



## **KUMASI WOOD CLUSTER ASSOCIATION**

### **- COMPANY POLICIES -**

## **Anti-bribery, Anti-Corruption and Fraud policy**



## 1. General Policy

KUMASI WOOD CLUSTER (KWC) is committed to an effective approach to the management of the risk of fraud and corruption in its activities both at KWC itself and in all the operations managed directly by it.

KWC has a zero tolerance principle to fraud and corruption. As an organization that condemns and fights corruption as one of the key drivers of environmental degradation and forest governance, KWC requires all staff at all times to act and comply with zero tolerance principle by fully conforming to all procedures and policies adopted to prevent corruption and fraud in our offices. All staff and volunteers shall therefore be irreproachable in their personal conduct.

Fraud and corruption are an ever-present threat to KWC's assets and reputation and so must be a concern of all members of staff and volunteers. Where there is any evidence or possibility of fraudulent or corrupt activities, KWC will deal with it in a firm and controlled manner.

KWC seeks, at all times, to deal with its employees, volunteers, resource persons, consultants, partners, supporters and suppliers with honesty and integrity. KWC expects these individuals to treat it and each other in the same way.

Behaviour that falls short of the required standards is not acceptable. Where such behaviour is suspected it will be investigated and, where proven, legal and/or disciplinary action taken. All staff of KWC and stakeholders are tasked with ensuring that appropriate measures are in place to prevent, deter, detect and communicate potential fraud and corruption. This Policy is designed to:

- ❖ Define fraudulent and corrupt activities and increase awareness
- ❖ Encourage prevention;
- ❖ Define standards of personal conduct for the organization;
- ❖ Define the responsibilities at different levels;
- ❖ Promote and understand methods of detection; and
- ❖ Identify a clear pathway for the investigation and reporting of fraud and corruption.

In all cases, if any staff has any concerns as to whether actions may be fraudulent or corrupt, they should first review the issue against the policies set out in the KWC Fraud/Corruption Prevention and Investigation Policy and if the situation remains unclear seek advice from the Executive Director.

## 2. Definitions

What is Fraud and Corruption?

The term fraud is used to describe a whole range of activities such as deception, bribery, forgery, extortion, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. It involves the act of deceit against the KWC in order to obtain a personal or collective advantage, avoid an obligation or cause a loss.

Corruption involves the act of dishonestly obtaining an advantage from a third party by abusing an entrusted power for private gain. Neither fraud nor corruption are restricted to monetary or material benefit, but could also include intangible benefits such as status or information.

It can be seen from the above that fraud covers a wide range of activity including (but not exclusive to):

- Theft of assets
- Misappropriation of funds
- Misuse of the organization's assets (e.g. using WWF vehicles privately without permission)
- Deception (e.g. misrepresentation of qualifications to obtain employment)
- Theft from a partner, customer or supplier
- The theft or misuse of proprietary data
- Theft of Intellectual Property
- Providing favours or money to judges or other government officials to pursue personal or KWC goals.
- Providing contracts to third parties for the provider's personal benefit.

## 3. Prevention

KWC seeks to regulate the actions of staff and to ensure that appropriate procedures are in place to prevent fraud and corruption. These procedures include:

- ❖ Travel and expense policies
- ❖ Management and control of vehicle usage
- ❖ Management and control of the use of consultants
- ❖ Ensuring adequate segregation of duties where required
  - The personnel procedure/employee handbook
- ❖ The employment contract
- ❖ I. T. policies

Although the KWC Board of Directors and the Executive Director bear overall responsibility for establishing, maintaining and ensuring enforcement of a sound system of internal control, in practice these responsibilities fall directly on line management and many involve all of KWC's staff wherever they are including staff in programme areas.

#### **4. Personal Conduct**

Staff of KWC must have, and be seen to have, high standards of personal integrity. They should not accept or offer gifts, hospitality or benefits of any kind from a KWC that might be seen to compromise their integrity or to be benefiting the person offering the service or the recipient personally and/or at the cost of KWC's reputation. However, small gifts with no material value may be received or offered in appropriate situations provided there is no appearance of corruption or conflict of interest. In particular, it is KWC policy that under no circumstances should any payments or anything of value be made, promised or offered to any government employee in contravention of applicable laws in Ghana. Furthermore, no assistance, payments or anything of value (monetary or non-monetary) should be made, promised, offered to, or accepted by any government employee or official to:

- Influence any official government act or decision;
- To induce any government employee or official to do or omit to do any act in violation of his/her lawful duty;
- To obtain or retain business for, or direct business to any individual or entity.

In addition, all staff should follow the KWC Code of Ethics at all times and ensure that there is no conflict of interest in their activities.

#### **5. Executive Director's Responsibilities**

The Executive Director has specific responsibility for the promotion of an anti-fraud/corruption environment and is responsible for:

- Providing guidance on the measures to be taken by all staff in order to implement this policy.
- Arranging for reported incidents of actual or suspected fraud/corruption to be promptly and appropriately investigated in conjunction with the appropriate staff.

- Through these management resources, ensuring that appropriate legal and/or disciplinary action is taken against the perpetrators of actual or attempted fraud or corruption as well as those complicit in such acts.
- Reporting incidents of fraud/corruption to the Board Chair and Directors through the Audit Committee).
- Updating this policy in line with current best practice.
- Is responsible within their specific areas of responsibility for the promotion of an antifraud/corruption environment.
- Ensure this Fraud/Corruption Prevention and Investigation Policy is communicated to all staff and implemented in full.
- Staff have the necessary training in order to comply with their obligations.
- Staff have the necessary “atmosphere” in which to ensure compliance (e.g., there is an understood and accepted “zero-tolerance” rule vis-à-vis fraud/corruption, staff know how and to whom to address their concerns if fraud or corruption is suspected, etc.).
- Staff report suspected fraud and corruption are notified to their superior as appropriate.
- Recommendations for control improvements following any investigations are promptly implemented.

## **6. General Manager and Finance Officer’s Responsibilities**

- Assessing the types of fraud and corruption risk involved in the operations for which they are responsible.
- Ensuring that an adequate system of internal control exists within their areas of responsibility and that these controls are effective.
- Ensuring that Project staff fully understand the internal control system in place and that they adhere to these control procedures at all times.
- Regularly reviewing these control systems to ensure compliance and to satisfy themselves that the systems continue to operate effectively.
- Being alert to the possibility that unusual events or transactions could be symptoms of fraud or corruption.
- Ensuring that satisfactory controls are in place and be alert to any “red flags” that come to their attention. Particular examples of such “red flags” are as follows:
  - Unusual or inadequately documented payments.
  - Purchases which have not passed through the normal procedure for obtaining estimates.
  - Excessive rates of remuneration paid to consultants.
  - Regular use of the same consultants (e.g., due to family connections).
  - Use of government officials as consultants or the provision of travel grants to government officials.

- Excessive fuel usage for vehicles.

Such activity may be highlighted as a result of specific management checks or be brought to the Board's attention by a third party. Irregularities may also occasionally come to light in the course of an internal audit or during the annual year-end audit. The General Manager and Finance Officer should not however rely on the work of auditors to detect fraud.

## **7. KWC's Board Audit Committees Responsibilities**

The committee is required to give independent assurance on the effectiveness of the processes put in place to manage the risk of fraud or corruption. As part of this role the committee will:

- Review and report on prevention and detection processes put in place by management.
- Make recommendations to improve those processes.
- Lead or assist such investigations when requested by senior management.
- Consider fraud risk in every audit.

## **8. Staff responsibilities**

Every staff of KWC has a duty to ensure that the organisation's assets and funds are safeguarded and to report immediately if they suspect a fraud has been committed or they see any suspicious acts or events (see investigation section below). In addition, they should alert their line manager where they believe that the opportunity for fraud or corruption exists because of weak procedures or the lack of effective oversight.

## **9. Investigation of Fraud or Corruption**

### **Reporting Suspected Fraud**

Where any member of staff suspects a fraudulent or corrupt act has been or is being committed s/he shall immediately report it to the Executive Director. This may be done directly or the General Manager. The Director must then inform the Board Chairman at who will ensure that the allegation is promptly and appropriately investigated. If the employee feels unable to report the allegation through these channels, then he/she should use KWC's Whistle Blower Policy to do this.

## Investigating Suspected Fraud

It is the Executive Director's responsibility to ensure that each allegation is appropriately and promptly investigated in accordance with the response plan. He shall ensure that the Board Chair, and the Audit

Committee are informed of developments as appropriate. As a minimum requirement the Executive Director shall report at the end of any investigation of fraud or corruption:

1. Details of what has taken place, the loss to the organisation (if any), how it was detected and the likely reasons this fraudulent or corrupt act was able to take place.
2. Action taken (if any) to deal with the persons involved in the fraud or corruption.
3. Action taken to recover lost assets and funds where applicable.
4. Lessons learned and actions taken to prevent recurrence of such fraudulent or corrupt activities.

Proven fraudulent or corrupt activity by a staff will be treated as gross misconduct and appropriate disciplinary action will always be taken. In any event, whether an outsider or a staff commits the fraud, KWC may also initiate civil action to recover losses.