



# EKO-SVEST

FRAUD AND CORRUPTION AND CONFLICT OF INTEREST POLICY

2020

# FRAUD AND CORRUPTION

## 1. Purpose & Scope

This policy aims to prevent fraud and corruption through strong commitment to integrity, and, to reduce risks through strong response to suspicions or events. Our ability to demonstrate best practices in prevention and response to fraud builds trust in our supporters and safeguard our brand. This policy applies to all activities managed by Eko-svest, and to their employees and co-contractors, defined as consultants, volunteers, staff of organizations engaged by Eko-svest, and any person hosted by the Eko-svest office.

## 2. Definitions

Fraud is a wrongful, ill intended or criminal act of deception by anyone entrusted with an organization's funds or assets, which aims to result in unfair gain.

Corruption is an act of obtaining an advantage from a third party by abusing an entrusted power for private gain.

Bribery (below) and kickbacks (asking for money in exchange for offering work) are forms of corruption. Bribery is the act of giving or receiving something of value in exchange for some kind of influence or action in return, that the recipient would otherwise not provide.

Neither fraud nor corruption are restricted to monetary or material benefit, but could also include intangible benefits such as status or information. Examples are, but are not limited to, the following:

- Theft, misappropriation, extortion or embezzlement of Eko-svest's funds or assets, whether by an Eko-svest employee, contracting party, partner or supplier.
- Paying a third party to bribe a government official on behalf of Eko-svest
- Misuse of the organization's assets (e.g. non-permitted, private use of Eko-svest equipment)
- Misrepresentation of qualifications to obtain employment
- Falsified financial or technical records, reports, statements
- Theft or misuse of proprietary data or Intellectual Property
- Providing favors or money to judges or other government officials to pursue personal or Eko-svest's goals
- Concealment of material facts, forgery, collusion or conspiracy to accomplish any of the above, including hiding a conflict of interest

In most circumstances, a "facilitation payment" made to a government official to facilitate approval of a legal business transaction or activity would be considered a bribe and treated as such. In this Policy, the term "fraud" is used for convenience, but refers to all the above.

## **3. Policy**

### **3.1 Prevention**

Eko-svest employees must have, and be seen to have, high standards of personal integrity in accordance with our Code of Conduct. All staff must make efforts to prevent fraud by complying with any and all policies related to the use of Eko-svest funds and assets, as reflected in (but not limited to):

- Procurement of services and goods
- Travel, gifts, hospitality, meeting, and other expense policies
- Vehicle usage policies
- Engaging consultants and other implementing parties
- Conflict of interests

All consultants and other Eko-svest funded contracted parties (e.g., project partners) should as part of their agreement with Eko-svest sign a Fraud & Corruption Prevention for Contracted Parties or similar commitment.

Avoiding bribery: Under no circumstances should any payments or anything of value be made, promised or offered to any government employee or official in contravention of applicable laws. No payments or gifts of value should be made, promised, or offered to, or accepted by any government employee or official to: influence any official government act or decision; induce a government employee/official to do or omit to do anything in violation of their lawful duty; or to obtain or retain business for, or direct business to any individual or entity.

### **3.2 Detection**

The office will maintain strong oversight and controls to aid in the detection of fraud.

### **3.3 Immediate action**

Eko-svest is committed to responding quickly and robustly to all allegations and events of misconduct including fraud. An employee or contracting party who witnesses a fraudulent act is required to immediately report it to the Executive Director and the employee's line manager/project coordinator. The Executive Director is required to escalate immediately all concerns to the Governing Board. Not reporting an issue, obstructing another from reporting an issue, or retaliating against an informant may be cause for disciplinary action

### **3.4 Response**

Managers/Coordinators must take key steps in addition to investigating to respond to a concern or event:

- Treat the allegation or incident and all evidence as highly confidential:
  - Protect informants from retaliation;
  - Treat suspects in line with the principle "innocent until proven guilty;"

- Protect evidence (place documents, laptops etc. in locked area);
- Prevent further loss or damage (e.g., stop payments; change signatories etc.);
- Maintain daily functions as best as possible and inform those needing to know if operations must be suspended or changed;
- Inform impacted donors (if known).
- Be informed of and abide by donor rules, which may require being informed at the earliest sign of potential fraud.
- Assure satisfactory investigation of the facts (see below)

### **3.5 Investigate and report findings**

The Executive Director ideally commissions an investigation within one week. Investigations may be performed by an internal or external party: they must have proven, appropriate skills and independence from implicated parties. Investigations may be made in phases, e.g., an initial phase to substantiate allegations, then more in-depth review to fully verify facts. Normally an investigation should be completed and report submitted within 45 days of an allegation or concern is raised, and delays beyond this should be informed in writing to the Governing Board. The type of investigation will depend on many factors including materiality and seriousness of the event. We may, but are not obliged to, engage a forensic investigation, which uses techniques to find evidence for civil or criminal investigations, and may include searching computers, drives and mobile phones, reviewing large amount of data, interviewing suspects, etc. Investigations must be documented in a report which includes the following:

- Exact allegation and how it was detected;
- Background, details (dates, places, transactions, etc.) and intent of related actions;
- Investigation procedures (review transactions, interview, site visits, etc.);
- Likely reasons the event was able to take place;
- Loss to the organization and per impacted donor (if relevant);
- Lessons learned and actions recommended or taken to prevent recurrence.

Even if fraud is not confirmed, poor controls and management should be reported.

### **3.6 Responding to findings**

As a minimum follow up to an investigation, certain actions must be taken:

- Recover lost assets and funds where possible.
- Prevent recurrence and fix poor controls or processes
- Inform all donors impacted
- Refund any losses to impacted donors
- Communicate as confidentiality allows and is appropriate to other staff, donors, stakeholders

### **3.7 Disciplinary action, recovering losses, and closing the case**

Proven fraudulent activity will be treated as gross misconduct and appropriate disciplinary action will always be taken, including termination of contract, attempting to retrieve funds defrauded, and assuring that the person cannot be engaged again by Eko-vest. Whether an outsider or an employee commits the fraud, Eko-vest retains the right to take civil or even criminal action to recover losses. Disciplinary actions should also be taken on those guilty of negligence, collusion, cover up, etc. All correspondence, reports and evidence should be kept in an organized file, and an up to date log of cases should be kept, respecting confidentiality, information security or personal data protection rules and regulations.

### **3.8 Monitor compliance**

The Executive Director shall create procedures to monitor that this policy is implemented and respected on a regular basis.

## **4. Responsibilities**

The Governing Board and the Executive Director bear overall responsibility for assuring that management maintains and enforces sound systems of risk management and internal controls in line with this policy. The Board is required to annually disclose any related party transactions and conflicts of interests. The Executive Director is responsible for:

- Reporting allegations to the Governing Board
- Assuring procedures are in place to require staff and co-contractors read and commit to this Policy; respond appropriately to allegations and incidents; and take legal and/or disciplinary action against perpetrators of actual or attempted fraud as well as those complicit in such acts;
- Receiving and logging reports from whistleblowers and internal sources;
- Monitoring adherence to this Policy (e.g., monitoring processes, carrying out checks to ensure required training and commitments are completed, etc.)
- Supporting response processes as
- Updating this policy from time to time in line with legal requirements and best practices.
- Keeping abreast of regulatory changes which may impact this or other related internal policies.
- Informing the Governing Board of allegations and compliance of the policy.

Risk Manager's responsibilities are:

- Assures appropriate capacity and skills to address disciplinary proceedings. When requested by Executive Director, directly engage in disciplinary processes;
- Leads staff training, awareness of and commitment to this and other related policies.

Project Coordinators make sure that:

- They demonstrate the right “tone at the top,” e.g., by visibly supporting this policy, using funds wisely, respecting procurement rules, disclosing conflicts of interest, etc.
- They support staff in speaking up about any allegation or breach of this policy.
- Staff knows about this policy and are trained to comply with its obligations.
- Controls recommended in audits, reviews or investigations are promptly implemented at all levels applicable.
- Co-contractors are informed of and commit to the Policy (ie through contracting), and if deemed appropriate receive awareness training.
- Escalate immediately any suspected or actual fraud event as per procedures herein.
- Investigations are done in line with policy, and funds are made available to pay for investigations and response costs.
- Maintain a log of fraud and other integrity related allegations and events.
- On an annual basis, staff confirm commitment to policy; new staff are inducted on this policy
- Fraud risk assessment is carried out and maintain a fraud risk register which is reviewed regularly

Internal Audit gives independent assurance on the effectiveness of related processes including:

- Review prevention and detection processes put in place by management.
- Make recommendations to improve processes.
- Lead or assist such investigations when requested by senior management.
- Consider fraud risk in every audit.

Each staff member must fully comply with this policy, including

- Ensure Eko-svest’s assets under their control are safeguarded and used in line with policies;
- Report immediately if they suspect a fraud has been committed or if they see weak procedures which may provide an opportunity for fraud;
- Cooperate in any fraud investigation actions (e.g., interviews, provision of documentation);
- Read and commit to this Policy on an annual basis, or as frequently as management directs,

# CONFLICT OF INTEREST

## 1. Purpose & Scope

This policy is designed to reduce reputational, financial and legal risks which could arise from real or perceived conflicts of interests as defined herein. It applies to employees, board members, consultants, volunteers, interns, hosted staff, and funded organizations of Eko-vest.

## 2. Definitions and Examples

A conflict of interest (COI) is a situation in which an individual has competing interests, loyalties or allegiances (“interests”). A COI does not necessarily mean an improper or illegal act has occurred, but it creates a risk that someone associated with Eko-vest may be unduly influenced by another interest which could harm Eko-vest. If an Eko-vest board member, employee, volunteer, consultant or staff of an Eko-vest-funded organization actually does something to benefit a non-Eko-vest interest that conflicts with their duties and which harms Eko-vest, such action can damage the integrity and trustworthiness of Eko-vest, creating reputational, legal and financial risks.

## 3. Policy

Employees should not engage in outside activity that will materially affect obligations to Eko-vest, competes with our activities, jeopardizes Eko-vest’s reputation or activities, or which involves Eko-vest funds, assets or facilities, or implies Eko-vest’s support of the activity. Employees must disclose potential or real conflicts of interest to their supervisor and the senior management as soon as such conflict is noted, as well as when management requires disclosures to be made, normally on an annual basis. Employees involved in recruiting staff, or procuring goods or services (e.g., consultants), must disclose any COI arising (for example friends or relatives proposing their services) at the time of discovery of the COI. Non-employee contracting parties (e.g., consultants, project implementers, etc.) must be contractually obliged to disclose conflicts of interest which could impact their contractual duty of service to Eko-vest.

Conflict of interest is declared in a written form to employee’s supervisor (Project Coordinator, Executive Director, as applicable). Contracting parties shall declare conflict of interest in written form to the Executive Director of Eko-vest.

Any employee failing to disclose the COI in a timely manner will be subject to disciplinary measure and possible termination of employment contract. A contracting party found to have knowingly not disclosed a conflict of interest will be subject to disciplinary action up to and including termination of contract, or in certain cases legal action.

Staff should consult their supervisor or Project Coordinator with any questions as to whether a relationship or transaction may constitute a conflict of interest. Employees and contracting parties should raise issues of another's conflict of interests which could harm Eko-svest.

## 4. Responsibilities

The Governing Board and the Executive Director bear overall responsibility for assuring that management enforces this policy. Board members are also required to disclose related party transactions and conflicts of interests.

The Executive Director is responsible for ensuring procedures are in place to enforce this policy and respond to any breaches therein. The Executive Director is responsible for:

- Maintaining and providing advice on this policy.
- Monitoring adherence to this Policy (e.g., regular monitoring of processes, carrying out checks to ensure staff, suppliers and board members follow required training and commitments;
- Keeping abreast of regulatory changes which may impact this or other related internal policies;
- Making sure that a process is in place to obtain and respond to disclosures of conflicts of interests by employees, and appropriate discipline measures are enforced in case of breach of the policy.
- The induction of all new employees includes awareness of the Conflict of interest policy.

Project Coordinators must ensure:

- All staff and contracting parties are aware of, contractually bound by, and respect this policy.
- In collaboration with Executive Director, appropriately respond to disclosed conflicts of interest.
- Assign a staff as focal point to support them in the fulfilment of their duties.

Internal Audit gives independent assurance on the effectiveness of the processes put in place to enforce this policy.

Each staff member must fully comply with this policy, including

- Disclose any potential or real conflicts of interest on an annual basis or when a new potential conflict of interest arises.
- Raise concerns to management if they suspect a conflict of interest has not been disclosed by another employee or contracting party.

Failure to comply with this policy may lead to disciplinary action, including up to summary dismissal. In case of consultant or co-contractor, failure to comply with this policy shall



constitute breach of contract and will result in immediate termination of the agreement with Eko-svest. In addition, such violations may lead to criminal and/or civil action being initiated against the contractor.