



Anti-Fraud and Anti-Corruption Regulation

*Approved as: Anti-Fraud and Anti-Corruption
Guideline, August 2010*

General information

Document status	During the 2023 policy review, this document was categorized as a regulation based on the valid policy framework.
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Binding for	All member associations of SOS Children's Villages International (ordinary members), including their affiliated entities; the members of their governing bodies; and their employees and others working for them or on their behalf and SOS Children's Villages International, including its affiliated entities; the members of its governing bodies; and its employees and others working for it or on its behalf
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Related materials	Asset Safeguarding Workspace: https://soscv.sharepoint.com/sites/WS_003131 The code of Conduct 2023 Misconduct Incident Management Regulation 2023 Misconduct Investigation Regulation 2023 Good Management and Accountability Policy (Quality Standards)
Next review	This document will be updated by end of 2023
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If you have any general questions about this regulation, please contact the Asset Safeguarding Team.



SOS CHILDREN'S
VILLAGES
INTERNATIONAL

INTERNATIONAL GUIDELINE FOR THE SOS CHILDREN'S VILLAGES ORGANISATION

ANTI-FRAUD AND ANTI-CORRUPTION GUIDELINE



Version 1.0

Valid from 1 August 2010

Relevant for:

- All member associations of SOS-Kinderdorf International
- All board members and all employees of SOS
- All offices of the general secretariat of SOS-Kinderdorf International
- All persons who work for or on behalf of SOS Children's Villages

Responsible for content:

- International Office / Operations

Process description

This guideline was approved by the Secretary General of SOS-Kinderdorf International based on a recommendation of the Senior Management Team.

It was developed by an international project team (SOS Norway, HGFD, General Secretariat).

During the second quarter of 2010 the draft guideline was handed out for feedback to targeted national associations in Africa & Middle East, Asia, Central & Eastern Europe, CIS and the Baltics and Latin America.

Purpose / executive summary

This guideline aims to support all SOS Children's Village member associations, board members and employees in preventing and handling issues of fraud and corruption. It provides information on the different forms of corruption and their consequences. Responsibilities of individual staff members (both in member associations and in General Secretariat) are laid out, and steps to be taken concerning reporting, investigation and responding to allegations or suspicions are stated.

Related policies	
Quality Standard	Good Management & Accountability Quality Standards (in development, to be published in March 2011) https://intranet.sos-kd.org/Projects/Global/Accountability/Pages/default.aspx
Basic Policy	SOS Children's Village Programme Policy

Related tools/documents/devices
International Guideline „Internal Control System“ (in development, to be published by the end of 2010): https://intranet.sos-kd.org/Projects/Global/ICS/Pages/default.aspx Code of Conduct

Change history

Version	Date	Description of improvements

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Abbreviations

- CO** Continental Office
- GSC** General Secretariat of SOS-Kinderdorf International
- IO** International Office
- KDI** SOS-Kinderdorf International
- NA** National Association
- NO** National Office
- PSA** Promoting and Supporting Association
- SOS** SOS Children’s Villages

1 Introduction

**“We are committed to using all funds and resources wisely,
with respect and accountability”**

(Who we are – values – accountability)

**All forms of fraud and corruption are unacceptable.
SOS Children’s Villages is actively fighting them.**

SOS Children’s Villages builds families for children in need, helps them shape their own futures, and shares in the development of their communities. In support of this, we are committed to ensuring that the resources entrusted into our care are used solely for the purposes for which they are given.

Each co-worker plays a key role in this and has an obligation to actively ensure that resources are being appropriately utilised and accounted for.

SOS is only able to continue its work if it maintains a high level of trust with its partners. The development of good governance and the prevention of fraud and corruption *at all levels*, within the organisation, is a key aspect of this. To be successful, each individual must adhere to an agreed set of ethical values, in particular:

**COURAGE
COMMITMENT
TRUST
AND
ACCOUNTABILITY**

The way an organisation approaches and deals with issues of corruption is a clear reflection of the integrity of both the organisation and the individuals within it.

This guideline should be read in conjunction with the SOS Children’s Villages’ Code of Conduct.

2 Purpose & Scope

The purpose of the Anti-Fraud and Anti-Corruption Guideline is to:

- Raise awareness and sensitize board members and co-workers at all levels as to how SOS as an organization views and deals with corruption;
- Outline the responsibilities of co-workers at all levels
- Prescribe the necessary action(s) to be taken in the event that fraud or corruption occurs, or is alleged to have occurred

This guideline applies to co-workers and board members at all levels of SOS Children's Villages, as well as its member associations (National Associations (NAs), and Promoting & Supporting Associations (PSAs)). It also applies to all co-workers of the General Secretariat (GSC) of SOS-Kinderdorf International.

3 Basic Principles

SOS Children's Villages has adopted the following basic principles as the cornerstone for approaching and dealing with fraud and corruption:

- A "zero-tolerance" approach to all forms of fraud and corruption
- Recognition that corruption is not limited solely to illegal acts
- Dealing with allegations in a fair, open and transparent manner
- Reporting suspected illegal and/or criminal activity to the appropriate authorities for investigation and action
- The General Secretariat of SOS-Kinderdorf International, on behalf of all member associations, shall be mandated to work out appropriate standards & controls and assure implementation

4 Definitions

4.1 Definitions of relevant terms

CORRUPTION in the context of SOS Children's Villages is defined as *an act or acts involving the misuse of a person's position or authority in order to further personal interests or the interests of another person or entity*. This includes the *abuse of power for personal financial and/or non-financial advantages*. Examples include accepting bribes or "kickbacks", disclosing confidential information, or misusing organisational resources.

Whilst not comprehensive, corruption includes - but is not limited to - the following actions and activities:

BRIBERY: a person, organisation or institution improperly provides goods and/or services in return for some form of improper compensation. Bribery involves at least two parties.

Included here are **KICKBACKS**, a form of bribery where someone involved in a purchasing process receives a "reward" from the supplier for placing an order of goods or services.

CONFLICT OF INTEREST: occurs when a co-worker has a personal interest that might compromise their actions. The presence of a conflict of interest is independent from the execution of impropriety.

EMBEZZLEMENT: the theft of resources for one's own benefit. May involve only one person.

EXTORTION: the act of obtaining something by force, threats or undue demands.

THEFT: includes the unauthorised removal or use of organisational property or a co-worker's property or the property of any other person or entity which is located at the organisation's premises.

FAVOURITISM: the unfair favouring of one person or group at the expense of others. Included here is also **NEPOTISM**, which is defined as favouritism shown to relatives (in particular when conferring offices or privileges).

FRAUD is a form of corruption, a criminal deception or the use of false representation to gain an unjust advantage. In the context of SOS, it is described as the wilful or dishonest misuse of organisational resources, including acts of dishonesty, deception, or omission, the improper use of influence or position and/or the improper use of information. Some examples of fraudulent conduct may include:

- Theft of assets
- Unauthorised and/or illegal use of organisational resources, information or services for personal purposes
- Misappropriation of funds
- Falsification of records for improper advantage
- Taking unrecorded leave
- Acts of bribery and embezzlement
- signature forgery
- information forgery on documents

GIFTS: The acceptance of gifts of a symbolic nature and value, given as a token of gratitude or local custom, are not seen as corruption within the context of these guidelines. However, in order to avoid the perception of a conflict of interest, all gifts received by co-workers as a result of their duties must be reported to the receiver's manager. Gifts in excess of USD 50 (or the equivalent in local currency) can only be accepted on behalf of the organisation and never as personal gifts

4.2 Definitions of stakeholders

BOARD MEMBERS being members of the governing board of an SOS member organisation, as defined in the SOS-KDI National Association manual.

CO-WORKER includes all employees of GSC, NAs and PSAs, as well as employees of all SOS programme units and facilities, trainees, work experience students, volunteers and contractors undertaking work for SOS.

MANAGER means any co-worker assigned to a position in SOS Children's Villages in which they are responsible for the direct supervision of co-workers, or for the management of a project, facility, or location within SOS Children's Villages.

NATIONAL DIRECTOR means the head of a member association and includes Managing Directors of promoting and supporting associations.

5 Consequences of Corruption

Corruption impacts negatively on both the organisation and the individuals involved.

Potential impacts on the organisation:

- Loss of reputation and goodwill from stakeholders
- Decrease in available funds due to a lack of trust and confidence from donors
- Increased costs of carrying out activities and doing business
- Exclusion from various activities, and/or reduced cooperation with key external partners, including governments, institutional funding partners and other agencies
- Negative impact on the working environment of co-workers within the organisation
- Reduction in the quality of work provided by suppliers in cases where corruption instead of performance has been the basis for the awarding of a project or contract

Potential impacts on the individuals involved:

- Destruction of career and reputation
- Employment sanction such as loss of job
- Criminal and/or civil action being taken by the organisation
- Embarrassment and shame amongst friends and family
- Reduction in direct services and support to beneficiaries

6 Responsibilities

In accordance with Standard 5 of the National Association Manual, the highest priority should be given to recruiting board members who have the commitment and capacity to provide good governance. The board is responsible for governing the national association, and makes key policy and strategy decisions that shape the associations overall direction and development. It leads the National Director and ensures sound and ethical management of the association's affairs. By definition, this includes ensuring that the appropriate checks and balances have been put in place to prevent, detect, and deter fraud and corruption.

The National Director – as appointed by the board – leads facility and programme co-workers, who in turn lead their areas (management). Together they make plans and take actions, ensuring the continuous development of child care and other standards. In cooperation with the board, the National Director sets the direction of the National Association within the organisation's policy and strategy frameworks (Standard 6).

As such it is both the board's and management's responsibility to design and implement systems and processes for the prevention and detection of fraud and corruption. This includes fostering a culture and environment that promotes honesty and ethical behaviour at all times.

6.1 SOS Children's Villages Responsibilities (at national level)

The National Director, in consultation with the board, has responsibility for the following:

1. To provide adequate security for the prevention of fraud and corruption. This includes the provision of secure facilities for the storage of property, and procedures to deter corrupt activity or theft from occurring.
2. To provide mechanisms for receiving information from co-workers, stakeholders, and members of the general public, regarding alleged fraud or corrupt activities within the member association.
3. To introduce and enforce the whistle blowing procedures to protect informants who provide information about fraud or corruption, against discrimination or victimisation.
4. To conduct a proper investigation of all complaints received regarding actual or suspected fraud or corruption. In cases where there is a conflict of interest, or were the allegations may involve the National Director, they should be reported directly to the Board Chair and the respective Regional Director.
5. To report all matters related to potential/suspected fraud and corruption to the respective Regional Director.
6. To report information in relation to fraud or corruption to the anti-corruption branch of the local police service (or its equivalent), and to fully cooperate with any investigation that may be carried out by them.
7. To ensure that Board members, managers and co-workers are aware of their responsibility in relation to fraud and corruption.
8. To promote a culture and environment in which fraud and corrupt activity is discouraged and is readily reported, and to promote good practices and prevention mechanisms against fraud and corruption.

6.2 Management Responsibilities

Managers are responsible for the following:

1. Leading by example, in order to create an environment in which fraud and corruption is discouraged, and co-workers feel comfortable reporting allegations (including suspected cases of fraud and corruption). This environment is fostered by the manager's own attitude towards fraud and corruption, and their ability to encourage accountability and integrity among their supervisors and co-workers. A manager's performance in relation to the control of fraud and corruption will be assessed as a part of their performance evaluation.
2. The conduct of the co-workers they supervise and protection of property within their control.
3. Reporting any cases of suspected fraud or corruption to the National Director. Such reports should be made regardless of whether the activity is occurring within or outside their area of responsibility.
4. Ensuring that new co-workers are aware of their responsibilities in relation to fraud and corruption and follow the code of conduct.

6.3 Co-worker Responsibilities:

Co-workers are responsible for the following:

1. Conducting their functions and duties with honesty and integrity. Situations where such principles may be breached, or could be seen to be breached, should be referred immediately to the co-worker's supervisor for resolution. This includes any potential conflict of interest or perception of a conflict of interest.
2. Adhering to these guidelines and other SOS Children's Village procedures that are put in place to deter and manage fraud or corruption. A breach of the guideline could result in SOS Children's Villages taking disciplinary action against the co-worker.
3. Exercising due care for the resources that are under their control, and reporting to their supervisor situations they are aware of, in which property is at risk of theft.
4. Immediately advising their supervisor of any fraudulent or corrupt conduct they have become aware of.
5. Reporting other co-workers or third parties involved in fraud or corruption in accordance with these guidelines.
6. Reporting any potential conflicts of interest they may be aware of to the direct supervisor, regardless of whether there has been an act of impropriety or not. The supervisor can then make a decision in consultation with the National Director, on how to address the situation. The same procedure applies to potential cases of nepotism. If a co-worker transparently reports a relationship (falling under the definition) before a decision is made, then any accusations of inappropriate behaviour can be avoided.

6.4 Responsibilities of the General Secretariat:

In cases or situations where the board or management of a National Association lacks the capacity or needs support to deal with a case of corruption or fraud, the GSC will take up this responsibility.

In order to safeguard the reputation and good standing of all member associations, the GSC is also mandated to directly intervene within the framework of the statutes in cases where it is apparent that the board has not taken appropriate action. The Executive Committee is informed about such steps.

These interventions are executed in the spirit of GSC support towards the development and empowerment of the national association.

7 Reporting and Investigation

All board members, managers and co-workers have a clear responsibility to react as soon as corruption is reasonably suspected. A suspicious course of events is reason enough to react.

This means if one believes, in good faith, that uncovered or observed evidence indicates a case of fraud or corruption.

In all actions taken, appropriate recognition must be given to national (anti-fraud and anti-corruption) laws and regulations.

1. Managers or co-workers who are aware of fraudulent or corrupt conduct, or who suspect fraudulent or corrupt conduct has taken place, are responsible to report the incident to either:
 - Their supervisor
 - The National Director
 - If deemed appropriate, the incident can be reported directly to the responsible Regional Director.
2. Reports of corrupt activity received are to be forwarded to the National Director. In the event of allegations that are supported by factual indications, the National Director should immediately advise the respective Regional Director in writing within one week, who will in turn report the matter to the International Office.
3. All allegations of fraudulent or corrupt acts received (whether anonymous or not) will be investigated by the National Director within one month of being made aware of them. Where appropriate or necessary the National Director seeks assistance of a Human Resource or legal consultant. Individuals involved in making the original allegation should not be included as part of the investigation team. The fact that an allegation has been made anonymously shall not influence the decision to investigate. The prime criterion is whether the allegation contains sufficient information to justify an investigation being carried out. In this context, an assessment by a competent person constitutes part of the investigation. All decisions made – including a decision not to take an investigation further – must be clearly documented.
4. Investigations will be conducted in such a way as to protect the identity of the person/s making the allegation.
5. The investigative processes followed and the findings made will be clearly documented, with a report being forwarded to the National Director, and a copy to the respective Regional Director.

8 Responding

1. Dependent on the findings of the investigation, a decision will be made by the National Director and the respective Regional Director to what further steps may be required. This may include an external investigation and/or audit. In the case that irregularities are identified, the matter should also be reported to the Board Chair (by the National Director), and the International Office (via the respective Regional Director) for further action and/or communication to the financing PSA, if deemed necessary.
2. Any co-workers found to be involved in fraudulent and/or corrupt activities, or who have been negligent in the exercise of their supervisory duties will be subject to disciplinary action, including the potential termination of their employment. If warranted, SOS will also initiate civil and/or criminal proceedings against those individuals involved.
3. Any disciplinary action taken against a co-worker will be done so in accordance with the National Associations' conditions of service and/or code of conduct, and should be in accordance with all relevant local employment and labor laws.
4. Any co-worker who is aware of potential corruption within the organisation, but does not report it in accordance with this guideline, will be viewed as being in breach of their obligations, and subject to disciplinary action.
5. Any co-worker who makes a disclosure knowing it to be false, or being reckless about whether it is false, may leave themselves open to disciplinary action under most national laws.
6. The National Director will conduct a review of the area in which the fraud or corruption is alleged to have occurred to determine the cause of any breakdown in controls, and will effect changes to systems and procedures if necessary. It is the responsibility of the relevant manager to implement any recommendations made by the National Director.
7. All appropriate disclosures of a serious nature that involve fraud or corruption will be reported to the anti-corruption branch of the local police service (or equivalent) by the National Director. If possible, the previous consultation of a legal advisor is recommended.