

# EQUALITY FOR GROWTH



## ANTI-FRAUD POLICY

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## 1.0 Background Information

Equality for Growth is a right-based national NGO focusing on empowering women in the informal sector in Tanzania. Since its inception, it has spearheaded efforts for the voice, visibility, and rights of women operating in the informal economy in Tanzania. EfG was established in 2008 as an EfG limited by guarantee and later, in 2011, transformed into an NGO with a certificate of compliance no. 00001544. EfG's Mission is to empower Tanzania's informal sector women to increase their income and reduce household poverty through access to legal and human rights education, business opportunities, capacity building, and active engagement in policy and practice reforms. Similarly, EfG envisions vibrant and economically empowered informal sector women and believes working spaces can be liberated from gender, legal and economic barriers and informal sector women can operate in the absence of all forms of exploitation. EfG believes working spaces can be liberated from gender, legal and economic barriers; and informal sector women can operate in the absence of all forms of exploitation.

EFG strives to achieve the following strategic objectives and priorities

- To facilitate processes that ensure women and men have equal access to ownership, management, and utilization of land and other productive resources for enhanced livelihood.
- To influence and facilitate socio-economic policies and practices that promote equal gender relations for inclusive and sustainable development.
- To enable informal sector women to access justice by providing legal aid services.
- To raise awareness to the public on the rights of informal sector actors.
- To encourage and support vulnerable and marginalized women in establishing groups/ networks and empower them with entrepreneurship skills.
- To conduct research that will inform our policy engagements, advocacy, and organizational development.

Fraud is among the top risk facing many organizations globally, and with technological advancement, it's becoming increasingly complex to detect. EfG seeks to be an organization that is accountable, transparent, and ethical in its management and governance and that retains the confidence and trust of its members, staff, and partners at all levels. Through that, EfG has developed this anti-fraud policy to safeguard its reputation and its financial viability by effectively managing the fraud risk.

Therefore, this policy sets out explicit steps to be taken in response to reported or suspected fraud, as well as measures that will be taken to prevent or minimize the risk of fraud.

## 2.0 Scope of the Policy

This Policy applies to all staff, volunteers, and associates of EfG. It is an integral part of the EFG's internal control policy framework and should be read and applied in conjunction with the Code of Conduct, finance, and accounting manual.

**Fraud;** for purposes of this Policy, fraud is defined as the use of deception by an individual to obtain an advantage for himself or herself or a third party or parties, avoiding an

obligation, or causing loss to another party. The term fraud is used to describe offenses such as, but not limited to, deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion. Examples of fraudulent behaviors include;

- Obtaining property, financial advantage, or any other benefit by deception or abuse of authority granted under an official position or duty.
- Charging EfG for goods and services that have not been delivered.
- Seeking to obtain confidential information about a colleague or others intending to use it for unauthorized purposes.
- Knowingly providing false, misleading, or incomplete information to EfG, its donors, partners, or other relations, or deliberately failing to provide information where there is an obligation.
- Unauthorized personal use of EfG computers, telephones, vehicles, or any other property or services outside of professional duties, hacking into or interfering with an EfG computer system.

### **3.0 Fraud Response**

#### **3.1 Delegation Structure**

The Executive Director is responsible for the organizational response to a reported or suspected fraud. In case allegations are directed to the Executive Director, the Chairperson of the Board shall be responsible for handling responses. Sub-delegation for handling the response will be made as appropriate. Care should be taken to ensure that those overseeing fraud response do not have managerial responsibilities in the area(s) affected.

#### **3.2 Reporting Allegation of Fraud**

EfG staff should be aware of the potential for fraud and should report any reasonably suspected fraud. Concerns that should be reported include, but are not limited to, staff committing or attempting to commit:

- Any dishonest or fraudulent act, such as:
- Forgery or alteration of documents or accounts,
- Misappropriation of funds, supplies, or other assets,
- Impropriety in the handling or reporting of money or financial transactions,
- Personal gain from an official position or enabling family members or others to do so,
- Disclosure of official activities or information for advantage,
- Attempt to achieve personal gain from third parties under an official position or authority,
- Theft or misuse of property, facilities, or services

External party actions which should be reported include:

- Being offered a bribe or inducement by a partner or supplier,
- Receiving fraudulent (i.e., intentionally inaccurate, rather than erroneous) invoices from a supplier,
- Known instances of corruption, deception, or misuse by a supplier or partner,
- Any of the concerns listed about EfG staff members.

If staff become aware of suspected fraud, they should take note in writing of any pertinent details, including what was said or done by whom, the date, the time, the location, and the names of the individual(s) involved.

### **3.3 Reporting Incidences**

Depending on the circumstances of who is thought to be involved in the suspected fraud, EfG staff members should report the alleged fraud to one of the following, in order of preference:

- a) The line manager or the Department.
- b) The Head of the Department of Finance and administration who will report the details to the Executive Director
- c) If the line manager is a potential suspect, then staff members should report the concern directly to the Executive Director
- d) If the Executive Director is a suspect, the staff can report directly to the Chairperson of the Board
- e) Staff have the option to report anonymously if they wish to do so; the EfG shall establish a hotline to facilitate ease of reporting

All information provided will be treated confidentially. All credible allegations will be treated seriously and systematically and investigated appropriately. Whether made anonymously or not, allegations must be supported by documentary evidence or statements by witnesses for the investigation to proceed. Without such evidence, the investigation cannot take place.

Suppose an allegation is determined to have been made lightly, in bad faith, maliciously, for personal gain, or revenge. In that case, disciplinary action will be taken against the person making such an allegation.

### **3.4 Leadership Responsibility**

If informed of fraud, managers should listen carefully and ensure that every allegation is treated seriously and given a fair hearing. Managers should obtain as much documentation and information as possible regarding the alleged fraud, including any notes or evidence. They should reassure staff members that they will be protected and not suffer any reprisal for having reported allegations made in good faith. Managers will be required to prepare a written report of the details of any suspected fraud that has been reported to them for inquiry and provide it to the Executive Director.

If managers consider that the case cannot be discussed with the alleged perpetrator, they should immediately report the matter to the Executive Director. All cases should be reported within five working days of discovery or notification from another staff member to the Executive Director or, Chairperson of the Board.

### **3.5 Determining the Appropriate Course of Action by Executive Director**

As a matter of principle, once an alleged fraud is reported to the Department's responsible head, he/she will disclose all relevant information to the Executive Director. The Executive Director will determine, in consultation with the Head of Finance and Administration and Legal officer/ advisor ( if any of these persons are thought to be involved, then the report should bypass the person concerned) will determine, whether the case can be dealt with internally or whether and what external involvement is necessary. Any decisions to contact external experts or police will be recorded.

A decision to involve external experts will depend on the magnitude and complexity of the fraud and the individuals involved.

The Legal Officer will advise the Executive Director on the involvement of the police in the given case. The Executive Director will make the final decision to involve the police.

The Executive Director could seek advice and require the involvement, as necessary, from the external Auditors, the Chair of the Board Committee responsible for finance, and any other relevant person.

### **3.6 Initial Reaction to Allegations of Fraud**

- a) The Executive Director will act promptly to determine a course of action appropriate to the alleged offense's seriousness. Sanctions could range from leave with pay, or suspension, to immediate dismissal. In all cases, the course of action will be determined in consultation with the Manager responsible for Human Resources Management and the Legal Officer/ advisor
- b) The Manager responsible for Human Resources Management will inform the individual(s) concerned about the allegations against him or her and the course of action.
- c) Simultaneously, the Executive Director will ensure that all relevant information in possession of the individual suspected is secured for investigation.
- d) In consultation with the Head of Finance, the Executive Director will mitigate the risk of future losses by immediately amending procedures to protect assets and preserve evidence, including, if necessary, suspending payments (such as salary or invoices).
- e) Relevant insurers will be notified immediately of any loss or damage to EfG-insured assets.
- f) The Executive Director may have a legal obligation to report the case to the appropriate government body, such as PCCB, to protect EfG's reputation or legal status.
- g) EfG may have a legal obligation to provide early notification to parties such as donors and partners who may potentially suffer losses.

### **4.0 Investigation Procedures**

- a) Depending on the magnitude and the complexity of the fraud, investigations will be carried out either in-house by a special investigation committee or by external parties such as independent accountants with specialized forensic accounting expertise and access to criminal law expertise, or where deemed appropriate, by the police. The Executive Director will decide whether to use internal or external investigation services or a combination of both on the advice of the Legal Officer or advisor
- b) Investigations will be conducted without regard to any person's relationship to the organization, position, or service length. The investigation committee will retain and secure records of all actions in the investigation in case of any future criminal, civil, or disciplinary action.
- c) The investigation committee will determine who should be involved in the investigation and avoid a conflict of interest situation for staff members and managers with close working relationships with the individual(s) in question.
- d) The Executive Director will ensure full access to the investigation committee. Any external body requested to assist his/her to immediately search the work area in question, including any files and computers. All searches must be conducted lawfully

to ensure that evidence is admissible in court if required. The committee will keep records of any action or handling of evidence.

- e) Interviews, if necessary, will be structured and documented as much as possible.
- f) The investigation committee will issue a report detailing every completed investigation's findings and conclusions, including recommendations for future action. Results of investigations will not be disclosed to or discussed with anyone apart from the Legal Adviser, Executive Director, Finance and Administration Manager, External Auditors, the Audit, Finance, and Administration Committee of the Board, and anyone with a legitimate need to be involved. This is important to avoid damaging the reputation of those suspected of wrongdoing and subsequently found innocent and to protect the EfG from potential civil liability and loss of reputation and goodwill.

### **5.0 Managing External Relations**

In the case of substantiated fraud, EfG will take immediate steps to mitigate the potential loss of EfG's reputation and credibility with donors and partners who may be involved in funding or delivering work in the particular context in question. Where an investigation confirms that an act of fraud was committed, the Executive Director will disclose the details of the fraud, the assets/resources affected, and the efforts being made to remedy the situation to any partner or donor with interest in the affected area. This must be done as rapidly as possible.

The Communication Officer will manage and monitor any media response in high-profile fraud cases. They are to release information only when the Executive Director approves in consultation with the Legal officer. Communications Officer will retain a complete record of any information released, including the content and the recipient.

### **6.0 Recovering Assets**

Where EfG has suffered pecuniary loss or loss of other material assets, efforts will be made to seek restitution from the individual(s) responsible for the fraud. This can be done through the following methods:

- Making arrangements for voluntary payment,
- Making deductions from benefit payments,
- Considering an insurance claim and subrogation if the claim is settled,
- Taking civil action to obtain a judgment for the loss,
- Obtaining compensation orders in criminal cases,
- Considering any other appropriate means of recovery.

### **7.0 Disciplinary Action**

Where the investigation reveals that an EfG staff member has committed fraud involving theft, embezzlement, or misappropriation of funds and the facts are considered to be beyond a reasonable doubt, the Executive Director, in consultation with the Legal Officer or advisor and the Head of Human Resources Management, will seek advice from external counsel. Where appropriate, a complaint should be filed with the police. In these cases, disciplinary action will take the form of termination or summary dismissal.

If the fraud does not involve theft, embezzlement, or misappropriation of funds, the staff member should be suspended from duties on pay pending completion of the investigation.



After consultations with the Legal Officer/ advisor and the Head of Human Resources Management, the Executive Director will determine the appropriate course of action.

Disciplinary action may also be brought against supervisors whose failures have contributed to the act of fraud or against a staff member deliberately making an allegation in bad faith.

### **8.0 Follow-up Action**

Following a case of fraud and subject to any legal reporting restrictions, the Executive Director will ensure that all managers and staff in the area affected are briefed on the investigation process and outcome. There should also be a follow-up with the individual(s) who reported the fraud's initial suspicion to ensure that their claims have been taken seriously. Depending on the circumstances, the Executive Director will consider the need for communication with staff, donors, and partners on a larger scale.

The Executive Director will ensure that the EfG conducts a thorough review of operating procedures in the areas affected by the fraud and that improvements are necessary. Lessons learned will be disseminated throughout the organization, where applicable, to strengthen internal control and foster an anti-fraud culture. A report on actions taken will be submitted to the Finance and Audit Committee of the Board.

