

## ANTI – CORRUPTION, FRAUD AND BRIBERY POLICY

Purpose	To ensure that all ITF business and activities carried out on our behalf are conducted in an honest and ethical matter
Version	1
Title of originator/author:	Chief Executive
Ratified by:	Board of Trustees
Date ratified:	March 2017
Review frequency	Every 3 years
Date of next review:	February 2020
Location of document	SharePoint/Governance/Policies/Anti-corruption, fraud, and Bribery Policy
Linked policies	Whistleblowing Policy Employee Handbook Complaints Procedure

## CONTENTS

Glossary.....	1
1. Policy statement .....	3
2. Risk assessment and mitigation.....	3
3. Due diligence .....	4
4. Who is covered by the policy?.....	5
5. What is covered by the policy?.....	5
6. Conflicts of interest.....	5
7. Abuse of power and extortion.....	5
8. Fraud and embezzlement.....	6
9. Bribery .....	6
10. Money Laundering .....	7
11. Nepotism and favouritism .....	7
12. Gifts and hospitality .....	8
13. Donations .....	8
14. Your responsibilities.....	9
15. Record-keeping.....	9
16. How to raise a concern.....	9
17. What to do if you are a victim of corruption? .....	10
18. Protection .....	10
19. Training and communication.....	11
20. Responsibility for policy implementation and compliance.....	11
21. Monitoring and review.....	11
22. Investigation .....	11
23. Recovery of assets.....	12
24. External reporting .....	12
Appendix A – Red flags - potential indicators of corruption .....	1

## GLOSSARY

*Bribery* - the offering, promising, giving, accepting or soliciting of money, gifts or other advantage as an inducement to do something that is illegal or a breach of trust in the course of carrying out an organisation's activities.

*Corruption* – the abuse of entrusted power for private gain.

*Embezzlement* - the misappropriation of property or funds legally entrusted to someone in their formal position as an agent or guardian.

*Extortion* - the unlawful use of one's position or office to obtain money through coercion or threats. One example would be when customs officials request undue 'customs duties' from importers as a condition to clear their goods.

*Facilitation payments* - These are bribes and are usually small unofficial payments made to secure or expedite the performance of a routine or necessary action to which the payer of the facilitation payment has legal or other entitlement.

*Fraud* – economic crime involving deceit, trickery or false pretences, by which someone gains advantages or funds unlawfully.

*Gifts and hospitality* – these can range from small gifts (such as diaries) to expensive hospitality (tickets for major events, holidays etc.). Extravagant gifts and hospitality may be used to disguise bribes that are intended to induce improper behaviour.

*Money laundering* - the process by which criminals attempt to conceal the true origin and ownership of the proceeds of their criminal activity and reintroduce the proceeds into the economy for legitimate purposes.

*Nepotism* – favouritism toward relatives and friends, based upon that relationship, rather than on an evaluation of ability or suitability.

*Solicitation* – the act of a person asking, ordering or enticing someone else to commit bribery or another crime.

*Third party* - any individual or organisation you come into contact with during the course of your work for us, and includes actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisers, representatives and officials, politicians and political parties.

*Whistleblowing* – the sounding of an alarm by an employee, director or external person to express concerns about or to attempt to reveal neglect or abuses within the activities of a company.

## 1. POLICY STATEMENT

- 1.1 It is ITF's policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to all forms of corruption. We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter corruption.
- 1.2 Corruption is defined as the misuse of entrusted power for private gain. Forms of corruption include bribery, fraud, embezzlement and extortion. Corruption threatens good governance, sustainable development, democratic process, and fair business practices.
- 1.3 Some of the countries where International tree Foundation (ITF) currently operates are among those most at risk of corruption according to Transparency International's Corruption Perception Index <http://www.transparency.org/cpi2015#results-table>
- 1.4 ITF will uphold all laws relevant to countering corruption in all the jurisdictions in which we operate. However, we remain bound by the laws of the UK, including the Bribery Act 2010 (which came into force on 1 July 2011), in respect of our conduct both at home and abroad. Bribery and corruption are punishable for individuals by up to ten years' imprisonment and if we are found to have taken part in corruption we could face an unlimited fine, be excluded from tendering for public contracts and face damage to our reputation. We take our legal responsibilities very seriously and will ensure that we have adequate procedures in place to prevent bribery.
- 1.5 The purpose of this policy is to:
  - (a) support behaviour characterised by high standards of personal and organisational integrity, both internally and with other external stakeholders (partners).
  - (b) set out our commitment and responsibilities, and of those working for us, in observing and upholding our position on corruption; and
  - (c) provide information and guidance to those working for us on how to recognise and deal with corruption issues.

## 2. RISK ASSESSMENT AND MITIGATION

- 2.1 ITF is entrusted with funds from a variety of donors and works to ensure they are spent correctly and transparently. We have identified that the following three areas are particular risks for our business. For each one we have established mitigation measures as follows:
  - (a) as a grant making foundation there is a risk that the grants we award to third parties could be subject to fraud, misuse, and corruption. To address this we have:

- developed and applied a thorough application and assessment process for any prospective grantee;
  - developed and applied a thorough due diligence process for proposed new grantees;
  - included provisions to guard against fraud and corruption in all our grant agreements;
  - developed and applied a robust and rigorous monitoring process of projects including site visits and examination and verification of project expenditure using independent third parties when appropriate.
- (b) ITF and project partner personnel (staff, volunteers, trustees) are asked for bribes or offered bribes. To address this we have:
- drawn up this policy which all representatives and partners are required to agree to and adhere to as part of their terms of employment/engagement.
  - included provisions to guard against corruption in all our grant agreements.
- (c) An anonymous donation is received that cannot be traced and which could constitute a breach of this policy. To address this we have:
- introduced the requirement that any anonymous donation in excess of £3,000 that cannot be traced must be referred to the Board of Trustees for consideration and possible refusal.

### 3. DUE DILIGENCE

- 3.1 ITF has robust due diligence procedures in place in respect of awarding grants to third parties, procurement and sub-contracting, and receipt of donations.
- 3.2 Our due diligence procedures for grant giving include:
- (a) verification that a prospective grantee is a bona-fide and registered Community Based Organisation (CBO) or Non-Governmental Organisation (NGO);
  - (b) submission of a copy of photographic ID for principal contact person in the prospective grantee organisation;
  - (c) receipt of three independent references and checks on the identity of referees;
  - (d) independent checks on the identity of prospective grantees and their staff, volunteers and office bearers using the internet and social media;
  - (e) use of trusted in-country consultants to check on the legitimacy of a prospective grantee and the project for which they have requested funding;

- (f) in some cases to make checks with national CBO or NGO accrediting bodies and networks, other grantees and/or CBO/NGO databases ;
- (g) that the prospective grantee has a bank account (into which any grant will be paid) in the name of the organisation;
- (h) proof of receipt of funds into the nominated bank account in the form of a bank generated statements or other acceptable document;
- (i) submission of regular financial reports (at least every six months) with copies of receipts provided for major items of expenditure and for all items of expenditure over £100.

#### 4. WHO IS COVERED BY THE POLICY?

- 4.1 This policy applies to all individuals working at all levels and grades, including trustees (directors), employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff, casual and agency staff, volunteers, interns, consultants, sub-contractors, sponsors, grantees, partners or any other person(s) associated with us, wherever located (collectively referred to as **representatives** in this policy).

#### 5. WHAT IS COVERED BY THE POLICY?

- 5.1 The following areas are covered by the Anti-Corruption Policy: Conflicts of interest, Abuse of power and extortion; Fraud and embezzlement; Bribery; Nepotism and favouritism; Gifts and hospitality; Donations.

#### 6. CONFLICTS OF INTEREST

- 6.1 We will avoid any inexpedient conflicts of interest – real or potential – between our personal interest and the interest of ITF. Avoiding conflicts of interest is the overall principle in fighting corruption.
- 6.2 A conflict of interest arises from situations in which you as an ITF representative have a private interest that could influence your professional performance. Conflicts of interest can occur quite frequently and are not necessarily corrupt. It is how they are identified and managed that is important. If conflict of interest situations are not properly identified and managed, they can endanger the integrity of ITF and can result in corruption. You are expected to show good judgment and when in doubt, contact the Chief Executive or the Chair.

#### 7. ABUSE OF POWER AND EXTORTION

- 7.1 We will not seek to influence any person or institution for private purpose by using our official position or offering them personal advantages. Likewise, we will not use ITF property, facilities, services and financial resources for private purposes except when permission is given. We will not use any forms of extortion as a method to gain advantages.
- 7.2 This principle implies that you should not use your professional status for private gain. Misuse could be to gain advantages that you would not have gained otherwise. Relations to suppliers must not be used to gain reduced price on e.g. computers, cars, food, consultant support or travelling for private use. You are also not allowed to abuse your power as a manager to get personal favours or services done by employees.

## 8. FRAUD AND EMBEZZLEMENT

- 8.1 Fraud and embezzlement are illegal and must not be used as methods to gain personal or professional advantages or property in relation to ITF, partner organisations or any other stakeholders.
- 8.2 Examples of fraud and embezzlement are false documentation, lying about qualifications, abusing power/ knowledge to steal cash and equipment from ITF, falsely applying for grant funding from ITF, and misusing funds awarded/entrusted to us. Rules for accounting and documentation shall therefore be adhered to at all times.

## 9. BRIBERY

- 9.1 The Bribery Act defines four specific offences:
- offering, promising or giving a bribe;
  - requesting, agreeing to receive or accepting a bribe;
  - bribing a foreign public official to obtain or retain business;
  - a liability offence for commercial organisations where they fail to prevent bribery by those acting on their behalf.
- 9.2 We do not receive bribes from potential partners to make contracts with them and we do not give bribes to our partners as a way of influencing. We base our cooperation with partner organisations on mutual ownership, accountability, participation and equity.
- 9.3 We do not make, and will not accept, facilitation payments or "kickbacks" of any kind. Facilitation payments are typically small, unofficial payments made to secure or expedite a routine government action by a government official. They are not commonly paid in the UK, but are common in some other jurisdictions in which we operate.

9.4 If you are asked to make a payment on our behalf, you should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. You should always ask for a receipt which details the reason for the payment. If you have any suspicions, concerns or queries regarding a payment, you should raise these with the Chief Executive or the Treasurer.

9.5 Kickbacks are typically payments made in return for a business favour or advantage. All representatives must avoid any activity that might lead to, or suggest, that a facilitation payment or kickback will be made or accepted by us.

## 10. MONEY LAUNDERING

10.1 We do not allow any organisation or individual to use ITF to launder money and must be vigilant to ensure that ITF does not accept the proceeds of a crime from any organisation or individual.

10.2 ITF representatives may not:

- (a) possess, conceal, use, convert or transfer criminal property or its proceeds;
- (b) become involved in an arrangement facilitating any of the above; or
- (c) possess or in any way deal with funds related to terrorist activities or funds likely to be used for terrorist activities.

10.3 Certain situations should be considered as at a risk of money laundering and require extra vigilance. These include:

- (a) entering into arrangements with partners that may be fronts for criminal activities;
- (b) use of an alternative banking system to move funds;
- (c) use of conduits for funding;
- (d) use of couriers to transport cash or valuables.

## 11. NEPOTISM AND FAVOURITISM

11.1 We will not favour friends, family or other personal relations in recruitment, procurement, service delivery or any other situations.

11.2 To avoid favouritism and nepotism in procurement we follow the ITF Recruitment Policy and Equal Opportunities Policy.

11.3 It is important to underline that if conflicts of interests are handled, it can be acceptable to hire/work with family or friends.

## 12. GIFTS AND HOSPITALITY

12.1 This policy does not prohibit normal and appropriate hospitality (given and received) to or from third parties. The giving or receipt of gifts is not prohibited, if the following requirements are met:

- (a) it is not made with the intention of influencing a third party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits;
- (b) it complies with local law;
- (c) it is given in your name, not in ITF's name;
- (d) it does not include cash or a cash equivalent (such as gift certificates or vouchers);
- (e) it is appropriate in the circumstances. For example, in the UK it is customary for small gifts to be given at Christmas time;
- (f) taking into account the reason for the gift, it is of an appropriate type and value and given at an appropriate time;
- (g) it is given openly, not secretly; and
- (h) gifts should not normally be offered to, or accepted from, government officials or representatives, or politicians or political parties.

12.2 We appreciate that the practice of giving business gifts varies between countries and regions and what may be normal and acceptable in one region may not be in another. The test to be applied is whether in all the circumstances the gift or hospitality is reasonable and justifiable. The intention behind the gift should always be considered.

12.3 It is not acceptable for you (or someone on your behalf) to:

- (a) give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- (b) give, promise to give, or offer, a payment, gift or hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure;
- (c) accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;
- (d) accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return.

## 13. DONATIONS

- 13.1 We do not make contributions to political parties. We only make charitable donations that are legal and ethical under local laws and practices.

## **14. YOUR RESPONSIBILITIES**

- 14.1 You must ensure that you read, understand and comply with this policy.
- 14.2 The prevention, detection and reporting of corruption are the responsibility of all those working for us or under our control.
- 14.3 You must not engage in any activity that might lead to, or suggest, a breach of this policy or threaten or retaliate against another representative who has refused to commit an offence or who has raised concerns under this policy.
- 14.4 You must notify your line manager, the Chief Executive, the Chair or other Trustee (as appropriate) as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future. For example, if a grant applicant or potential applicant offers you something to gain funding from us, or a funder indicates to you that a gift or payment is required to secure their funding of us.
- 14.5 Any employee, volunteer or trustee who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct.
- 14.6 We reserve our right to terminate our contractual relationship with other representatives and organisations if they breach this policy.

## **15. RECORD-KEEPING**

- 15.1 We must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties.
- 15.2 You must declare and keep a written record of all hospitality or gifts accepted or offered, which will be subject to managerial review.
- 15.3 You must ensure all expenses claims relating to hospitality, gifts or expenses incurred to third parties are submitted in accordance with our expenses policy and specifically record the reason for the expenditure.
- 15.4 All accounts, invoices, memoranda and other documents and records relating to dealings with third parties, such as clients, suppliers and business contacts, should be prepared and maintained with strict accuracy and completeness. No accounts must be kept "off-book" to facilitate or conceal improper payments.

## **16. HOW TO RAISE A CONCERN**

16.1 You are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage. If you are unsure whether a particular act constitutes corruption, or if you have any other queries, these should be raised with your line manager, the Chief Executive, the Chair or other Trustee.

16.2 You should raise a concern as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future.

For example, if a client or potential client offers you something to gain a business advantage with us, or indicates to you that a gift or payment is required to secure their business. Further "red flags" that may indicate corruption are set out in the Appendix.

16.3 Concerns should be reported by following the procedure set out in our Whistleblowing Policy. A copy of our Whistleblowing Policy can be found in the Governance SharePoint folder.

## 17. WHAT TO DO IF YOU ARE A VICTIM OF CORRUPTION?

17.1 It is important that you tell your line manager, the Chief Executive, the Chair or other Trustee as soon as possible if you believe that you are a victim of any form of corrupt activity as defined by this policy.

## 18. PROTECTION

18.1 Representatives who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

18.2 We are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform the Chief Executive, the Treasurer or the Chair (as appropriate) immediately. If the matter is not remedied, and you are:

- (a) an employee, you should raise it formally using our Grievance Procedure, which can be found in the HR SharePoint folder;
- (b) a person external to the organisation, you should raise it formally using our External Complaints Procedure, which can be found on our website.

## **19. TRAINING AND COMMUNICATION**

- 19.1 Briefing on this policy forms part of the induction process for all new representatives. All existing representatives will receive regular, relevant training on how to implement and adhere to this policy.
- 19.2 Our zero-tolerance approach to bribery and corruption must be communicated to all grantees, suppliers, contractors and partners at the outset of our relationship with them and as appropriate thereafter.

## **20. RESPONSIBILITY FOR POLICY IMPLEMENTATION AND COMPLIANCE**

- 20.1 The ITF Board of Trustees has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.
- 20.2 The Chief Executive has primary and day-to-day responsibility for implementing this policy, and for monitoring its use and effectiveness and dealing with any queries on its interpretation. Management at all levels are responsible for ensuring those reporting to them are made aware of and understand this policy and are given adequate and regular training on it.

## **21. MONITORING AND REVIEW**

- 21.1 The Chief Executive will monitor the effectiveness and review the implementation of this policy, regularly considering its suitability, adequacy and effectiveness. Any improvements identified will be made as soon as possible. Internal control systems and procedures will be subject to regular audits to provide assurance that they are effective in countering bribery and corruption.
- 21.2 All representatives are responsible for the success of this policy and should ensure they use it to disclose any suspected danger or wrongdoing.
- 21.3 Representatives are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the Chief Executive.
- 21.4 This policy does not form part of any employee's contract of employment and it may be amended at any time.

## **22. INVESTIGATION**

- 22.1 All reports of potential corruption will be investigated promptly, diligently and with due process. To enable proper investigation, representatives will be required to record the details of the incident as soon as possible after the event.

22.2 The objectives of an investigation will be to:

- (a) confirm whether or not corruption has taken place, and to identify who was responsible;
- (b) confirm whether internal controls and procedures have worked in practice;
- (c) identify any improvements required to procedures.

## 23. RECOVERY OF ASSETS

23.1 In circumstances where ITF has suffered pecuniary loss or loss of other material assets as a result of a breach of this policy, efforts will be made to seek restitution from the individual(s) or organisation(s) responsible for such loss. This can be done through the following methods:

- (a) making arrangements for voluntary payment;
- (b) making deductions from benefit payments or a pension scheme if permitted by law;
- (c) considering an insurance claim;
- (d) taking civil action to obtain a judgment for the loss;
- (e) obtaining compensation orders in criminal cases.

## 24. EXTERNAL REPORTING

24.1 Proven serious incidents of corruption will be reported to the relevant regulatory authorities including the Charity Commission, the serious fraud office, the police, Companies House as appropriate.

24.2 Incidents may also be shared within peer networks and professional bodies.

## APPENDIX A – RED FLAGS - POTENTIAL INDICATORS OF CORRUPTION

The following is a list of possible red flags that may arise during the course of you working for us and which may raise concerns with regard to corruption. The list is not intended to be exhaustive and is for illustrative purposes only.

If you encounter any of these red flags while working for us, you must report them promptly using the procedure set out in the Whistleblowing Policy:

- abnormal cash payments;
- individual never takes time off even if ill, or holidays, or insists on dealing with specific contractors him/herself;
- making unexpected or illogical decisions accepting projects or contracts;
- unexplained preference for certain contractors during tendering period;
- avoidance of independent checks on tendering or contracting processes;
- bypassing normal tendering/contractors procedure;
- invoices being agreed in excess of contract without reasonable cause;
- missing documents or records regarding meetings or decisions;
- company procedures or guidelines not being followed;
- the payment of, or making funds available for, high value expenses or school fees etc. on behalf of others;
- you become aware that a third party engages in, or has been accused of engaging in, improper business practices;
- you learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or for having a "special relationship" with government officials;
- you receive an invoice from a third party that appears to be non-standard or customised;
- a third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- a third party requests that international cash transfers are made in Sterling or other international currencies;
- a third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
- a third party requests an unexpected additional fee or commission to "facilitate" a service;

- a third party offers or demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- a third party requests that you provide employment or some other advantage to a friend or relative;
- a third party insists on the use of side letters or refuses to put terms agreed in writing;
- a third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us;
- A partner organisation proves difficult to contact or reluctant to agree to a monitoring visit.