

The IUCN Anti-Fraud Policy

February 2008 – Version 1.0



Office of the Director General

Policy Version Control and Document History: The IUCN Anti-Fraud Policy

Title	IUCN Anti – Fraud Policy
Version	1.0 released February 2008
Source language	English
Published in French under the title	<i>Politique de l’UICN de lutte contre la fraude</i>
Published in Spanish under the title	<i>Política para la Prevención de Fraudes de la UICN</i>
Responsible Unit	Office of the Director General
Developed by	IUCN Oversight Unit
Subject (Taxonomy)	Fraud, Internal Control, Risk Management
Date approved	November 2007
Approved by	Director General and Global Management Team
Applicable to	All IUCN Staff Members world-wide
Purpose	The aim of the IUCN Anti-Fraud Policy is to safeguard the reputation and financial viability of IUCN through improved management of fraud risk. It 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.
Is part of	IUCN Internal Control Policy Framework
Conforms to	COSO Standards
Related Documents	IUCN Code of Conduct and Professional Ethics for the Secretariat
Distribution	Sent to all staff members world-wide, available on the IUCN Knowledge Network (intranet), provided for information to all partner organizations and suppliers with contracts with IUCN, and available publicly on request.

Document History

Version 1.0	Released February 2008

For further information contact:

IUCN Oversight Unit

++ 41 22 999 0271 or Reception ++ 41 22 999 0001

Table of Contents

- Glossary..... 4
- 1. Introduction 5
- 2. What is Fraud?..... 5
- 3. How Fraud Occurs 6
- 4. Fraud Prevention 6
 - 4.1. Culture of Honesty and Ethics..... 7
 - 4.2. Risk Management and Internal Control 7
 - 4.3. Awareness Raising and Training 7
 - 4.4. Oversight Process 8
- 5. Fraud Response 9
 - 5.1. Delegation Structure 9
 - 5.2. Reporting Allegations of Fraud..... 9
 - 5.3. Determining the Appropriate Course of Action by the Internal Auditor and the Director General..... 10
 - 5.4. Initial Reaction to Allegations of Fraud 11
 - 5.5. Investigation Procedure 11
 - 5.6. Managing External Relations 12
 - 5.7. Recovering Assets 12
 - 5.8. Disciplinary Action 12
 - 5.9. Follow-up Action..... 13
- 6. Roles and Responsibilities in Fraud Response and Control 13
 - 6.1. The Finance and Audit Committee of the IUCN Council..... 13
 - 6.2. The Director General..... 13
 - 6.3. All Line Managers..... 14
 - 6.4. Internal Auditor 14
 - 6.5. Legal Adviser..... 14
 - 6.6. Head Global Human Resources 15
 - 6.7. All Staff Members 15
- 7. Related Policies for Further Guidance..... 15
- 8. Contact Details..... 15
 - 8.1. IUCN Internal Auditor 15
 - 8.2. IUCN Director General 16
 - 8.3. IUCN Treasurer 16
 - 8.4. Fraud Hotline..... 16
- Annex A: Guidelines for Investigation 17
- Bibliography 18

Glossary¹

Allegation	A statement or accusation by a person that an act of fraud has or may have been committed. This does not require evidence of the offence or identification of suspects, but there is usually some stated basis for the accusation.
Conflict of interest	A situation in which the impartiality of an employee in discharging his/her duties could be called into question because of the potential, perceived or actual improper and impermissible influence of personal considerations, financial or other.
External fraud	Fraud committed against IUCN by an external party, for example the employees of a partner or supplier.
External party	Any legal entity or individual other than the staff members of the IUCN Secretariat.
Fraud	The use of deception by an individual with the intention of obtaining an advantage for himself or herself or for a third party or parties, avoiding an obligation, or causing loss to another party. Fraud includes offences such as, but not limited to, deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion.
Fraud Prevention	Strategies designed to proactively reduce or eliminate internal and external fraud.
Immediate dismissal	The cessation of a term of employment by IUCN immediately upon notice and without any separation benefits that may be provided by local conditions of service, on the basis of the employee's breach of certain terms of his/her contract of employment (including the local conditions of service).
Internal control	A process, effected by the governing body, management and other employees, designed to provide reasonable assurance that risks are managed so as to ensure the achievement of the organization's objectives.
Internal fraud	Fraud committed directly against IUCN by a staff member of the IUCN Secretariat.
Investigation	A search for or collation of evidence connecting or tending to connect a person or body with conduct that infringes the law or IUCN policies, procedures and guidelines.
Partner	Organization or corporation that is involved in funding or delivering services to IUCN.
Risk assessment	A process that analyses the risks, including fraud risks, that may prejudice or prevent achievement of organizational objectives, and that determines whether those risks are to be prevented, mitigated, transferred or accepted.
Staff member	For purposes of this policy, any individual who is a party to a contract of employment with IUCN, including staff members of the IUCN Secretariat and project staff, TRAFFIC, Ramsar, and CITES personnel; Junior Professional Officers, interns and volunteers working for the Secretariat and individuals seconded by other organizations to the Secretariat, all of the above regardless of location.

¹ The definitions in this Glossary are to be interpreted within the context of this policy.

1. Introduction

Over the past two intersessional terms IUCN has become increasingly aware of the levels and types of risks that IUCN must manage if it is to retain and enhance its reputation, financial viability and place among the world leaders in environment and sustainable development. External Reviews, donor feedback, Council recommendations and reports of the External and Internal Audits have highlighted, in some cases repeatedly, the challenges, risks and opportunities that IUCN faces in effectively managing and governing its large decentralized system of global, regional, country and project offices, networks of Commissions, and a world-wide Membership.

Recognizing that addressing fraud risk is a normal requirement for the conduct of business by all organizations, the IUCN Director General has responded to the recommendations of the Finance and Audit Committee of the IUCN Council and the External Auditor to strengthen IUCN's risk management practices, internal controls and standards. Measures include the implementation of a Risk Register, an Anti-Fraud Policy (this Policy) and a Code of Conduct and Professional Ethics. Through these measures, IUCN 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 donors.

The aim of this Anti-Fraud Policy is to safeguard the reputation and financial viability of IUCN through improved management of fraud risk. It 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. The Policy has been developed based on good practice examples of fraud risk control strategies and of fraud response plans found in the public and not-for-profit sectors, and on the specific needs and requirements of IUCN as a world-wide highly decentralized organization (see Bibliography).

This Policy applies to all staff members² of the IUCN Secretariat. It is an integral part of IUCN's internal control policy framework and should be read and applied in conjunction with the *IUCN Code of Conduct and Professional Ethics*, and the *IUCN Accounting Standards and Procedures*. In addition, the definitions that appear in the Glossary are to be interpreted within the context of this Policy.

2. What is Fraud?

For purposes of this Policy, fraud is defined as the use of deception by an individual with the intention of obtaining an advantage for himself or herself or for a third party or parties, avoiding an obligation, or causing loss to another party.

The term fraud is used to describe offences such as, but not limited to, deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion.

This Policy is intended to apply to both internal and external fraud as defined in the Glossary.

Figure 1: Examples of Fraudulent Behaviour

<p>Obtaining property, financial advantage or any other benefit by deception or abuse of authority granted by virtue of official position or duty.</p> <p>Charging IUCN for goods and services that have not been delivered.</p> <p>Development or application of local policies or practices that are knowingly inconsistent with the objectives of IUCN global practices or objectives.</p> <p>Seeking to obtain confidential information about a colleague or others, with intent to use it for unauthorized</p>

² As defined in the Glossary

purposes.

Knowingly providing false, misleading or incomplete information to IUCN, its donors, partners, or other business relations, or deliberately failing to provide information where there is an obligation to do so.

Non-permitted use of IUCN computers, vehicles, telephones or any other property or services outside of professional duties or without specific authorization.

Hacking into, or interfering with, an IUCN computer system.

3. How Fraud Occurs

Some frauds arise because of lack of proper internal control policies and procedures. Other frauds may be the result of failures to follow proper control procedures, carelessness in carrying out checks, inadequate separation of duties of staff or management override of internal controls.

Four basic elements are usually present when fraud occurs:

- Individual(s) to carry out the fraud – inside or outside of the organization
- Assets to be acquired, used or disposed of fraudulently
- Intent to commit the fraud
- Opportunity to do so

Managers must ensure that the opportunities for fraud are minimized. A high probability of being caught will deter those who might otherwise engage in fraud.

Opportunities to commit fraud may be reduced by ensuring that a sound system of internal control, proportional to risk, has been designed and implemented and is functioning as intended.

4. Fraud Prevention

Everyone in IUCN has a responsibility as well as obligation to contribute to the management of fraud risk.

- Starting at the top, the IUCN Council, the Director General, the Global Management Team and the Senior Management Team all set the tone and lead in the promotion of risk management, internal controls and an anti-fraud culture throughout the Union.
- Operational staff design, implement and operate the control actions, recruit the right people, and ensure that physical and IT services promote computer and data security.
- Staff members conduct themselves with integrity and demonstrate awareness of the importance of ethical practices in their day to day work.
- Fundamental to sound management are governance structures that demonstrate and reinforce leadership, stewardship, ethical behaviour, transparency, accountability and performance. In IUCN this refers to the overall role of the IUCN Council and the specific role of the Finance and Audit Committee of Council to oversee IUCN's internal controls and risk management practices.

IUCN expects all people and organizations associated with it to be honest and fair in their dealings with the Union, its members and its partners. IUCN will not tolerate any level of fraud or corruption. Any detected case will be thoroughly investigated, with disciplinary or criminal sanctions pursued where appropriate and possible, and losses recovered by any lawful means. IUCN is also committed to ensuring that opportunities for fraud are reduced to the lowest possible level of risk; that effective controls are maintained to prevent fraud, and that systems and procedures are reviewed and improved following detected cases of fraud.

There are four major facets to IUCN's strategy for effective fraud prevention:

4.1. A Culture of Honesty and Ethics

The most persuasive and effective method of preventing fraud is the promotion by senior management of an ethical and transparent environment that encourages staff members at all levels to actively participate in protecting the Union's reputation and resources.

This involves:

- Having a clear statement of ethical values in the IUCN Code of Conduct and Professional Ethics which all staff have an obligation to comply with and to promote with third parties, and which the organization applies and enforces consistently.
- Establishing, disseminating and enforcing a clear anti-fraud policy, including sanctions for wrongdoing.
- Clarifying and addressing conflict of interest cases.
- Promoting staff awareness of fraud and training staff in anti-fraud and corruption strategies.
- Establishing and applying personnel policies that focus on the honesty and integrity of employment candidates and require background checks sufficient to the level and sensitivity of the position.
- Maintaining staff morale, reasonable working hours, and common basic standards in local working conditions.

4.2. Risk Management and Internal Control

Risk management is at the heart of effective fraud control, especially through the development of risk criteria and implementation of effective controls. IUCN will undertake a comprehensive evaluation of its overall vulnerability to fraud as well as the scope and magnitude of fraud risk in specific areas at least every two years, or more frequently as part of an ongoing rolling risk assessment process. Findings will be reported to the Finance and Audit Committee of the IUCN Council.

The Finance and Audit Committee of the IUCN Council:

- Expect the Director General to exercise proactively his/her responsibility for the overall management of fraud risk and for the management of specific fraud risks, consistent with Art. 79(c) of the IUCN Statutes that holds the Director General responsible for the finances and accounting of IUCN.
- Will monitor the implementation of actions designed to reduce fraud risk.
- Where there is insufficient or lack of Secretariat response to fraud, report the matter to Council with recommendations for appropriate action.

The IUCN Director General and Global Management Team will:

- Establish internal controls to detect, report and deter fraud that are cost effective and commensurate with the magnitude of identified risks.
- Ensure that staff comfortable to report fraud without fear of reprisal.
- Initiate and facilitate fraud detection and reporting.
- Determine whether each risk, judged according to its probability and severity, should be prevented, mitigated, transferred³, or accepted.
- Report on the implementation of actions designed to reduce fraud risk.

Further roles and responsibilities are set out in Section 6.

4.3. Awareness Raising and Training

Fraud awareness raising and training underpins fraud prevention and detection. IUCN will ensure that all employees are aware of their responsibilities for fraud control and ethical behaviour. Targeted

³ "Transferred" means that the exposure is covered by a third party, usually through insurance.

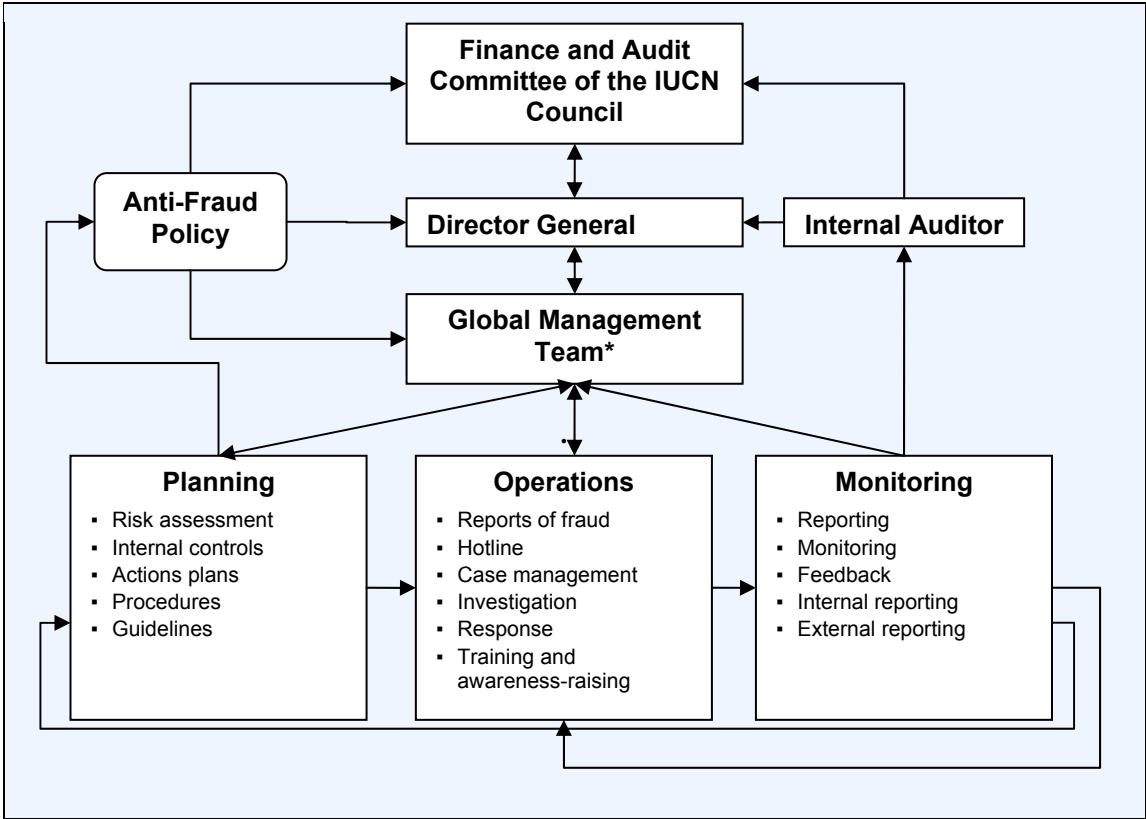
training will be provided for new staff and refresher training for current staff. Training will include the following subject areas:

- Definition of fraud – with IUCN examples to illustrate the breadth of fraud and the fact that it can involve the pursuit of tangible and intangible benefits.
- The need for ethical behaviour and the fact that fraud avoidance is everyone’s responsibility.
- The details of IUCN’s Anti-Fraud Policy.
- Things to look for that could indicate that fraud may have been committed.
- Steps to take if fraud is reasonably suspected.
- Responsibilities for handling allegations and inquiries into cases of fraud in IUCN.
- Relationship of the Anti-Fraud Policy with the Code of Conduct and Professional Ethics.
- The role of the Internal Auditor, the Director General, the Global Management Team and the Finance and Audit Committee of the IUCN Council.
- Available remedies and measures to be applied when fraud is established.
- Measures to ensure that third parties are aware of IUCN’s Anti-Fraud Policy.

4.4. Oversight Process

Independent reviews by internal and external auditors will examine the effectiveness of internal controls and review operations for evidence of fraud. The results of such reviews will be reported directly to the Director General and the Finance and Audit Committee of the IUCN Council, and will be followed-up by management.

Figure 2: Internal Fraud Prevention Responsibilities



* including representation from Regional Directors

5. Fraud Response

5.1. Delegation Structure

The Director General has overall responsibility for the organizational response in the case of a reported or suspected fraud. Authority for the response can be delegated to a Global or Regional Director, as appropriate, though overall management of the response to suspected fraud will be maintained at least at the level of a Global Director. Care should be taken to ensure that those involved in overseeing fraud response do not have managerial responsibilities in the area(s) affected.

5.2. Reporting Allegations of Fraud

IUCN Staff Members' Responsibility

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

- Any dishonest or fraudulent act
- 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
- Profiting personally from an official position or enabling family members or others to do so
- Disclosure of official activities or information for advantage
- Accepting or seeking value from third parties by virtue of 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 in reference to IUCN staff members

If staff become aware of a 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. Staff **should not**:

- Contact the suspected perpetrator to get facts or demand restitution
- Discuss the case facts or allegations with anyone outside of the organization
- Attempt to personally conduct investigations or interviews

Reporting process

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

- The line manager(s) of the individual(s) suspected of committing fraud.
 - The line manager(s) is required to report the concern to the Internal Auditor, or to a Country, Regional or Global Director, or to the Director General who will report the details to the Internal Auditor.
- If the line manager(s) is a potential suspect, then staff members should report the concern directly to the Internal Auditor, or to a Regional or Global Director, or to the Director General.

- If staff prefer to report anonymously they can do so through the confidential Fraud Hotline (voice mail) or the fraud email account or by fax or letter to the Internal Auditor. The Hotline is a shared hotline for concerns related to both the Code of Conduct and Professional Ethics and the Anti-Fraud Policy. The Hotline is monitored by the Internal Auditor. Contact details for the Internal Auditor appear in Section 8.
- Reports of fraud should include all known details, including all individuals alleged to be involved, the location, the time, and any relevant actions or statements.
- All information provided to the Internal Auditor and Legal Adviser will be treated confidentially. All reasonable allegations will be treated seriously and systematically, and will be properly investigated. Confidentiality, in so far as possible, will be maintained for all reports made in good faith, and where reports are made anonymously, such anonymity will be respected. However, if criminal activity is to be reported to the police, the identity of the person reporting may eventually have to be disclosed to enable external investigators or the police to pursue criminal investigation effectively.

If an allegation is determined to have been made frivolously, in bad faith, maliciously, for personal gain or for revenge, disciplinary action may be taken against the person making such an allegation.

IUCN Managers' Responsibility

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

Managers **should not** confront the alleged perpetrator or carry out an investigation themselves. Instead, the matter should be reported immediately to the Internal Auditor. If the Internal Auditor is not available, then the manager should report to the Director General or the Director Global Operations in the absence of the Director General. The Internal Auditor should be copied on all correspondence with the Director General or Director Global Operations. No time should be lost in reporting the suspected fraud.

5.3. Determining the Appropriate Course of Action by the Internal Auditor and the Director General

- As a matter of principle, once an alleged fraud is reported to the Internal Auditor, he/she will disclose all relevant information to the Director General, Global Management Team, Chief Financial Officer, Head Global Human Resources and Legal Adviser. If any of these persons are thought to be involved, then the report should bypass the person at issue, and additionally be sent to the IUCN Treasurer, who will take appropriate action in the spirit of this Policy.
- The Director General will determine, in consultation with the Internal Auditor, the Legal Adviser and the Global Management Team, 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 an external source will depend on the magnitude and the complexity of the fraud and the individuals involved. Suggestions on streaming of cases for investigation can be found in Annex A.
- The Legal Adviser will advise the Director General on the involvement of the police in the given case. In IUCN regions, a local lawyer will be consulted for such advice. The final decision to involve the police will be that of the Director General.
- The Director General could seek advice and require the involvement, as necessary, from the External Auditors, the Finance and Audit Committee of the IUCN Council, and any other specialist accountant and financial investigators.

5.4. Initial Reaction to Allegations of Fraud

- The Director General will act promptly to determine a course of action appropriate to the seriousness of the alleged offence. Appropriate actions could range from taking the individual out of his/her position into another position during the investigation, or leave with pay, leave without pay, or suspension. In all cases the course of action will be determined in consultation with the Head Global Human Resources, the Legal Adviser and the Global Management Team. If the suspected person(s) are allowed to remain on the premises and/or continue with their employment duties, arrangements must be made to keep the person(s) under close surveillance.
- The Director General will inform the individual(s) concerned of the allegations against him or her, and the course of action to be taken.
- Simultaneously the Director General will ensure that all information in the possession of the individual suspected is secured for investigation.
- The Director General or the Chief Financial Officer, in consultation with the Internal Auditor, will mitigate the risk of future losses by immediately adjusting procedures in order to protect assets and to preserve evidence, including, if necessary, suspending payments (such as of salary or of invoices) .
- Relevant insurers will be notified immediately of any loss or damage to IUCN insured property.
- The Internal Auditor will notify the External Auditors.
- Depending on the legal status of the IUCN office, IUCN may have a legal obligation to report the case to the appropriate government body in order to protect IUCN's reputation or legal status.
- IUCN may have a legal obligation to provide early notification to parties such as donors and partners who may potentially suffer losses that a concern is under investigation (see also Managing External Relations, below).

5.5. Investigation Procedure

Depending on the magnitude and the complexity of the fraud, investigations will be carried out either in-house by the Internal Auditor or by external parties such as external audit firms with specialized forensic accounting expertise and access to criminal law expertise, or where deemed appropriate, by the police. The decision whether to use internal or external investigation services, or a combination of both, will be made by the Director General on the advice of the Legal Adviser and the Internal Auditor, with the assistance of local legal counsel as necessary.

Investigations will be conducted without regard to any person's relationship to the organization, position or length of service. The Internal Auditor will keep records of all actions in the investigation, to ensure success in any future criminal, civil or disciplinary action.

The Internal Auditor will determine who should not be involved in the investigation to avoid a conflict of interest situation for staff members and managers with close working relationships with the individual(s) in question.

The Director General will ensure that full access is given to the Internal Auditor and any external body requested to assist him/her to immediately search the work area in question, including any files and computers. All searches are to be conducted in a lawful manner, to ensure that evidence is admissible in court, if required. The Internal Auditor will keep records of any action or handling of evidence.

Interviews, if necessary, will be structured and documented as much as possible. The Internal Auditor will develop the procedure, in consultation with the Legal Adviser.

The Internal Auditor will issue a report detailing the findings and conclusions of every concluded investigation, including recommendations for future action. Results of investigations will not be disclosed to or discussed with any person apart from the Internal Auditor, Legal Adviser, Director General, Global Management Team, Chief Financial Officer, External Auditors, the Council Finance and Audit Committee, 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 Union from potential civil liability and loss of reputation and goodwill.

5.6. Managing External Relations

In the case of substantiated fraud, IUCN will take immediate steps to mitigate potential loss of IUCN's reputation and credibility with donors and partners who are involved in funding or delivering work in the particular context in question. Where an investigation confirms that an act of fraud was committed, the Director General, in consultation with the Donor Relations Unit 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 an interest in the affected area. This must be done in a timely manner and with great care to be transparent and responsible while at the same time not unduly alarming donors or partners.

It is worthwhile noting that in some cases decentralized donors and partners who interact closely with IUCN regional offices and field projects may be as or more aware of the issues than staff from IUCN Headquarters, and they will be looking to IUCN to remedy the situation swiftly and with integrity and transparency.

In high profile cases of fraud, Communications Officers will manage and monitor any media response. They are to release information only when it is approved by the Director General, in consultation with the Legal Adviser. Communications officers will retain a complete record of any information released, including the content and the recipient.

5.7. Recovering Assets

Where IUCN 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 or a pension scheme if permitted by law
- Considering an insurance claim
- Taking civil action to obtain a judgment for the loss
- Obtaining compensation orders in criminal cases
- Considering any other appropriate means of recovery

5.8. Disciplinary Action

Where the Internal Auditor's investigation reveals that an IUCN staff member has committed a fraud, the Director General, in consultation with the Legal Adviser and the Head Global Human Resources, will pursue disciplinary or legal action. Where appropriate, criminal prosecution should be pursued. Otherwise, depending on the nature of the case, one or more of the following options may be applied, consistent with the perpetrator's relationship with IUCN and the rights and obligations therein under applicable law:

- Counselling
- Loss of privileges
- Greater scrutiny or increased controls
- Transfer to another area
- Demotion
- Suspension⁴
- Termination⁵

⁴ As defined in *Local Conditions of Service*.

⁵ *ibid*

- Immediate dismissal⁶
- Disciplinary action could also be brought against supervisors whose failures have contributed to the commission of fraud or a staff member deliberately making an allegation in bad faith.

5.9. Follow-up Action

Following a case of fraud, the Director General will ensure that all managers and staff in the affected area are debriefed on the process and outcome of the investigation. There should also be a follow-up with the individual(s) who reported the initial suspicion of fraud, to provide assurance that their claims have been taken seriously.

Depending on the circumstances, the Director General will consider the need for communication with staff, donors and partners on a larger scale.

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

6. Roles and Responsibilities in Fraud Response and Control

In summary, the specific roles and responsibilities for preventing and responding to fraud in IUCN are the following:

6.1. The Finance and Audit Committee of the IUCN Council

- Require regular reporting from the Director General on the assessment of fraud risk and measures being taken to prevent fraud in IUCN.
- Require ongoing Internal Audit reports from the Internal Auditor and Director General.
- Require management responses and follow-up actions to all internal and external audit reports which identify weaknesses in internal control policies and procedures.

6.2. The Director General

- Set the overall tone to reinforce the message that fraud will not be tolerated in IUCN.
- Establish an internal control system designed to eliminate or mitigate the risks faced by IUCN. He/she will be accountable for the adequacy and effectiveness of the controls designed and implemented. Managing fraud risk should be seen in the context of the management of a wider range of risks. This includes:
 - Development of an organizational risk profile, including consideration of fraud risks, and regular review of the risks associated with organizational objectives.
 - Establishment and review of a fraud control policy, including an appropriate control environment and a fraud response plan.
- Provide strong support for the Internal Auditor.
- Establish mechanisms for reporting suspected fraud and issues with fraud risk management.

⁶ *ibid*

- Ensure that staff knowledge of anti-fraud policies is sufficient and that appropriate training is provided.
- Ensure that swift action is taken to respond to allegations and substantiated cases of fraud.
- Make arrangements for investigating allegations of fraud, and ensure that vigorous and prompt investigations are carried out without delay.
- Upon receiving an investigation report, determine the appropriate disciplinary and/or legal action to be taken against perpetrators of fraud and supervisors whose failures have contributed to the commission of fraud, and ensure that appropriate action is taken to recover assets.
- If necessary, communicate with major donors or partners affected by the fraud to reassure them that all necessary steps are being taken.
- Ensure timely follow-up and strengthening of preventive measures.
- Take appropriate measures in case of frivolous or bad faith allegations.
- Take appropriate measures if a staff member is cleared of allegations made in good faith.

6.3. All Line Managers

- Assess the risks, including but not limited to fraud risks, involved in their area of responsibility and ensure that an adequate system of internal control exists and functions to address these risks.
- Ensure that controls are properly operated and complied with. Line managers should regularly review the control system in their area of work to satisfy themselves that it continues to operate effectively.
- Encourage staff to report reasonable suspicions of fraud, treating all allegations seriously, and promptly reporting allegations to the Internal Auditor.
- Keep records of any allegations as well as any subsequent actions taken.

6.4. The Internal Auditor

- Promote the deterrence and prevention of fraud by evaluating the effectiveness of internal controls, and report periodically on their adequacy to the Director General and the Finance and Audit Committee of the IUCN Council.
- Receive reports of fraud from staff and managers, and provide guidance to the Director General or his/her delegate in determining the scope of the fraud and contacting external experts or legal authorities.
- Conduct internal investigations, where applicable, including gathering evidence, conducting interviews, and writing reports on investigations.
- Keep records of any allegations made, any subsequent actions taken, and the ensuing result.
- Review and approve the proposed changes to the system of internal controls.
- Review the implementation of the changes made to the system of internal control subsequent to a case of fraud to evaluate their efficiency and effectiveness.

6.5. The Legal Adviser

- Provide guidance to the Director General and the Internal Auditor on the course of action to be taken, the involvement of external experts or legal authorities, and the conduct of investigations.
- Provide guidance to the Director General and the Internal Auditor regarding the potential legal avenues or consequences once a fraud has been established through investigation, and the means available to recover assets and to restore IUCN's reputation and goodwill.
- Communicate with and manage external criminal lawyers engaged in the particular jurisdictions in which cases of fraud arise.

6.6. The Head Global Human Resources

- Consult with the Director General regarding the appropriate disciplinary action to be taken against the perpetrators of fraud and supervisors whose failures have contributed to the commission of fraud or those who have made frivolous or bad faith allegations.
- Ensure that more detailed reference checks are carried out in recruitment processes for staff positions that may be more vulnerable to opportunities for fraud (handling money, procurement, etc.).
- Ensure that the content of work certificates and references regarding outgoing staff members to their future employers are accurate and that they do not place IUCN in a position of risk.

6.7. All Staff Members

- Conduct themselves lawfully and properly in the use of the Union's resources.
- Remain alert to the possibility of fraud and report suspicious behaviour to their line manager or the Internal Auditor, or a Regional or Global Director, or the Director General.
 - If staff prefer to report anonymously they can do so through the confidential fraud Hotline (voice mail) or the fraud email account to which only the Internal Auditor has access, or by fax or letter to the Internal Auditor.
- Attend in-house training courses on Risk Management and Fraud Prevention.
- Sign and accept the Anti-Fraud Policy as an integral part of their employment contract with IUCN.

7. Related Policies for Further Guidance

The *IUCN Anti-Fraud Policy* is to be incorporated by reference into all instruments regulating the employment, contractual or institutional relationship between IUCN and natural or legal persons, and is to be read and applied in conjunction and consistent with the following resources:

- *IUCN Code of Conduct and Professional Ethics*
- *IUCN Global Human Resources Policy*
- *Local Conditions of Service*
- *IUCN Accounting Standards and Procedures*

8. Contact Details

Contact details for IUCN Country and Regional Directors are found on the IUCN Website. In addition, the following contact details are provided:

8.1. IUCN Internal Auditor

James Muchira, Internal Auditor
Rue Mauverney 28
1196 Gland
Switzerland

Tel: +41 (22) 999 0229
Fax: +41 (22) 364 1247
Email: james.muchira@iucn.org

8.2. IUCN Director General

Ms Julia Marton-Lefevre
Tel: +41 (22) 999 0295
Fax: 41 (22) 999 0029
Email: JML@iucn.org

8.3. IUCN Treasurer

Mr. Sven Sandstrom
Email: sven@sandstrom.com

8.4. The Fraud Hotline

The Fraud Hotline has been established in the Office of the Internal Auditor at IUCN HQ. Options are being explored to outsource the Hotline but in the first stage of implementation, the Hotline will be located in the Office of the Internal Auditor.

Telephone: 41 22 999 0350

Email: fraud@iucn.org

Annex A: Guidelines for Investigation⁷

Characteristic of case	Refer to the Police	Use officially qualified Investigators	Handle in-house
Complexity	Requires detailed analysis of large amounts of evidence, both paper and computer based. Use of sophisticated technology.	Requires detailed analysis of evidence, both paper and computer based.	Analysis of relevant evidence straightforward.
Potential damage	High monetary loss. Over \$USD 50,000 or equivalent. Significant damage to the reputation of IUCN.	Medium monetary loss. Between \$USD 5,000 and \$USD 50,000, or equivalent. Significant damage to the reputation of IUCN.	Minor monetary loss. Up to US \$USD 5,000, or equivalent. Minor damage to the reputation of IUCN.
Nature of offence	Elements of serious criminal activity (e.g. conspiracy). Serious breach of trust.	Likely to involve action before a court or tribunal.	Likely to be limited to administrative action within IUCN.
Status of evidence	Preliminary analysis indicates strong possibility of proof beyond reasonable doubt.	Preliminary analysis indicates possibility of proof to the level of proof beyond reasonable doubt or balance of probabilities.	Preliminary analysis indicates strong possibility of proof to the level of balance of probabilities.
Scope	Involves known or suspected criminal activities in a number of agencies and/or jurisdictions. Collusion between a number of parties.	More than one party suspected of being involved in the case.	Isolated incident.
Availability of evidence	Evidence is required that can only be obtained pursuant to a search warrant or surveillance.	Evidence is required that can be obtained within IUCN.	Evidence is required that can be obtained within IUCN.

Adapted from Fraud Control in Australian Government Agencies. August 2004. p. 43

⁷ The table is for guidance only and should be interpreted and applied appropriately in the context in which fraud is alleged.

Bibliography

- Australian Attorney General's Department, Commonwealth Fraud Control Guidelines 2002, online: [http://www.ag.gov.au/agd/WWW/rwpattach.nsf/viewasattachmentPersonal/\(0AFA115E182148C186311CED66C0728D\)~guidelinesmay.pdf/\\$file/guidelinesmay.pdf](http://www.ag.gov.au/agd/WWW/rwpattach.nsf/viewasattachmentPersonal/(0AFA115E182148C186311CED66C0728D)~guidelinesmay.pdf/$file/guidelinesmay.pdf)
- Australian National Audit Office, Fraud Control in Australian Government Agencies: Better Practice Guide (Canberra: Commonwealth of Australia, 2004), online: http://www.anao.gov.au/uploads/documents/Fraud_Control_in_Australian_Government_Agencies.pdf
- Birmingham City Council, Fraud Response Plan, online: http://www.birmingham.gov.uk/GenerateContent?CONTENT_ITEM_ID=10829&CONTENT_ITEM_TYPE=0&MENU_ID=11169&EXPAND=10838
- CARE Australia, Fraud Control Plan, internal document.
- City of London, Fraud Response Plan, online: http://www.cityoflondon.gov.uk/Corporation/about_us/departmental/AntiFraud_Corruption_Strategy/fraud_response_plan.htm
- Council for Europe. Draft Policy Statement on Fraud Awareness and Prevention. 2007
- European Investment Bank. Policy on Preventing and Deterring Corruption, Fraud and Money Laundering and the Financing of Terrorism. May 2006.
- HM Treasury, Managing the Risk of Fraud (London: HM Treasury, 2003), online: http://hm-treasury.gov.uk/media/2/8/Managing_the_risk_fraud.pdf
- International Federation of the Red Cross. Risk Management Policy. 2007.
- OECD Working Group on Bribery. Annual Report 2006.
- Transparency International. Fighting Corruption. 2006
- UK National Audit Office, Finance Manual: Section A3 – NAO Anti-Fraud Policies, online: <http://www.nao.org.uk/manuals/finmanual/a3.htm>
- United Nations, Report on Oversight in the United National System, Joint Inspection Unit (JIU) 2006. Covering the agencies of UNDP, UNFPA, UNICEF, UNHCR, WFP, ILO, FAO, UNESCO, ICAO, WHO, UPU, ITU, WMO, IMO, WIPO, UNIDO, IAEA. Follow-up interviews with Oversight Units in WIPO, WMO, WHO, IAEA, IOM, ITU.
- World Bank. Office of Evaluation and Suspension. Sanctions Procedures. 2005
- World Economic Forum. Partnering Against Corruption Initiative (PACI). Annual Report 2006.