



GRT

**POLICY TO PREVENT CORRUPTION AND FRAUD
Ver. 02/17**

Approved by Headquarters in August 2017

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Introduction: Why an Anti-Corruption & Anti-Fraud Policy



Humanitarian relief is often delivered in challenging environments, in countries affected by conflict or where natural disaster has overwhelmed national capacities. The countries in which humanitarian relief is delivered are often already some of the most corrupt in the world, and the predatory political economies that characterize many of today's conflicts and complex emergencies make the risks of aid diversion particularly high.

Humanitarian aid agencies are already burdened with many issues that need to be taken into account in providing emergency relief. As such, corruption and fraud could be seen as just other problems to add to the list. However, GRT envisages seeing the need to minimize corruption as an integral part of good management.

All GRT staff members should be aware of corruption and fraud risks as they could affect in any ways the organization and its humanitarian and development activities. Moreover, Corruption and Fraud are legally punishable in many countries.

The main aim of this policy is to raise staff awareness in preventing and fighting fraud and corruption. To enhance this awareness, GRT dedicates time and resources to train its staff, to promote this policy and to audit its projects. Therefore this Policy Paper completes the Staff Code of Conduct and other Policies with clearer guidelines against corruption and fraud.

Definition of Corruption & Fraud

Within the context of these guidelines, Corruption is defined as the abuse of entrusted power for private advantage. This includes the offering, giving, demanding or receiving of gifts, loans, rewards, provisions or any other advantages from or for a third person as incentive to do something which is dishonest, illegal or a breach of confidence within the framework of normal business. Amongst others, the following criminal acts count as corruption: bribery and reception of bribes, granting and receiving advantages, fraud and embezzlement, agreements reducing competition and money laundering.

A Fraud is a dishonest or illegal act by a GRT employee, external group or individual, characterized by a deliberate intent of concealment or false representation resulting in actual or potential loss of resources to GRT, its partners and donors, whether or not for personal gain. A fraud may also be made by an omission of material facts, when this concealment can make other statements misleading.

Risk Analysis

Corruption and Fraud happen, so it is important to assess the context where they take place. Recruiting, procurements, assessments, grants' assignments etc. are only some among many activities where corruption can seriously affect a project or a programme. The most common kinds of fraud are: theft of stock,

theft of cash or donated funds, falsification or destruction of documentation, procurement frauds and charging purchase for personal items to GRT.

Risk analysis is a general responsibility. The all staff, not only the management, should pay attention to the local and international institutional, political and socio-economic situation in which GRT operates.

Area of Application and Sanctions

The recommendations in this policy apply to:

- GRT Administrators and Management;
- employees in Italy, employees in GRT structures and projects abroad, as well as their relatives;
- local employees in foreign projects;
- members of committees and employees of partner organizations abroad who are financially or non-materially supported by GRT;
- consultants and other freelance persons who are active on behalf of GRT under Service contracts;
- members of committees and others active on behalf of GRT on a voluntary basis.

Any violations of these guidelines can lead to the immediate termination of contracts and the end of the collaboration. After investigation, GRT does not exclude taking action against any serious violation according to the Italian law or the laws of the countries where GRT operates.

Rules of Behavior and Guidelines

The groups of persons named above are obliged to uphold the following guidelines:

- Corruption in any form, whether direct or indirect, is forbidden. This includes the return of a share of a contractual payment (“kickback”), the use of other ways or channels for improper services by contractors, suppliers, partners, their employees or through public officials, as well as the reception of bribes or kickbacks through or for the profit of relatives.
- Direct or indirect donations to parties, politically-active organizations or individual persons are prohibited when they imply a business advantage. “Political” donations must be made public.
- It must be assured that charitable donations and sponsoring-services are not used for corrupt purposes.
- Payment of bribes, or other financial incentives, to obtain or speed up an official procedure that is legitimate, are to be avoided.



- The offering or receiving of gifts, hospitality or expense reimbursement is forbidden in cases where it can influence business and where it exceeds the limits of reasonable and appropriate expenditure and token gift.

GRT commits itself to apply the following standards in the fight against corruption:

- Management encourages employees to report violations and concerns as early as possible. For this purpose, secure, easily-accessible and trustworthy channels of information are established (see the Annex 3: *Whistle-blowing system*).
- Partner organizations, especially at the beginning of the first joint projects, are to be appropriately evaluated regarding the observation of these principles. Every job and partnership contract includes a clear reference to GRT's values, HR Policy, Security Policy and Code of conduct.
- Disciplinary or contractual sanctions (warning, termination, ending of cooperation, etc.) are foreseen for violations of these guidelines (See GRT Internal Regulations for Disciplinary Actions)
- GRT organizes its procurement practices in a honest, fair and transparent manner and respects its own guidelines and the donor's for the use of private and public funds (see GRT Procurement Procedures).
- GRT discourages donations in cash by offering its supporters a variety of other donation methods: bank transfer, web payment, credit cards, etc.
- Each GRT Regional office decides specific disciplinary measures according to local law and use.

1. Project Activities at Risk

Supply chain management

Manipulated tender specification/bidding documents
Bid-rigging and insider information
Biased supplier prequalification
Manipulated bid evaluation, contract awarding and execution
Surplus procurement
Supply of sub-standard goods or services

Transport

Improper payments to obtain access to aid resources or beneficiaries
Rerouting during transport
Falsification of inventory documents
False assignment during storage

Asset management



Unauthorized use of vehicles for private purposes
Corruption in vehicle repair and maintenance
Misappropriation of fuel

Human Resources

Bias in recruitment, deployment, promotion or supervision
Short-circuiting of HR controls and regulations
Conflict of interest
Extortion, intimidation and coercion of staff
Behavior conducive to corruption

Finance

Operating in a cash environment
Issues in cash based programming
Financial fraud and embezzlement
Improper accounting
False or inflated invoices or receipts
Manipulated audits
Payroll and claims fraud
Payment for local permits or access to public services

Need assessment and resource allocation

Biased project location or resource allocation
Inflated or distorted needs, costs or beneficiary numbers

Partners and local intermediaries

Manipulated selection of local partner agencies
Ineffectual partner monitoring
Biased local relief/development committees
Blocking of aid by “gatekeepers”

Targeting and registering beneficiaries

Bias in targeting criteria
Corrupt exclusion or inclusion of beneficiaries
Multiple or “ghost” registrations

Distribution and post distribution

Modification of entitlement size or composition
Readdressing of resources during distribution
Post distribution taxing or expropriation

Programme monitoring and evaluation

False, exaggerated or incomplete reports
 Non reporting of corruption

Commodities

Food aid
 Gifts in kind

2. Gift Policy

A common question related to conflict of interest situations is whether or not to accept gifts and gratuities from existing or potential contractors, Candidates or Tenderers. Offering gifts to customers is sometimes seen as a common practice in the private sector. Contractors often offer different types of gifts, for example perishable products, hospitality, free training courses or experiences like exhibitions, trade fairs, and sometimes in kind donations, etc. that are related to the activity of the humanitarian organization. Nevertheless, as a general rule, significant gifts and hospitality from suppliers cannot be accepted in order to maintain an atmosphere of honesty and integrity in affairs and to avoid unfair competition.

While personal judgment remains the best way to deal with this issue, identifying which gifts are acceptable or not is not always easy. For example, training activities may be seen as beneficial for the organisation.

Here below some recommendations to help staff manage some critical situations to avoid any inappropriate receipt of gifts.

Good Practice concerning the receipt of gifts and avoidance of conflicts of interests

If the gift is...

Then...

Low value, e.g. pens, stationery, chocolates etc	Accept it and share it with colleagues
Relatively high value (e.g. more than €50)	Accept it, inform your management and inform the supplier that it is put at the disposal of your organisation
High value, (e.g. more than €100)	Return it and thank the supplier but say you are not allowed to accept it
Sent to staff members' private address	Return it and tell the contractor that it is unacceptable practice to send gifts to staff members' private addresses
Invitations from (potential) contractors to lunches, dinners, receptions	Can be accepted if the intention is to discuss questions in the interest of the Contracting Authority or as part of the staff member's official function
Invitations from (potential) contractors of a social	Should always be declined if not related to

kind and substantial hospitality (accommodation)	work
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3. Whistle-blowing System and Investigation

GRT has already fixed general rules to manage complaints, claims, internal conflicts etc in its HR policies. Here below are included more specific details to manage whistle-blowing.

During staff trainings the difference between general grievance against colleagues (managed with recommendations mentioned in *Transparency in Managing complaints*) and corruption, fraud or other serious breach of Laws, codes and procedures will be explained.

What is whistle-blowing?

To blow the whistle on someone is to alert a third party that someone has potentially done, or is doing, something wrong. By blowing the whistle on misconduct in an organisation, one alerts the organisation to the fact that its stakeholders may be wrongfully harmed, or that they are at risk of harm.

What and how to report?

i) Illegal or unlawful conduct

Conduct may be illegal or unlawful in terms of the laws of countries and international law. We all have legal responsibilities, obligations or duties. Criminal offences such as theft, fraud, corruption (for example bribery – accepting money, gifts, favours), are in breach of legal duties and therefore constitute reportable misconduct.

ii) Un-procedural conduct

Conduct may be un-procedural since it violates clearly communicated procedures (in the form of policies, regulations, or rules) governing the operations of GRT. Such procedures are important for good governance and breaching them may expose the application of funds to risk of loss or real loss.

iii) Unethical conduct

Conduct may be unethical if it undermines universal, core ethical values, such as integrity, respect, honesty, responsibility, accountability, fairness or contravenes appropriate professional, institutional or other guidelines.

For example if an individual exerted pressure on a person in a position of power in order to gain an advantage – i.e. through personal, family or other relationships. That would be unfair to others and unethical.

For transparency purposes GRT has a 'Disclosure of Conflict of Interest Declaration' form in the HR manual.

iv) Wasteful Conduct

Conduct constituting a significant/major waste of resources is a reportable category in its own right since responsible stewardship of resources is crucial to the success of GRT's operations. All individuals in the service of GRT have an obligation to ensure that contributions to GRT are used prudently and efficiently. If resources are spent in a wasteful manner and in breach of the trust of GRT's donors this would be reportable under the whistle-blowing mechanism.

It is essential that anyone connected with GRT who suspects or knows that serious malpractice has taken place, is taking place, or is likely to take place raises their concerns in line with the procedure described in this document.

Who should blow the whistle?

Any employee, who has observed reportable misconduct within GRT, has an obligation to report that conduct.

Any agency or organisation that has observed reportable misconduct within GRT has the opportunity and the information to report that conduct and may do so using the whistle blowing report form.

Protection

GRT wishes to support the safety of whistle-blowers and therefore undertakes to treat all whistle-blowing reports as either confidential or anonymous. The choice between confidential or anonymous whistle-blowing is that of the whistle-blower alone. The whistle-blower is also free to decide to waive anonymity.

Any concerns raised will be investigated carefully and thoroughly. GRT will ensure that fair treatment will be followed at all times. Any person accused of alleged misconduct will have the right to put their account of events forward at the earliest opportunity.

All those who raise concerns will be treated fairly and have the right to be represented at any time by a legal practitioner or a colleague not acting in an official capacity.

If someone tries to prevent an individual from making a confidential report or victimises that person for raising their concerns, GRT will treat this as a serious disciplinary offence which will be investigated in accordance with GRT's disciplinary policy and procedure.

Where allegations by staff are not made in "good faith" and are found to be knowingly false or malicious, this will be treated as a serious disciplinary offence and will be investigated in accordance with GRT's disciplinary policy and procedure. Deliberately false allegations are both an attack on the individual in question, plus the organisation as a whole. GRT, as a humanitarian organisation, is reliant on its good name and reputation to carry out its work, and as such must protect these qualities.

A whistle blower can choose any of the following methods of whistle blowing;

i) Confidential whistle-blowing

A whistle-blower may choose to reveal his or her identity when a report or disclosure is made. A whistle-blower has the right to insist upon confidentiality. Should this be the case, GRT will respect and protect the confidentiality of the whistle-blower and gives the assurance that it will not reveal the identity of the whistle-blower to any third party, unless legally obliged to do so.

The only exception to this assurance relates to an overriding legal obligation to breach confidentiality. Thus, GRT is obligated to reveal confidential information relating to a whistle-blowing report if ordered to do so by a court of law.

GRT's assurance of confidentiality can only be completely effective if the whistle-blower likewise maintains confidentiality.

ii) Anonymous whistle-blowing

Alternative to confidential reporting, a whistle-blower may choose not to reveal his or her identity. With the reporter anonymity thus assured, the identity of the reporter cannot be ascertained by anyone. The advantage to the reporter is counter-balanced by a disadvantage to GRT, namely, that it compromises further investigation of the facts. However, anonymous reports will inevitably be ascribed with lower credibility than attributable reports, and therefore GRT encourages all reports to be attributable.

Procedure following whistle-blowing

GRT is committed to investigating and addressing all cases of reported misconduct, through the GRT senior management team, or independent investigator(s) appointed by same.

Where it is legally and confidentially allowable, then feedback and/or the progress of any concerns raised will be given as soon as possible.

Some situations may be resolved promptly, whilst others may take longer because they require formal investigation or hearings.

The whistle-blower may seek follow-up information about the investigation of a report or any consequent action taken by GRT. If the report was anonymous, the onus is on the whistle-blower to follow up. Where it is legally and confidentially allowable, then feedback and/or the progress of any concerns raised will be given.

Whistle-blowing Do's and Don'ts



Do

- Keep calm
- Think about the risks and outcomes before you act
- Remember you are a witness, not a complainant
- Contact for advice – grt@grtitalia.org

Don't

- Forget there may be an innocent or good explanation
- Become a private detective
- Use a whistle-blowing procedure to pursue a personal grievance

WHISTLE-BLOWING PROCEDURES

Staff members

This Policy will be comprehensively rolled out to all staff. A rollout plan will be devised, implemented, monitored and evaluated.

Induction; Whistle Blowing Guidelines will be made available to all staff, both during the initial induction process and to all currently employed staff.

Internal Promotion; Whistle-blowing information will be advertised through promotional materials displayed in all GRT offices.

External Promotion; GRT normally publishes tenders for services, supplies, construction contracts, etc, in local newspapers; employment advertisements are placed on the internet or posted in public places. Henceforth all such public announcements will include clear whistle blowing statements.

In order to facilitate community reporting, GRT is committed to preparing materials in local languages and pictograms for illiterate community members.

Reporting; Internal reporting of alleged incidences should be in accordance with the following guidance and GRT encourages employees to consider this guidance prior to initiating whistleblowing:

- i) Reasonable belief: The employee reporting must reasonably believe the information and any allegations are substantially true;
- ii) Hard evidence - this is very clearly helpful. However, GRT does not require that the employee reporting have evidence before blowing the whistle.

GRT strongly prefers that the employee speaks to the designated people within the organisation about concerns at an early stage rather than waiting to attempt to get the evidence.

External reporting of alleged incidences should be in accordance with the following guidance and GRT encourages contractors/subgrantee to consider this guidance prior to initiating whistleblowing:

- i) Reasonable belief: The contractors/subgrantee reporting must reasonably believe the information and any allegations are substantially true.
- ii) Hard evidence - this is very clearly helpful. However, GRT does not require that the contractors/subgrantee reporting have evidence before blowing the whistle

GRT strongly prefers that the employee speaks to the designated people within the organisation about concerns at an early stage rather than waiting to attempt to get the evidence.

If there are concerns that staff feel cannot be raised through line management and they wish to formalise by contacting by email the HQ office at grt@grtitalia.org.

MITIGATION PROCEDURES

Payments

An obvious high risk area for fraud and corruption is payment for contracts, services, etc, and therefore GRT will establish clearly defined multiple channels for payment - providers can chose to be paid at HO or field offices. In cases where staged payments are made, the provider can choose where some or all payments are to be issued- at HO or field offices.

A provider can also request at any time that they deal with a different individual to effect payments from GRT than the person initially allocated.

All payments are issued only by finance staff.

All cheques will be issued from the finance office.

Awarding of contracts – GRT normally utilizes a points systems, whereby competencies, prior experiences and price and other categories as appropriate are awarded various points, with these points then totaled to decide upon the winning contractor. This process will be clearly described in award and tender documents. In addition, all valid companies/individuals competing for a contract will be provided with summary information used to decide on the winning contractor.

Detailed procedures regarding payment are described in GRT Procurement Policy.

i) Employment



All candidates for employment will be asked if they know any individual already working for GRT. This is to ensure that relationships based on friendship, partnership family or similar are not an undue influence in employment. GRT has no policy against employing friends or relatives of existing staff, but must ensure the integrity of the employment process.

Interview panel – any member of an interview panel who has any type of relationship with an employment candidate must clearly state this and absent himself/herself from the interview.

Pre-interview – any member of an interview panel must not associate with interview candidates known to the interviewer in the week preceding the interview. This includes facilitating accommodation, etc, for a short listed candidate who has travelled to a GRT office to attend an interview.

For transparency purposes, GRT has a ‘Disclosure of Conflict of Interest Declaration’ form to be signed by every GRT staff.

ii) Tender Process

GRT utilizes a tender committee approach to awarding contracts. The committee is comprised of GRT staff. Any GRT staff with personal relationships of any type with key members of companies or individuals competing for contracts must declare this to the project manager/Resident representative and absent himself/herself from the tender committee for the full duration of the award of that particular contract. This is to be done at the earliest stage possible – i.e. immediately when it is known to the individual in question that he/she knows a company or individual who is in competition for a contract.

If a GRT employee knows a member of staff of a competing company, but believes that this relationship is not pertinent to the grant in question, nevertheless the staff member must seek advice on this issue from the project manager or resident representative.

Tender Process Is described in details in the GRT Procurement Policy.

PUBLIC STATEMENTS

The successful implementation of GRT’s whistle-blowing policy is reliant on full awareness of the policy. Accordingly, GRT undertakes to promote this policy both within and external to the organisation, as appropriate.

Tender Process

All tender advertisements and documents (as appropriate) shall state the following:



GRT is committed to maintaining the highest standards in the conduct of all its activities, including the awarding of contracts. GRT has established procedures upon which individuals and/or companies may call if they feel they have been discriminated against, unjustly treated or unfairly approached in relation to the award of a contract. Please contact GRT Regional Office in Nairobi for more information.

Employment

All employment advertisements and documents (as appropriate) shall state the following:

GRT is committed to maintaining the highest standards in the conduct of all its activities, including the employment of staff. GRT has established procedures upon which individuals may call if they feel they have personally been discriminated against, unjustly treated or unfairly approached in relation to the request for/issuing of employment. Please contact GRT Regional Office in Nairobi for more information.

Community

The Programme Manager is the designated reporting person for allegations of wrongdoing arising from local communities. In the event of he/she not being the appropriate person due to alleged involvement, then the Internal Auditor or Regional Representative is to be contacted.

Internal Dissemination

GRT commits to developing promotional material for dissemination throughout the organisation, above and beyond induction training for new and current staff – this includes, but is not limited to brochures, posters, information sessions and so on.

REPORTING

Any effective whistle-blowing policy is only as good as the reporting system. Therefore GRT commits to implementation and dissemination of a clear, transparent reporting system.

GRT has multiple reporting points throughout the organisation, nationally and internationally.

The Regional Representative is assigned to personally receive reports and is obligated by this policy to appropriately follow up all such reports.

GRT commits to implementing a whistle-blowing log, maintained by the Regional Representative, where all reports are logged and allocated a reference. This reference initiates the opening of a file for each report,



where all information pertaining to the investigation/analysis of the incident is recorded. These files are maintained by the Regional Representative, or by such person(s) delegated by him/her.

All reports received in-country will be informed to the GRT HQ in Italy.

IRREGULAR REPORTING

The reporting obligations of staff, the support of GRT to staff for same, and the commitment to investigate are all clearly detailed in this document.

Staff who do not fully adhere to these reporting guidelines – i.e. who report to an external agency or agencies, having failed to follow these guidelines – will be subject to disciplinary procedures a set out in the Human Resources Manual.