

ADRA NORWAY

ANTI-FRAUD AND CORRUPTION POLICY

ADRA Norway Policies and Procedures	
Version	Board Review
3.0	06.03.2023



Purpose

ADRA Norway is committed to high ethical standards, transparency, and accountability to all stakeholders, personnel, beneficiaries, donors, cooperating partners, contractors, and suppliers. ADRA Norway takes a zero-tolerance approach to fraud, bribery, and corruption, including zero tolerance to inaction. Combatting fraud and corruption is critical if ADRA is to achieve its mission and mandate and protect its reputation. ADRA Norway is committed to developing a culture of transparency and integrity across our operations and programs. This *Anti-fraud and Corruption Policy* outlines the approach to prevention and management of fraud and corruption in ADRA Norway's operations and programmes.

Responsibility

ADRA Norway management is responsible for the prevention and detection of fraud by ensuring that an adequate system of internal control exists, and that these control mechanisms operate effectively. The management shall be available to offer advice and assistance to staff and partners on discovered corruption, fraud, risk, and control issues, and will ensure that mismanagement or fraud are dealt with and reported in compliance with donor requirements. All cooperating partners, contractors and suppliers will be made aware of this Policy, its applicability to be established in the relevant contracting instruments.

This Policy applies to all personnel and volunteers. It complements the *ADRA Norway's Code of Conduct*, and all Personnel shall adhere to it. The prevention and detection of fraud is the contractual responsibility of all employees and the failure to report suspicions and concerns may result in disciplinary action. ADRA Norway requires staff to act honestly, with integrity and to safeguard the resources of the organization.

Definitions

- *Corruption* involves the misuse of entrusted power by offering, giving, soliciting, or accepting an inducement or reward to influence a decision or action of a person in a position of authority for private gain.
- *Fraud* involves the intention to deceive, misrepresent, falsify, forge, or omit material facts, to avoid an obligation, cause a loss or obtain an advantage. It may relate to a person or an organisation's financial, material, or human resources, assets, services and/or transactions.

Principles

- *Zero-tolerance* approach, responding firmly to all detected instances of fraud and corruption.
- *Openness* and *transparency* in all activities, decisions, reports, and financial matters.
- *Awareness* of the risks of fraud, bribery and corruption and obligations
- *Participation* of all relevant stakeholders including the intended beneficiaries.
- *Responsibility* to "*Never give or accept!*", "*Always inform!*" and "*Always act!*"
- *Mutual Accountability* in all structures, systems, and functions to donors, partners, and affected populations.
- *Continuous Learning* and improvement.

Prevention

To limit exposure to fraud and corruption, ADRA Norway will:

- Establish cost effective measures, systems and procedures that minimise the risk of, deter and enable *detection* of fraudulent and corrupt practices

- Conduct field *monitoring* and verification exercises that will improve detection, for example receipt audits, cash and stock control checks, and local market assessments
- *Train* staff and partners on anti-fraud and corruption with sufficient frequency. Training may take place during annual reviews or partnership meetings, or at project start up workshops
- Carry out research, assessments, and analysis to identify *fraud and corruption risks* in our target countries and develop action plans to minimize risks.
- Ensure appropriate *due diligence checks* take place when entering into agreements for procurement with suppliers, vendors, or service providers, when entering into partnership and when hiring staff.
- Include an anti-fraud and corruption clause in all *partner contracts*, ensuring that partners adopt the same high ethical standards as ADRA Norway including a zero tolerance towards corruption
- Promote a culture of transparency and encourage its employees and partners to be vigilant and to *report* any suspicion of fraud immediately (within 24 hours) to their contact person at ADRA Norway or through <https://www.adranorge.no/whistleblowing/>. Respect *donor reporting* requirements. For example ADRA Norway management will immediately inform the Norad's Fraud and Integrity Unit in case it could affect a program funded by Norad at varsling@norad.no or through <https://www.norad.no/aktuelt/varslingstjeneste>
- Ensure the availability of suitable channels of communication, the appropriate handling of sensitive information, maintain confidentiality and protection of *whistle-blowers*¹
- Rigorously *investigate* instances of alleged fraud. Assist the auditors, law enforcement authorities, and other appropriate authorities in the investigation and *prosecution* of those suspected of fraud
- Take firm and vigorous *action* against any individual or group perpetrating fraud against the organisation, partners, and stakeholders to seek restitution of any assets fraudulently obtained and recovery of costs
- Following any proven incident of fraud or corruption, ADRA Norway will conduct a *review* of relevant policies, procedures, and internal controls in the area where the fraud or corruption occurred and make necessary revisions and take corrective action
- Take disciplinary action against anyone deliberately raising *false and malicious allegations*

Response

When ADRA Norway or partners detect or suspect fraud in its operations or programs, the following steps, as deemed necessary, should be taken:

- Secure evidence
- Report suspicion of fraud immediately according to donor requirements (within 24 hours to Norad)
- Immediately start an investigation
- Attempt to solve the problem without any losses to third parties
- Take appropriate action to prevent further losses
- If needed, conduct a fraud/forensic audit to gauge the actual extent of the problem
- Notify the relevant stakeholders and authorities

¹ See the ADRA Norway Whistleblowing Policy

Annex 1 – Examples of Fraud, Corruption and Mismanagement

Fraud and corruption can include a range of malpractice and unethical behaviours, including but not limited to:

Abuse of Power: the improper use of a position of influence, power, or authority against another person

Bid Rigging: project officials to rig the selection process to ensure that a favoured bidder wins and to exclude competitors. Tampering could include the exclusion of qualified bidders, leaking of bid information, manipulation of bids, rigged specifications, split purchases, unbalanced bidding, and unjustified sole awards. Shadow bids or protective bids include the submission of higher priced or distort the bidding process

Bribery: When someone gives money, goods, or services for improper compensation or consideration

Collusion: non-competitive, secret, and sometimes illegal agreement between rivals which attempts gain unfair advantage Collusive bidding refers to agreements among bidders to pre-select the winner, submit artificially high-priced bids, and otherwise defeat competition

Concealment: Deliberately hiding or suppressing information or documentation

Conflict of interest: a situation in which a person is in a position to derive personal benefit from actions or decisions made in their official capacity

Embezzlement: Theft of resources for one's own use

Expense fraud: where an individual or organisation dishonestly uses the expenses system to pay money or other benefits that the recipient is not entitled to

Extortion: The act of obtaining something by force, threats, or undue demands

Failure to meet contract specifications. Incompletion of tasks or works, use of substandard materials or product substitution

False accounting: where an individual deliberately enters false or misleading information into any form of accounting or financial record

False invoicing: where an individual or organisation knowingly creates or uses invoices that are false in any way. This may include inflating the amounts on invoices or creating duplicate invoices

False representation: false or wrongful representation regarding a material fact with the knowledge or belief of its inaccuracy

Favouritism: The unfair favouring of one person or a group at the expense of others

Fictitious or Ghost contractors, employees, or beneficiaries. Funds are transferred to, or invoices are generated for, employees, beneficiaries, goods, works or services that cannot be located or verified

Forgery or overwriting: The creation of a false written document or alteration of a genuine one, with the intent to defraud

Hidden Interests: undisclosed financial interests in contractors and consultants by project and government officials

Kickback: A form of bribery, where someone involved in a purchasing process receives a reward of money, goods, or services for improperly selecting the supplier

Mismanagement: deliberate mismanagement, carelessness, persistent incompetence, weak internal controls, lack of proper authorisation etc.

Misuse or misappropriation of funds: Where funds are not used for their intended or approved purpose

Nepotism: favouritism shown to relatives

Obstruction of Justice obstructs, impedes or endeavours to influence investigation or administration of justice

Theft: An employee, beneficiary, stakeholder or external party steals program funds, resources, or assets

Unnecessary waste and inferior quality: Deliberate mismanagement, inefficiency, or wastefulness, or use of poor-quality materials

Annex 2 – Partner Contract Clause

<Partner> shall have board-approved policies for fraud, corruption and whistle blowing and shall comply with these. A copy shall be provided to ADRA Norway.

ADRA Norway and <Partner> are required to practice a zero-tolerance against corruption and other financial irregularities within and related to the Project. The zero-tolerance policy applies to all staff members, consultants, and other non-staff personnel and to cooperating partners and beneficiaries of the Grant.

Financial irregularities refer to all kinds of:

- *Corruption, including bribery, mismanagement, nepotism, and illegal gratuities*
- *Misappropriation of cash, inventory, and all other kinds of assets*
- *Financial and non-financial fraudulent statements*
- *All other use of Project funds which is not in accordance with the implementation plan and budget*

To fulfil the zero-tolerance requirement, <Partner> shall:

- *Organise its operations and internal control systems in a way that financial irregularities, are prevented and detected; including corruption, theft, embezzlement, fraud, misappropriation of funds, favouritism, and nepotism, are prevented and detected*
- *Neither directly nor indirectly require, receive, accept, offer, or give any gift, payment or benefits that may be interpreted as corruption or other violations of applicable law*
- *Do its utmost to prevent and stop financial irregularities within and related to the Project*
- *Require that all staff involved in, and any consultants, suppliers and contractors financed under the Project refrain from financial irregularities*
- *Ensure that a clause for annulment of any contracts with suppliers and sub-contractors be inserted for action in case of fraudulent procedures*

<Partner> shall inform ADRA Norway immediately (i.e., within 24 hours) of any indication of financial irregularities in or related to the Project and relating to <Partner>'s broader program (regardless of donor) and administration. <Partner> shall provide ADRA Norway with an account of all the known facts and an assessment of how the matter

should be followed up, including whether criminal prosecution or other sanctions are considered appropriate. Suspected financial irregularities, including the matters referred to in the paragraph above, which comes to the attention of <Partner> can be reported using agreed communication forms; or anonymously through ADRA Norway's whistle-blowing channel: <https://www.adranorge.no/incident-report-form/>.

ADRA Norway will report the matter to <Donor> . The matter will be handled by <Donor> in accordance with <Donor> guidelines for handling suspicion of financial irregularities. <Partner> shall cooperate fully with ADRA Norway and <Donor> investigation and follow-up. If requested by <Donor>, <Partner> shall initiate prosecution and/or apply other sanctions against persons or entities suspected of financial irregularities.

<Donor> may claim repayment of all or parts of the Grant in accordance with article 31 of the Agreement (Breach of the agreement) if it finds that any financial irregularities have taken place in or related to the Project. The repayment claim may also include any interest, investment income or any other financial gain obtained because of the financial irregularity.

Annex 3 – Useful resources

[How to \(try to\) stop fraud on your project - tools4dev](#)

[Guide to Combating Corruption & Fraud in Development Projects \(iacrc.org\)](#)