

## Anti-fraud and corruption policy

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Sightsavers is committed to act in ways that are honest and transparent. We adopt an attitude of zero tolerance to fraud, corruption, bribery and money laundering. This policy is globally applicable and provides an explanation of how we implement this.

Fraud and corruption are found in all countries. They hurt the poor disproportionately, diverting resources intended for development and humanitarian assistance and increasing the costs of basic public services. They undermine economic growth and are a barrier to poverty alleviation and good governance. In those countries where we are working that have high levels of fraud and corruption, we run the risk of not achieving our goals and objectives. Even the suggestion that Sightsavers is linked to fraud and corruption could be damaging to our reputation and the trust that people place in us.

### 1. Definitions

- 1.1. Fraud is committed by an internal source (staff, trustee etc) or external source (anyone else) with the deliberate intention of deceiving Sightsavers, its donors, beneficiaries or the general public to gain a personal advantage, or cause financial or non-financial loss to another. It covers acts varying from theft to false accounting, from the builder who dishonestly conducts unnecessary repairs to the candidate who falsely claims qualifications on their CV. It may involve lying, failing to say something when you should, or abusing your position.
- 1.2. Corruption is the abuse of entrusted power for illegitimate individual or group benefit. The most obvious example of this is bribery but other examples include extortion, conflicts of interest and favouritism.
- 1.3. Bribery involves the offering, promising, giving, accepting or soliciting of an incentive (financial or non-financial) to do something which is illegal or a breach of trust.
- 1.4. Money laundering is the process by which the proceeds of crime are converted into assets, which appear to have a legitimate origin. Legislation on money laundering in the UK makes the following illegal: the concealing, disguising, converting or transferring of criminally obtained property; becoming involved in an arrangement facilitating the above and the acquisition, use and possession of criminal property. It is also an offence not to disclose one of the above.
- 1.5. Our Trustees have an explicit duty to ensure that funds are not made available to support terrorist activity. This includes: raising, receiving or providing funds for the purpose of terrorism; holding or using funds for the purposes of terrorism; becoming involved in an arrangement to make funds available for the purposes of terrorism; and facilitating the laundering of terrorist money.

## 2. Sightsavers attitude

- 2.1. Zero tolerance means that we have put in place mechanisms to prevent, detect and deter abuse; and, that any suspicion or allegation of fraud, corruption, money laundering and terrorist financing, whether perpetrated by staff, trustees, donors, contractors, partners or beneficiaries will be fully investigated.
- 2.2. For Sightsavers staff, undertaking any of these activities amounts to gross misconduct under the Disciplinary Policy, and we will move directly to take formal disciplinary action.
- 2.3. Sightsavers will comply with all relevant legislation, recognised codes of practice and other appropriate guidance, including that from the Charity Commission, in relation to this. As a UK charity, Sightsavers must comply with UK legislation including the Money Laundering Regulations 2007, the Terrorism Act 2000, the Proceeds of Crime Act 2002 and the Bribery Act 2010.

## 3. Risk assessment

- 3.1. Understanding the risk of fraud, corruption and money laundering that Sightsavers faces is key to being able to prevent these from happening. A periodic risk assessment will be undertaken to further strengthen our preventative and detective procedures and controls.

## 4. Prevention and detection

- 4.1. Everyone in Sightsavers is responsible for the Prevention and Detection of abuse. The commitment and dedication of all staff is a vital ingredient to improve protection. Our staff should remain vigilant and report all instances they become aware of using the reporting procedures in section 6.
- 4.2. Indicators of possible fraud, corruption, money laundering and terrorist financing are highlighted in Annex 2.
- 4.3. A mandatory interactive training package can be found on Sightsavers' Internal e-Learning Platform. All new staff, as part of their induction, within three months of joining the organisation must complete this package. All incumbent members of staff are required to complete this training every 24 months. Performance against this requirement will be monitored and reported on to the Management Team.
- 4.4. Individually tailored training sessions on this policy will be conducted to support key business roles and functions to ensure that Trustees and staff understand the risks and how to mitigate them effectively.
- 4.5. Sightsavers has a well-developed financial control environment, which is documented in the Financial Framework. It is absolutely essential that the provisions of the Framework are complied with as the operation of these controls is the surest way to assist in the prevention of fraud and corruption.

- 4.6. In addition to being preventative, Sightsavers' control framework is designed to have a detective component that enables internal abuse and irregularity to be identified and investigated.
- 4.7. Sightsavers operates an annual programme of internal, statutory and donor audits of various aspects of its work. The scope of these audits varies, and is often not designed specifically to identify fraud or corruption, but they provide an opportunity for an independent examination of financial transactions.
- 4.8. The prevention and detection of fraud and corruption is also underpinned by other mechanisms and procedures that Sightsavers has in place. Related policies that should also be considered include the Whistle Blowing Policy, Complaints Policy, Procurement policy, Conflict of interest policy and Disciplinary Policy.

## 5. Working with third parties

- 5.1. Sightsavers works with third parties as a matter of course. In fact, Sightsavers considers partnerships to be of vital and fundamental importance in the way it works towards achieving its mission. These partnerships are enormously beneficial in the delivery of Sightsavers objectives but bring increased risk of fraud and corruption as funds are no longer under Sightsavers direct control.
- 5.2. To counter this risk, Sightsavers has developed additional control procedures to be adopted when working with third parties, including partner organisations. These are documented in full in the Financial Framework, Partnership Management Framework and Due Diligence tool; but, include the requirement to follow sound contracting practice and undertake appropriate monitoring activities to minimise the risks.
- 5.3. Sightsavers also accepts funds from third party donors and it is essential that the organisation properly understands the source and destination of these funds to prevent Sightsavers being an unwitting part of fraud, corruption or money laundering. Additional enquiries are made for every large donation (>£10,000) to confirm that it is from a credible source. These are more extensive if the donor is not already known to us. Additional guidance on this is contained in the Fundraising Policy.
- 5.4. The following types of donation in particular are automatically regarded as suspicious and carefully investigated before acceptance as they may be indicative of money laundering:
- Donations conditional upon particular organisations being used to carry out the work for the charity (e.g. work being carried out with particular implementing partners, or purchases made from particular suppliers).
  - Donations which have (or may have) to be returned (loans, refunds etc).
- 5.5. Regardless of the reason for Sightsavers working with a third party, the organisation will take steps to understand the other party to ensure that they are appropriate to work with.

## 6. Reporting and investigation

6.1. Should any staff become aware of fraud, corruption, money laundering or terrorist financing in any form, it must be reported following the procedure documented in the text box below. Failure to report concerns is regarded as misconduct by Sightsavers.

6.2. Any report made relating to improper or illegal conduct within Sightsavers will be treated as a whistle blowing disclosure in line with the whistle blowing policy.

### Reporting procedure

1. Discuss with your immediate manager and/or the relevant functional head of department. If you believe your immediate manager is involved then go directly to the functional head of department. If you believe your functional head is also involved then proceed to step 2.
2. If suspicions appear well-grounded, the fraud and corruption reporting form (Annex 1) should be completed and submitted to Ken Moon, the Director of Finance and Performance ([kmoon@sightsavers.org](mailto:kmoon@sightsavers.org)) and Mark Ramsden, Head of Governance and Assurance ([mramsdn@sightsavers.org](mailto:mramsdn@sightsavers.org)) who will also advise the Chief Executive.
3. The action required in response to the report will be determined by these individuals and the fraud and corruption reporting form is updated with details of the action and as more details are gathered.
4. All reports received are retained confidentially in a fraud register held by the Head of Governance and Assurance. All frauds are reported to the Audit Committee and will be reported to the Sightsavers Ireland Finance and Audit Committee, if relating to funds raised by Sightsavers Ireland, and the Council, at the discretion of the Audit Committee.

6.3. Should a suspicion of fraud, corruption, money laundering or terrorist financing be reported, this will be thoroughly investigated to determine the value and extent of Sightsavers exposure. This investigation will be led by the Director of Finance and Performance and the Head of Governance and Assurance.

6.4. Sightsavers will take action as a result of reports and investigations. This may include, but is not limited to, informing the police, informing the Charity Commission, informing the external auditors, terminating the partnership/supplier contract, terminating the contract of employment or improving the control framework. In taking these actions Sightsavers will comply with local legislation.

6.5. If the allegations are found to be deliberately false or malicious, this will be regarded by the organisation as misconduct and appropriate disciplinary action may be taken.

6.6. The Director of Finance and Performance is Sightsavers' anti-money laundering focal point and is responsible for reporting suspicions to the authorities in the UK.

6.7. If the person making the initial report is unsatisfied with the action taken in response to it or has a concern about the Director of Finance and Performance or Head of Governance and Assurance, this can be escalated to the Chief Executive and/or Chair of the Audit Committee c/o Sightsavers' head office address.

## **7. Publicising and reviewing the policy**

7.1. The Head of Governance and Assurance will send a notification on an annual basis to the whole organisation to remind all staff of the provisions of the policy.

7.2. The policy will be reviewed at the same time to ensure that it remains up to date and compliant with all relevant legislation.

## Annex 1: Fraud and corruption reporting form

This form should be completed by the relevant manager in all cases in which it is concluded that there is a reasonable suspicion of fraud, corruption, money laundering or terrorist financing. The form should be sent to both Ken Moon, Director of Finance and Performance ([kmoon@sightsavers.org](mailto:kmoon@sightsavers.org)) and Mark Ramsden, Head of Governance and Assurance ([mramsdn@sightsaver.org](mailto:mramsdn@sightsaver.org)).

The form should be completed at the earliest opportunity, even though investigations may be ongoing. As new information becomes available, the form should be updated and re-sent to the above recipients.

Forms will be kept confidentially by the Head of Governance and Assurance and used to compile a fraud register which will be summarised for the Audit Committee on an annual basis.

**1 Office**

**2 Date of discovery**

**3 Method of discovery**

**4 Details (highlight the nature of the suspicion e.g. fraud, corruption etc)**

**5 Amount of loss discovered / suspected**

**6 Details of any project(s) involved**

**7 Details of any restricted funds involved**

**8 Control weaknesses or control failures identified**

**9 Action taken in response to fraud**

**10 Comment on potential for further losses**

**Completed by:**

**Position:**

**Date:**

.....  
***For investigators use only – do not complete***

**11 Summary assessment****12 Action required (if any)**

*(Control improvements, investigations, reporting – to Police, donors, Charity Commission, inform others internally etc)*

**13 Reported to Audit Committee****14 Reported to Sightsavers Ireland Finance and Audit Committee (if applicable)****15 Reported to Council (if applicable)****16 Reported to Charity Commission (if applicable)****Completed by:****Position:****Date:**

## Annex 2: Indicators

This annex gives details of some of the indicators of fraud, money laundering and corruption that everyone in the organisation should be aware of and watch out for.

### Possible indications of money laundering

- Large donations from persons unknown to Sightsavers;
- Donations conditional on particular individuals or organisations being used to do work for Sightsavers;
- Offers of donations in cash, for a certain period of time, where the charity receives the interest, but the principal is returned to the donor at the end of the specified period;
- Donations in foreign currencies, with the provision as above, but the principal is to be returned to the donor in the form of a sterling cheque.

### Possible indications of fraud

These may be physical indications or behavioural indications:

#### Physical indications

- Cash only transactions;
- Unusual discrepancies in accounting records and unexplained items on reconciliations;
- Documents or account books missing;
- High numbers of cancelled cheques;
- Common names unexpectedly appearing as payees;
- Duplicated payments or cheques;
- Transactions take place at unusual times with irregular frequency, unusual or 'round' amounts or to unknown recipients;
- Payments made to individuals or companies with family or business connections to an employee;
- One individual has control of a financial process from start to finish;
- Rising costs with no explanation;
- Customers or suppliers insisting on dealing with just one individual;
- Tendering to one supplier only or to the same suppliers;

#### Behavioural indicators

- Vague responses given to reasonable and legitimate queries and/or these queries are left unexplained;
- Employees who are excessively secretive in relation to their work / reluctant to accept assistance with finances;
- Format of financial information presented to management suddenly changed or became more complicated and difficult to understand;
- Someone trying to delay work reviews or audits;
- Employees who consistently work longer hours than their colleagues for no apparent reason;
- Employees who are reluctant to take holidays and/or time off;
- Employees known by others to be under duress for personal or financial reasons;
- Employees with a sudden change of lifestyle and/or social circle;



- Employees who are aggressive or defensive when challenged and/or controlling of certain colleagues;
- Employees who are subject to complaints and/or tend to break the rules;
- Employees who appear to make a greater than normal number of mistakes, especially where these lead to financial loss through cash or account transactions;
- Employees with competing or undeclared external business interests;
- Employees who submit inconsistent and/or unreasonable expense claims;
- Prospective employees who are reluctant to provide full background information or who provide inaccurate or inconsistent information;
- Managers who avoid using the procurement team.

### **Possible indications of corruption**

- Abnormal cash payments;
- Pressure exerted for payments to be made urgently or ahead of schedule;
- Payments being made through a third party country - for example, goods or services supplied to country 'A' but payment is being made, usually to a shell company in country 'B';
- Abnormally high commission percentage being paid to a particular agency;
- Private meetings with public contractors or companies hoping to tender for contracts;
- Lavish gifts being received;
- An individual who never takes time off even if ill, or holidays, or insists on dealing with specific contractors himself or herself;
- Making unexpected or illogical decisions accepting projects or contracts;
- Abuse of the decision process or delegated powers in specific cases;
- Agreeing contracts not favourable to the organisation either because of the terms or the time period;
- Unexplained preference for certain contractors during tendering period;
- Avoidance of independent checks on the tendering or contracting processes;
- Bypassing normal tendering or contracting procedures;
- Invoices being agreed in excess of the contract without reasonable cause;
- Missing documents or records regarding meetings or decisions;
- Payment of, or making funds available for, high value expenses or school fees (or similar) on behalf of others.