



THE FINNISH
EVANGELICAL
LUTHERAN MISSION

Anti-fraud and Corruption Policy and Procedures

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ANTI-FRAUD AND CORRUPTION POLICY AND PROCEDURES

For The Finnish Evangelical Lutheran Mission (FELM)

1. INTRODUCTION

The incidence of corporate fraud and corruption has risen in recent years making it essential for companies and organisations to put in place effective deterrence mechanisms. Non governmental organisations have also been affected. The Finnish Evangelical Lutheran Mission (FELM) Anti-Fraud and Corruption Policy and Procedures are in accordance with respective ACT Alliance policy.

2. PURPOSE AND SCOPE

2.1 The purpose of this Anti-Fraud and Corruption policy is to minimise the chances of occurrence of fraud and corruption within FELM Head Office as well as within its operation in Finland and abroad.

The policy aims to:

- Ensure that financial and other resources are used solely for the intended purposes.
- Promote a culture of honesty and openness among the staff and management of FELM.
- Ensure that vulnerable populations are not disadvantaged or exploited by staff members or their associates who commit fraudulent and corrupt acts; and
- Assure members of staff and target populations that they can safely and confidently raise and report all serious concerns about unethical conduct, suspected fraud and corruption.

2.2 This Policy applies to all FELM employees (full time, part time, temporary and casual) and also to non-FELM implementing partners who access funds from FELM through the FELM funding mechanisms.

2.3 The policy covers all bona fide concerns raised relating to the following:

- Financial misconduct, including criminal acts such as theft of cash and false accounting thereof.
- Abuse of resources which belong to FELM and those provided by, or purchased using funds raised by FELM. Abuse of resources can include theft and computer crimes where a computer or network is the source, tool, target, or place of a crime (e.g., unauthorised access, suppression of data, electronic fraud, etc).
- Use of improper means, such as bribery, kickbacks or so-called 'facilitation' payments, by someone to induce another person to act or to refrain from acting in the exercise of her/his duties, in order to obtain or retain an undue advantage.
- Any action or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.
- Threatened or actual illegal actions such as personal injury or damage to property, in order to obtain an undue advantage or to avoid an obligation.
- Collusion in improper procurement or contracting activities.
- Any attempts to suppress or conceal any of the above.

3. DEFINITIONS

For the purpose of this policy statement, the terms 'fraud' and 'corruption' are defined as follows:

- **Corruption** is the “offering, giving, soliciting or acceptance of an inducement or reward which may improperly influence the action of any person”
- **Fraud** is an intentional distortion, deceit, trickery, and perversion of truth or breach of confidence, relating to an organization’s financial, material, or human resources, assets, services and/or transactions, generally for the purpose of personal gain or benefit. **Fraud** is a criminal deception or the use of false representations to gain an unjust advantage.

The definitions above equally apply to all malpractice and unethical behaviour, including (this list is not exhaustive):

- Embezzlement- theft of organisation’s resources for own use. It may involve only one person or more.
- Misuse and misappropriation of funds;
- Collusion and bribery. Bribery means that a person, organisation or institution improperly provides goods or services against some form of improper remuneration. This involves (at least) two parties
- Obstruction of justice;
- Sharing of profits / kick backs, cuts, discounts for personal benefits; and
- Abuse or misuse of power.
- Extortion - the act of obtaining something by force, threats or undue demands.
- Favouritism is the unfair favouring of one person or a group with something at the expense of others.

4. CULTURAL AND THEOLOGICAL STANCE AGAINST FRAUD AND CORRUPTION

4.1 Mission Statement

We work together for positive and sustainable change in the lives of people affected by poverty and injustice through coordinated and effective humanitarian, development and advocacy work.

4.2 Culture

FELM is committed to creating an environment that is based on the prevention of fraud and corruption. This is achieved by promoting a culture of openness and honesty in all FELM activities and initiatives. The FELM governance and management are therefore committed to the following principles:

- Creating an anti-fraud and corruption culture and maintaining high ethical standards in its administration;
- Accepting that an anti-fraud and corruption culture is the joint responsibility of all those involved in giving political direction of the organization, determining policy and management;
- Requiring that FELM and employees will lead by example in ensuring adherence to legal requirements, standing orders, financial regulations, and codes of conduct, procedures and practices;
- Providing clear mechanisms by which concerns can be raised by both FELM employees, and external individuals or organisations who are providing, using or paying for the services; and
- Ensuring and maintaining a culture of openness and transparency.

4.3 Values

Christian hope

- The Gospel generates Christian hope. In the midst of hopelessness, it motivates us to change the ills in our own lives and the world around us through the example provided by Jesus Christ. In our work, Christian hope serves as a source of renewal of life for time and eternity

Neighbourly love

- Our work is founded on God's love, which embraces every human being and all of God's creation. A commitment to neighbourly love calls us to cast down barriers, to defend the weak, and to mutual sharing of resources.

Protection of human rights

- Each person is created in the image of God and, for that reason, each person also has inviolable human rights. We protect God's intentions of creation by safeguarding and advocating human rights regardless of a person's culture, religion, ethnic origin, gender or social standing.

Reliability

- Trust in our activities and the reliability of our services form the foundation for the continuation of our work. We operate in such a manner as to earn the trust of our partners and supporters.

Transparency

- In our work, we are accountable to God, our partners, those we endeavour to serve, and those who are funding our operations. We want to ensure spiritually open and inviting activities in order to ensure that representatives of the various branches of the Church have a place in the activities of the Finnish Evangelical Lutheran Mission.

5. POLICY PRINCIPLES

- 5.1 The FELM Anti Fraud and Corruption Policy is one of **zero tolerance**. The FELM governing shall not tolerate the fraudulent and corrupt use of funds and resources by FELM staff, volunteers, or by the external implementing partners of FELM. FELM is equally committed to maintaining its reputation as an organization that will not tolerate abuse of position for personal or organisational gain.
- 5.2 The management and governance of FELM are determined to uphold their duty and obligation to ensure proper management of funds and resources entrusted to it for the purpose of assisting those affected by disasters and emergencies.
- 5.3 FELM is therefore committed to the prevention, detection and investigation of all forms of fraud and corruption, whether these are attempted from within or outside the organisation.
- 5.4 FELM is committed to ensuring that concerns raised by staff at all levels of the organization or partners, as well as complaints registered by the target population, are considered and investigated fairly, equally and in a responsible manner.

6 PROCEDURES

FELM requires that all staff, volunteers and implementing partners shall follow all relevant financial and procurement rules, regulations, codes and procedures, especially:

- Financial rules and regulations guidelines, applicable to anyone accessing funds from FELM
- Project Manual for the projects funded by the Ministry of Foreign Affairs of Finland
- FELM Code of Conduct
- Procedure regarding harassment and misconduct

The above, some of which are in the process of being developed, are appendices to this document which will be placed on the FELM website.

6.1 Reporting

FELM shall have a regular (annual) review of books of account by an external certified auditor by mid April following the end of financial year. The Audited Financial Statements will be signed off by the FELM board.

Partners who have received funding from FELM are required to provide regular financial and narrative reporting as agreed. The partner shall be held liable for any losses suffered as a result of negligence or fraudulent activities on the part of their staff and or partners.

6.2 Responsibilities

All FELM employees, volunteers and partners involved in the procurement process must conduct business using the highest standards of professionalism and ethics. There shall be segregation of duties to ensure that no person singlehandedly is responsible for selection of supplier, receiving of purchased goods and payment thereof. The principles outlined in this policy shall equally apply when procuring capital assets.

FELM employees in most cases shall raise the concern with their line manager or supervisor. If the direct line manager is the subject of concern or complaint, they should speak or write to a more senior manager.

Partners of FELM shall notify the management or board if the subject of concern is FELM management.

Volunteers shall raise the concern with their contact person within FELM or with the line manager of that person if the subject of concern is the contact person.

Managers should ensure that they are able to read financial reports and analyses thereof with understanding and that checks are carried out from time to time to ensure that proper procedures are being followed.

Managers shall strive to create an environment in which the staff feels able to approach them with any concerns they may have about suspected irregularities.

The FELM governance is committed to the establishment of an effective FELM Complaint Response so that staff and the people within the target population can lodge a complaint about suspected fraud and corruption or alleged abuse and exploitation of power.

FELM governance recognizes that although auditors may detect fraud and corruption as a result of the work that they are undertaking, the responsibility for the detection of financial irregularities primarily rests with FELM.

6.3 Investigation

The following guidance is intended to help those receiving information to react properly to safeguard the interests of those raising concerns, those allegedly involved in any irregularities, and FELM.

Keep the information as confidential as possible (“need to know” basis only). Start logging all developments in the case.

- Contact your line manager higher up in the organization structure
- Consider contacting competent persons outside the organization (lawyers or auditors familiar with national laws); decide whether to use external resources

Secure the evidence and prevent further losses

- Protect all possible documents
- Ensure technological evidence is left untouched and isolated
- Secure that further losses will not occur, such as with banking authorizations

Draft an interview list for persons working with or near the affected irregularities, to be used in an investigation.

Take demonstrative action if the findings of any investigation are adequately conclusive.

Plan for learning from the issue within FELM, to mitigate the risk of something similar happening elsewhere.

Inform those bringing the issue to your attention that their message has been received and that action is being taken, without forgetting confidentiality considerations. It would not help the investigation if the informer felt frustrated by inaction from management and therefore turned to external targets to release this frustration. Work with your line manager on how to inform the affected donors and the media.

6.4 Disciplinary measures

Concerns and suspicions should not be the basis for disciplinary action before proper investigation is conducted. If disciplinary action with an employee is required:

Supervisor will have a discussion with the employee giving the employee a possibility to express his/her view on the subject. Corrective measures will be agreed upon. If a discussion with regard to the irregularity is not adequate or the discussion does not lead to a desirable outcome, the supervisor must consider further measures:

- written notice
- written reprimand/warning
- dismissal
- termination of contract of employment without notice

Before a written notice or reprimand may be given the employee must be given a possibility to express his/her view on the subject. Dismissal and termination of contract of employment without notice must be conducted according to law. Before any disciplinary measures HR Department must be consulted.

This Policy document has been approved ____/____ 2010 by

Mr Rolf Steffansson, Director of International Cooperation

I have read and understood this policy document. I hereby sign and respect the principles and values of the policy. I also accept the consequences of any violation of any of the above provisions under this policy.

_____/____ 20____
Name of the Employee