, **everybody in MSI has an important role to play**.

B. Scope and overview of the Policy

This Policy applies to all persons in the MSI Partnership, including all employees, contractors, trainees, volunteers, sessional or temporary workers, and agency staff. Social franchises and other business partners (for example suppliers or consultants) are expected to adhere to the principles and values expressed in the Policy and subscribe to MSI's zero tolerance approach.

All the people to whom this Policy applies are collectively referred to as "**MSI People**".

This Policy is divided into five sections and one Appendix:

1. Defining Fraud, Bribery and Zero Tolerance
2. MSI Culture
3. Preventing Fraud and Bribery
4. Detecting and Investigating Fraud and Bribery
5. Monitoring and Review

The **Appendix** to this Policy contains examples of fraud and bribery.

1. Defining Fraud, Bribery and Zero Tolerance

Fraud

1.1. **Fraud is any act of deception carried out for the purposes of obtaining an unfair, undeserved and/or unlawful gain.** The gain does not have to be a monetary gain.

1.2. Fraud can be used to describe a wide variety of dishonest behaviour, such as corruption, forgery, theft, deliberately making false statements, deliberately hiding material facts, falsifying data, collusion and embezzlement. **Corruption is the abuse of entrusted power for private gain.**

1.3. An act of fraud does not have to result in gain to the fraudster; it can result in gain to a third party, such as a relative of the fraudster or even another team member.

1.4. If you intend to commit fraud and take steps to do so, MSI deems you to have committed fraud even if you are stopped before achieving your objective.

Bribery

1.5. **Bribery is a type of fraud**. **Bribery is the act of giving something (usually money) to another person, to influence their behaviour or position in a way that is improper.** Both the person who offers or gives the benefit, and the person who requests or accepts the benefit, have committed bribery.

1.6. Bribes can take the form of any advantage or reward, including cash, gifts, tips, commissions and fees. Bribery does not have to involve money, and there is no minimum value for a bribe.

1.7. An act of bribery can benefit those involved in the bribery, and/or third parties such as their relatives or employer.

1.8. Bribery includes making small unofficial payments (known as **grease** or **facilitation payments**) to a public official to secure or speed up a routine action to which you may be perfectly entitled – for example, you pay a public official a small "fee" to speed up the issuing of a visa. A "**public official**" is any person holding any legislative, executive, administrative or judicial office, whether they are appointed or elected, permanent or temporary, paid or unpaid. Candidates for public office, and employees of public international organisations (such as the United Nations) or donor organisations, should also be considered public officials.

1.9. Further illustrations of fraud and bribery are set out in the **Appendix** to this Policy.

Zero tolerance

1.10. Zero tolerance means that we will investigate any allegation or suspicion of fraud or bribery. Any member of MSI staff who is found, following an investigation, to have committed fraud and/or bribery will be subject to appropriate disciplinary action, which in most cases will lead to dismissal. However, this is subject to local employment laws which **must** be taken into account when carrying out such disciplinary action.

1.11. MSI will terminate its relationship with any contractor, supplier or business partner who is found to have committed fraud or bribery in its business dealings with MSI, even when this is done at the instance or in collusion with an MSI staff member. Suppliers must also speak up about any concerns they have about fraud and the Country Director is always available to support.

2. MSI Culture

2.1 MSI is opposed to any form of fraud or bribery. It is very important to us to conduct our operations in an honest and fair manner, and to promote a culture of openness and accountability.

As an English company, MSI and its partners are subject to the UK Bribery Act 2010 and are at risk of being prosecuted if any company or person associated with us commits bribery, even if that act takes place outside England. We are also committed to upholding all laws relevant to countering fraud and bribery in all the jurisdictions in which we operate.

2.2 In addition, our donors require us to be vigilant about fraud and bribery.

2.3 MSI's core behaviours include acting with "courage, authenticity and integrity" and "delivering excellence, always". In line with this, MSI expects:

- All MSI staff to adopt the highest standards of conduct and comply with the policies and procedures of the Programme.
- All MSI People to use the *Speaking Up Policy* if they genuinely suspect any kind of malpractice or corruption including fraud or bribery.
- Senior managers to deal properly and firmly with those who defraud or seek to defraud the mission, or who are corrupt.
- All business partners to act with integrity in their dealings with MSI.

2.4 Every MSI staff member and Board Member is required to sign a zero tolerance declaration form, which contains a commitment against fraud and bribery and information on speak up channels to report allegations of fraud and bribery. MSI's speak up channels include Safecall, an external and confidential speaking up service that is independent of MSI. All MSI staff members and Board Members should retain a signed copy of their form. See Standard Operating Procedure 6: *Training and Awareness* for more details.

3. Preventing Fraud and Bribery

3.1 MSI's policy is to prevent fraud and bribery by:

- Promoting an ethical culture so that those who may be tempted to commit fraud or bribery are discouraged; and
- Ensuring that MSI has internal controls, so that it is difficult to commit fraud or bribery at MSI.

3.2 **We will**:

- Ensure the Programme has a high profile where all MSI People understand the risk of fraud and bribery, and all MSI People understand the impact on the mission of committing fraud and bribery.
- Ensure that new and existing MSI staff are trained and retrained at regular intervals on the policies and procedures of the Programme.
- Encourage the use of the *Speaking Up Policy* by, so far as possible, taking steps to protect

those who do speak up and recognising their commitment to the mission where incidents that they report are shown to be based on a legitimate concern.

- Ensure that Country Programmes and support offices routinely assess their operations for fraud and bribery risk, and adopt and maintain appropriate internal controls to address that risk.
- Support and train as required senior managers on how to investigate fraud and bribery, and appropriately sanction those who commit fraud and bribery, or who breach the policies and procedures of the Programme.
- Stand behind MSI staff who say “no” to fraud and bribery, even if this means that business opportunities are lost.
- Ensure that the Anti-Fraud and Bribery Programme is properly resourced.

3.3. We ask you to commit to:

- Comply with the policies and procedures comprising the Programme and attend all training on fraud and bribery.
- Be alert to the possibility of fraud and bribery and be prepared to raise any genuine allegations as early as possible, using one of the channels set out in the *Speaking Up Policy*.
- Be open about any gifts or entertainment that you wish to offer or accept, and ensure that you comply with the thresholds and guidance in the *Gifts and Entertainment Policy*.
- Consistently comply with internal controls that are intended to:
    - prevent fraud and bribery, or
    - bring data anomalies and other indicators of fraud to the attention of management.
- Avoid situations where there is a possibility that your personal interests will conflict with the interests of the entity in which you work, and if such conflicts arise, be open about them by declaring them, and refrain from participating in a decision-making process, in accordance with the *Conflicts of Interest Policy.*

3.4 If you are a manager, in addition, we ask you to commit to:

- Routinely assessing the operations that you manage for fraud and bribery risk, with a view to ensuring that those risks are documented and kept updated.
- Ensuring that sound systems of control are established and maintained where there is a risk of fraud or bribery – for example, systems for rotating staff responsibilities or carrying out spot checks.
- Taking effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees – for example, by verifying qualifications held and employment history, and by checking written references.
- Ensuring that all those who report to you are aware of, and comply with, the policies and procedures comprising the Programme, and attend all relevant training.
- Creating an environment where those who report to you feel able to approach you with any allegations they may have about irregularities.
- Ensure any conflicts of interest and gifts and entertainment for your team are declared in the relevant register in accordance with the *Conflicts of Interest Policy* and the *Gifts and Entertainment Policy*.
- Ensuring that appropriate due diligence checks are conducted on business partners and team members, and that business partners and team members agree to behave ethically in their dealings/employment with MSI. See *Global Due Diligence Policy*.
- Promptly notifying the Country Director (for Country Programmes) or your team Director/team manager or Director of Legal, Safeguarding and Donor Compliance (based at the GSO in London, for support offices) of any allegation of fraud or bribery to enable prompt investigation/management and notification to relevant donors.

4. Detecting and Investigating Fraud and Bribery

Detection

4.1 Regrettably, there will be occasions where the steps taken to prevent fraud and bribery are not effective. The *Speaking Up Policy* is key to detecting fraud and bribery as it encourages MSI People to report genuine allegations. Furthermore, MSI's internal controls are designed to prevent fraud and bribery and enable senior management to readily detect where fraud and bribery may be occurring.

Investigations

4.2 MSI is committed to carrying out thorough and objective investigations into suspected incidents of fraud and bribery, and to recovering funds and assets lost through fraud.

4.3 Investigations into incidents will either be conducted by the Country Programme or support office or, in the case of the most serious or complex cases of fraud and bribery, by Group Internal Audit. All MSI staff involved in investigations will be appropriately trained to ensure that incidents are dealt with promptly, evidence is properly obtained, recorded, kept securely, and confidentiality is maintained.

Consequences and Disciplinary Action

4.4 Fraud and bribery are serious offences and employees will face disciplinary action, including possible dismissal, if it is proved that they have been involved in fraud or bribery.

4.5 In all cases where financial loss to an MSI entity has occurred, the entity in question will take appropriate action to recover the loss from the offender. Where a case is not referred to the police, or it is referred to the police but they take no action, the entity in question will consider bringing a private prosecution.

4.6 If it is discovered that a member of MSI staff has made an allegation of fraud or bribery that is deliberately false or misleading, disciplinary action will be taken against them.

5. Monitoring and Review

5.1 Implementation of this Programme will be monitored periodically at a Country Programme and support office level and centrally in London. For details of monitoring, please see Standard Operating Procedure 7: *Monitoring the Anti-Fraud and Bribery Programme*.

Appendix 1

Examples of Fraud and Bribery

Set out below are definitions and examples of different types of fraud and bribery, in alphabetical order.

Acts of Fraud

Conflicts of interest – This is a situation where a person has an interest or loyalty that conflicts, may conflict or has the appearance of conflict, with the interest of their employer.

An MSI entity's procurement officer's spouse is also one of the directors of Medical Supplies Limited. Medical Supplies Limited has submitted a tender to supply IUD equipment to the MSI entity. The procurement officer has not disclosed their family interest in Medical Supplies Limited and has proposed to the MSI entity that Medical Supplies Limited should win the tender.

Cost inflation/cost overcharging – Cost inflation is usually accompanied by false invoices, irregular subcontracting procedures, double claiming, missing support documents, false documents, false reports, false declarations or false time sheets.

A consultant for MSI is paid on an hourly basis and for disbursements incurred. When putting together their final invoice, they charge for 20 hours when in fact they worked 15 hours. They also charge $150 for one night in a hotel, when the hotel costs $100 for one night.

Cronyism/nepotism – This refers to the favourable treatment of friends, family and associates in the distribution of resources and positions, regardless of their objective qualifications.

One of the Country Programmes is doing a research project on post abortion care. The HR manager has a niece who is completing a Masters in Public Health. The HR manager hires her niece as a consultant to carry out field research, even though there is a candidate who has better qualifications.

Embezzlement – This is where, for personal enrichment or other reasons, a person dishonestly and illegally appropriates, uses or traffics the funds and goods that they have been entrusted with.

A clinic receives monthly funds from the head office. The funds have been assigned to buy medical and office equipment. The clinic director buys some medical supplies, but also uses some of the money to pay off a debt that they owe to a bank.

Falsified documents – Falsified documents will usually cover up other irregularities e.g. actions not performed, fictitious sub-contractors, non-release of payments to sub-contractors, costs claimed that do not relate to actual costs incurred, embezzlement, and double funding.

Under a grant, one of the Country Programmes is to provide training for pharmacies. The grant requires 50 participants to be trained. The Country Programme did not reach targets in last year's training sessions and the donor made it clear that they were not happy. The office could only find 34 participants to attend this year's training. After the training ends, a programme officer adds a further 16 signatures to the attendance sheet.

Misappropriation of assets – One example of this is using MSI property for personal purposes, without permission.

A Country Programme has two 4WD vehicles. When they are not in use, the vehicles are stored on the office grounds. One of the drivers uses the cars on the weekend to run a taxi service.

Peter is a qualified doctor who has been working for MSI Reproductive Choices for many years. He has a good reputation in the community. Peter performs many medical procedures, including surgical abortions, during his work at MSI. Occasionally Peter is approached by clients from outside MSI to perform abortions. Without anybody knowing, he performs these abortions for a fee, after office hours, using the premises of MSI.

Theft – Theft involves stealing money, merchandise, equipment, vehicles, stock or other property.

DFID funds a programme for training midwives. As part of the five day training, the participants are to receive lunch supplied by the Country Programme. Funds had been specifically allocated for lunch in the grant. The programme officer does not provide lunch as required. Instead, they create a false invoice for a catering company and pocket the money.

Acts of Bribery

Bribery – Bribery is about offering, promising, giving, requesting or accepting a financial or other advantage with the intention of inducing a person to act improperly or rewarding improper performance.

A programme officer has been given the task of organising a conference on sexual and reproductive health rights. MSI will be hosting five speakers and providing them with accommodation for two nights. The programme officer receives quotes for accommodation from three hotels. The final hotel offers a quote of USD75 per night, but tells the programme officer that if they choose them, the hotel will reimburse the programme officer, personally, USD10 per night per room in cash. The programme officer chooses them.

Gifts and entertainment – Gifts and entertainment may be disguised bribes. Even where they are not disguised bribes, they may be perceived in this way.

> An MSI employee has been tasked to find premises for a new office. The employee meets with a real estate agent and is shown a property. The agent insists on taking the employee out for dinner to an expensive restaurant, so the agent can provide more information about the property. The employee accepts the agent's offer of entertainment without telling MSI.

Annex 1 DFAT Fraud Requirements

All MSI country programs that receive funding from DFAT are required to adhere to the following DFAT requirements.

- Within one month following the Commencement Date, the Recipient must prepare a fraud risk assessment and zero tolerance fraud control strategy for the Activity. The risk assessment and strategy must contain appropriate fraud prevention, detection, investigation and reporting processes and procedures that comply with the Commonwealth Fraud Control Framework (http://www.ag.gov.au). The Recipient's strategies must include:

  (i) preparation and implementation of a Fraud control strategy, policy and relevant procedures applicable to the Recipient, and its Personnel;

  (ii) development of guidance on anti-corruption and bribery and delivery of materials and training to the Recipient's Personnel;

  (iii) provision of mandatory fraud control awareness training to all of the Recipient's Personnel and implementation of procedures to track attendance; and development and implementation of procedures to record and maintain books, accounts and records relating to the Activity

- A key obligation of DFAT funded recipients is to report all cases of suspected, alleged or committed fraud or corruption within five business days of becoming aware of the fraud or corruption.

- To meet the DFAT reporting deadline of five business days, the decision committee should be informed within 24 hours (per SOP 2 Reporting fraud and bribery to donors) of the suspected, alleged or committed fraud or corruption occurring.

- The MSIAP Donor Lead will be responsible to engaging with DFAT on any suspected or alleged cases on fraud, and will email the "Suspected or Detected Fraud and Corruption Referral Form" to fraud.corruption@DFAT.gov.au
- Fraud legislation in Australia is governed by the Criminal Code (2002). MSIAP and any of its partners are subject to this legislation and are at risk of being prosecuted if not compliant.