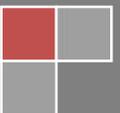


RESOURCE HUB FOR DEVELOPMENT (RHD)

ANTI – FRAUD/ BRIBERY AND CORRUPTION POLICY



1. Policy Statement

Of the elements that threaten good governance, corruption/fraud is seen by the RHD as among the most destructive. Fraud and mismanagement cripple economic growth and development. RHD adhere to a strict zero-tolerance policy on corruption/fraud. Coordination of actions serving to ensure good governance and prevent corruption and mismanagement form an integral part of the RHD's responsibilities. Specifically, the RHD will:

- tackle all instances of both high-level and low-level mismanagement and corruption with equal conviction;
- deploy specialist resources to fight corruption in a targeted and efficient manner;
- respond quickly and professionally to indications of mismanagement and corruption;
- ensure the RHD's anti-fraud capabilities by drawing on national expertise and cooperation in addition to the close relationship already established with each of the government and communities.

RHD believes in the existence of a good regulatory framework that provides a sound structure for the management of its resources. A good governance approach usually encompasses the following elements:

- accountability;
- transparency;
- participation;
- equality;
- rule of law;
- capacity and competence;
- Responsiveness to people's needs.

RHD is committed to upholding the principles of anti- fraud policy in the implementation of the financial mechanisms. The principles of good governance at RHD will support the overall goals of the financial mechanisms, which are to:

- reduce economic and social inequalities within the communities served;
- foster stronger development ties between old and new donors and partners.

Scope and application

RHD is committed to preventing, identifying and addressing all acts of fraud against RHD, whether committed by RHD staff members or other personnel or by third parties/ partners. RHD has zero tolerance for fraud, meaning that all incidents of fraud are to be reported and will be investigated in accordance with established investigation guidelines. To this effect, RHD is committed to raising awareness of fraud risks, implementing controls aimed at preventing fraud, and establishing and maintaining procedures applicable to the detection of fraud and the enforcement of this Policy.

This Policy applies to all activities and operations of RHD, including any project funded by RHD's Partners/Donor Agencies, any project implemented by RHD, and any implementing partner. The Policy aims to prevent and detect fraud:

- i) involving staff members and its personnel, including but not limited to consultants, service contract holders (SCs), individual contractors (ICs), interns, and volunteers (Vs);and
- ii) perpetrated against RHD by contractors, suppliers of goods and services, implementing partners, or other third parties.

This Policy should be read in conjunction with the RHD's [Conflict of Interest Policy \(Read the Policy Document\)](#)

2. Definition of fraud

The definition of fraud varies among countries and jurisdictions. But in simple terms, fraud is any act or omission that intentionally misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation. Corrupt practices are generally understood as the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party. In this Policy, fraud is defined in a broader sense and includes, but is not limited to, theft, embezzlement, forgery and corrupt practices.

Examples of fraud, bribery and corruption include the following, which is not an exhaustive list:

1. Forging documents, preparing false entries in RHD's systems or making false statements to obtain a financial or other benefit to which a person is not entitled;
2. Offering or receiving something of value to improperly influence a procurement process;
3. Asking for or receiving money for providing information to a vendor in the procurement of goods and services;
4. Asking for or receiving personal reward or other private gain in return for showing favor to a candidate in a recruitment process or procurement;
5. The misuse or theft of a password for the unauthorized access to IT systems;
6. Collusion or other anti-competitive scheme between suppliers during a tender process;
7. Stealing or misappropriating RHD assets.

3. RHD principles on Anti-Fraud/Bribery

RHD commits to a policy of zero-tolerance of bribery in any form. The Organization will implement policies to counter bribery, including:

a) High-level commitment

RHD Board of Directors/Management and Senior Management must commit to and oversee the implementation of this policy of zero-tolerance, recognizing that bribery is contrary to RHD's fundamental values of integrity, transparency and accountability and undermines organizational effectiveness.

b) Risk assessment

Bribery risk assessment will form part of RHD's overall and ongoing risk management process.

c) Devise and implement robust anti-bribery procedures

RHD will devise, implement and maintain robust procedures, which are proportionate to the risks and to the size, resources and complexity of the organization.

d) Due-diligence assessment of partners, agents and contractors

RHD will assess the bribery risk associated with entering into partnership or contracting arrangements with other entities and then carry out periodic due diligence based on that risk assessment. Partnership or contractual arrangements will check that the organizations have policies and procedures which are consistent with these Principles and Guidance.

e) Dissemination and communication

RHD will establish effective internal and external communication of its policy and procedures. The organization will undertake training and awareness programs to ensure staff, agents and partners are aware of the potential risks, how fraud and bribery might affect them, what they should do if they are offered a bribe, and the consequences should they be found to have made or received a bribe.

f) Monitoring and evaluation

Implementation of anti-bribery procedures will be monitored as part of overall risk management and internal control processes. Periodic reviews of anti-bribery procedures should be made and reported as part of governance and accountability processes.

g) Collective action

The organization will commit to sharing information and strengthening collective action to prevent bribery.

4. Elements of the policy

The policy consists of three elements – prevention, identification and sanctions. This policy document outlines the procedures that RHD and its donors will expect to be implemented in the beneficiary communities and at the RHD so that members of the public can voice concerns over possible cases of mismanagement and corruption of the financial mechanisms.

a) Fraud/Bribery and Corruption Prevention Measures

RHD acknowledges that the best way to tackle fraud/ bribery and corruption is to prevent its occurrence. RHD will continue to seek advice from partners and non-governmental experts on this issue. The organization has established a Financial Mechanisms Strategy that seeks to prevent fraud, bribery and corruption by having the following elements in place:

1. access to information, including financial figures and other key project information;
2. the involvement of the communities and RHD partners in the project selection and/or the national monitoring processes;
3. open beneficiaries for grant support and procurement of services financed under the financial mechanisms;
4. the use of external, independent appraisal agents in evaluating project and organization's Audits;
5. requiring the adherence to national procurement rules;
6. the reimbursement of eligible project expenses by paid invoices, as opposed to upfront payments;
7. ensuring individuals and institutions involved in the administration, appraisal, recommendation, and monitoring of the funds avoid both the appearance and actual instances of conflict of interest.

- i) **Fraud awareness communication and training:** To ensure that managers and staff members are aware of their responsibilities regarding preventing fraud and corruption, a plan for communication, dissemination and awareness-building of this Policy is critical to ensure its integration into RHD's processes and procedures. In this regard, business units should reiterate the duty of all staff members to report acts of fraud and other corruption, as required by Staff Regulations and Rules.

Fraud communication and awareness programmes may involve:

- References to the Anti-fraud policy in public information material, online resources, information and guidelines available through the intranet and RHD's external webpage;
- Training and education components on how to comply with the Policy in relevant training programmes with an emphasis on induction material.

ii) **Management of the risk of fraud and corruption.** The risk of fraud shall be managed in accordance with the Organization's Risk Management framework. Managers in consultation with all staff members, other personnel and, where appropriate, third parties engaged in RHD operations and Donor funded programmes should identify and assess the risk of fraud in their programme or project areas. Such an assessment should, first, include systematically identifying areas most susceptible to potential fraud and developing appropriate strategies such as internal controls, assurance procedures, programme checks or transparency measures. Then business units should develop or re-engineer business processes or IT configurations to better prevent and detect fraud as well as escalate risks to relevant stakeholders. They may consult RHD's officers with relevant expertise such as the Bureau of Management (BoM) or the Office of Audit and Investigation (OAI) in developing such processes or reconfiguring such systems. In addition, managers of business units should be vigilant in monitoring for irregularities and encourage staff to report them.

iii) **Internal control system.** Where managers have identified and assessed the risk of fraud within their regular risk assessment, they should develop appropriate measures to minimize the risk of it occurring through the application of controls. This may involve applying controls additional to those specified within the RHD Internal Control Framework and Operational Guide, which outlines the minimum internal control standards that must be observed, as well as consulting with appropriate units in BoM or OAI.

iv) **Preventing conflicts of interest.** A 'conflict of interest' occurs when a staff member's private interests—such as outside professional relationships or personal financial assets—interfere with the proper performance of his or her duties as a RHD official. A conflict of interest can be: **Actual** (private interests interfere with official responsibilities), **Apparent** (there may be a reasonable perception that private interests interfere with official responsibilities), or **Potential** (private interests *may* interfere with official responsibilities).

As a staff member of RHD, it is important to preserve the independence and impartiality of staff members' official decision-making at all times. Conflict situations do not necessarily imply corruption, wrong doing or in appropriate activities. However, if they are not identified and managed appropriately, such situations can compromise (or be perceived as compromising) professional integrity or flag a potential fraud situation. Staff members should avoid situations where they seem to benefit, directly or indirectly, or allow a third party to inappropriately benefit from the decisions they make.

Staff members having responsibilities—as managers or procurement or investment professionals—are required to formally disclose private interests through the annual financial disclosure exercise. The objective of RHD’s Financial Disclosure Policy (FDP) (to be prepared soon) is to identify, manage, reduce or eliminate the risk of conflicts of interest arising from the financial holdings or outside activities of staff members, spouses and dependent children. In doing so, FDP not only protects RHD’s reputation but also that of the staff members designated to file. Identified interests may include investments or outside positions that may create or seem to create a conflict of interest. Such a disclosure will enable the Ethics Office to advise staff members on steps to appropriately manage risks through recusals, transfers of duties, divestment, or placement of assets at arm’s-length.

- v) **Integrity as a key criterion in selection procedures.** RHD will establish a procedure to identify integrity as a paramount consideration in the selection of staff members. It is important to recognize integrity as a key component, in its own right, of the recruitment and promotion of RHD staff members. Therefore, placing emphasis on integrity as a selection criterion will enable those involved in selection processes to reflect the principles enshrined in the Selection Procedure Document (SPD) as well as to prevent fraud and other corrupt practices. Recruiting managers should ensure that specific interview assessment tools for integrity, background, and academic checks are employed. Additionally, they should exercise due diligence in ensuring that job candidates are aware of and declare any family or spousal relationships, as required by RHD’s Requirement on the Recruitment of Family Members. Similarly high standards also apply to the selection of other RHD personnel.

- vi) **Standards or code of conduct.** RHD’s staff members must be guided by standards of conduct that are prescribed in the RHD’s Code of Conduct, the Staff Regulations and Rules. All staff members are required to observe these standards and seek advice for support from their line managers/ supervisors and the Ethics Office, Office of Human Resources (OHR/ BoM). Managers must ensure that all staff members take the mandatory ethics training and that inductees do so within three-months of their joining RHD. They should also encourage staff members to take periodic refresher ethics training such as the face-to-face workshops or other related trainings such as the online legal course. The observance of such standards of conduct not only prevents fraud but encourages staff members to aspire to the highest standards of professional behavior.

b) Fraud/Bribery and Corruption Identification

RHD makes use of a number of procedures and tools to verify information that may uncover potential fraud, bribery, mismanagement and corruption. Nevertheless, it acknowledges that some of the best information regarding irregularities comes from members of the public. RHD promotes access to information as a means to expose cases of irregularities in the use of the financial mechanisms.

The following components are promoted to enable the identification of irregularities:

- access to information regarding key project information, financial figures and grant-making processes;
- recourse to independent appraisal, donor monitoring agents and auditors;
- use of external project monitoring, including site visits and unannounced monitoring by the donor

c) Fraud/Bribery and Corruption Sanction

RHD will work with other structures operating within the Constitution of Kenya to prevent irregularities in the following ways:

- will demand cessation of instances where there is an appearance or actual conflict of interest;
- may suspend part or all of the payments for services while the nature of the allegations of fraud, bribery and corruption are forwarded for further investigation;
- will require the recovery of the financial mechanisms that have – subsequent to investigation – been determined to be subject to mismanagement or corruption ;
- may seek the temporary suspension or permanent termination of RHD staff member or officials or agents and intermediary bodies while the allegations of irregularities are being investigated;
- will seek legal prosecution of the staff, company or agents involve in the fraud, bribery and corruption irregularities.

5. COMPLAINTS PROCEDURE

a) Scope of the procedure

The purpose of the complaints procedure is to ensure that members of the public wishing to complain or report irregularities regarding the implementation of the project financial mechanisms have a simple means of doing so, that their complaint is handled with an open mind and in confidentiality, and that incidents of mismanagement and corruption are uncovered and corrected.

The complaints procedure applies where the nature of the complaint indicates threat to the proper use of the financial mechanisms, or where mismanagement or corruption by RHD staff charged with managing the funds is alleged. When the complaint concerns a contract/bidder selection or procurement process, the recourse mechanisms (i.e. appeal) available in such cases under separate regulations should in all cases be used.

b) Beneficiaries/ Members of the public

Beneficiaries and other members of the public wishing to address their concerns regarding possible mismanagement or corruption of the financial mechanisms will be granted confidentiality. There will be no reprisal of members of the public who give information in good faith. Beneficiaries who suspect mismanagement or corruption, but are unsure of their case, are encouraged to share their concerns with the RHD or donor representative.

c) Advertising the procedure

The complaints procedure is public. The contact information on where complaints can be addressed will be made available soon on the RHD website www.kenyadev.org

d) Complaints handling

Any complaints or information regarding possible fraud, bribery, mismanagement or corruption of the financial mechanisms on the projects implemented by RHD, the complaints handling procedure will consist of, but is not limited to:

- designation by the RHD Executive Director of a person or persons assigned to review issues raised by members of the public;
- written acknowledgement of the complaint or report of irregularities, including information on the actions that will be undertaken, together with a tentative timeline;
- involvement, as warranted and appropriate, of RHD staff, donor or beneficiary or representatives, or external monitoring agents to review cases of mismanagement of the financial mechanisms;
- action with all possible speed by all institutions involved in the review to provide an initial assessment of the issue and stop cases of mismanagement or corruption, or dismiss unsubstantiated allegations;
- application of the Guideline on irregularities in cases where information on corruption or mismanagement of the financial mechanisms seems substantiated;
- written information to the beneficiaries or members of the public on the results of the review, the actions that will be taken as a result of the review, and information on redress mechanisms should the result of the review not be satisfactory to the member of the public; RHD is under an obligation to inform and provide information to those bodies who investigate and prosecute instances of mismanagement or corruption.

6. Roles and responsibilities

All RHD staff members and personnel have critical roles and responsibilities in ensuring that fraud, bribery and corruption is prevented, detected and dealt with promptly. They should not only safeguard resources entrusted to RHD for supporting sustainable human development but also protect its reputation. Working together, they contribute to a coherent and complementary institutional framework for effectively enforcing their obligations and cultivating an organizational culture that does not tolerate fraud, malfeasance and other forms of corruption. Accordingly, the following parties are accountable for the following activities:

6.1. The CEO

As the custodian of RHD's Anti-fraud Policy, the CEO approves the Policy and its subsequent revisions.

6.2. Managers

Managers should act as role models and are required to take active steps to prevent and detect fraud, misappropriation and other irregularities through compliance with relevant corporate policies and procedures. They are expected to implement appropriate controls to prevent fraud, in particular:

- Identify the potential fraud risks to which their assets, programmes, activities, and interests are exposed;
- Assess the identified risk, select risk-avoidance options, design and implement cost effective prevention, mitigation and control measures;
- Establish/ implement measures to prevent the recurrence of fraud.

Managers who fail to take appropriate action or tolerate or condone fraudulent activity will be held accountable.

6.3. Individual staff members

Each staff member must realize that fraud, bribery and corruption or whatever its extent and form, is contrary to the RHD's standards Code of Conduct expected of all staff members.

Fraud constitutes serious misconduct for which a staff member may be summarily dismissed. Other personnel may also be terminated where involvement in fraud is established. In addition, the evidence maybe referred to government authorities for criminal prosecution of those involved. Staff members have the obligation to complete mandatory RHD training on ethics and conduct related issues, and to keep themselves abreast of new policies.

6.4. Contractors

Individual independent contractors, as well as employees of companies doing business with RHD are obligated not only to interact honestly in the provision of services for RHD but also to report allegations of fraud to RHD. Upon proof that contractors have engaged in fraud or theft that has caused a financial loss to the organization, RHD will seek restitution for any such loss.

RHD may also report appropriate cases to national authorities for investigation and criminal prosecution.

6.5. Office of Audit and Investigations (OAI)

OAI will consider fraud and corruption red flags and risk factors in audit planning and reporting, consistent with applicable auditing standards. OAI will also provide 'lessons learned' from audits and investigations as relevant to further the development of RHD's risk management framework.

6.6. Reporting fraud, bribery and corruption

Staff members and other personnel have the obligation to report information pointing to fraud involving RHD staff members or affecting RHD funds and assets. Other persons having such information are strongly encouraged to report incidences.

RHD will put in place a telephone 'Hotline' and other measures to ensure that persons wishing to report fraud may do so, free of charge, using a number of different options.

The Investigations Hotline, managed by an independent service provider on behalf of RHD to protect confidentiality, can be directly accessed nationally in different ways.

6.7. Details that should be included in a report of fraud, bribery and corruption

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;
- Where and when these events occurred;
- Who is involved and who has knowledge about the matters being reported;
- How the individual, organization or company committed the alleged wrong doing;
- Why the matter is being reported.

Further, information or evidence (for example, documents) that are important for a proper assessment should be included with the report or sent as soon as possible.

6.8. Confidentiality of fraud, bribery and corruption

All investigations are undertaken by OAI on a confidential basis and investigation participants (witnesses and subjects) are reminded of the need for confidentiality in the course of the investigation. Investigation reports and specific details of investigations are shared on a strictly 'need to know' basis. Requests for confidentiality by persons making a complaint will be honored to the extent possible within the legitimate needs of the

investigation

6.9. Anonymous reports on fraud, bribery and corruption

Individuals wishing to protect their identity may report fraud anonymously. For anonymous reports, a report number will be established to allow the individual making a complaint to follow up for a response and to check if the assessing officer has requested further information.

However, it can be more difficult to assess and investigate anonymous allegations. Therefore, individuals wishing to make a report are encouraged to provide their contact details. OAI will treat information received sensitively, and will limit disclosure of identifying information of the reporting individual to the maximum degree possible. This can be discussed on a case-specific basis with OAI investigators at the time of reporting.

6.10. Protection against retaliation for reporting (“Whistleblower” protection)

RHD will develop a Policy for Protection against Retaliation or a “whistleblower protection” policy. The objective of RHD’s Protection against Retaliation Policy is to enable the organization to identify and prevent fraud and other corrupt practices as well as to function in a transparent and accountable manner. It accomplishes this objective by affording protection for staff members who report fraud or other corrupt practices, or who cooperate with a duly authorized auditor investigation.

If a staff member has reported allegations of wrong doing or cooperated with a duly authorized auditor investigation and as a result, have been retaliated against, he or she is entitled to protection.

Service contract and individual contract holders, volunteers or interns in RHD have recourse in accordance with the provisions of their contracts.

6.11. Investigation of allegations

All allegations of fraud are reviewed by the OAI. In addition, OAI may undertake proactive investigations in high risk areas that are susceptible to fraud and corruption. OAI will often request further information to enable a proper assessment. Where a matter is appropriate for an OAI investigation, the case will be assigned to an investigator who will conduct an objective investigation of all available facts. This will include the collection and review of all relevant documents, interviews of people who can provide information, and an interview with those alleged to be involved in fraud. OAI also coordinates with other fraud investigation and enforcement offices, as appropriate, to ensure the effective investigation of fraud involving more than one organization, or where other parties external to RHD are allegedly involved.

6.12. Action based on investigations

The investigation may result in one or more of the following outcomes:

- a) A referral to the Legal Support Office (LSO/BoM) for consideration of a disciplinary action against staff members;
- b) A referral to other departments in RHD (for example, the Procurement Support Office (PSO/BoM), the field offices, or the Office of Human Resources (OHR/BoM)) for other necessary action;
- c) A referral to the appropriate national law enforcement or prosecutorial agency for criminal investigation;
- d) Recovery of funds and assets;
- e) Debarring vendors from doing business with RHD.

7. Reporting to the Executive Board

Reporting is an important element in communication and awareness of the RHD's Anti-fraud Policy, as well as deterrence. The CEO's Annual Report on Disciplinary Cases sets out the disciplinary measures taken in cases of fraudulent or corrupt behavior. The report on internal audit and investigations of the OAI to the Executive Board, prepared annually, contains information on fraud investigations conducted during the reporting period.

RESOURCE HUB FOR DEVELOPMENT (RHD)

Postal: BOX 10958 - 00400, NAIROBI, KENYA

Tel: +254 754 724 762/ 724 685 154 / 723 414 198

E-MAIL:info@kenyadev.org WEBSITE: www.kenyadev.org