

THE ORGANISATION FOR
CHILDREN'S HARMONY



FRAUD Policy

May 2019

Contents

List of Acronyms	i
Definition of Key Terms	ii
Foreword by The Executive Director	iii
TOCH Background	1
Vision	1
Mission	1
Core Values	1
Introduction	2
The TOCH Fraud Policy	2
Purpose	2
Scope of The TOCH Fraud Policy	3
Fraud Manifestation	3
Policy Implementation	4
Reporting A Suspected Fraud Case	5
Investigation	6
Responding To The Fraud Cases	6
Fraud Mitigations/ Control Measures	7
Monitoring and Evaluation	7
Policy Review	7

LIST OF ABBREVIATIONS

BOT	Board of Trustees
CBO	Community Based Organisations
ED	Executive Director
M&E	Monitoring and Evaluation
NGO	Non Government Organisation
SMT	Senior Management Team
SSRRC	South Sudan Relief and Rehabilitation Commission
TOCH	The Organisation for Children's Harmony
VFM	Value for Money

DEFINITION OF KEY TERMS

Bribe: refers to a situation of trying to entice someone do something for you by giving them money, presents, or something else that they want ¹

Conflict of interest: a situation that arises when what is in a person's best interest is not in the best interest of another person or organization to which that individual owes loyalty. ²

Corruption: refers to the abuse of entrusted power for private gain. ³

Fraud: refers the crime of getting money by tricking or deceiving people, or something that is not what it appears to be and is deliberately used to deceive people, especially to get money. ⁴

Policy: a set of ideas or plans that is used as a basis for making decisions, especially in an organization, economics, or business. ⁵

A facilitation payment: A small bribe, also called a 'facilitating', 'speed' or 'grease' payment; made to secure or expedite the performance of a routine or necessary action to which the payer has legal or other entitlement. ⁶

¹ *Cambridge Dictionary*

² *Ethics unwrapped-McCombs School of Business*

³ *U4 Anti- Corruption Resource Center*

⁴ *Cambridge Dictionary*

⁵ *Collins English Dictionary*

⁶ *Anti- Corruption Glossary by Transparency International*



FOREWORD FROM THE EXECUTIVE DIRECTOR

At TOCH we continue to uphold the ethical and legal standards set at its formation and value of transparency and accountability through various efforts. We have designed a Fraud Policy to guide our staff and stakeholders and to inform them about fraud.

The purpose of this manual is to strongly make TOCH stand out as a fraud free environment or a place where all our staff and partners get to a level where they appreciate that we can be top NGO working with as many partners as possible in an environment which does not tolerate this kind of vice. This is one sure way of increasing confidence our partners have in our organization.

MARKO MADUT

Executive Director, TOCH.

TOCH BACKGROUND

The Organization for Children's Harmony (TOCH) is a South Sudan National child focus NGO established in 2008. The organization is legally registered with the Ministry of Justice under number (1115) and with the South Sudan Relief and Rehabilitation Commission (SSRRC) under number 1,086-2017/2018) and all certificates are renewed as required by the government regulation.

Vision

We are committed to work towards a just and peaceful society which respects the rights of children, with a guiding vision: "Envisioning just, prosperous and peaceful communities"

Mission

Empowering grass root communities to protect, mitigate and resolve conflicts in a peaceful and sustainable manner.

Core Values

- i. We care for children and advocate for their rights*
- ii. We uphold the practice of Transparency and Accountability*
- iii. We support gender equality and value girls and women in our programming*
- iv. We promote non-violence approach to issues*
- v. We are responsive.*

INTRODUCTION

The Organization for Children's Harmony complies with the South Sudan legislation on Fraud (cheating, criminal misappropriation, breach of trust, offenses involving cheques fraud and forgery) of the South Sudan Penal Code of 2008 with other regulatory requirements and applicable guidance including managing finances. TOCH Board of Trustees, SMT and the staff are committed to provide services fairly, openly and honestly and in accordance with the highest ethical and legal standards.

TOCH as an organization that upholds the practice of transparency and accountability does not accept any act of fraud, bribery, within the organization or other stakeholders working on behalf of TOCH or receiving funds from TOCH, therefore TOCH commits itself to take strong actions against any staff or any other stakeholder who commits fraud.

THE TOCH FRAUD POLICY

This policy clearly explains what fraud is and identifies some of the manifestations and how the risks of fraud can be mitigated. It is therefore mandatory for all TOCH staff and stakeholders to study the policy and ensure they follow in detail every part of the policy. Note that this policy works in collaboration with any other organization policies that are in place, these include the human resource policy, finance policy, procurement policy plus any other even when they are not mentioned here.

Purpose

The purpose of this policy is to set out TOCH's stance on fraud, bribery and corruption and its approach to preventing, detecting, reporting and investigating fraud, bribery and corruption.

This policy is also intended to raise awareness amongst staff, volunteers and other partners at TOCH that response plans are in place, to deal with and minimize the damage caused by any fraudulent activity.

Scope of the TOCH Fraud Policy

This policy applies to all TOCH staff members, volunteers, Board of Trustees operating in any of the organizational office. The policy is applicable to, and must be followed by, all staff including consultants and contractors during the time of any kind of engagement with TOCH. Failure to comply could result in disciplinary action, dismissal or even termination of any running contract and future relationships with the organization in relation to organizational human resource policy.

The policy requires all those receiving funds or contracted by TOCH or representing the organization, including the sub-contractors, CBOs, consultants and partners always to act in accordance to this policy.

FRAUD MANIFESTATION

Procurement fraud: this may include Staff conniving with suppliers and ordering or going ahead to pay for goods or services that are not required or have not been delivered, or are charged at an excessive rate not leaving out the staff or partners generating false invoices, receipts, or quotations in order to obtain payment for goods and services that have not been supplied.

It's understood that fraud can also be manifested through award of contracts, or linking the terms needed by TOCH staff or any person with details of the requirements to award the contract, to a supplier in return for payments, personal discounts, commission or any other benefits. It can also be manifested through awarding a contract to a relative or any other party connected to a TOCH insider who may be a staff, volunteer or anyone who may have access to TOCH inside information (conflict of interest). It also includes field staff/staff asking or soliciting for funds from the community or beneficiaries in exchange of TOCH's services.

*(The TOCH procurement plan ensures that goods and services are obtained on time and at a reasonable cost that really gives the organisation Value for Money (VFM), this shall be one sure way of avoiding poorly planned last minute procurements that always result into acquisition of undesirable goods and services).*⁷ This is purely in line with the TOCH procurement policy.

Fraudulently altering documents or records: this may involve the staff obtaining receipts or acknowledgment documents for receipt of funds in order to keep the funds for personal use. Staff fraudulently altering accounting records and using the organization (TOCH) records to obtain money or funds for personal use.

Expenses fraud: Staff claiming expenses or allowances to which they are not entitled, including by falsifying receipts. This may also include ghost staff, remunerating funds for members who don't exist in the organization. Expense fraud under this policy shall also include use of office assets for personal benefit, for example using the office airtime to make personal calls or office mobile phones. The organization is supposed to pay only for those staff/service providers that are formally contracted by the organization.⁸

POLICY IMPLEMENTATION

The policy shall be implemented by all the staff and this shall be under the Finance Manager who is under the supervision of the Executive Director (ED). TOCH management shall orient and equip its staff with the skills, knowledge and expertise to manage its fraud risk effectively through adequate training to make the staff aware of the risks of fraud, bribery and corruption, and of their responsibilities in preventing, detecting, and reporting any cases that may arise.

⁷ For more information refer to the TOCH Procurement policy

⁸ For more information refer to the TOCH Human resource policy and procedure manual

REPORTING A SUSPECTED FRAUD CASE

Internal reporting

All TOCH staff and volunteers are encouraged and supported to immediately report any suspected or actual instances of fraud, bribery or corruption. This includes offers to pay bribes, solicitation of bribes and demands to make facilitation payments. Failure to report could result into disciplinary action to the staff who fails to report by the organization's disciplinary committee, in fact any staff found guilty of not reporting a case shall be taken as an accomplice and therefore shall be jointly disciplined with the person who commits the act.

Under this policy reporting is not only for staff but also all those receiving TOCH funds or representing TOCH, including sub-contractors, partners, and consultants, to report any suspected or actual instances of fraud, bribery or corruption involving TOCH's assets or staff. Reports should be made to the Executive Director via mgarang@toch-ss.org or madut.garang@gmail.com. The SMT will constitute a Fraud investigation committee to which all these reports shall be handed over for investigation.

In case any member of the SMT including the ED is suspected of corruption, fraud or bribery, a member of staff is mandated to raise the issue to any member of the BOT.

No one will be penalized for raising a concern in good faith, even if it turns out to be unfounded, in fact management commits to protection of any member of staff or public who raises a red flag against any TOCH Staff regarding corruption, fraud or bribery.

Any member of staff who harasses or victimizes someone for raising a concern in good faith will themselves be subject to disciplinary action. The organization will maintain a system for recording all reports of actual or suspected fraud, bribery and corruption; the action taken; and the outcome of any investigation. It will use this information to inform its review of the manual and its effectiveness.

External reporting

TOCH in accordance with the South Sudan law on bribe and corruption shall report fraud, bribery and corruption that cannot be solved by the organization

to the authorities and leave the law of South Sudan take its course, this is due to the fact that all funds the TOCH works with are given to benefit the people of South Sudan.

The organization will also seek to take disciplinary and/or legal action against those found to have perpetrated or assisted with fraudulent or other improper activities in any of its operations. For staff, this may include dismissal as detailed in the human resource policy. It will also seek to recover any assets lost through fraud through any means that management shall find appropriate from the individual who shall be found guilty of the act.

INVESTIGATION

The organization will constitute a committee to appropriately investigate the report/s of actual or suspected fraud, bribe and corruption (Fraud Investigation Committee). The committee will only be constituted to investigate that matter in question and it be dissolved after that particular case for which it was formed.

RESPONDING TO THE FRAUD CASES

The organization's SMT in consultation with the BOT shall constitute an investigating committee which will be called the Fraud Investigation Committee to handle any fraud cases/reports at a time. This committee will be formed as soon as there is a case reported. The chairperson of the committee shall be appointed by the SMT and report directly to the same team. The committee will be availed with all the required information regarding the case at hand for purposes of carrying out investigation into the matter.

For a staff found guilty of the case, he/she will be given time of not more than one week to file his/her defense or explanation before the final verdict is made. After investigations, the report will be presented to the SMT for final decision, a staff found guilty may have their contract terminated or any other punishment as provided for under the TOCH human resource policy. The SMT shall also decide what happens to other stakeholders whom the organization contracts.

Depending on the sensitivity and the impact of the matter, it might be forwarded to the police for further investigations and prosecution as provided for in the law of the republic of South Sudan.

FRAUD MITIGATIONS/ CONTROL MEASURES

To manage the exposure to bribery and corruption, all gifts and incentives received by any staff and given to other stakeholders must be approved in line with the set rules. ***(Please refer to the staff development and retention policy on rewards and gifts)***

Conflicts of interest are also known to increase the risk of fraud. Therefore, all staff who have an interest in an actual or potential supplier (whether personally, or through family members, close friends or associates) must declare the conflict of interest to the concerned officer (contract awarding committee or the procurement office) as provided for under procurement policy.

MONITORING AND EVALUATION

In order to keep the policy effective and relevant, the SMT with the supervision of the TOCH Board of Trustees shall monitor the implementation of the policy to the organization's running and this will be done in accordance to the South Sudan law on Fraud and bribery. This policy may be revised from time to time as new information comes in through the M&E strategy

POLICY REVIEW

The organization through the Senior Management Team shall initiate the process (if there is need) to assess the nature and extent of its exposure to the risks of internal and external fraud, bribery and corruption. It will regularly review these risks, using information on actual or suspected instances of fraud, bribery and corruption to inform its review. This should be done annually or after a specified period of time as shall be agreed by the SMT in support of the BOT.



ANISATION
CHILDREN

Plot No. 167, Munuki Block A2,
Bilpham Road, P.O.Box 351, Juba-South Sudan

Tel: +211923226545/+211955855582

Email: info@toch-ss.org

Website: www.toch-ss.org

Developed by: SYNERGY SQUARE CONSULTANCY,

E-mail : info@synergysquareug.org.