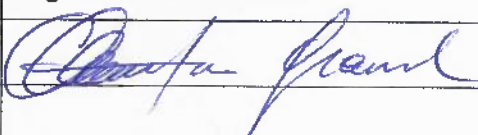


Anti-Fraud, Bribery and Corruption Policy and Guidelines

for

ADRA Austria and implementing Partners

	Date:	Signature Board Chair
Approved Board	16 September 2016	
Revision 1		
Revision 2		
Revision 3		
Revision 4		

Coming into effect: 16 September 2016

The Anti-Fraud, Bribery and Corruption Policy and Guidelines are binding decisions made by the ADRA Austria' Board of Directors. These Policy and Guidelines are based on the Anti-Bribery principles and guidance for NGOs published by the members of the Bond Anti-Bribery NGO Working Group, consisting of UK NGOs, in June 2011.

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1 Introduction

Fraud, bribery and corruption are found in all countries of the world. These illegal practices hurt the poor disproportionately, diverting resources intended for development and humanitarian assistance and increasing the costs of basic public services. They undermine economic growth and are a barrier to poverty alleviation and good governance. Often, fraud, bribery and corruption can aggravate conflict and insecurity.

Non-governmental organisations (NGOs) are often on the front line of aid delivery, managing significant portion of aid funds. The risk of illegal practices in NGO operations is therefore a significant concern.

Risk exists that fraud, bribery and corruption will prevent ADRA Austria and its partners to achieve their objectives, especially while working in countries with a high level of illegal practices. The impact of misconduct and dishonesty includes, inter alia, actual financial loss, damage to the reputation of the organization and its employees, negative publicity, cost of investigation, loss of employees, loss of donors, undermining relationships with contractors and suppliers, litigations, damaged staff morale, etc.

Thus, ADRA Austria has taken a comprehensive approach to managing these risks and implemented an appropriate risk management system. Our goal is the establishment and maintenance of a working environment containing fairness, ethics and honesty for our employees, our customers, our partners and anyone else with whom we have a business relationship. In order to achieve this, the active assistance of each and every employee and supervisor is required every day.

ADRA Austria is committed to the deterrence, detection and correction of misconduct and dishonesty. The discovery, reporting and documentation of such illegal acts provide a sound foundation for the protection of innocent parties, the taking of disciplinary action against offenders, up to and including dismissal where appropriate, the referral to law enforcement agencies when warranted by the facts and the recovery of assets.

Definition of Fraud, Bribery & Corruption

Corruption:

"Abuse of power for private gain", as defined by the United Nations' Global Program against Corruption

Bribery:

The offering, promising, giving, accepting or soliciting of money, gifts or other advantage as an inducement to do something that is illegal or a breach of trust in the course of carrying out an organization's activities.

Fraud:

(a) The use of deception with the intention of pursuing personal interests and causing loss to the proper interests of the Company, (b) the illegitimate pursuit of inappropriate Company interests for personal gain, and (c) the intentional distortion of financial statements or other records by persons internal or external to the Company which is carried out to conceal misappropriation of assets or personal gain.

2 ADRA Austria's Principles

NGOs need procedures to ensure compliance with all local and relevant legal requirements related to fraud, bribery and corruption. Moreover, NGOs should consider which extra-territorial laws may relate to their operations.

- 1) ADRA Austria commits to a policy of zero-tolerance of fraud, bribery and corruption in any form whatsoever.**

ADRA Austria does not tolerate deceptive practices in whatever form. We act honestly and without corrupt influences. We will consistently proceed against any uncovered fraudulent action with the appropriate judicial measure.

We do not tolerate any form of bribery or corruption. It is always unacceptable to promise, offer or accept improper payments, inducements, favours or other advantages of any kind, irrespective of whether the person offering or demanding such advantage is working in the public or in the private sector. Moreover,

neither employees nor other persons with whom ADRA Austria has a business relationship are allowed to make facilitation payments.

The exchange of modest gifts and the acceptance of invitations/hospitality may constitute socially accepted components of successful business relationships. However, accepting and providing gifts and/or invitations is prone to have an improper impact on a business relationship. As a matter of principle, accepting and making monetary gifts are prohibited. All other gifts and invitations are subject to approval by senior leadership.

ADRA Austria does not make contributions to political parties or politically exposed persons.

2) This Anti-Fraud, Bribery and Corruption Policy and Guidelines present basic principles of ADRA Austria in dealing with illegal practices:

ADRA Austria expects the same commitment from its business partners, whether they are network partners within the ADRA-network or other cooperation partners, e.g. contractors, suppliers, agents, advisors etc., (hereinafter "Partners"). We consider these principles in Partner selection and monitor Partners for compliance. Hence, our Partners should apply these or similar principles.

3) ADRA Austria implements and executes policies to counter fraud, bribery and corruption, including:

- a. High-level commitment: ADRA Austria's Board of Directors and senior leadership commits to and oversee the implementation of a policy of zero-tolerance, recognizing that fraud, bribery and corruption are contrary to fundamental values of integrity, transparency and accountability and undermines organizational effectiveness.
- b. Risk assessment: Fraud, bribery and corruption risk assessment should form part of each organization's overall and on-going risk management process.
- c. Devise and implement robust anti-fraud, bribery and corruption procedures: ADRA Austria and its Partners devise, implement and maintain robust procedures, which are proportionate to the risks and to the size, resources and complexity of the organization.
- d. Due-diligence assessment of Partners: ADRA Austria assesses fraud, bribery and corruption risks associated with entering into partnership or contracting arrangements with other entities and then carry out due diligence based assessments while visiting the respective Partner. With regard to partnership agreements or contracting arrangements each potential Partner shall provide ADRA Austria with the necessary information in order to be able to check that these organizations have policies and procedures, which are consistent with this Anti-Fraud, Bribery and Corruption Policy and Guidelines.
- e. Dissemination and communication: ADRA Austria establishes and maintains effective internal and external communication of its policy and procedures. While visiting Partners, ADRA Austria undertakes training and awareness programs to ensure staffs are aware of the potential risks, how fraud, bribery and corruption might affect them, what they should do if they are offered an improper advantage and the consequences should they be found to have made or received a bribe.
- f. Monitoring and evaluation: Implementation of anti-fraud, bribery and corruption procedures are monitored as part of overall risk management and internal control processes of ADRA Austria. Yearly reviews of anti-fraud, bribery and corruption procedures are made and reported to the board as part of its internal governance and accountability processes. If a ADRA Austria's stakeholder is exposed to higher risks, ADRA Austria will consider external verification and assurance of its anti-fraud, bribery and corruption procedures.
- g. Collective action: ADRA Austria commits to share information and strengthening collective action to prevent fraud, bribery and corruption.

3 Risk Assessment

Listed below are some potential key risk areas of fraud, bribery and corruption. The list is not comprehensive and depending on the context and complexity of work and stakeholders involved, likelihood and potential impact of each risk needs to be analysed for each situation separate to define anti-fraud, bribery and corruption measures (see Annex A for indicator of corruption).

3.1 External risk factors

- Geographical – risks may be higher in certain countries or regions within countries. Activities in urban areas may pose different risks to activities in rural areas.
- Cultural – in certain cultures and work environments fraud, bribery and corruption may be seen as “business as usual”.
- Emergency relief – the time pressure and security context may increase risk.
- Sector – the nature of the sector in which an NGO works may pose specific risks (e.g. construction, healthcare, water, forestry).
- Partners – ADRA Austria primarily works through Partners. Factors that may impact fraud, bribery and corruption risk include: size/structure/governance of Partners; adequacy of Partners’ control systems; Partner selection processes; partnership agreements and contracting arrangements; and Partners’ monitoring and support processes; political involvement or connections of Partners.
- Procurement – increased risk where processes are not fair or transparent. Procurement is a high-risk area for fraud, bribery and corruption.
- Transactions – certain transactions may carry higher risk; for example, payments to government officials, major contracts and payments through third parties.
- Recruitment – fraud, bribery and corruption can occur as part of recruitment processes.
- New activities – there may be increased risk when organizations start new activities in which they have limited experience, such as humanitarian relief in a new country or commercial operations.

3.2 Organizational risk factors

- Existing policies and procedures – risk that existing policies and procedures are not adequate or effective.
- Legal/prosecution – risks of non-compliance with domestic and overseas legislation and subsequent prosecution.
- Reputation – risk of reputational damage following a fraud, bribery and corruption scandal.

3.3 Ongoing Risk Management

The risk management process arises from the discipline of workers at all levels of operation and consists of the following basic steps:

- Identifying the risks/threats to realizing program/project objectives;
- Assessing the level of seriousness of each risk (probability and potential impact if realized);
- Identifying and prioritizing measures to reduce those risks; and
- Application of measures to minimize the probability or impact of harmful effects.

The elements of a fraud, bribery and corruption risk management system include:

- Measures that identify fraud, bribery and corruption risks;
- Measures that reduce the fraud, bribery and corruption risks (opportunities for corruption);
- Measures to detect fraud, bribery and corruption;
- Responses: investigative measures and sanctions to address fraud, bribery and corruption once it is suspected or identified with certainty; and
- Implementation mechanisms for the totality of the measures noted above.

4 Implementing the Anti-Fraud, Bribery and Corruption Policy and Guidelines (hereinafter “the Policy and Guidelines”)

4.1 Know your role

Every person involved in ADRA Austria's work is responsible to be familiar with the Policy and Guidelines. They were created to comply with the basic laws on fraud, bribery and corruption and contain the core elements for compliance. Everyone should follow the rules and principles set forth in the Policy and Guidelines covered in this document.

4.2 Anti-Fraud, Bribery and Corruption implementation guidelines

Areas of inclusion	ADRA Procedure coverage
Books and Records	Bookkeeping is an essential part of organizational compliance. Business records provide a paper trail that demonstrates how we implement our projects and activities. The rules require us to establish recordkeeping controls that accurately and fairly reflect transactions and disposition of our assets. It's essential that all transactions are properly documented and in reasonable detail; unclear or incomplete records could leave us open to questions about the purpose for which payments were made.
Bribery and Corruption	The Policy and Guidelines prohibit the organization, its employees or Partners from promising, offering, or making payments of money, gifts, meals, or anything of value to government officials or people associated with our work, with the intent to improperly obtain or retain advantages. If anyone asks an employee or representative of ADRA Austria or of a Partner for special gifts, entertainment or contributions, or solicits for a payment in exchange for a perceived financial or personal advantage, the employee must immediately refuse and explain that the refusal is absolute and that neither ADRA Austria nor its Partners make such payments. Such request must be reported to the respective superior immediately, who will then inform senior leadership.
Improper Influence	The Policy and Guidelines prohibit facilitation payments, i.e. the payment of minor amounts of money given to public officials in order to obtain or accelerate services of such persons to which one has a legal right (e.g. for passport control, customs clearance). Any sort of improper influence of government officials or others associated with our work interests is prohibited. That includes influencing government officials, inducing officials to either take an action or fail to take an action, or securing any improper advantage.
Payment under duress	In rare and exceptional circumstances individuals may have no option other than to make payments to protect against loss of life, limb or liberty. If a threat emerges in such a way that one reasonably feels personal safety or liberty — or others' safety or liberty — is at risk, demanded payment should be done. Afterwards, when safe to do so, it must be reported to the organizations senior leadership.
Gifts, invitations and hospitality	Some cultures include the exchange of minor gifts to show respect and appreciation (e.g. low value gifts or average invitation/hospitality may be accepted, if to refuse would cause offence). As a matter of principle, accepting and making monetary gifts are prohibited. All other gifts and invitations are subject to approval by senior leadership. ADRA Austria's Board of Directors outlines the characteristics of gifts and hospitality and clarifies in details when staffs can and can't receive or give a gift or accept hospitality.
Partners	Before entering into partnerships or contracting arrangements, ADRA Austria communicates the Policy and Guidelines to all of its Partners. Each Partner must respond with a written statement about their capacity to implement the Policy and Guidelines before entering into partnership agreement or contracting arrangements. ADRA Austria's employees communicate the Policy and Guidelines to each (potential) Partner upfront. Staffs in charge of awarding contracts assess the risks involved and conduct appropriate due diligence. Written contracts incorporate appropriate anti-fraud, bribery and corruption clauses.

Trade unions	Trade unions, union members or entities controlled by a trade union may serve as a conduit for fraud, bribes and corruption to government officials and that contributions to trade unions, union members or entities controlled by a trade union may consequently be interpreted as fraud, bribe and/or corruption. If a contribution of money or services to a trade union or a union member or to an entity controlled by a trade union in any country is being contemplated, the rules on conflicts of interest outlined in ADRA Austria's Policy/Guidelines on Conflicts of Interest must be observed.
Procurement	All payments must be made for legitimate work related reasons. It is prohibited (i) to make any improper payments through intermediaries and (ii) to make a payment to a third party, while knowing that all or a portion of the payment will go directly or indirectly to a government official. The term "knowing" includes conscious disregard and deliberate ignorance. Invoices, receipts and substantiating documentation should be provided with an appropriate level of detail in order to support authorization for re-payment of fees, travel and expenses, which should be subject to a "four eyes" approval process and in accordance with ADRA Austria's Financial Policy and Procedures.
Conflict of interest	Every employee declares possible conflicts of interest as detected, when signing the conflict of interest agreement (see ADRA Austria's Policy/Guidelines on Conflict of Interest). If some possible conflicts of interest are declared, ADRA Austria leadership will follow up with the person to verify its validity periodically.
Incentives and bonuses	ADRA Austria and its Partners ensure that all offers of employment are merit based. Offers of employment or internships (or the opportunity to be considered for such) as an inducement or quid pro quo to obtain or retain business, to gain an unfair business advantage or to influence a government or regulatory action is prohibited.
Political donations	ADRA Austria and its Partners will not make contributions to political organizations or individuals, as a means of obtaining an advantage. The risk of misusing project material and/or activities to promote political parties is reduced by attendance of party functions and rallies as good as possible.
Money Laundering	NGOs may be used as channels to „launder “ the proceeds of criminal activity, thus disguising their illegal origin and reintroducing them into the regular business system. These activities undermine an NGO' s integrity, damage its reputation and may expose the NGO to severe sanctions. Hence, ADRA Austria supports the international drive against money laundering and obligates its employees and Partners to report any instance of actual or suspected money laundering to the respective supervisor, who is obliged to inform the senior leadership. Senior leadership then will deal with the subject matter as set forth in applicable laws.

4.3 Staff training and awareness

ADRA Austria's Partners use the Policy and Guidelines and possible known challenges/present cases to train and sensitize employees. The objective of each training is to minimize risks and ensure compliance with the Policy and Guidelines. The Partner outlines its own disciplinary procedures based on the guidelines outlined in chapter 5 and 6. ADRA Austria's Partners inform and train its employees once a year to ensure that new employees are aware of these guidelines and sensitized to promote the organizational ethical values and integrity at daily work.

4.4 Internal controls

Internal control is effected by ADRA Austria's Board of Directors and its senior leadership to ensure effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. ADRA Austria promotes a culture of honesty and integrity through the following actions and activities:

1. ADRA Austria's Board of Directors as well as its senior leadership as well as employees lead by example in complying with the Policy and Guidelines;
2. ADRA Austria will introduce the Policy and Guidelines to all its implementing Partners and, where requested, to its donors. The Policy and Guidelines will be part of all future partnership agreements

or contracting arrangements. ADRA Austria will request yearly feedback from all its implementing partners regarding the implementation of the Policy and Guidelines.

3. Partners shall conduct a training once a year and ensure employees attendance to outline and sensitize all staffs regarding moral and ethics at work;
4. Partners brief all employees and external third parties of the opportunity and procedures for anonymously reporting wrongdoings and dishonest behaviour (see Annex B);
5. At Partner level, a risk assessment is conducted by ADRA Austria during monitoring and evaluation visits. The assessment includes the verification of segregation of duties, compliance with policies, contracts and agreements as well as financial procedures and documentation. Prophylactic measures such as asking casual questions at all levels of project/program implementation is part of the assessment;
6. ADRA Austria will perform background checks (education, work experience and criminal records) of individuals being considered for employment.

5 Dealing with Fraud, Bribery and Corruption

5.1 Rejection

In all cases the response must be to reject demands for or offers of bribes or any improper advantage of any kind and ADRA Austria's anti-fraud, bribery and corruption stance should be made clear. There is a helpful tool, entitled "Resisting Extortion and Solicitation in International Transactions", which identifies various scenarios and gives suggestions on how to respond¹. The only circumstance where payment might not necessarily be avoided is when health and security is seriously at risk (see 4.2; payment under duress).

5.2 Investigation

ADRA Austria may not be able to prevent all bribes or cases of fraud or corruption. Any informed or detected instance of actual or potential fraud, bribery or corruption is properly and promptly investigated. The case is documented as soon as possible after the detection.

The objectives of an investigation are:

- *Confirm whether or not fraud, bribe or corruption has taken place, and to identify who was responsible and involved.*
- *Confirm whether internal controls and anti-fraud, bribery and corruption procedures have worked in practice or failed.*
- *Identify any improvements required to the Policy and Guidelines to minimize future risks.*

ADRA Austria will determine and outline the appropriate subsequent action, depending on the findings of the investigation. This may include disciplinary procedures as outlined in 5.3.

5.3 Reporting

5.3.1 Internal Reporting:

1. Complaints and concerns relating to instances of actual or suspected fraud, bribery, corruption or questionable accounting, internal control or auditing matters shall be reportable through the established channels of communications (see Annex B) and reported on a trusting partnership basis to ADRA Austria.
2. An external auditing company is engaged promptly to investigate alleged and/or reported instances of fraud, bribery or corruption. If any member of the Partner's senior leadership is involved in the alleged and/or reported instances, a special investigation team will be organized to conduct an investigation with the assistance of the implementing Partner's Board of Directors or a committee thereof.
3. Audit reports shall be issued by external companies to inform the Board of Directors regarding the nature and status of any complaints and/or investigations. Such reports shall be retained and made available to ADRA Austria.

¹ Tool developed jointly by the International Chamber of Commerce, Transparency International, the United Nations, and the World Economic Forum

5.3.2 External Reporting:

Before external reporting is considered, ADRA Austria in collaboration with legal counsel in the home country as well as the Partners location will assess the risks involved in reporting incidents to local authorities in relation to each local context and set of circumstances. Reporting cases of fraud, bribery or corruption externally include:

- *If the person making the illegal behaviour is from an external organization, the incident could be reported to a senior official or director of that organization.*
- *Reporting to an appropriate government department, or other relevant government agencies, in the country where the incident took place.*
- *Reporting to the local chapter of Transparency International or sharing information with peer networks.*
- *Reporting the incident to professional bodies (e.g. accountancy bodies) or trade associations and any regulatory bodies.*

5.4 Record keeping

Recognizing that fraud, bribery and corruption may occur despite a zero tolerance policy, ADRA Austria will keep a record of any bribes offered, made, solicited or received.

Recording and monitoring incidents allows ADRA Austria to better understand the extent and nature of fraud, bribery and corruption affecting our Partners to pro-actively prevent ways of illegal practice.

6 Whistle-blower Policy

ADRA Austria recognizes that the decision to report a concern about suspected illegal behaviour can be a difficult one to make. Employees are often the first to realize that there is something seriously wrong within the organization or a particular project. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues and/or to the organization. They may also fear reprisals, harassment or victimization. In these circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion. Therefore, ADRA Austria encourages and enables employees, Partners and/or any third parties to raise serious concerns within ADRA Austria rather than overlooking a problem or blowing the whistle to the media or other external bodies.

6.1 Confidentiality.

ADRA Austria will do its best to protect an individual's identity when he or she raises a concern; however, the investigation process may reveal the source of the information and a statement by the individual may be required as part of the evidence.

6.2 Anonymous Allegations.

Individuals are encouraged to put their names to allegations. Concerns expressed anonymously are much less powerful, but they will be considered and investigated at the discretion of ADRA Austria. In exercising this discretion, the factors to be taken into account would include: the seriousness of the issues raised; the credibility of the concern; and the likelihood of confirming the allegation from attributable sources.

6.3 Untrue Allegations.

If an untrue allegation is made in good faith, no action will be taken against the originator. If, however, individuals make malicious and false allegations, action may be considered against the individual making the allegation.

Annex A – Potential indicators of fraud, bribery and corruption

- Abnormal cash payments
- Pressure exerted for payments to be made urgently or ahead of schedule
- Payments being made through 3rd party country (e.g. goods or services supplied to country 'A' but payment is being made, usually to ADRA in country 'B')
- Abnormally high commission percentage being paid to a particular agency. This may be split into two accounts for the same agent, often in different jurisdictions
- Private meetings with public contractors or companies hoping to tender for contracts
- Lavish gifts being received
- Individual never takes time off even if ill, or holidays, or insists on dealing with specific contractors him/herself
- Making unexpected or illogical decisions accepting projects or contracts
- Unusually smooth process of cases where individual does not have the expected level of knowledge or expertise
- Abusing decision process or delegated powers in specific cases
- Agreeing contracts not favourable to the organization either with terms or time period
- Unexplained preference for certain contractors during tendering period
- Avoidance of independent checks on tendering or contracting processes
- Raising barriers around specific roles or departments which are key in the tendering/contracting process
- Bypassing normal tendering/contractors procedure
- Invoices being agreed in excess of contract without reasonable cause
- Missing documents or records regarding meetings or decisions
- ADRA policies, procedures or guidelines not being followed
- The payment of, or making funds available for, high value expenses or fees etc. on behalf of others.

Annex B – Reporting flow

