	Policy Family **FRAUD MANAGEMENT**
	Policy Name **Fraud Policy**
Issuing Department HFHI-B HR & Admin based on HFHI global policy issued by International Finance	**Approved By** Kelly Koch, National Director, HFHI-B
Effective Date September 08, 2010	**Release Date** September 05, 2010

Scope

This policy applies to all HFHI-Bangladesh (HFHI-B) offices, including National office, HRC offices, Satellite offices, and Project offices.

1. Purpose

The purpose of this policy is to:

- clarify acts that are considered fraudulent;
- identify the steps all employees, contractors and volunteers must take when a suspected fraudulent activity has been identified: and
- outline roles of management in investigating and taking legal action regarding suspected fraudulent activity.

2. Background

All organizations face the risk of fraud. The organization's management has the responsibility of managing this risk to prevent or reduce the impact of fraud on the organization which includes financial loss as well as damage to the organization's reputation. Top management at Habitat for Humanity International (HFHI) has set the tone at the top indicating the importance of upholding ethical values in the workplace by establishing a code of ethics and a fraud policy. The prevention of fraud is NOT a finance or audit issue but is the responsibility of everybody in the organization.

3. Related Reference(s)

HFHI Employee Handbook – Compliance and Ethics Hotline
HFHI Ethics Covenant

4. Definitions/Terminology Clarification

a. Fraudulent activity -an act of deception, bribery, forgery, extortion, theft, misappropriation, false representation, conspiracy, corruption, collusion, embezzlement, intentional omissions, concealment of material facts or gross negligence. Fraud may be committed by an individual, a group of individuals or by one or more organizations and, in general, refers to an intentional act committed to secure personal or business enrichment. Fraud can cover many activities including, but not limited to, the following:

- Forgery, alteration, or falsifying checks, bank drafts or any financial data
- Impropriety in the handling or reporting of monetary transactions
- Authorization or receipt of payment for goods not received or services not performed
- Bribery

- Receipt of kickbacks
- Falsification of time sheets or payroll records
- Falsification of travel and entertainment expenses and/or using company funds to pay for personal expenses
- Fictitious reporting of receipts from suppliers or shipments to customers
- Misappropriation of funds, securities, supplies or any other asset
- Unauthorized use of inventory, furniture, fixtures, equipment or other assets
- Theft, disappearance or destruction of any asset. Misappropriation of the organization's computer hardware, software, data or other records
- Misrepresentation of information on documents
- Any apparent violation of Federal, State or local laws related to fraudulent activities.
- Any similar or related activity

b. Irregularity- an act which has not risen to the state of a fraudulent activity but which includes a breach of policy or unbecoming conduct within the office.
c. Management- Person in charge of a functional department and/or division.
d. National Director (ND) - Person in charge of the entity or his/her documented designee. .
e. Senior Finance Manager (SFM) - Person in charge of the entity's financial records or his/her designated person.
f. Senior Management – the National Director or any management official who report directly to the National Director.
g. Board – Highest governing body of legal entity. In HFHI-B case this role is fulfilled by the appropriate Area Office Vice President or his documented designee.
h. Designee – Person with authority, granted in writing, to perform specified responsibilities in lieu of the person normally assigned the responsibility.
i. Direct Supervisor-the immediate supervisor of the individual identifying suspected fraudulent activity.
j. HQ Functional Director/VP/SVP-the highest ranking management official within the HQ functional area in which the fraud detector is employed (or volunteering).
k. IAD AO-the highest ranking Internal Audit Department staff member within the applicable Area Office.
l. IAD HQ VP-the Headquarters Internal Audit Department Vice President.
m. General Counsel-the HFHI Headquarters General Counsel.

5. Policy

a. Management is responsible for the detection and prevention of fraudulent activity in their respective areas of responsibility.
b. Management should be knowledgeable about the types of fraudulent activity that might occur within their area of responsibility so that appropriate action can be taken to prevent and detect such activity.
c. Management is responsible for ensuring adequate controls exist to prevent the occurrence or the re-occurrence of fraudulent activity in their respective area of responsibility.
d. Any employee, contractor or volunteer who has knowledge of or suspects the occurrence of fraudulent activity must immediately notify their direct supervisor or follow the steps below for anonymous notification.

e. If the employee, contractor or volunteer has reason to believe that their direct supervisor may be involved in the fraudulent activity, they must immediately notify the HFHI Internal Audit Department (IAD) at 1-404-962-3410 or follow the steps below for anonymous notification. If for any reason, the employee, volunteer or contractor cannot notify the HFHI Internal Audit Department or follow the steps for anonymous notification (e.g. due to language differences or lack of internet access); they must immediately notify a member of Senior Management.

f. Irregularities concerning an employee's moral, ethical, or behavioral conduct that do not rise to the level of fraudulent activity should be resolved by the employee's department manager and the Director of Human Resources rather than HFHI IAD.

g. The following information must be provided when reporting suspected fraudulent activity:
- **(1)** Names of those involved
- **(2)** Location the activity took place (address, city, state, country, etc.)
- **(3)** Date/ Time of fraudulent activity
- **(4)** Description of fraudulent activity

h. Once notified of suspected fraudulent activity, the direct supervisor must immediately communicate the information as outlined in the matrix below and to a person who is at least one level above the person suspected of the fraudulent activity or is the subject of the Mysafeworkplace complaint (for example, reported to the Regional Program Manager if the ND of the affiliate is the suspected person).

FRAUD DETECTION LOCATION	**MANDATORY FRAUD NOTIFICATION MATRIX**						**ANONYMOUS NOTIFICATION OPTION**
	NO or Affiliate Board (Chair)	**Branch** (CEO)	**AO** (Area Office VP)	**HQ** (Function Director/ VP)	**IAD** (AO **&** HQ VP)	**Legal** (HQ SVP)	**MySafeWorkplace**
HFHI Branch Office		**X**	**X**	**X**	**X**	**X**	**X**

i. Anonymous Notification

When an employee, contractor or volunteer would like to remain anonymous in reporting the knowledge or suspicion of fraudulent activity, they may contact:
- **(1)** MySafeWorkplace anonymous hotline at 1-800-461-9330 inside the United States or 1-720-514-4400 outside the United States (collect); or
- **(2)** Online at www.mysafeworkplace.com and follow the instructions.

j. Upon receipt of notification of a suspected fraudulent activity, the HFHI IAD and Legal Department will initiate the appropriate course of action.

k. The individual who has reported the fraudulent activity should not:
- **(1)** Contact the suspected individual in an effort to gather information, facts or demand restitution.
- **(2)** Discuss the case, suspicions or allegations with anyone unless specifically asked to do so by HFHI IAD or the Legal Department.

l. Investigation of the fraudulent activity
- **(1)** HFHI IAD will have primary responsibility for the investigation of all suspected fraudulent activity as defined above.
- **(2)** HFHI IAD will consult with the Legal Department, where appropriate, to obtain advice and counsel regarding the investigation.

(3) HFHI IAD will investigate all fraud allegations pertaining to HFHI legal entities, which include Headquarters, Area Offices, Consolidating Entities and Branches.

(4) HFHI IAD will have full and unrestricted access to all records, personnel and premises during the investigation.

(5) HFHI IAD will have the authority to examine, copy, and/or remove all or any portion of the contents of files, records, emails, cabinets, desks and other storage on the premises without prior knowledge or consent of the custodian when it is within the scope of their investigation.

(6) After HFHI IAD is notified of the suspected fraudulent activity, management must not attempt to conduct individual investigations, interviews, or interrogations without approval by HFHI IAD. The National Director must follow up immediately with IAD to come to a conclusion of how to proceed with investigation as a quick investigation is extremely important for resolution.

(7) All inquiries concerning the fraudulent activity from the suspected individual, the representing attorney or other representative should be directed to HFHI IAD. HFHI IAD will then notify the Legal Department.

(8) HFHI IAD will report all investigation results to the Audit Committee of the HFHI Board of Directors for their information and input where necessary.

(9) For HFHI entities;

a. Where a decision has been made to prosecute, refer the investigation results to the appropriate law enforcement for independent investigation or take other legal action, the final decision must be made by the HFHI CEO under the advisement of the General Counsel, the VP IAD and the Executive Committee of the Board of Directors.

b. All final decisions regarding disposition of the case will be made by the HFHI CEO under the advisement of the General Counsel, HFHI IAD and, when necessary, the Executive Committee of the Board.

m. **<u>Confidentiality</u> -** Investigations will not be disclosed or discussed with anyone other than those who have a legitimate need to know the details of the case. Involvement will be limited to avoid damaging the reputations of persons suspected but found innocent of fraudulent conduct.

n. **<u>No retaliation</u> -** HFHI treats all information received confidentially and no officer, employee, contractor or volunteer, who in ***good faith*** reports suspected fraudulent activity, shall suffer harassment, retaliation or adverse employment consequence. Conversely, intentional submission of allegations that are known to be false is a fraudulent activity and will be handled in accordance with this policy.

6. Change History

Date	Modification
Aug 20, 2010	Policy to supersede the HFHI Fraud Notification Policy. Addition of option to report suspected fraud occurrence to Senior Management and also clear instructions regarding investigation of fraud allegations.
Jul 2008	Original HFHI Fraud Notification Policy introduced.