

Fraud Prevention Policy

Defence for Children – ECPAT

oktober 2021

DCI-ECPAT NL has strict policy on fraud of any type or in any circumstances, whether carried out by persons associated with DCI-ECPAT NL (Board Members, management, staff or volunteers) or partner organisations, contractors or service users. Fraud against DCI-ECPAT NL depletes funds intended for the accomplishment of programme delivery, undermines effective functioning and jeopardises sustainable development by diverting donor contributions. Fraud in favour of DCI-ECPAT NL affects our reputation and ability to attract donations. Vigorous and prompt investigations will be carried out into all reported cases (complaints) of actual or suspected fraud.

This policy is applicable to DCI-ECPAT NL partner organisations, consultants and other third parties contracted to provide services to DCI-ECPAT NL.

Definition of fraud/corruption: abuse of data, resources or services that a person has at their actual disposal for the performance of a duty for the benefit of DCI-ECPAT NL, resulting from their employment with DCI-ECPAT NL, or for the performance of duties or the supply of goods.

For the purposes of this policy, fraud shall include, but not be limited to:

- Theft or misappropriation of DCI-ECPAT NL assets.
- Submitting false claims for payment or reimbursement.
- Accepting or offering a bribe, or accepting gifts or other favours under circumstances that might lead to the inference that the gift or favour was intended to influence an employee's decision-making while serving DCI-ECPAT NL.
- Accepting a commission from, or paying same to a third party (kickbacks).
- Blackmail or extortion.
- "Off book" accounting, or making false or fictitious entries.
- Knowingly creating and/or distributing false or misleading financial reports.
- Payment of excessive prices or fees where justification thereof is not documented.
- Violation of foundation procedures with the aim of personal gain or to the financial detriment of DCI-ECPAT NL.
- A dishonourable, or irresponsible, or deliberate act against the interest of DCI-ECPAT NL

Prevention and Monitoring

Partner organisations are expected to prevent and combat fraud and corruption in DCI-ECPAT NL-supported projects. Possible actions include:

- Taking all appropriate measures to prevent fraud and corruption on the project, such as maintaining appropriate fiduciary and administrative arrangements.
- Raising awareness, making sure that the DCI-ECPAT NL's Fraud Prevention Policy is made available to project staff.
- Reporting allegations of fraud and corruption in connection with the use of grants from DCI-ECPAT NL and cooperating with DCI-ECPAT NL investigations.
- If fraud or corruption does occur in a DCI-ECPAT NL-supported project, taking timely and appropriate action to address the problem.

For the execution of projects and programmes, DCI-ECPAT NL enters into agreements with partner organisations. The Agreement records the specific obligations of the partner organisation to DCI-

ECPAT NL. Monitoring is carried out through financial reports, narrative reports and visits to the partner organisations and actual project sites. DCI-ECPAT NL makes use of the external audit of partner organisations, carried out by an internationally recognized auditor.

In addition, the DCI-ECPAT NL can provide extra monitoring with regard to fraud. A specific project or programme audit can also be carried out, as stipulated in the Agreement.

How to handle fraud

The person first confronted with a case of (suspected) fraud shall report this immediately to the Director and the Head of Finance of DCI-ECPAT NL. The following procedure is applicable:

- Payments to the partner organisation will be stopped immediately.
- Should an advance payment be underway, the Head of Finance of DCI-ECPAT NL will seek to retrieve the sum in question, where possible, with the aid of the principal banker.
- The Director will notify the partner organisation in writing that payments have been suspended and that:
 - * the execution of the entire agreement will be suspended, giving a detailed explanation, and
 - * DCI-ECPAT NL expects total clarification before resumption of the payments can be considered.
- After receiving a report and recommendations from those investigating the case, the Director will decide on whether the relationship with the partner organisation should be terminated or, after improvement measures have been taken, can still be continued.
- Conditions set by DCI-ECPAT NL for continuation of the relationship might entail that:
 - o the full extent of the damage is determined by DCI-ECPAT NL or a third party;
 - o the incidents are reported to the local authorities:
 - * the partner organisation demonstrably improves internal organisation and monitoring;
 - * parties involved in the fraud will be suspended or fired.