

CBM Global Policy: Prevention of Corruption and Fraud

May 2021



Introduction

The diversion of resources or misuse of power for personal gain violates CBM Global's core values, CBM Global's Code of Conduct, and our accountability to programme participants, the communities we work with and our donors around the world.

CBM Global has a zero-tolerance policy towards fraudulent and corrupt practices. Zero tolerance means that CBM Global does not tolerate corruption in relation to any of our work and that all suspicions of corruption thought to be in breach of this policy are reported to CBM Global. It means that CBM Global will take all suspicions of corruption seriously and assess, act upon, investigate and discipline all such cases as appropriate and in a professional, transparent, and fair manner.

Indications that CBM Global is linked to corruption can be damaging to CBM Global's reputation, undermining the morale of our staff and the trust and support of beneficiaries, partners, donors and the wider public. Corruption also poses legal risks both for the organization and individuals involved. We must act, and be seen to act, in a way that is honest and transparent.

This policy supports CBM Global's existing Code of Conduct, reinforcing CBM Global's commitment to foster an organizational culture in which corruption is never acceptable and not tolerated. It further clarifies standards of conduct for the prevention of corruption and provides a common foundation for the development of procedures to manage CBM Global's corruption risk across all departments. It also intends to help CBM Global employees, across all levels and locations, to make critical choices in difficult situations. In this context employees are also given a guidance how to proceed with gifts, entertainment, and hospitality.

The Policy on Preventing Corruption and Fraud will be reviewed as deemed necessary to ensure the content reflects current needs and international best practices.

Definitions

Corruption is the abuse of entrusted power for private gain and can be instigated by individuals in the public or private sector. It includes such corrupt practices as fraud, bribery, embezzlement, facilitation payment, money laundering, nepotism, collusion, and conflict of interest. In this context, it includes also an offer or receipt of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to do something that is dishonest, illegal, or a breach of trust in the conduct of the enterprise's business. This may also include gifts other than money, such as; free goods and holidays, or special personal services provided for the purpose of, or liable to result in, an improper advantage or that may result in moral pressure to receive such an advantage.

Fraud is any act or omission that intentionally misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation. Fraud may be perpetrated internally or by external parties. Possible examples might be forging or altering a cheque or invoice, or where an employee inflates the numbers on a receipt submitted for expenses. Also covered under fraud is procurement and supply chain fraud.

Bribery refers to giving or receiving a benefit which is intended to encourage the person receiving it to do their job in an improper way.

Non-financial gifts up to an equivalent amount of 25 Euro are seen as a tolerable benefit which may be given to or from a CBM Global employee as long as local laws do allow, and government employees are not involved.

Embezzlement is the act of improperly using funds, property, resources or other assets that belong to an organisation or individual.

Facilitation payment is a payment made with the intention of expediting an administrative process. It is a payment made to a public or government official that acts as an incentive for the official to complete some action or process expeditiously, to the benefit of the party making the payment. In general, a facilitation payment is made to smooth the progress of a service to which the payer is legally entitled, even without making such a payment.

No CBM Global employee may offer or accept any gift from those who have or are likely to engage in business with CBM Global.

Money-Laundering is the process of turning the proceeds of crime into assets or money that can be accessed legitimately with the intention of hiding the source of the proceeds.

Nepotism is favoritism granted to any friends, family, or relatives regardless of merit. Possible examples might include a manager awarding a contract, or employment, to a family member or friend on the basis of that relationship alone. Other forms of favoritism granted to others without merit will also be covered under this policy.

Collusion means when a person improperly co-operates with others to circumvent, undermine, or otherwise ignore rules, policies or guidance.

Conflict of interest means an individual knowingly has an undisclosed business or personal interest with an entity involved in a commercial relationship with CBM Global.

Conflict of loyalty means a particular type of **conflict** of interest, in which a trustee's **loyalty** or duty to another person or organisation could prevent the trustee from making decisions only in the best interests of the charity

It is noted that setting up events like workshops and meetings for external partners and participation of CBM Global employees in events of external parties (entertainment and hospitality) can make a valuable contribution to the development and maintenance of good business relationships. However, employees are expected to exercise good judgement and, if in doubt, may seek advice from their line manager.

Scope and liability

Compliance with this policy is mandatory for staff, implementing partners, contractors, volunteers, Board members and related Third Parties. Failure to do so will result in disciplinary action up to and including the possibility of termination of employment or termination of the violating party's contract and/or business relationship with CBM Global. CBM Global furthermore reserves the right, without prejudice to any other right or remedy available to it, to take such additional action, civil and/or criminal, as may be appropriate.

Member Associations are invited to adopt the policy if they do not have in place a policy of a similar standard, and are requested to ensure that existing policies align with this policy.

Policy Statements

Rules

- 1) Corruption on the part of any CBM Global employee or board member or any third party (partner, consultant, supplier etc.) in their engagement with CBM Global, is prohibited. Respective clauses form an integral part of employment, service or project contracts.
- 2) No employee or board member, or any third party acting on behalf of CBM Global or dealing with CBM Global, shall offer to pay a bribe, or pay a bribe, nor shall they solicit the payment of a bribe, or accept a bribe in conjunction with any aspect of CBM Global's activities.

Prevention of Fraud

- 3) CBM Global will foster an organizational culture in which corruption is never acceptable and will not be tolerated. CBM Global will employ a holistic approach towards managing the risk of fraud and corruption through awareness creation, prevention, reporting and responding.
- 4) CBM Global will ensure employees, board members, partners and other third parties that engage with CBM Global are made aware of the Policy on Preventing Corruption and Fraud.

Consequence

- 5) Employees of CBM Global, including Members of the Board, who commit a corrupt act, fail to report knowledge of corruption, or fail to manage the risk of corruption will be subject to disciplinary action up to and including termination of employment. Third parties who fail to comply with this policy will have their agreements and/or contracts with CBM Global terminated. CBM Global will seek restitution or prosecution or other legal remedies where appropriate.

Reporting and investigating fraud

- 6) CBM Global has a whistleblower policy which provides employees, partners, board members, and third parties with a confidential reporting mechanism and this policy ensures that anyone who reveals corruption and evidence of misconduct in CBM Global operations is protected from reprisals. CBM Global encourages such reporting. CBM Global welcomes employees addressing their concerns and will not penalise an employee who in good faith, has made a protest or raised a complaint against some practice of CBM Global, or of another individual or entity with whom CBM Global has a business relationship.
- 7) CBM Global has a corruption response plan which determines how investigations are set up and how they are documented, investigated, reported, closed and clarifies the regime of corruption related sanctions.
- 8) All reported incidents of suspected and actual corruption will immediately be forwarded to the Finance Director, for follow up according to the Critical Issue Process. Finance assesses which other CBM Global departments or parties should be notified (e.g. Board committees, funding Member Associations, or Human Resources Department). If the report is in relation to allegations which involves the Finance Director, it should be addressed to the Executive Director or the Board of Directors.

Responsibilities

The Executive Management has the responsibility and authority to take actions as necessary to ensure the effective implementation of this policy. On a periodic basis, compliance with this policy and its required controls will be reviewed and tested by CBM Global Internal Audit and the Compliance teams.

All CBM Global Staff, Board Members and Volunteers

Where staff or volunteers suspect that CBM Global funds or assets have been, are, or will be lost through fraud and corruption as defined above, they must report it to their line manager without delay. If it would be inappropriate to report to the line manager, they may report it to their line manager's manager. If they do not want to report it through the management line, they may report it directly to the Finance Director or Executive Director.

Board Members should report directly to the Finance Director.

All staff, volunteers and Board Members must be aware of CBM Global's Policy on Preventing Corruption and Fraud and should undergo the fraud awareness training.

All Managers

Where a manager receives a report of a suspicion, or they suspect fraud and corruption themselves, then they must report it without delay to the Finance Director.

Managers are responsible and accountable for managing the risk of fraud and corruption in their units. They may do this by:

- Ensuring that there are adequate, appropriate and robust internal controls in place to make sure all funds are accounted for and spent in line with CBM Global guidelines;
- Keeping proper and adequate business and financial records for both the receipt and use of all funds together with audit trails of decisions made;
- Taking any necessary action to protect CBM Global funds;
- Acting responsibly and within the interests of CBM Global if a suspicion occurs;
- Ensuring that fraud and corruption risk is assessed and included in strategic risk management documents;
- Taking lead in creating an anti – corruption culture by ensuring all staff in their units have undergone the fraud awareness training

Country Finance Managers

Supporting all managers to make sure that the policy is understood.

Country Directors

Country Directors are responsible and accountable for managing the risk of fraud and corruption in their countries by:

- Gaining and maintaining confidence in the operation of reporting mechanisms;
- Ensuring that fraud and corruption risk is assessed and included in the regional and country strategic risk management documents;
- Taking the lead in creating an anti – corruption culture by ensuring all staff in the region and country have undergone the fraud awareness training;
- Support the Finance Director in actively managing and investigating reported cases in their countries;

- Ensuring all partners in their regions/countries are aware of the Policy on Preventing Corruption and Fraud in CBM Global’s activities and operations.

CBM Global Partners

It is the responsibility of partner organisations to:

- Have effective control procedures and policies in place to reduce the opportunity of fraud and corruption within their organisations.
- Report any suspected or confirmed fraudulent or corrupt acts immediately (as required in the partner contracts with CBM Global).

Key references and supporting documents

- [CBM Global Code of Conduct \(2021\)](#)
- CBM Global Whistleblower Policy
- CBM Global Critical Issue Process

CBM Global Disability Inclusion

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