

## UNITED NATIONS DEVELOPMENT PROGRAMME

### FRAUD POLICY STATEMENT

<b>Title</b>	Fraud Policy Statement
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<b>Is part of</b>	UNDP Internal Justice System
<b>Conforms to</b>	Standards of Conduct for the international civil service, 2001
<b>Related documents</b>	- <a href="#">Prescriptive Content on Accountability, Disciplinary Measures and Procedures</a> issued by OLPS;  -Investigation Guidelines issued by OAPR
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## **Introduction:**

Fraud in the operations of international organizations depletes funds intended for the accomplishment of programme delivery. Thus, fraud can undermine the effective functioning of international organizations and jeopardize sustainable development by diverting donor contributions.

## **Policy:**

UNDP is committed to preventing, identifying and addressing all acts of fraud against UNDP as well as third parties involved in UNDP activities. To this effect, UNDP will raise awareness of fraud risks, implement controls aimed at preventing fraud and establish a procedure applicable to the detection of fraud and the enforcement of this policy. This policy aims to prevent and detect fraud involving UNDP staff members, consultants, contractors, and/or other parties with a business relationship to UNDP.

## **Oversight and Administration of the Policy:**

Corporate oversight and administration of this policy shall remain with the Senior Management Team (SMT) with support from OLPS and OAPR.

## **Definition:**

Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her detriment.

UNDP aims to address three categories of fraud:

1. Fraud committed to obtain undue financial benefits or entitlements under the Staff Regulations and Rules, including:
  - Rental subsidy
  - Insurance claims
  - Education grant
  - Tax reimbursement
  - Travel costs
  - Misuse of funds
2. Fraud involving third parties, in particular in the context of procurement and financial administration, including:
  - Collusion with contractors
  - Kickbacks
  - Reporting false expenditure
3. Fraud committed to cause the Organization to act in a manner other than it would have acted with the full knowledge of the genuine information, including:
  - False Curricula Vitae, fraudulent appraisal reports or certificates

- The staff member using his/her authority to hire persons without disclosing that he/she is related to these persons
- Failure to disclose financial interest or other conflict of interest with a prospective contractor or supplier

Fraud does not necessarily imply immediate financial benefits for the individual(s) committing fraud but may cause a loss to the Organization.

Fraud may involve (i) the use of deception such as manipulation, falsification or alteration of accounting records or documentation; (ii) misrepresentation or intentional omissions of events, transactions or other significant information; or (iii) intentional misapplication of accounting principles relating to amount, classification, manner or presentation or disclosure.

UNDP is also concerned with preventing thefts, such as theft of assets, including investments, cash, cheques, and property.

### Responsibility:

#### STAFF

Fraud is serious misconduct for which a staff member <sup>1</sup> [1] may be summarily dismissed (see Staff Regulation 10.2). Other personnel<sup>2</sup> [2] contracts may also be terminated. In addition, the individual(s) may be referred to national authorities for criminal prosecution.

Each staff member must realize that fraud, whatever its extent and form, is contrary to the standards of conduct expected of international civil servants (see Staff Regulation 1.2, Staff Rule 101.1 and "The Standards of Conduct for the International Civil Service" issued by ICSC – UNDP/ADM/2002/58).

#### CONTRACTORS

Individual independent contractors, as well as employees of companies doing business with UNDP shall be informed of this policy in their respective contracts. They shall be obligated not only to interact honestly in the performance of services for UNDP, but also to report allegations of fraud to UNDP. Upon proof that contractors have engaged in fraud or theft that has caused a financial loss to the organization, UNDP shall seek restitution for any such loss.

#### MANAGERS

Managers are responsible for preventing and detecting fraud, misappropriations and other irregularities. They are expected to put in place the appropriate controls to prevent fraud, and in particular:

- identify the potential perils, factors, and types of 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 and control measures;
- establish/implement measures to prevent the recurrence of events.

Managers who fail to take appropriate action or who directly or indirectly tolerate or condone improper activity may themselves be held accountable.

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## ORGANIZATION

The Organization will provide for fraud prevention awareness and training programmes to assist staff in their responsibilities.

In enforcing staff obligations, the Organization will act consistently and undertake the investigative activity required without regard to the suspected wrongdoer's length of service, position/title, or relationship to UNDP.

### **Reporting Procedures:**

Allegations of fraud may be made to supervisors, auditors and investigators in OAPR, or lawyers in OLPS. In addition, a hotline ([hotline@undp.org](mailto:hotline@undp.org)) is available to all UNDP staff members or personnel, as well as to third parties, for them to report any suspicions about dishonest or fraudulent activity.

- Staff members and other persons may submit reports of fraud anonymously but, the effectiveness of investigative follow-up in cases of anonymous reports is contingent upon receipt of detailed and/or specific information, given that the person making the anonymous report of fraud cannot be contacted. For guidance as to the information typically required by the Organization to act, all persons making a report of fraud -- especially those who remain anonymous -- are encouraged to refer to the "check-list" appended to this policy.

For guidance on investigative procedures employed by UNDP, please see the UNDP prescriptive content on Accountability, Disciplinary Measures and Procedures and the UNDP Investigation Guidelines.

### **Confidentiality:**

Confidentiality is essential to protect the parties' due process rights, and to avoid damaging the reputations of suspects who may subsequently be found innocent of fraud or misconduct.

Information on:

- the suspicions which have been reported,
- the status of the investigation once it is launched, and
- the results of the investigation

will not be disclosed or discussed with anyone other than those who have a legitimate need to know, including OAPR and OLPS.

### **Disciplinary Measures and Recovery Action:**

Investigation and disciplinary measures shall be carried out in accordance with the UNDP Investigative Guidelines and the UNDP prescriptive content on Accountability, Disciplinary Measures and Procedures. If the investigation substantiates that fraudulent activities have occurred, the investigators will issue a report to the Director, OLPS. OLPS will review the recommendations made in the investigation report, if any, and will initiate the following actions:

- summary dismissal;
- referral to the Disciplinary Committee;
- recovery of UNDP funds and/or property in the national courts, from third parties and recovery of losses to UNDP from the staff member/personnel pursuant to United Nations Staff Rule 112.3;
- referral to the national authorities for criminal prosecution.

## **Management Responsibility**

Management of the office in which the fraud or theft occurred shall receive reports of investigation, as appropriate, and take action on findings and recommendations designed to improve internal controls.

## **Resources**

**The following websites provide useful resources on the subject of investigations and disciplinary matters :**

**UNDP Intra net**

**Office of Legal and Procurement Support**

**Office of Audit and Performance Review**

**International Civil Service Commission (Standards of Conduct) – <http://icsc.un.org/>**

## APPENDIX

### Reporting fraud:

*Note: It is preferable, but not essential, that you answer all of the questions below. Provide answers to the best of your ability. Try to be as accurate as possible.*

1. WHO is engaged in the alleged act/acts of fraud? Provide name, functional title, contact details etc.
2. WHAT happened? Please provide the details of the alleged act of fraud. Be as precise as possible.
3. WHEN was the fraud committed?
4. WHERE was the fraud committed?
5. HOW was the fraud perpetrated? For example, were any checks, procedures or safeguards circumvented or violated to perpetrate the fraud?
6. To your knowledge, WHY were the acts undertaken by the person who allegedly committed the fraud.
7. Is there any specific evidence (e.g. documentation, witnesses) that you are aware of?

Please provide such contact details as you would feel most comfortable with, if you wish to be contacted by UNDP investigators.