Fraud Prevention Project at UNHCR

Presentation to Member States
Informal Consultative Meeting

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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

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

Strategic Framework for the Prevention of Fraud and Corruption
(IOM/044 – FOM/044/2013)

Update of anti-fraud policy

July 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
Commitment by UNHCR to implement the strategic framework for the prevention of fraud and corruption, sponsored by the Executive Management.
FRAUD Prevention Project

Policies

Rules

Ethics / Code of Conduct

Controls

INTERNAL FRAUD

Prevention

Detection

Investigation / Sanction

EXTERNAL FRAUD

Programme Support

Operations
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 devastating effect on fund raising

Investment in Fraud prevention is worthwhile
UNHCR’s Fraud Prevention Strategic Approach

- Assess the size of the fraud threat
- Understand the types of risk
- Assign responsibilities
- Focus resources on the most effective anti-fraud measures
- Policy and procedures
The FRAUD Prevention Project aims to support UNHCR’s management and staff through:

- Support of UNHCR’s management & staff
- Strengthen controls
- Increase Perception
- Compliance with existing controls
- Fraud awareness programmes
- Increase Fraud awareness programmes

These initiatives are designed to:

- Increase Fraud awareness programmes
- Strengthen controls
- Compliance with existing controls
- Increase Perception
- Support of UNHCR's management & staff
- Strengthen controls
FRAUD Prevention Project - Activities

- Fraud Risk Assessment
- Anti-fraud Training
- Fraud Awareness Raising
- Fraud Prevention Manual
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
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

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