# Fraud Prevention Project at UNHCR

## Presentation to Member States
## Informal Consultative Meeting

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**Division of Financial and Administrative Management**

**15 September 2015**

# AGENDA

**UN BoA** Recommendations and observations

**UNHCR's** Response

**FRAUD** Prevention Project

- ✓ **Fraud** Risk Assessment
- ✓ **Anti-Fraud** Training
- ✓ **Fraud** Awareness Raising

# UN BOARD OF AUDITORS Recommendations and observations

**2012** ▸ **2013** ▸ **2014**

**2012:** Review and **update anti-fraud** and corruption **policies** and procedures

**2013:** Perform a comprehensive **fraud risk assessment** to identify UNHCR's main areas of risk exposure.
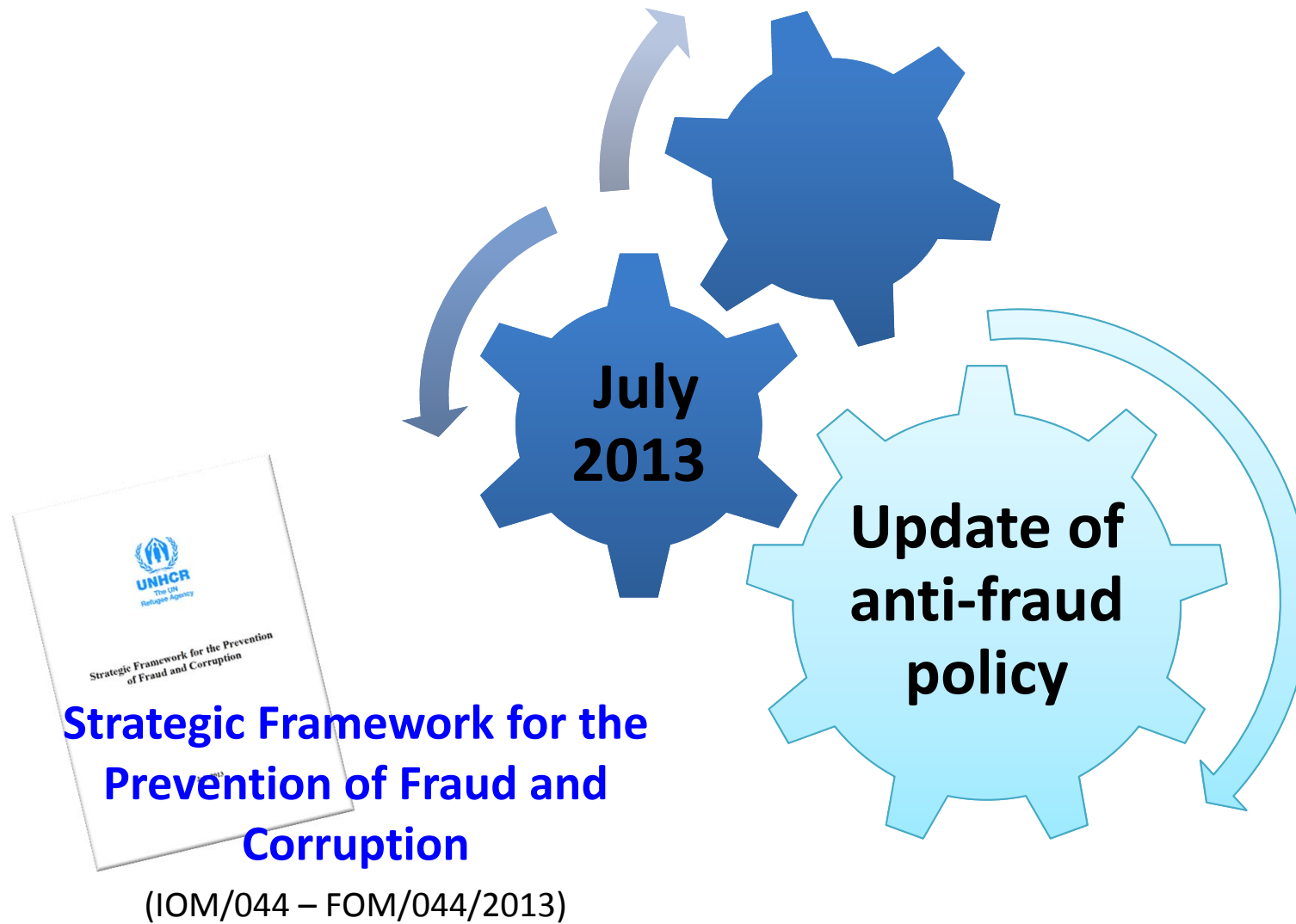
**Define** the **tolerance** for the different types of fraud risk identified.

**2014:** General lack of awareness of **external fraud risk** in UNHCR/UN.

Limited **staff training** on fraud.

Lack of urgency in driving improvements to counter-fraud measures.

# UNHCR Response

**July 2013**

**Update of anti-fraud policy**

**Strategic Framework for the Prevention of Fraud and Corruption**

(IOM/044 – FOM/044/2013)

# UNHCR's Strategic Framework for the Prevention of Fraud and Corruption - 2013

- Strategic Framework for the Prevention of Fraud and Corruption (IOM/044 – FOM/044/2013) was **issued by the DHC in July 2013**
- Outlines UNHCR's policies and methods to strengthen the prevention of and the response to fraud and corruption, as follows:
  - Zero tolerance approach
  - Indicators to detect fraudulent acts
  - Preventive measures
  - Reporting possible fraud
  - Confidentiality and protection against retaliation
  - Investigations
  - Administrative or disciplinary measures and contractual remedies
  - Reporting and monitoring

# UNHCR's Definition of Fraud and Corruption

**Fraud**

Any act or omission, incl. misrepresentation or concealment of a material fact, that knowingly or **intentionally** misleads, or attempts to mislead, a party to **obtain a benefit**, whether directly or indirectly, whether for oneself or for a third party.

**Corruption**

The offering, giving, receiving or soliciting, directly or indirectly, anything of value to **influence improperly** the actions of another party.

➡️ **Both Fraudulent acts for UNHCR**

# UNHCR's Definition of Fraud and Corruption

Fraud committed against UNHCR can be classified based on the perpetrator of fraud:

- **Internal** fraud:    Staff
- **External** fraud:  Vendors

                            Implementing Partnerships

                            Persons of Concern

- **Collusion:** involves two or more parties, either both internal, or internal and external, working together

# UNHCR Response

December
2014

Implementation
Plan
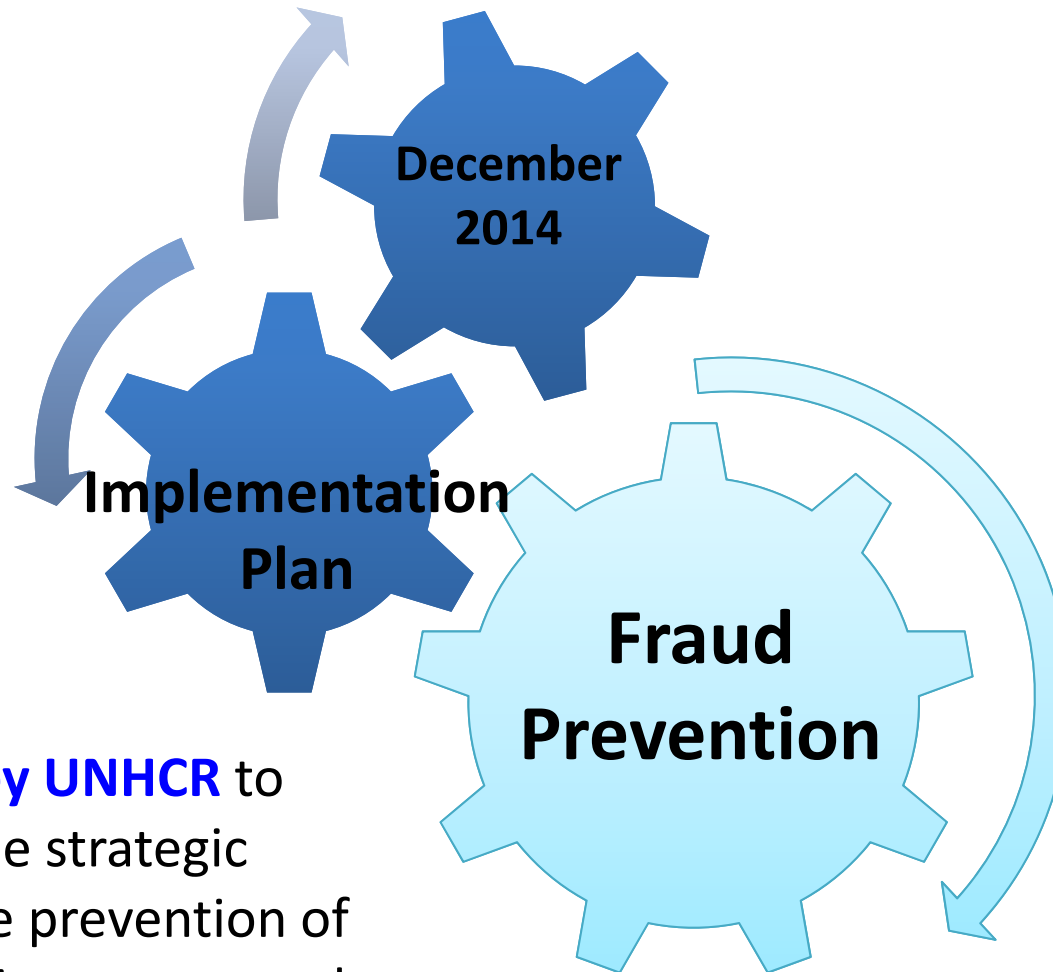
Fraud
Prevention

**Commitment by UNHCR** to **implement** the strategic **framework** for the prevention of fraud and corruption, sponsored by the Executive Management.

# FRAUD Prevention Project
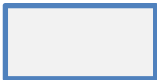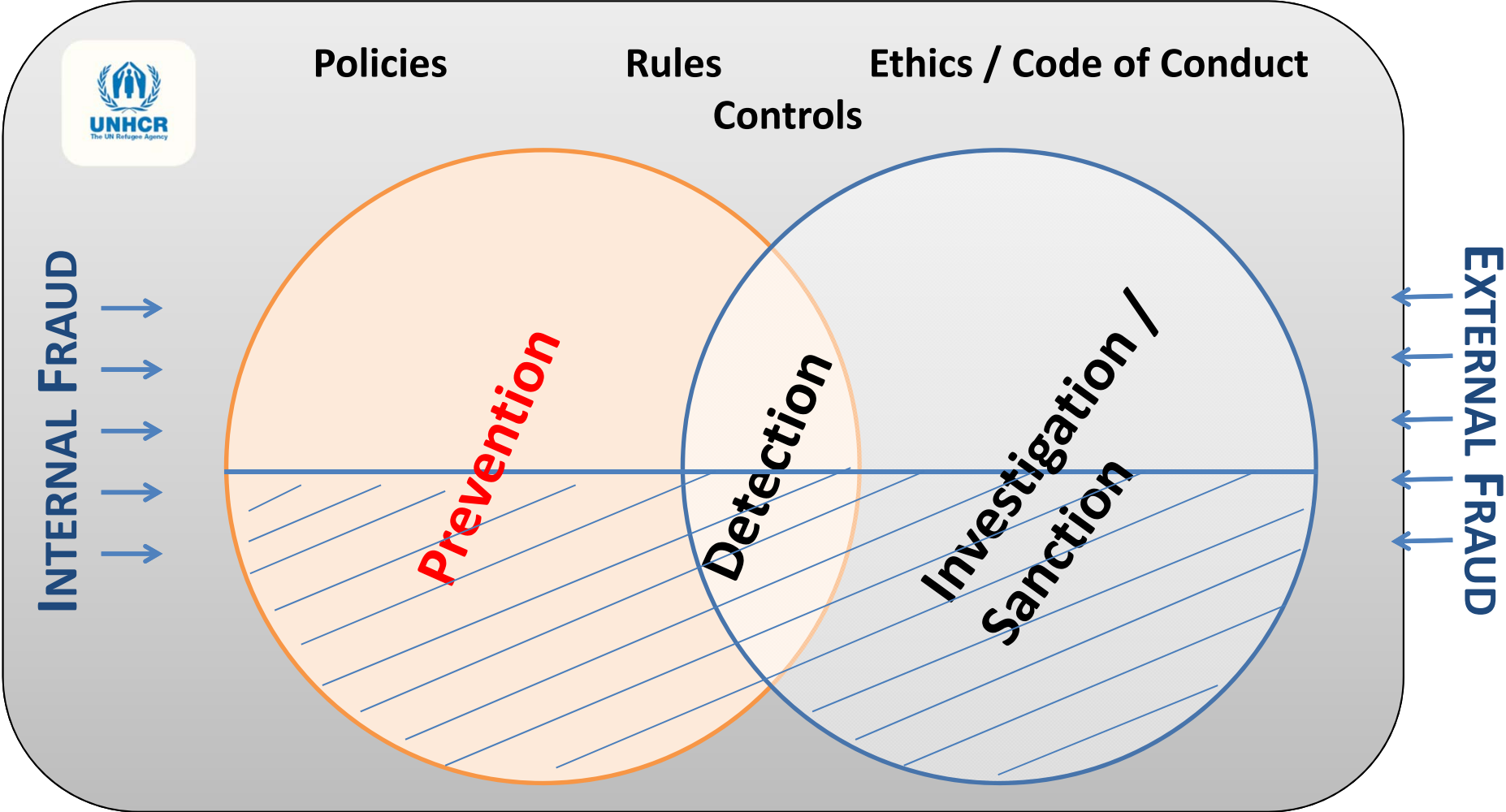
# FRAUD Prevention Project

## Why we need fraud prevention

- Easier to prevent fraud than detect it

**Impact on Finance:**

- Monetary losses from fraud can be significant, but its full costs is immeasurable in terms of time, productivity and reputation
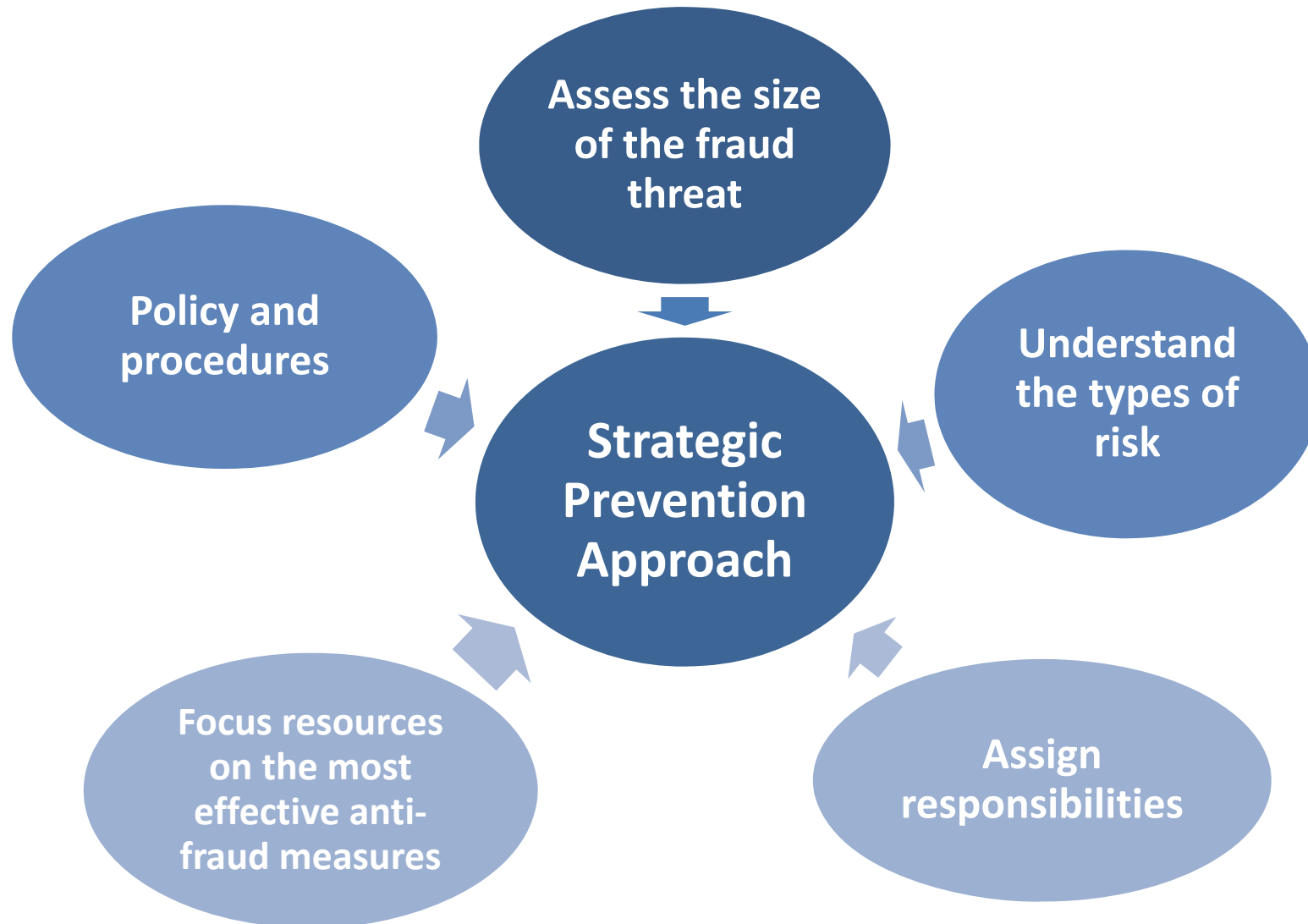
**Impact on Reputation:**

- Negative publicity, even in small cases, can have a de effect on fund raising

➡ **Investment in Fraud prevention is worthwhile**

# UNHCR's Fraud Prevention Strategic Approach



- Assess the size of the fraud threat
- Policy and procedures
- Understand the types of risk
- Strategic Prevention Approach
- Focus resources on the most effective anti-fraud measures
- Assign responsibilities

# FRAUD Prevention Project



Support of UNHCR's management & staff

Strengthen controls

Increase Perception

Fraud Prevention Project

Compliance with existing controls

Fraud awareness programmes
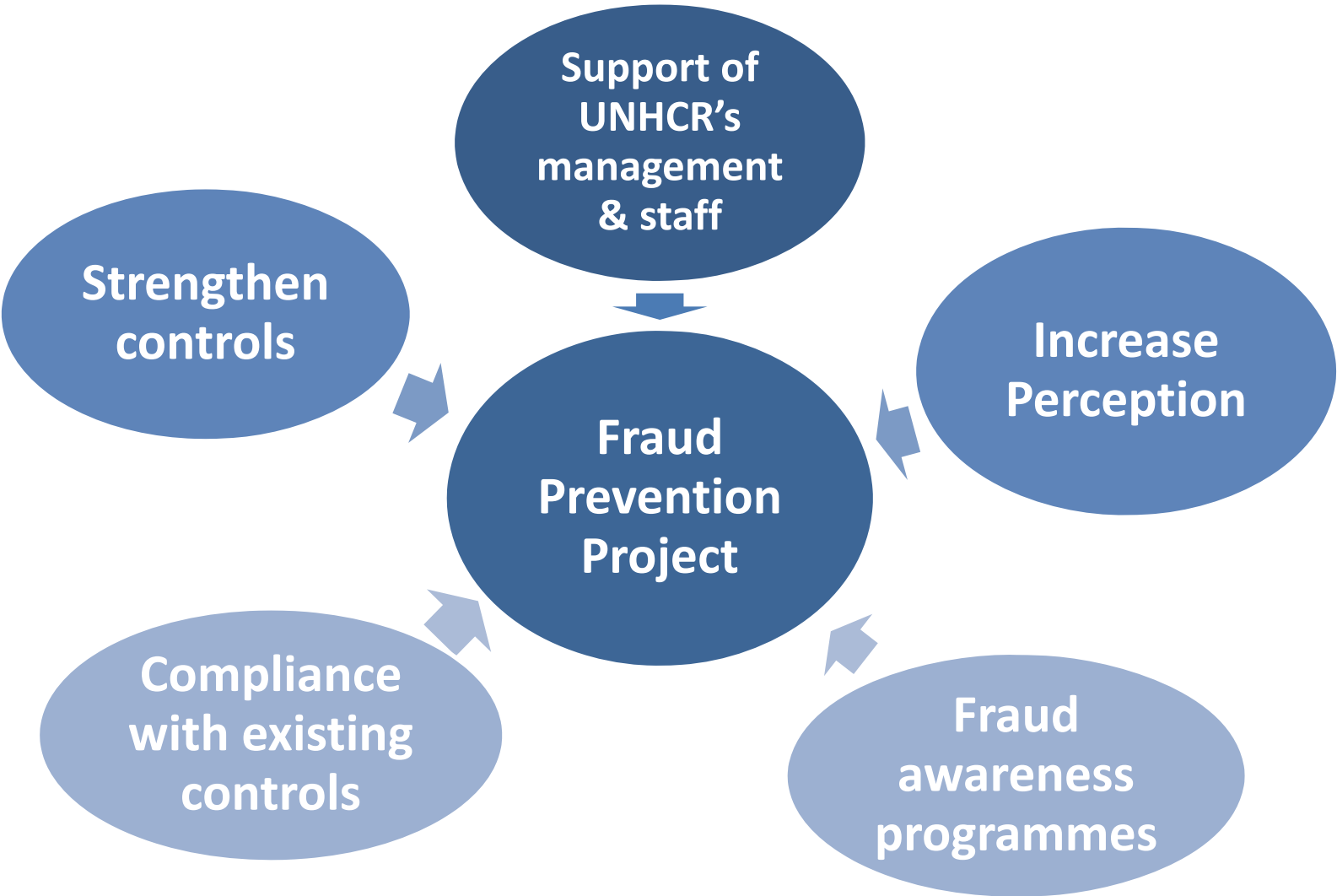
# FRAUD Prevention Project - Activities

**Fraud Prevention Project**

**Fraud Risk Assessment**

**Anti-fraud Training**

**Fraud Awareness Raising**

**Fraud Prevention Manual**

# FRAUD Risk Assessment
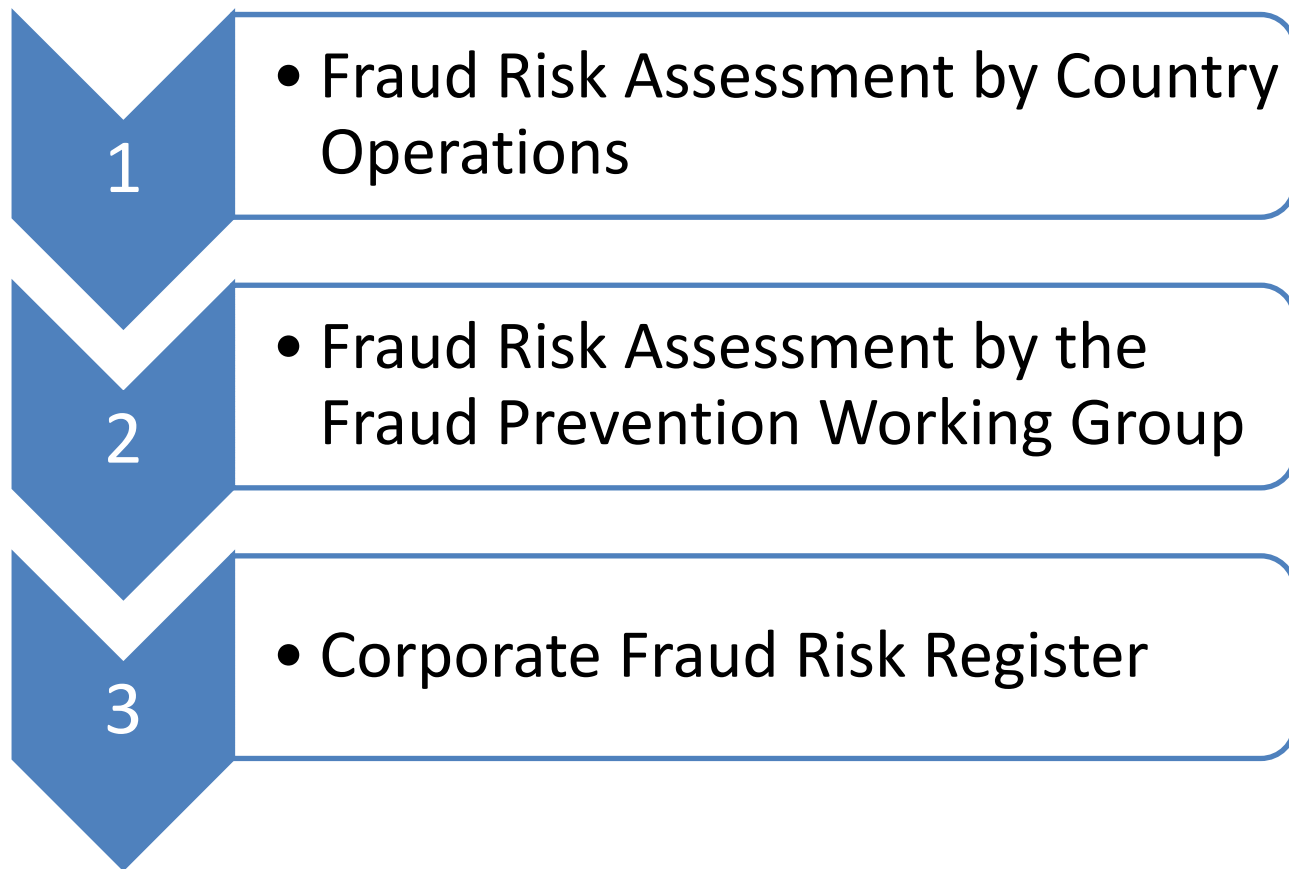
## What is a Fraud Risk Assessment?

Process aimed at proactively identifying and addressing an organisation's vulnerabilities to internal and external fraud.

## Why should UNHCR conduct Fraud Risk Assessments?

- Identify what activities are the most vulnerable to fraud
- Know what puts the organization at greatest risk
- Develop plans to mitigate fraud risk
- Assess internal controls
- Improve communication and awareness about fraud

# FRAUD Risk Assessment

## Process

**1** • Fraud Risk Assessment by Country Operations

**2** • Fraud Risk Assessment by the Fraud Prevention Working Group

**3** • Corporate Fraud Risk Register

# FRAUD Risk Assessment

## Expected Outputs

- Guidelines for staff members to conduct Fraud Risk Assessments in the field offices, divisions and bureaux

- Identify existing internal controls, policies, procedures, SOPs, best-practices

- Identify gaps in internal controls

- Action plan for the attention of UNHCR's Senior Management to enhance existing structures, close identified gaps and if applicable, note of areas for simplification of the current processes and systems

- Informs about further action / prioritization to ensure fraud risk exposure is commensurate with fraud risk appetite (Mitigation of Risks (risk treatment))

# ANTI-FRAUD Training

- EVERY staff member (mandatory); Ongoing from date of hire
- Currently development of an elearning "Basics on Fraud and Corruption"
- Topics of the elearning will include:
  - What is fraud
  - How it hurts the organisation
  - How to identify fraud
  - How to report fraud
- Launch is targeted December 2015

# FRAUD Awareness Raising

**Creating an anti-fraud culture**

- "Zero tolerance" to fraud as part of UNHCR`s fraud statement in the policy

- Qualified counter fraud specialists in place

- Mobilise the entire organisation in the fight against fraud using e-learning, intranet, staff briefings, posters or internal alerts – or a combination of all these

- Encouraging whistleblowing

- Publicise what happens to fraudsters

# FRAUD Awareness Raising

## Through Communication / Training / Outreach:

- Publication of a *Fraud Prevention Manual* (planned 2016)

- Carrying out an *Innovation challenge* (4 weeks October 2015)

- Use the *International Anti-Corruption Day* next year – 9 December 2016  – as Fraud and Corruption awareness week e.g. publication of articles on the intranet, reminder of the elearning basics on fraud (in cooperation with Ethics Office)

- Incorporate Fraud and Corruption in various trainings/workshops that highlight the elements of fraud to be taken into account at the managerial and operational level

- Member States engagement and briefings, interactions with the Board of Auditors, the Independent Audit and Oversight Committee and OIOS

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# FRAUD Prevention Manual

- Building on the Strategic Framework for the Prevention of Fraud and Corruption

- Should serve as a reference point for managers and staff

- It will highlight controls and polices in place, red flags and prevention measures

- Give message to outside parties that unethical / fraudulent / corrupt conduct is not tolerated

# FRAUD Prevention Manual

## PROGRAMME SUPPORT
- Financial Management
- Supply Chain Management (Procurement, Inventory and Asset Management)
- Human Resources
- Cyber / ICT

## OPERATIONS
- Programme
- Beneficiaries
- Implementing Partnership Management

# FRAUD Gaps identified from Prevention perspective - Examples

- Develop a Conflict of Interest Policy

- Amend language in Code of Conduct

- Intranet / Internet site dedicated to fraud

- Assess level of extortion

# FRAUD Ongoing

**Innovation Challenge** in October 2015 will pose the following questions:

- If you suspect fraud happened, would you know what to do?
- Would you recognize fraud?
- What are the current gaps in fraud prevention within UNHCR?
- What could UNHCR do better to prevent fraud?

**JIU review "Fraud Prevention, Detection, and Response in the United Nations system"**

**UN BOARD OF AUDITORS** Recent assessment of the Fraud prevention project

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2012  >  2013  >  2014  >  2015
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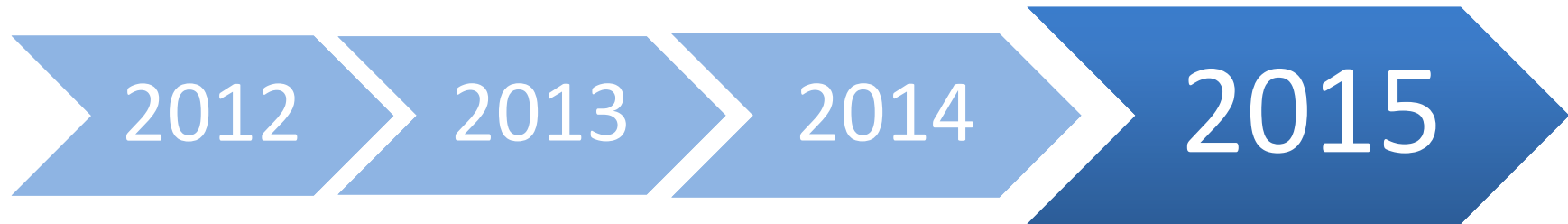
**Board of Auditors** Report (A/70/5/Add.6):

"The Board welcomes management's implementation of the Fraud Prevention Project (…) needs a significant amount of additional work to bring it to a conclusion."

# THANKS