



AfricaRice
Rice science at the service of Africa
La science rizicole au service de l'Afrique

Anti-fraud and Anti-corruption Policy

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Contents

- 1. INTRODUCTION AND PURPOSE 2
- 2. DEFINITIONS..... 2
- 3. THE POLICY 3
- 4. MEASURES TO PREVENT AND DETECT FRAUD/CORRUPTION 3
- 5. ROLES AND RESPONSIBILITIES 4
- 6. REPORTING SUSPECTED FRAUD..... 5
- 7. INVESTIGATING SUSPECTED FRAUD 5
- 8. SANCTIONING 6

1. INTRODUCTION AND PURPOSE

The Africa Rice Center (AfricaRice) is responsible and accountable for the resources made available to the Center to enable it to pursue its mission of contributing to poverty alleviation and food security in Africa through research, development and partnership activities aimed at increasing the productivity and profitability of the rice sector in ways that ensure sustainability of the farming environment. As a scientific research institution, AfricaRice is committed to using the highest standards of personal and professional ethics in implementing its mission.

This policy is designed to define fraudulent and corrupt activities, encourage prevention by increasing awareness, define standards of personal conduct, 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. The policy should be read in relation to other related policies such as code of conduct, whistle blowing, HR Manuals etc.

Every employee is responsible for complying with the requirements of this Antifraud/Corruption Policy. Behavior that falls short of the required standards reflects badly on the Centre's reputation and may result in loss of donor confidence and respect for the integrity of AfricaRice's research work. Where such behavior is suspected it will be investigated and, where proven, legal and/or disciplinary action taken.

2. DEFINITIONS

Fraud (IIA) is *“Any illegal act characterized by deceit, concealment, or violation of trust. These acts are not dependent upon the threat of violence or physical force. Frauds are perpetrated by parties and organizations to obtain money, property, or services; to avoid payment or loss of services; or to secure personal or business advantage.”*

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 as could also include intangible benefits such as status or information.

Red flag is a symptom of a fraud. It can be defined as *a condition or change of attitude, behavior which is directly attributable to dishonest or fraudulent activity.* It may result from the fraud itself or from the attempt to conceal the fraud. Fraud and corruption can be, but not limited to, Misappropriation of funds - Misrepresentation of qualifications to obtain employment - Misuse of the organization's assets - Knowingly misrepresenting the financial status (e.g., through false financial statements) of an office, a project, an activity, etc. - Theft from a partner, customer or supplier - Theft of assets - Theft or misuse of proprietary data - Theft of Intellectual Property - Providing favors or money to judges or other government officials to pursue personal or AfricaRice goals - Providing contracts to third parties in expectation of a personal benefit.

3. THE POLICY

AfricaRice has a **zero tolerance principle to fraud and corruption** and is committed to an effective approach to the management of the risk of fraud and corruption in its activities and in all operations managed directly by it.

To implement the zero tolerance policy, it is expected that:

- a) AfricaRice takes robust measures to prevent fraudulent, corrupt and/or collusive practices;
- b) AfricaRice staff members and non-staff employees adhere to the highest standards of integrity;
- c) Contractual arrangements and partnerships with suppliers of goods and services, other contractors and cooperating partners are not tainted by fraudulent, corrupt and/or collusive practices;
- d) Fraudulent, corrupt and/or collusive practices are promptly detected and reported, and subjected to complete and impartial investigation;
- e) Any person or entity found to have engaged in fraudulent, corrupted or collusive practices is the object of sanctions; and action to recover misappropriated funds or losses caused by fraudulent, corrupt and/or collusive practices is taken promptly.

4. MEASURES TO PREVENT AND DETECT FRAUD/CORRUPTION

Managers should ensure that suitable controls are in place to prevent and detect fraud and corruption activities. They should also be alert to any red flags that come to their attention.

Examples of such red flags are unusual payments, inappropriate justification of payments, not following the normal approval procedures, excessive rates of remuneration, regular use of the same service/product provider, excessive rate of the same small expense, staff arrogance, conflicts of interest, etc.

Fraud and Corruption activities shall be prevented and detected by the following:

- Raising awareness on the risk of fraud and corruption and mitigating measures within AfricaRice,
- Compliance to internal control procedures in all activities and levels,
- Management day-to-day monitoring and approval process
- Reporting red flags to the Internal Audit team,
- Identification and investigation of fraud and corruption scams and red flags during audit reviews

The following controls will serve as preventive and address corruption and fraud at AfricaRice:

4.1. Risk Management and Internal Control Systems

AfricaRice internal control system and approach to risk management seek to ensure that appropriate procedures are in place to prevent, detect and mitigate the risks of fraud and corruption. Their following processes contribute to:

- Identifying areas of operations prone to fraudulent, corrupt and/or collusive practices;
- Embedment of an effective risk management process
- Cultivating an organization-wide culture of compliance which is fraud and corruption risk-mitigated;
- Monitoring risks on an ongoing basis and regularly assessing the effectiveness of the internal controls;
- Reporting fraud cases and maintaining records of fraudulent and corruptive cases and red flags at AfricaRice in order to study the pattern and trends;
- Raise staff awareness on the prevention, detection and reporting control systems over fraudulent and corrupted practices.

4.2. External Audit

The External Auditor is under the obligation to report any cases of fraud or presumptive fraud or wasteful or improper expenditure of AfricaRice's money or other assets, thereby contributing to the objectives of this Policy.

4.3. Internal Audit Unit

Under its Charter, the Internal Audit Unit ("IAU") ascertains that AfricaRice's risk management processes are adequate, and that internal controls function in a reliable manner to ensure the efficient use and adequate protection of its resources. Internal auditors are responsible for the investigation and reporting of all identified fraud and corruption issues and officially reported alert within in all their work where risks and exposures could allow fraud and corruption.

5. ROLES AND RESPONSIBILITIES

Preventive measures are to be implemented by people. Each executive and non-executive member of the organization, shall comply to the following:

- a) Adhere to the AfricaRice Code of Conduct, the standards set forth in the Staff Manual applicable to staff and all the provisions of contractual agreements entered into with AfricaRice;
- b) All staff members will systematically fill the declaration to fight against fraud & corruption and attach it to the Annual Performance Appraisal form. The HR Unit will be monitoring the completion of this responsibility.
- c) Act at all times in accordance with the highest standards of integrity;

- d) Under no circumstances, condone or facilitate, or appear to condone or facilitate, any fraudulent and/or corrupt practices in the course of the center's operations;
- e) Refrain from participating in any situation that may give rise to any conflict of interest, and disclose existing conflicts of interest;
- f) Avoid any use of the funds, resources and/or assets of AfricaRice that is contrary to its explicit and legitimate use; and promptly report any practice contrary or reasonably suspected of being contrary, to this Policy, or any attempts thereof.
- g) Detect, prevent and report any fraudulent, corrupt and/or collusive practices, or any attempts thereof, in accordance with this Policy;
- h) AfricaRice Managers shall be subject to the following additional obligations: Monitor and assess any internal and external risks of fraudulent, corrupted activities and implement risk control mechanisms to prevent or mitigate such practices; provide ongoing training of, and guidance to, staff members on fraud and corruption risks; adhere to the terms of this Policy in exercising their delegated authority to enter into contractual arrangements with any cooperating partners, suppliers and/or other third parties; and take prompt and reasonable action to recover misappropriated funds or losses caused by fraudulent, corrupt and/or collusive practices.
- i) Each AfricaRice manager, staff member and non-staff employee shall be accountable for:
 - a. failing to satisfy his/her respective obligations pursuant to this Policy;
 - b. knowingly condoning or facilitating any practice that is contrary to this Policy. Any such case shall result in administrative and/or disciplinary action.

6. REPORTING SUSPECTED FRAUD

When any member of AfricaRice suspects a fraudulent fraud or corrupt act against AfricaRice, s/he is encouraged to bring such information to the attention of his/her immediate supervisor. The latter must then formally inform the Internal Auditor who will ensure that the allegation is promptly and appropriately addressed. If the member feels unable to report the accusation through this channel, then he/she should use AfricaRice Whistle Blowing Policy.

A witness of fraudulent or corrupt act is considered accomplice until s/he proactively reports it.

7. INVESTIGATING SUSPECTED FRAUD

It is the role of the Internal Auditor to fairly and timely investigate all formal complaints submitted by employees and fraud/corruption and other related issues identified in the course of their assignments. This later works for the external auditor too. The Internal Auditor will communicate its findings and recommendations to AfricaRice Management and to the Chair of the Audit Committee of the Board of Trustees as appropriate.

8. SANCTIONING

Executive Management and the Audit Committee of the Board of Trustees will ensure that appropriate administrative, legal and/or disciplinary action are taken against any person or entity that is found guilty of fraud and / or corruption. Management will facilitate implementation of the appropriate corrective action which can go up to the staff termination and seeking recovery of AfricaRice funds and/or property using all means at its disposal, including through legal action.