



Managing Fraud and Corruption Policy

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1. PURPOSE

The SPC *Managing Fraud and Corruption Policy* provides a framework for the prevention, detection, reporting and investigation of fraud and corruption within SPC.

It is to be read in conjunction with the requirements of SPC's *Financial Regulations* and any other relevant policies.

2. SCOPE

SPC has a zero tolerance for fraud and corruption.

This policy aims to prevent, detect and address acts of fraud and corruption involving:

- SPC staff, whether full-time, part-time or casual;
- non-staff personnel, including SPC contractors, students and interns;
- members or representatives of any of SPC governing or advisory body;
- implementing partners, including those to which the Secretariat has disbursed funds under grantee or sub-delegation arrangements; or
- any other person providing services or goods to SPC.

3. DEFINITIONS

Fraud is any dishonest act or omission that causes loss or detriment to SPC or results in an unauthorised benefit or advantage to either the person(s) acting or omitting or to a third party. The act or omission can be either deliberate or reckless in relation to the harm caused or the benefit or advantage obtained.

Corruption is the abuse of entrusted power for private gain. It may include improperly influencing the actions of another party, or causing harm to another party. The gain or benefit may be for the person doing the act or for others .

Actions taken to instigate, aid, abet, attempt, cooperate in, or conspire to engage in a fraudulent or corrupt act, also constitute fraud or corruption.

Examples of fraud and corruption include, but are not limited to the following:

- false accounting through the deliberate alteration or reporting of incorrect financial information
- forging or altering documents or making a false statement to obtain a financial or other benefit for oneself or others
- forging a document purporting to be from SPC to induce a party outside SPC to act
- deliberately misusing SPC corporate credit cards
- misappropriating SPC funds
- using SPC assets for personal or other non-approved purposes without permission
- using SPC's intellectual property for personal advantage or gain
- deliberately misusing or stealing information systems and data
- giving or receiving a bribe
- seeking or soliciting gifts from external persons or organisations undertaking business with SPC
- collusion or other anti-competitive behaviour between suppliers during a procurement process
- claiming for personal travel as business travel
- failing to disclose a conflict of interest during a procurement process

- making misrepresentations, including about qualifications, when applying for a job.

Authorised delegate is a person authorised by SPC's *Instrument of Delegations* or *Instrument of Authorisation*, or any SPC policy, to make a decision or undertake an activity. In the event of any conflict between this policy and the *Instrument of Delegations*, the *Instrument of Delegations* prevails.

Where a function is given to a particular position, a position higher in the reporting line is also able to fulfil the function (e.g. Deputy Director-General Noumea is able to undertake all approvals allocated to Director Finance).

4. PREVENTION AND DETECTION

4.1 Internal controls

While no internal control procedure can guarantee that fraud will never occur, SPC has established internal control systems and procedures that are designed to highlight irregular transactions. These internal control measures are included in regulatory policies and processes that form SPC's *Financial Regulations* and its related policies and procedures.

The approach includes the proper segregation of duties, reconciliation procedures, random checking of transactions, the review of exceptional management accounting information, and the conduct of internal and external audits. These internal control measures are designed to prevent and detect fraud and corruption.

4.2 Responsibility of staff

SPC values the integrity of its staff and non-staff personnel, and relies on them to act at all times in an ethical and honest manner. SPC does not tolerate fraud or corruption, or the concealment of fraud or corruption. All staff and non-staff personnel have a responsibility to report known or suspected fraudulent or corrupt activities to the relevant personnel, as outlined in this policy.

Managers have an additional responsibility to raise awareness of this policy among their staff, and to ensure that contractors, sub-contractors and vendors are also aware of the policy.

4.3 Indicators of possible fraudulent activity

The following activities or circumstances could be indicators of fraud or point to an increased risk of fraud:

- inadequate or missing payment documents or invoices
- suggestions that internal controls have been overridden
- failure to follow procurement procedures or travel policy
- lack of appropriate responses to queries from management, auditors, banks or suppliers
- an individual whose lifestyle is at variance with their known source of income
- an employee's failure to take holiday entitlements without good reason
- unprofessional or close relationships with suppliers.

All staff and non-staff personnel must report any irregularities they become aware of to the appropriate authority.

5. REPORTING OF FRAUD OR SUSPICION OF FRAUD

Any suspected cases of fraud or irregular transaction must be reported immediately. SPC personnel should not attempt to conduct their own investigations into any allegations, nor should they confront the person suspected of committing the fraud or irregular transaction.

SPC staff or non-staff personnel can report the matter directly to the Director Finance, or raise it in the first instance with their manager. Managers are obliged to report any such matter raised with them to the Director Finance. Failure to report suspicions of fraud or irregular transaction may give rise to disciplinary proceedings.

If allegations are made against members of SPC's Executive (the Director-General or Deputy Directors-General) or the Director Finance, the allegations may be reported to a member of the Executive who is not implicated, or alternatively to the Chair of CRGA or the Chair of SPC's Audit and Risk Committee. The Chair of CRGA will be informed of any such allegations.

A report should contain as much information as possible to enable an investigation of the complaint, and should include:

- information about the alleged wrongdoing;
- when, where and how the wrongdoing occurred;
- who was involved in, and may have had knowledge of, the wrongdoing; and
- any documents or evidence that might support the allegations.

6. CONFIDENTIALITY

6.1 Complainant

A request for confidentiality by someone making a complaint will be honoured to the extent possible within the legitimate needs of any investigation. However, in many instances, it is not possible to fully investigate a complaint without the allegations or the source of the allegations being put directly to the subject of the investigation.

6.2 Protection against retaliation

SPC will not condone any retaliation against an SPC staff member, non-staff personnel or any person providing goods or services to SPC who reports an allegation in good faith and without malice. Such a person will be protected under SPC's *Protection against Retaliation Policy*.

6.3 Investigations

All investigations will be confidential. Information will only be disclosed as required by the legitimate needs of the investigation. Investigation reports are internal, confidential SPC documents, but they can be disclosed for law enforcement purposes, including for the purposes of reporting allegations to appropriate authorities.

7. INVESTIGATION

Any allegation of fraud or corruption will be taken seriously by SPC. When SPC receives an allegation, the Director Finance will determine if an investigation is warranted.

If an investigation is considered not to be warranted, the Director Finance will make a record of their reasons for that decision.

If an investigation is considered to be warranted, the Director Finance will appoint an appropriate officer to undertake an investigation. Depending on the nature and seriousness of the alleged fraud, the officer may be assisted in the investigation by other SPC staff nominated by the Director Finance.

SPC may also engage the services of other persons (such as forensic accountants, auditors, the police or insurers) to assist with an investigation.

The investigator and investigation team will have:

- unrestricted access to all relevant SPC records, including emails; and
- the authority to examine, copy, and/or remove all, or any portion of, the contents of files, without the prior knowledge or consent of any individual who may use or have custody of any such items or facilities, within the scope of the investigation.

The steps of each investigation will depend on the nature of the allegations and the relevant circumstances. Some steps could include:

- validating whether the claims are trivial or have been lodged in bad faith
- identifying, securing and gathering data (whether in hard copy or electronic form)
- obtaining and analysing documents and data
- interviewing relevant individuals
- preparing a final report on findings, including recommendations on how to avoid a similar recurrence, and proposed remedial actions.

The steps of an investigation will be properly documented, and a written record will be kept of any interviews.

A report on the investigation detailing its findings will be provided to the Director Finance and the Deputy Director-General Noumea and Director-General.

8. REMEDIAL MEASURES AND ACTIONS

If the investigation concludes that, on the balance of probabilities, the allegation of fraud or corruption has been proven, SPC shall take any or all necessary disciplinary or administrative actions. For example, SPC may:

- commence staff disciplinary processes (Part XI Staff Regulations and Chapter XII SPC Staff Rules);
- terminate or not renew the contracts of contractors or other service providers;
- bar a vendor from engaging in business with SPC;
- refer the allegations (along with the outcomes of the investigation) to any relevant national regulatory and law enforcement agencies for criminal investigation and prosecution;
- seek to recover financial loss and/or assets; and/or
- institute additional internal controls to reduce the likelihood of the occurrence of such a situation in future, and to mitigate potential losses from such a situation occurring in future.

9. REPORT TO AUDIT AND RISK COMMITTEE

The Director Finance will maintain a register of all allegations of fraud or corruption. The register of allegations will be reported on a regular basis to the Audit and Risk Committee, including the outcomes of any investigations.