

# ICC Anti - Fraud & Corruption Policy

## Document history

| Author                          | Date          | Reason for change                                       | Version | Status   |
|---------------------------------|---------------|---|---------|----------|
| ICC finance team                | 2010          | Policy developed  | 1.0     | Approved |
| Susanne Madsen and Meas Sambath | July 11, 2019 | Policy updated based on stakeholders' minimum standards | 1.1     |          |
| ICC Executive Team              | July 22, 2019 | Review and approval                                     | 2.0     | Approved |

## 1. Introduction

God calls the worldwide church community, of which ICC is a part, to fight unfair power structures, inequality, discrimination of the poor and marginalised, and other forms of injustice. God is a God who will empower the powerless and enable justice for the oppressed.

With power comes a special accountable stewardship of resources and environment. We all have a moral obligation to take care of, and take responsibility for each other and for creation. To combat fraud and corruption effectively, ICC must act responsible and with integrity.

## 2. ICC Policy

### 2.1 Overall policy:

- ICC applies a *Zero Tolerance Policy* in regards to fraud and corruption<sup>1</sup>;
- in line with:
- International conventions and policies, which the Cambodian Government has adhered to.
  - National legislation and regulation set out by the Cambodian Government
  - Partner/project agreements and/or MOUs signed with ICC partners
  - Internal policies, agreements, contracts, etc. set out by ICC Executive Team

### 2.2 Policy statement:

- For all instances of attempted, alleged, suspected or detected fraud/corruption, ICC requires an investigation of the matter
- If fraud/corruption is identified, then ICC will:
  - \* apply administrative or contractual penalties, or
  - \* seek prosecution of offender, and
  - \* seek the recovery of fraud/corruption losses
- ICC will strengthen internal fraud/corruption control mechanisms in order to prevent future re-occurrence

## 3. Scope of policy

This Policy applies to all directors, managers and operational staff of ICC. Part-time as well as full-time staff, and paid staff as well as volunteer staff.

The prohibitions and limitations set forth in this Policy apply everyone, regardless of whether the intended beneficiary is a public official or someone in private or civil society sectors.

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<sup>1</sup> ICC Executive Limitation 2.10.1

#### 4. Definitions

- Fraud: *Dishonestly obtaining a benefit, or causing a loss, by deception or other means*<sup>2</sup>
- Corruption: *The abuse of entrusted power for private gain*<sup>3</sup>
- Non-compliance: *The failure to act in accordance with a law, regulation or term of a contract, either done in an accidental or opportunistic manner*

##### 4.1 Examples of fraud:

Fraudulent activities occur based on motivation, opportunity, rationalisation, which ICC identifies as, but not limited to:

- Theft or misuse of assets
- Theft or misuse of funds
- Falsification of invoices
- Non-delivery of under-delivery of goods or service
- Double-billing
- Falsification of documents provided in applications
- Providing false details or omission of details in applications
- Misuse of travel entitlements

##### 4.2 Examples of corruption (see annex 1 below for definitions):

ICC identifies the following as corruptible activities, but not limited to:

- Bribery
- Favouritism
- Nepotism
- Embezzlement
- Collusion
- Money laundering
- Facilitation payment
- Conflict of interest
- Illegal funding of political parties
- Blackmailing
- Gift-giving (if conflicting with ICC Seasonal Gift Policy)

#### 5. Fraud/corruption control and action mechanisms

##### 5.1 Prevention:

ICC will take the following actions, but not limited to, for fraud/corruption prevention:

- Risk assessment and treatment
- Training and guidelines
- Treatments built into project design based on assessed risks
- All ICC staff understand the benefits of being in compliance with this Policy, and the consequences of non-compliance

##### 5.2 Detection:

ICC will use the following control mechanisms, but not limited to, for fraud/corruption detection:

- Fraud reporting

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<sup>2</sup> Commonwealth Fraud Control Framework 2017

<sup>3</sup> DFAT Fraud Control and Anti-Corruption Plan 2015

- Whistleblowers (see annex 2 below)
- Internal and external audits
- Site visits and spot checks
- Review of invoices
- Observation

### 5.3 Correction:

ICC will use the following internal mechanisms, but not limited to, for fraud/corruption correction:

- Recovery
- Impose administrative disciplinary or contractual sanctions

### 5.4 Sanctions regime:

ICC will use the following sanction mechanisms against fraud/corruption:

- Criminal prosecution
- Civil legal action
- Other sanction proportionate to the level of non-compliance (e.g. fined, verbal/written warning, dismissal)

## **6. Reporting fraud/corruption**

### 6.1 Reporting obligation:

All ICC staff (as defined in "scope" above) are obligated to report suspected violations of this Policy.

Report of suspected violations must be reported to one of the members of the Executive Team.

A staff's failure to report known or suspected wrongdoing, of which the staff has knowledge about, may result in disciplinary action of the staff, because to keep quiet is wrong. ICC will not allow any actions of revenge against a staff, who in good faith reports suspected violations of this Policy.

### 6.2 Reporting steps:

Step 1 Promptly report all attempted, alleged, suspected or detected fraud/corruption to ICC. Proof is not required before reporting suspicions.

Step 2 Make a note of any suspicious activity that is witnessed or heard, and retain (hold on to) any documentations legally obtained through normal work, if possible.

Step 3 Maintain confidentiality, including limiting the number of "cc" recipients in an email.

## **7. Investigation procedure**

The Executive Director is responsible for starting an immediate investigation, which includes:

- Report all attempted, alleged, suspected or detected fraud/corruption to relevant stakeholders, within their timeframe
- Form an investigation committee, and outline their role and responsibility in relations to the specific case, including a timeframe
- Ensure the investigation is carried out accordingly, and keep relevant stakeholder updated on a regular base
- Approve the final investigation report, and share it with relevant stakeholders
- Take action according to findings made in the investigation report, and based on this Policy

**8. Personal accountability**

Fines and possible other expenses imposed on individual staff for violations of this Policy will not be paid by ICC, but must be paid by the individual staff committing the violations.

All violations of this Policy may result in disciplinary action, up to and including termination of their contract with ICC.

**9. Policy revision & internal training**

This Policy will be reviewed every third year, at a minimum. If needed, the Policy will be updated based on external and internal requirements and standards, to maintain a Zero Tolerance Policy in regards to fraud and corruption.

This Policy will be reviewed with all ICC finance staff once a year, and internal training will be conducted for all other ICC staff minimum every second year.

## **Annex 1:**

**Bribery;** The offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages (taxes, services, donations, favours, etc.).

**Favouritism;** The practice of giving unfair preferential treatment to one person or group at the expense of another.

**Nepotism;** Form of favouritism based on acquaintances and familiar relationships whereby someone in an official position exploit their power and authority to provide a job or favour to a family member of friend, even though he or she may not be qualified or deserving.

**Embezzlement;** When a person holding office in an institution, organisation or company dishonestly and illegally sets aside, uses or traffics the funds and goods they have been entrusted with for personal enrichment or other activities.

**Collusion;** A secret agreement between parties, to conspire to commit actions aimed to deceive or commit fraud with the objective of illicit financial gain. The parties involved often are referred to as "cartels".

**Money laundering;** The crime of moving money that has been obtained illegally through banks and other businesses to make it seem as if the money has been obtained legally.

**Facilitation payment;** A small unofficial payment made, in order to expedite or secure the performance of a routine government action, which should be completed without such payment.

**Conflict of interest;** A conflict of interest occurs when personal relationships, participation in external activities or interest in another venture can influence or can be perceived to influence a person's decision. The person then experiences a conflict between the interest of the organisation's priorities and their personal interest.

**Illegal funding of political parties;** Financial support for political parties by individuals or organisations/ companies, who in turn get beneficial political decisions (e.g., law amendments to facilitate the supporters' business).

**Blackmailing;** Demand money or other benefits from a person, in return for not revealing secrets or harmful information about that person.

**Gift-giving;** See ICC Seasonal Gift Policy.

## **Annex 2:**

### **ICC whistleblowers**

ICC defines whistleblowers as; an ICC staff who in good faith<sup>4</sup> reports suspected wrong-doings, including suspicion of fraud/corruption, misuse of resources, neglect of duties, or a risk to health and safety.

Reports can be made in writing or verbally and should include as much details as possible and, where feasible, supporting evidence. It is acceptable to make an anonymous complaint, however the ICC Executive Team must always have knowledge of who the whistleblower is. The ICC Executive Team will respect a whistleblower's wish of anonymity, to the extent possible.

ICC will make every effort to protect whistleblowers, who in good faith and on reasonable grounds, makes a report. This includes protection from discrimination, harassment and victimisation. However, disciplinary action will be taken against staff who is found to have made a false or dishonest report, which can be harmful to others. Such reporting may result in dismissal.

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<sup>4</sup> Good faith: with no intention of harming or taking revenge on another person