



Pacific Association of Supreme Audit Institutions (PASAI)

Fraud Control Policy

Access to information

PASAI members, Donors, International and Regional Partners

PASAI Reference Number

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Issued and effective

24 February, 2017

Review

Policy reviewed in March 2022 and to be reviewed every two years [next review March 2024]

Content

Policy on fraud control matters

- Duties and responsibilities of staff
- Responsibility of the Chief Executive
- Guidelines for the investigation of suspected fraud
- Disciplinary action

Applicable to

All PASAI staff

Issuer

Chief Executive of PASAI

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Fraud Control Policy

SECTION I – PURPOSE AND APPLICATION

1. The purpose of this Fraud Control policy is to set out the fraud control policies for the PASAI.

SECTION II – SCOPE

1. This policy applies to:
 - (a) PASAI's office holders (including the Chairperson, members of the Governing Board, the Secretary-General, and their delegates); and
 - (b) PASAI's staff (including the Chief Executive, employees, consultants, and contractors).

SECTION III – POLICY

Introduction

2. *Fraud* is defined as an intentional deception designed to obtain a benefit or advantage or to cause some benefit that is due to be denied. Examples of fraud include:
 - (a) Forgery or alteration of a check, bank draft, or any other financial document;
 - (b) Theft of a check or other diversion of a payment;
 - (c) Misappropriation of funds, supplies, or other assets;
 - (d) Impropriety in the handling or reporting of money or financial transactions;
 - (e) Profiteering as a result of insider knowledge of PASAI.
3. *Theft* is defined as the act of taking something from someone unlawfully.

Duties and responsibilities of staff

4. Each office holder and member of staff (as defined) is required to be alert to any conduct (including a pattern of conduct or behaviour) which might be indicative of fraud by another office holder or staff member, and report such conduct or any suspected fraud,

theft or abuse or other dishonest conduct to the Chief Executive. If the case is regarding the Chief Executive, the report should be made to the Secretary-General.

5. Office holders and staff are also required, in respect of their personal conduct, to observe the strictest standards of integrity at all times. This includes complying with all applicable policies, in particular the Conflicts of Interest Policy which requires the declaration of all interests that might give rise to a conflict with their roles or duties. Everyone should recognise that a failure to declare a relevant interest could give rise to a suspicion of fraud.

Responsibility of Chief Executive

6. The Chief Executive is responsible for ensuring that all office policies, procedures, and internal control that could affect this policy are implemented and administered diligently (whether by him/herself or under delegation).
7. On receiving a report of suspected fraud, the Chief Executive shall document the contact and conduct a preliminary investigation to determine the credibility of the report. If the report is credible, the Chief Executive shall follow the investigation in accordance with Guidelines for the Investigation of Suspected Fraud below (policies 12 – 18). If there is any suspicion of theft or fraud the Chief Executive will notify the Secretary-General.
8. The Chief Executive shall make every effort to protect the rights and the reputations of everyone involved in a report of suspected fraud, including the individual who in good faith alleges perceived misconduct, as well as the alleged violator(s). The Chief Executive shall also make every effort to protect the identity of a person who in good faith reported the suspected fraud. The Protected Disclosures Act 2000 may apply to a disclosure of suspected fraud, and it is important to ensure observance (on legal advice or advice from the Office of the Secretary-General) of all staff protections under that Act. However, disciplinary action may be taken as provided by this policy if a report is made in bad faith.
9. On determining that a report is not credible or is not a report of fraud, the Chief Executive shall document this determination. The Chief Executive's documentation shall include support for the determination.
10. The Chief Executive or the Secretary-General shall submit a full report to the Governing Board of all instances of fraud, theft or abuse or other dishonest conduct reported and incurred during the period after the previous Governing Board meeting.
11. The Chief Executive, or the Secretary-General the case is against the Chief Executive, is responsible for the administration and application of this policy.

Guidelines for the Investigation of Suspected Fraud

12. The Chief Executive is responsible for the full investigation and documentation of suspected fraud.
13. If the case reported and under investigation is regarding the Chief Executive, the Secretary-General shall take the responsibilities under these guidelines.
14. The Chief Executive has primary responsibility for the investigation of reported fraud and all suspected theft. Each office holder or staff member involved in an investigation of suspected fraud shall keep the content of the investigation strictly confidential. Investigation results shall not be disclosed or discussed with anyone other than those who have a legitimate need to know.
15. Any required investigative activity shall be conducted without regard to the suspected wrongdoer's length of service, position/title or any other perceived mitigating circumstance.
16. The Chief Executive shall maintain appropriate documentation regarding incidents of theft and fraud. The Chief Executive shall develop and maintain guidelines for access to and security of this documentation.
17. If an investigation substantiates fraudulent activities, the Chief Executive will prepare an incident report as soon as possible after the fraud is confirmed and shall document the content of the investigation, the findings, and any disciplinary action taken as a result of the finding. The Chief Executive shall :
 - (a) Inform the person in writing of the allegation that has been received and request a meeting with them at which their representative or representatives are invited to be present.
 - (b) Meet with the person who is the subject of the allegation of theft or fraud and their representatives to explain the complaint against them.
 - (c) Obtain a verbal or preferably a written response (all verbal responses must be recorded as minutes of that meeting, and the accuracy of those minutes should be attested by all persons present).
 - (d) Advise the person in writing of the processes to be involved from this point on.
18. PASAI recognises that supposed or actual instances of theft or fraud can affect the rights and reputation of the person or persons implicated. All matters related to the case shall remain strictly confidential with all written information kept secure. Should any delegated staff member or any other staff member improperly disclose information the Chief Executive shall consider if that person or persons are in breach of confidence and

if further action is required. Any action the Chief Executive considers must be in terms of the Protected Disclosures Act 2000 (where it is considered, on legal advice or advice from the Office of the Secretary-General, to apply), applicable conditions contained in their contract of employment or engagement, and any code of ethics or code of responsibility by which the staff member is bound.

Disciplinary Action

19. Failure to comply with any part of this policy is grounds for disciplinary action, including immediate termination of employment or (in the case of a consultant) contract of engagement.
20. Staff member will be subject to disciplinary action, including termination if they:
 - (a) have engaged in any form of fraud or theft;
 - (b) suspects or discovers fraudulent activity and fails to report his or her suspicions as required by this policy (See: Responsibility to Report Suspected Fraud); or
 - (c) intentionally reports false or misleading information.
50. The PASAI Governance and Operational Policy, PASAI Conflicts of Interest Policy, PASAI Human Resources Policy, PASAI Financial and Asset Management Policy, and PASAI Procurement Policy are relevant to, and will be applied in the administration of, this policy.

SECTION IV – EFFECTIVE DATE

The Policy is effective as of 24 February, 2017.

SECTION V – REVIEW DATE

The Policy was reviewed in March 2022 and is to be reviewed after two years from the last review date.

SECTION VI – ISSUER

The Issuer of this Policy is the Chief Executive for PASAI.

SECTION VII – CONTACT AND ACCESS

- i. **Contact.** For questions relating to this Fraud Control Policy, please contact PASAI Secretariat at secretariat@pasai.org.

- ii. **Access.** The Policy can also be accessed at <http://www.pasai.org>

SECTION VIII – RELATED DOCUMENTS

- i. PASAI Charter
- ii. PASAI Incorporated Rules
- iii. PASAI Governance Code
- iv. PASAI Governance and Operational Policy
- v. PASAI Human Resources Policy
- vi. PASAI Health and Safety Policy
- vii. PASAI Child Protection Policy
- viii. PASAI Fraud Control Policy
- ix. PASAI Gender Policy
- x. PASAI Code of Conduct
- xi. PASAI Conflict of Interest Policy
- xii. PASAI Procurement Policy
- xiii. PASAI Contract Management Policy
- xiv. PASAI Risk Management Policy
- xv. PASAI Whistleblowing Policy
- xvi. PASAI Investment Policy
- xvii. PASAI Minutes of Governing Board meetings policy
- xviii. PASAI Communication Strategy
- xix. PASAI Guidelines on use of Social Media
- xx. PASAI Sexual Harassment Policy
- xxi. PASAI Gifts, Hospitality & Entertainment Policy