

MÉDECINS DU MONDE 世界医生组织 DOCTORS OF THE WORLD منظمة أطباء العالم LÄKARE I VÄRLDEN MEDICI DEL MONDO ΓΙΑΤΡΟΙ ΤΟΥ ΚΟΣΜΟΥ DOKTERS VAN DE WERELD MÉDICOS DO MUNDO MÉDICOS DEL MUNDO 世界の医療団 ÄRZTE DER WELT दुनिया के डॉक्टर MÉDECINS DU MONDE 世界医生组织 DOCTORS OF THE WORLD منظمة أطباء العالم LÄKARE I VÄRLDEN MEDICI DEL MONDO 世界の医療団 ÄRZTE DER WELT

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MÉDICOS DEL MUNDO ANTI-FRAUD AND ANTI-CORRUPTION/MISCONDUCT PROCEDURE

DOCUMENT TYPE:

Procedure

INVENTORY CATEGORY:

A-2 Institutional Operations

PREPARED BY - DATE:

**Quality, Assessment and Internal Auditing Unit
18/02/2014**

APPROVED BY – DATE:

Resource Management Committee

14/10/2014

07/09/2016 (V.2.1)

I- Objective:

For Médicos del Mundo (hereinafter Mdm), every advancement in transparency and accountability is a step towards the ultimate goal of sharing with our stakeholders and society at large how our organisational reality and our way of doing things responds and contributes to achieving our mission.

In this sense, it is necessary to define a procedure that provides those related to the organisation with clear guidelines for detecting fraud, corruption and misconduct in order to reduce these cases and minimise their effects, thereby contributing to maximum transparency and accountability.

Mdm has a zero tolerance policy towards fraud, corruption and misconduct and requires that **all those related** to the organisation act **honestly and with integrity** at all times and protect the assets for which they are responsible.

The scope of this procedure extends to everyone who forms part of the organisation's decision-making and management as well as the partners, volunteers and staff contracted by Mdm. The principles and definitions of this procedure also extend to the relationships Mdm has with other national and international organisations and external organisations (including, but not limited to partners who implement programmes, contractors and donors).

The Quality, Assessment and Internal Auditing Unit is responsible for updating this document and is available for any questions and help with procedure implementation.

II- Definition

What is fraud, corruption and misconduct?

The term **fraud** is used here to describe illegal activities including deceit, bribery, forgery, extortion, robbery, theft, conspiracy, misappropriation, embezzlement, defraud, misrepresentation, concealment of material facts and conspiracy. It involves the act of dishonesty with the organisation for personal or collective benefit, to avoid an obligation or to cause harm. **Corruption and misconduct** is the practice of using the organisation's functions and resources for personal, financial or other gain. It is a broader concept related to breaches of policy, ethical codes, standards, etc. Neither fraud nor corruption and misconduct are limited to monetary or material gain, but can also include intangible benefits such as status or information.

Examples of misconduct may include:

- ✓ Use of the MdM image for personal use.
- ✓ Lying on a CV and/or during the selection processes.
- ✓ Register an employee to the social security system who is not actually contracted.
- ✓ Cases of conflict of interest in purchases, service contracting and hiring personnel.
- ✓ Fraudulent fundraising: falsifying street collection, appropriation of anonymous cash (or checks made out to cash) donations.
- ✓ Unauthorized fuel consumption or use of MdM vehicles or other goods for personal use.
- ✓ Purchase of equipment in the field for personal use.
- ✓ Appropriation of goods that should be donated, sold or returned to MdM (or money earned from its sale).
- ✓ Appropriation of funds of any kind: forged checks, unauthorized self-loans from registers, reporting false expenses, appropriation of cash funds through false invoices.
- ✓ False invoices or other documents that accredit the implementation of project activities.
- ✓ Fraud and manipulation of financial and accounting statements.
- ✓ Falsifying signatures.

Related policies and procedures

This procedure should be analysed jointly with the following MdM documents in effect (in addition to all the procedures and regulations established by MdM):

- The Code of Conduct for staff on MdM missions
- The Code of Conduct for the international MdM network
- Commission on Ethical Aspects of People Management
- The Conflict of Interest Policy
- Transparency and accountability in MdM
- The Approval Procedure for the Acquisition of Economic and Financial Commitments
- MdM Financial Policy
- The Employee Mailbox
- Collaboration Framework with Companies
- Scope and Methodology of Country and Regional Headquarters Audits

Strict enforcement of regulations will help prevent problems with fraud, corruption and misconduct.

MdM considers any attempt to commit an act of fraud, corruption or misconduct by members of the decision-making and management bodies, contracted staff, partners, volunteers, contractors, and agents acting on behalf of MdM a very serious matter. Those involved in fraud, corruption or misconduct of any kind are subject to disciplinary

actions determined by the organisation and may be reported to the authorities in order to initiate civil or criminal proceedings, if the case so warrants. For MdM the intent to commit an act of fraud, corruption or misconduct, if duly established, is as serious as actually committing said act and will be handled accordingly.

III- Duties

Duties of the Resource Management Committee

As an executive body of the MdM Board of Directors the Resource Management Committee is committed to preventing fraud, corruption and misconduct and developing an anti-fraud and anti-corruption/misconduct culture. To this end the committee will carry out the following:

- Monitor and promote effective controls to prevent fraud and corruption/misconduct.
- Ensure that a thorough and timely investigation is made into any allegation of fraud or if the person accused of committing fraud is a member of the Steering Committee.
- Ensure that the Steering Committee takes the suitable disciplinary and legal actions in all those cases which so warrant.

Duties of the Steering Committee

The Steering Committee is responsible for the daily prevention and detection of fraud. Its duties include:

- Ensure the effectiveness and competence of the system of internal controls to counter the risk of fraud, corruption and misconduct.
- Ensure that all cases of suspicious conduct and allegations of fraud, corruption and misconduct are investigated.
- Ensure regular staff training in the detection and prevention of fraud, corruption and misconduct.
- Identify the risks to which systems, operations, and procedures are exposed.
- Develop and maintain effective controls to prevent and detect fraud.
- Ensure that the established controls are enforced.
- Report all cases of fraud, corruption and misconduct to the Resource Management Committee.
- Report cases of fraud, corruption and misconduct to the auditing unit for their registration.

The **Internal Auditing Unit** belongs to MdM's internal control system and as one of the mechanisms to detect fraud, corruption and misconduct is responsible for:

- Assist the Steering Committee in evaluating risks of fraud, corruption and misconduct and identify gaps or weaknesses in controls and procedures to mitigate those risks.
- Adapt the internal audit plan and design to the nature of the most common risks and/or those with the greatest impact identified in the risk assessment, prioritising those issues that pose the greatest risk.
- Report the results of evaluations of internal control, audits, related investigations, etc. to the Steering Committee and the Resource Management Committee.
- Be available, together with the support staff, to provide advice and assistance on the control mechanisms and any issues that may arise in this regard, and investigate suspicions or allegations of fraud, corruption and misconduct at the request of the Steering Committee or Resource Management Committee.
- Conduct regular staff training in the detection and prevention of fraud, corruption and misconduct.
- Keep a record of fraud, corruption and misconduct.

Regional coordinators as well as regional headquarters and country or project coordinators and administrations are responsible for:

- Report all cases of fraud, corruption and misconduct to the Steering Committee or the Resource Management Committee.
- Enforce effective controls to prevent and detect fraud.
- Identify the risks to which systems, operations, and procedures are exposed and develop proposals for improvement.
- Take the appropriate measures to ensure that staff, under their respective duties, are aware of these regulations.

The HR department is crucial in detecting and preventing fraud:

- Taking into account personnel profiles likely to commit fraud during the selection process.
- Reporting on the organisation's anti-fraud procedure and developing anti-fraud training activities for key positions in the organisation.
- Using staff debriefing as a key element in fraud detection, particularly if the interview is conducted together with the Internal Auditing Unit.
- Ensuring that performance reviews are performed, which can help prevent fraud by assessing motivation and helping people feel identified with the organisation.

Responsibilities of all Mdm staff

All staff are responsible for:

- Respectfully using Mdm resources and assets and respecting the policies and procedures established by Mdm.
- Behaving in accordance with the principles set out in the Codes of Conduct.
- Alerting his/her immediate supervisor about a possible case of fraud, corruption or misconduct.
- Immediately reporting the details of the following to his/her immediate supervisor:
 - (a) any suspected or confirmed cases of fraud, corruption or misconduct.
 - (b) any questionable act or event that may lead to a suspicion of fraud, corruption or misconduct.
- Supporting any investigation by providing all relevant information and cooperating in interviews.

If for any reason a staff member cannot or does not feel able to report suspected fraud, corruption or misconduct to his/her immediate supervisors it must be reported to a higher level supervisor, the Steering Committee or the Resource Management Committee. We recommend using the “employee mailbox” procedure if you cannot or do not have the ability to report suspected fraud, corruption or misconduct to your immediate supervisors or become dissatisfied with the way they have handled your concerns.

IV- Procedure

Mdm would like to encourage anyone who has reasonable grounds for suspecting fraud, corruption or misconduct to report it with the utmost security that they will not be affected in any way by their statements (about such reasonable suspicions). In these cases the procedure to follow is:

a) For those who suspect a case of fraud, corruption or misconduct:

- Do not ignore it.
- Ensure that it is based on reasonable grounds.
- Immediately notify your immediate supervisor.
- In the case of events involving your immediate supervisor, contact the regional manager or any member of the Steering Committee or the Resource Management Committee.

- If you feel the case so requires you can report fraud directly to the Steering Committee or the Resource Management Committee in writing. Following the “employee mailbox” procedure is recommended for anonymous complaints.
- A complaint channel has been enabled on the organisation's website for external complaints: Home >> About us >> Transparency >> Quality, Ethical Management and Transparency. gestion.etica@medicosdelmundo.org
- Notification about possible fraud must be as accurate as possible, providing personal information, places, dates, amounts, values, etc.
- Provided it is done legally, collect as much evidence as possible as long as this does not place you in any danger.

b) For those responsible for receiving notification:

- Do not ignore it.
- Ensure that all necessary discretionary measures have been taken to protect the person who has expressed suspicions of fraud.
- Fill in the *Fraud Report Form* (see Annex I).
- Try to collect as much data and evidence as possible.
- Immediately report the incident in writing to the Steering Committee or the Resource Management Committee if any member of the former is allegedly involved.
- Explain to the person who reported the situation that MdM takes these issues very seriously and that proceedings will be started in order to objectively clarify the situation.
- Respond to the person who reported the suspicion via the same channel through which it was reported, especially if it was reported through the “employee mailbox”.

Managing reports of fraud

- All suspected cases of fraud will be reported to the Resource Management Committee, which will be responsible for deciding whether sufficient evidence of fraud or corruption/misconduct exists to initiate an investigation.
- In the event that an investigation is launched, the Resource Management Committee will set up an anti-fraud commission to investigate the incident and issue a report with its findings. This committee may consist of persons from the Resource Management Committee, the Steering Committee and the Internal Auditing Unit. Anyone allegedly involved in the case may not serve on the committee.
- Possible sanctions resulting from this procedure must respect the relevant labour laws or any other law applicable under the scope MdM’s activities.
- In the event that the incident constitutes a criminal offense, MdM will act in accordance with the laws of the country where it was committed.
- All cases of fraud will be recorded in a register safeguarded by the Internal Auditing Unit.

Infractions and sanctions

In terms of infractions and sanctions staff shall be governed by the laws in force in the country where the contract was executed. However, the following offenses are given by way of example:

1. Serious infringements are:

- The unjustifiable failure or improper special review of certain suspicious transactions.
- The unjustifiable failure to adequately safeguard documents.
- Failure to collaborate with the Steering Committee or the Resource Management Committee in a case of fraud, corruption or misconduct, provided that such failure constitutes a serious infringement as specified in the following section.
- Inform third parties that the Steering Committee or the Resource Management Committee has received information and/or is considering a possible case of **fraud, corruption or misconduct**.
- Failure to observe the rules of conduct of the aforementioned procedure when it results in minor damages.
- False allegations in this regard when they are made intentionally in bad faith or are baseless allegations made repeatedly.

Failure to comply with each of the obligations imposed by **these regulations** is considered a single infringement, thus multiple infringements can be committed and, therefore, as many sanctions as there are infringements will be applied.

2. Very serious infringements are:

- Breach of the confidentiality agreement.
- Unjustified failure of the party so required to notify the internal control agencies when a collaborator, partner, supplier or third party has communicated the existence of evidence of or certainty that an event or transaction related to fraud, corruption or misconduct has taken place.
- Refusal or reluctance to provide specific information requested by written notice from the Steering Committee or the Resource Management Committee.
- Failure to meet professional standards under this procedure when it results in serious consequences for the NGO (and/or partners, collaborators, suppliers, etc.). Collaborators, partners, suppliers and their management and administration, whether sole proprietorships or boards of directors, will also be responsible when intentionally or negligently participating in acts of fraud, corruption or misconduct. In these cases MdM will adopt all measures to which it is legally entitled.
- Infractions will be classified as serious when, within the last five years, the offender: 1.-has been convicted for a crime listed in the Penal Code as the perpetrator or for aiding and abetting, 2.-has been sanctioned twice, 3.-has been

sanctioned twice under the rules governing the operation of this organisation, understood as those in force in the country.

2. Sanctions:

The sanctions established by the laws, regulations and rules in force in the country where the contract was executed and following the procedure established therein will be imposed in the case of hired staff.

In any event, the following sanctions may be imposed for serious infractions:

- a) Private reprimand.
- b) Suspension without pay (provided that the rules in force in the country where the contract was executed are respected) or suspension duties and the relationship with MdM in the case of volunteers and associates/associations.

In addition to the first two sanctions in the preceding section the following sanctions may be imposed for very serious infractions:

- a) Suspension without pay for 21 to 60 days (provided that the rules in force in the country where the contract was executed are respected).
- b) Dismissal for contracted staff, completion of volunteer position, loss of status as a partner (in this case it must be approved by the Board and processed according to the sanction system established in the statutes).

If any entity who collaborates with MdM commits any act of fraud, corruption or misconduct discussed in this document their collaboration with MdM will be terminated by majority decision of the Board or with its consent, without prejudice to its right to compensation for any damages and losses.

Those who commit serious and very serious infractions will be required to reimburse the amounts defrauded or which have been involved in corruption and misconduct, as well as full compensation for any damages and losses.

ANNEX I – FRAUD REPORT FORM

Date:

Name, surname and title/position/area of the person presenting allegations of fraud, corruption or misconduct:

Detailed description of the situation (location, date, person or persons involved, amounts involved, etc.):

Submitted evidence and witnesses (if possible):

Date and signature

Date and signature of a member of the Resource Management Committee