

**New Consultancy and Relief Organization  
NCRO**

**FRAUD CONTROL  
POLICY**



2014



# New Consultancy and Relief Organization

(NCRO)

## FRAUD CONTROL POLICY

### **POLICY OBJECTIVES**

The objective of this policy is to establish guidelines for fraud prevention and to promote awareness that fraudulent acts against New Consultancy and Relief Organization will not be tolerated. This will be achieved by educating staff about their responsibilities, obligations and creating awareness about ethical conduct.

The cost of fraud corruption is both pecuniary and non-pecuniary including but not limited to:

- Financial loss
- Waste of resources, including management time
- Loss of corporate reputation
- Loss of community confidence
- Impact on employee morale and subsequent effects on productivity.

### **POLICY SCOPE**

This policy applies to fraudulent conduct by staff, volunteers, contractors and customers.

### **POLICY STATEMENT**

#### **PRINCIPLES**

New Consultancy and Relief Organization maintains a zero tolerance attitude towards fraud and is committed to preventing fraud at its origin. NCRO believes that an emphasis on prevention and detection is the best way to deal with fraud.

The underlying drive of NCRO's policy on Fraud Control is to encourage the public and staff to understand that fraudulent acts against NCRO are unacceptable and may constitute a criminal offence that could



lead to prosecution.

Any effective fraud prevention strategy must recognize that prompt action needs to be taken when fraud is reported or detected, both to bring the fraud to an end and to discourage others who may be inclined to engage in similar conduct.

This policy is designed to protect public funds and assets; protect the integrity, security and reputation of NCRO and its staff; and maintain a high level of service to the community.

The three (3) elements of NCRO's policy are:

1. Prevention of loss through fraud by the implementation of fraud prevention procedures
2. Commitment to a policy of detection, investigation and prosecution of individual cases of fraud, and
3. A culture that encourages staff to report fraud if they discover it.



NCRO STAFF FRAUD AND CORRUPTION RESPONSIBILITY STRUCTURE	
<b>DIRECTOR , DEPUTY PROGRAM DIRECTOR AND DEPUTY ADMIN/FINANCE DIRECTOR</b>	<ul style="list-style-type: none"> <li>• Culture</li> <li>• Policy and strategy</li> <li>• Business risk</li> <li>• Corporate governance</li> <li>• Compliance (legislative, regulatory, community)</li> <li>• Stakeholder value</li> <li>• Image</li> </ul>
<b>MANAGERS</b>	<ul style="list-style-type: none"> <li>• Lead by example</li> <li>• Develop and implement fraud and corruption prevention strategies for department</li> <li>• Identify and mitigate actual and potential corruption risks in the workplace</li> <li>• Monitor and review the effectiveness of mechanisms implemented to minimize and detect corruption</li> <li>• Demonstrate ethical conduct in all business dealings</li> <li>• Promote awareness of fraud and corruption prevention and ethical conduct in the workplace</li> </ul>
<b>COORDINATORS &amp; TEAM LEADERS</b>	<ul style="list-style-type: none"> <li>• Promote awareness of ethical conduct and mechanisms to prevent Corruption.</li> <li>• Provide input to policies, procedures and instructions that relate to areas of risk.</li> <li>• Drive the fraud and corruption prevention strategy.</li> <li>• Provide ethical advice and support to staff.</li> <li>• Monitor integrity of fraud and corruption prevention strategy.</li> </ul>
<b>EMPLOYS, CONTRACTORS, VOLUNTEERS</b>	<ul style="list-style-type: none"> <li>• Ethical behavior.</li> <li>• Report suspected incidents of fraud and corruption.</li> <li>• Compliance with fraud and corruption prevention controls, including the Fraud Control Policy.</li> </ul>



## **FRAUD PREVENTION**

NCRO's fraud prevention strategy involves:

### **ORGANISATIONAL INTEGRITY AND LEADERSHIP**

NCRO recognizes that the most effective form of fraud prevention is the establishment of an organizational culture that rejects fraudulent conduct. Commitment from NCRO and Managers is essential in establishing a behavior model for all staff, volunteers and contractors.

NCRO will establish and maintain a fraud-resistant culture by:

- a. Employing Managers and Supervisors who are positive role models and display ethical behavior.
- b. Adopting and enforcing policies that emphasize ethical behavior.
- c. Issuing clear standards and procedures to encourage the minimization and deterrence of fraud.
- d. Ensuring Managers and Supervisors are accountable not only for their own actions but also for the actions of those they supervise.
- e. Including relevant clauses in employment contracts and performance agreements.
- f. Including relevant elements in NCRO's core competencies .
- g. Providing an environment where staffs feel comfortable to report any fraud they become aware of.

### **EMPLOYEE AWARENESS**

Employees will be made aware of NCRO's Fraud Control Policy and ethical conduct expectations through:

- a. The inclusion of awareness training in NCRO's ethical principles, Code of Conduct, Fraud Control Policy and Internal Reporting System for Disclosures Policy during induction training for new employees by Managers/Coordinators and Human Resources
- b. Refresher training for all employees conducted by Corporate Services when the Code of Conduct has been amended
- c. The inclusion of relevant fraud prevention policies in NCRO's staff contracts.

### **CUSTOMER AND COMMUNITY AWARENESS**

Fraud is often uncovered as a result of complaints from customers or members of the public. As such, it is important that the community understands fraud, and why it is important to report it. In order to increase community awareness and encourage the reporting of corrupt conduct, the following actions will be taken by NCRO:

- a. The inclusion of NCRO's Code of Conduct on NCRO's website
- b. The distribution of plain English brochures explaining what customers' rights are and how to make a complaint
- c. Provide feedback to all persons who report suspected corrupt conduct on the action that has been taken.

### **RISK ASSESSMENT**

Assessing the risk of fraudulent conduct is a major step towards preventing its



occurrence. Accordingly, an annual risk assessment review will be conducted by NCRO's internal audit committee, with the assistance of an internal auditor, and a report will be submitted to the NCRO Director.

### **ONGOING REVIEW OF POLICIES AND PROCEDURES**

Apart from continuing to develop policies to address unforeseen ethical or corruption problems that may arise, there will be an ongoing program of reviewing all policies. In particular, NCRO will review the following policies and procedures every three (3) years:

- a. Code of Conduct
- b. Fraud Control Policy
- c. Public Interest Disclosures Internal Reporting Policy
- d. Procurement Policy.

### **SECURITY**

One of the major strategies in fraud prevention is to limit the opportunities for fraud. In this respect, there will be annual reviews of cash handling, collection of cash, securing of cash and valuable equipment conducted by NCRO's Managers, procurement committee, in conjunction with the Finance division.

### **FRAUD DETECTION**

Detecting fraud depends upon constant monitoring of operations and the encouragement of reporting by employees and the public. The following strategies will be utilized:

### **ENCOURAGING DISCLOSURES**

NCRO recognizes that most fraud is detected by employees of NCRO, and to a lesser extent, by members of the public. NCRO will encourage the reporting of fraudulent conduct by:

- a. The inclusion of fraud detection and internal reporting training in induction procedures for new employees by Managers/Coordinators and Human Resources.
- b. Advertising methods by which members of the public can report instances of fraudulent conduct that they may become aware of on the New Consultancy and Relief Organization website
- c. The Public Officer providing feedback to people who report suspected fraud on the action that has been taken.

### **INTERNAL AUDIT COMMITTEE**

The internal audit committee will:

- a. Have the responsibility to oversee NCRO's fraud prevention measures
- b. Meet bi-monthly to review progress on the implementation and operation of fraud prevention procedures
- c. Monitor the implementation of recommendations from NCRO's internal and external auditors
- d. Report to NCRO annually on issues raised and actions taken during the preceding year.



## **INTERNAL AUDITING**

- a. NCRO will utilize an internal auditor to identify risk areas and to detect any problems with NCRO procedures that may lead to fraud occurring
- b. The internal auditor will visit the NCRO bi-monthly and provide reports to the General Manager and the internal audit committee.

## **FRAUD INVESTIGATION**

NCRO continues to maintain a zero tolerance stance and recognizes that it may not always be successful in its efforts to prevent fraud. It will therefore investigate all reported instances of fraud thoroughly. Depending upon the circumstances of the fraud, an internal investigation may be undertaken or the matter may be referred to an external body such as police.

## **INTERNAL REPORTING**

Internal reporting and the process is covered by NCRO's Public Interest Disclosures Internal Reporting Policy.

## **EXTERNAL COMPLAINT**

Complaints regarding corrupt conduct received from the general public are covered by NCRO's Management.

## **FRAUD CORRECTION**

Once a fraudulent act has been identified and investigated, strategies will be implemented by NCRO, the NCRO Director and program manager to ensure that the act will not be repeated. These may include:

- a. Disciplinary action and/or dismissal of employees or volunteers involved in fraudulent conduct
- b. Termination of contractors
- c. Review and alteration of operating procedures
- d. Additional training for employees or volunteers
- e. Making other employees aware of the situation in general terms in order to discourage similar conduct in the future
- f. Improvements in physical security.

## **NON COMPLIANCE WITH THIS POLICY**

Failure to comply with the terms of this policy may result in disciplinary procedures, and/or dismissal for employees and volunteers, suspension of operation and termination of contractors.

## **REVIEW**

This policy shall be reviewed every three (3) years to ensure that it meets the requirements of legislation and the needs of NCRO.