

POLICY TITLE	Fraud Prevention and Awareness	POLICY #	POL-FO-AS-055
APPLIES TO/ SCOPE	IO, CO, Grant Funded Operations, Board of Directors	POLICY OWNER	Senior Director of Assurance
SUPERSEDES	N/A	CREATION DATE	July 1, 2009
APPROVAL	CEO Management Team and the Board of Directors	EFFECTIVE DATE	January 1, 2023
LAST REVIEW DATE	October 31, 2022	NEXT REVIEW DATE	October 31, 2024

1. PURPOSE

Fraud can have a devastating effect on ChildFund International (“ChildFund”) because it could result in significant financial harm and have other long-term business repercussions such as loss of public trust. The purpose of this policy is to document what ChildFund considers as fraudulent and corrupt practices, set out our responsibilities for its prevention and define the actions to be taken if fraud is suspected.

2. POLICY

- 2.1 ChildFund expects each Board Member and employee to act honestly and with integrity at all times and to safeguard the resources for which they are responsible. Fraud is an ever-present threat to these resources and hence must be a concern of all Board Members and employees.
- 2.2 ChildFund has a zero tolerance for fraud and corruption and any detected case will be thoroughly investigated, with disciplinary or criminal sanctions pursued where appropriate and possible, and losses recovered by any lawful means. ChildFund is also committed to ensuring that opportunities for fraud are reduced to the lowest possible level of risk, that effective controls are maintained to prevent fraud, and that systems and procedures are reviewed and improved following detected cases of fraud.
- 2.3 ChildFund is committed to ensuring that Board Members and employees:
 - 2.3.1 Are aware of the problem and can identify cases of fraud and corruption (i.e. awareness).
 - 2.3.2 Minimize the risks of fraud and corruption (i.e. prevention).
 - 2.3.3 Are clear on what steps to take where concerns arise regarding allegations of fraud and corruption (i.e. reporting).
 - 2.3.4 Take action to support and protect assets (i.e. responding).
- 2.4 So that Board Members and employees can understand and recognize such cases if they should encounter them, this policy defines and provides detailed examples of fraud and corruption.
 - 2.4.1 Fraud is any act or omission whereby an individual or entity knowingly misrepresents or conceals a fact so they may obtain an undue benefit or advantage or avoid an obligation for himself, herself, itself or a third party and/or causes an individual or entity to act, or fail to act, to his, her or its detriment. Fraudulent activities include, but are not limited to, the following:
 - 2.4.1.1. Misappropriating, stealing or destroying funds, assets or information.
 - 2.4.1.2. Forging or altering documents, such as checks, bank drafts, bank statements, time sheets, invoices, agreements, etc., belonging to ChildFund.
 - 2.4.1.3. Improperly handling or reporting monetary or financial transactions or misapplying bank funds.

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- 2.4.1.4. Authorizing or receiving payments for goods not received or services not performed.
- 2.4.1.5. Falsifying travel and entertainment expenses and/or using company funds to pay for personal expenses.
- 2.4.1.6. Inappropriately using records or disclosing confidential and proprietary information to outside parties.
- 2.4.1.7. Authorizing or receiving payment for regular or overtime hours not worked, or reporting paid time off as regular time worked.
- 2.4.1.8. Falsifying accounting records or preparing false entries in accounting systems or in financial reports.
- 2.4.1.9. Intentionally misapplying accounting policies or willfully misrepresenting transactions, or the entity's state of affairs.
- 2.4.1.10. Using another's IT identity or password or creating false identities/passwords, without consent or authority, to manipulate processes or cause the approval or denial of actions.
- 2.4.1.11. Making misrepresentations, including educational credentials or professional qualifications, on a personal history form in the context of a job application.
- 2.4.1.12. Providing information in relation to a medical insurance claim or another entitlement that the claimant knows to be false.
- 2.4.2. Corruption is the offering, giving, soliciting, or acceptance of an inducement or reward that may improperly influence the action of a person or entity. Some examples of corruption include, but are not limited to, the following:
 - 2.4.2.1. Requesting or agreeing to receive or accept a bribe. A bribe is defined as any form of benefit or other advantage, whether in cash or in kind, which influences or is designed to influence the individual's conduct in any way. It includes accepting hospitality such as meals or entertainment from a vendor.
 - 2.4.2.2. Offering, giving or promising a bribe, as defined in 2.4.2.1.
 - 2.4.2.3. Receiving or paying a so-called 'grease' or 'facilitation' payment, which is to give or receive something of value from another party for performing a service or other action that they were required by their employment to do anyway.
 - 2.4.2.4. Giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates or political parties in order to obtain or retain business.
 - 2.4.2.5. Improperly using funds, property, resources or other assets that belong to an organization or individual (i.e. embezzlement).
 - 2.4.2.6. Receiving a so-called 'kickback' payment, where a person improperly receives a share of funds, a commission, benefit or other advantage from a supplier as a result of their involvement in a corrupt bid or tender process.
 - 2.4.2.7. Colluding with others to circumvent, undermine or otherwise ignore rules, policies or guidance, such as an anti-competitive scheme between suppliers during a procurement process.
 - 2.4.2.8. Abusing a position of trust by improperly using a position within an organization to materially benefit themselves or any other party.
 - 2.4.2.9. Failing to disclose a financial or familial 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.

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2.4.2.10. Engaging in any dishonest behaviour relating to procurement or tendering process, e.g. falsely created bids or quotes.

3. DEFINITIONS

- 3.1 Board of Directors: The Board of Directors of ChildFund.
- 3.2 Board Members: Individuals who sit on the Board of Directors of ChildFund.
- 3.3 ChildFund: Includes the International Office ("IO") and Country Offices ("CO"). The policy also extends to all grant funded ChildFund operations.
- 3.4 Compliance Code and Policies: ChildFund's Code of Business Conduct and Ethics, the Conflict of Interest Policy and Procedure, Fraud Prevention and Awareness Policy and Procedure and Whistleblower Policy and Procedure.
- 3.5 Employees: Staff of ChildFund hired to perform a particular job for the organization.
- 3.6 Management: Senior Management, Managers, Supervisors, or other individuals who manage or supervise funds or other resources, including human resources.
- 3.7 Senior Management: President and Chief Executive Officer, Vice Presidents, Regional Directors, IO Directors and Country Directors

4. RESPONSIBILITIES

- 4.1 Board Members and Senior Management must operate under the ethical standards documented in ChildFund's Code of Business Conduct and Ethics, which includes setting a tone at the top that promotes an awareness of risk management, internal controls and an anti-fraud culture throughout ChildFund. Fundamental to sound risk management are governance structures that demonstrate and reinforce leadership, stewardship, ethical behaviour, transparency, accountability and performance.
- 4.2 Managers are responsible to raise awareness and understanding of this Policy among employees and to design, implement and operate proper internal controls, recruit the right people, and ensure that physical and IT services promote computer and data security.
- 4.3 Employees are responsible to conduct themselves with integrity and demonstrate awareness of the importance of ethical practices in their day to day work. They agreed upon hire and annually to comply with ChildFund's Compliance Code and Policies, including this Fraud Prevention and Awareness Policy and Procedure.

5. EXCEPTIONS

- 5.1 None

6. RELATED REGULATORY REQUIREMENTS

- 6.1 U.S. Foreign Corrupt Practices Act
- 6.2 Awarding Agency Requirements

7. RELATED CHILDFUND POLICIES

- 7.1 Background Vetting for Terrorism, Debarment, and Suspension Policy - POL-FO-TR-081
- 7.2 Background Vetting for Terrorism, Debarment, and Suspension Procedure - PRO-FO-TR-113
- 7.3 Code of Business Conduct and Ethics
- 7.4 Conflict of Interest Policy - POL-FO-AS-051
- 7.5 Conflict of Interest Procedure - PRO-FO-AA-89
- 7.6 Fraud Prevention and Awareness Procedure - PRO-FO-AS-101
- 7.7 Purchasing Policy - POL-FO-FI-006

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- 7.8 Purchasing Procedure - PRO-FO-FI-006
- 7.9 Whistleblower Policy - POL-FO-AS-054
- 7.10 Whistleblower Procedure - PRO-FO-AS-100