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Anti-fraud and corruption policy

1. INTRODUCTION

Fraud and corruption diverts resources from the poor. It breaches the ethics and values¹ of YPM, damages the reputation for sound financial management and further damage the reputation in public and relation to donors. Corruption has come to be recognised as one of the greatest obstacles to development. The YPM policy on fraud and corruption is one of zero tolerance².

YPM is committed to ensuring that its resources, voted by the government on behalf of taxpayers in Tanzania, different funding partners, members in the areas of operation of YPM, and other private donors will be used only for the purposes intended. The policy applies to all employees, volunteers and partners accessing funding from YPM.

2. PURPOSE AND SCOPE

The purpose of this Anti-Fraud and Corruption policy is to minimise the chances of occurrence of fraud and corruption related to the funds of YPM. The policy will provide a brief understanding of corruption³ and show how YPM approaches the preventive as well as reaction to fraud and corruption.

The policy aims to provide basic guidance so that:

- Vulnerable populations are not exploited
- Financial and other resources are used solely for the intended purposes.
- A culture of honesty and openness is promoted
- Staff, volunteers, partners and target populations are protected to safely raise and report concerns

3. DEFINITIONS

¹ See PCCB enactment law and related policies for more information regarding values in YPM.

² This is in accordance with the policy of the Norwegian Government guiding the funding from Norad and other governmentally linked bodies in Norway. This is also the guiding principle within the development sector in Norway.

³ The policy is aligned with the Pocket Guide; Preventing Corruption in Humanitarian Operations, Transparency International 2010.

4. Transparency International defines corruption as *the abuse of entrusted power for private gain*. In the context of YPM, the private gain also applies to illegitimate individual or group benefit⁴. This includes financial as well as non-financial corruption.

The financial corruption can be described as:

- **Bribery:** a person, organisation or institution provides goods or services against some form of improper remuneration. This includes so-called kickbacks and “facilitation” payments. Bribery involves (at least) two parties.
- **Embezzlement:** theft of resources for own use. This includes false accounting and misuse of resources belonging to YPM. It may involve only one person.
- **Fraud:** deception or the use of false representations to gain an unjust advantage. It covers both bribery and embezzlement.

The non-financial forms where the gain may or may not be financial can be:

- **Extortion:** the act of obtaining something by force, threats or undue demands.
- **Favouritism:** unfair favouring of one person or a group with something at the expense of others.
- **Nepotism:** favouritism shown to relatives in conferring offices or privileges.

As in the definition, any abuse or misuse of power is considered as corruption. The descriptions above are not exhaustive lists, but all what is listed is by YPM considered as non-acceptable behaviour and fraud and corruption. Corruption is a criminal act and punishable by law.

5. IMPLEMENTATION OF THE POLICY

- a. **Commitment from governing bodies:** This policy is one of zero tolerance. This implies that no governing body of YPM will tolerate fraudulent and corrupt use of funds and resources by YPM staff, members, volunteers or partners.
- b. **Management of resources in YPM:** The YPM policy will be complementary to partners’ own policies where they exist. The management are determined to uphold the duty and obligation to ensure proper management of funds and resources. All contracts and agreements with employees, partners and consultants shall be consistent with this policy. The Code of Conduct will guide the employees.
- c. **Co-operation with partners:** YPM is committed to secure both the management of resources as well as establishing a relationship in where the values of YPM and in particular transparency are guiding. This is both to work as partners in the prevention, but as well to secure the potential whistle blowing and complaint mechanisms.⁵

⁵The document has been made in line to the Fraud policy of Yglobal Norway in which YPM is a sub-sector and partner in operation.

The implementation needs continuous attention. However some few points in the process should be mentioned for particular attention:

A) Awareness raising

Awareness is built through the explicit trainings and reports produced as well as the continuous focus through processes and built-in systems.

B) Managing risk⁶

Management of risk is done in four steps; 1) Identifying risks/threats, 2) Assessing the level of seriousness and probability for each risk, 3) Identify and prioritise measures to reduce risks, 4) Application of measures.

Some general procedures are implemented. Upfront transfers of funds to partners, account details are verified. Only after approval and confirmation will money be transferred. Yearly financial audits and reporting on given points are part of the procedures. A regime of monthly reporting is established internally in YPM. Further, partners report quarterly on financial and non-financial results (outputs and outcomes) to YPM. In addition to this, all partners will be assessed financially by the selected tool of YPM at least once a year. This will mostly take place during visits from YPM staff. The annual audit of partners should be done by an independent, external auditor according to international standards and the auditor should be approved by YPM. The auditor will undertake a standard audit including the specifications outlined in YPM's "Auditor Package". A consolidated audit of the entire will be one of the requirements alongside with specific questions and comments to selected areas.

C) Reporting of suspected cases

In case of suspected fraud or corruption reported by staff, volunteers or third parties to YPM, the employee who receives the concern will write an incident report explaining the nature of the concern, and share this with Director of YPM, in case of the Director then the report should be submitted to the Board of Directors. Investigation with appropriate parties will be established and the concerned party will be taken out on forced leave during investigation. After concluding the case, the follow-up will follow the Tanzanian laws. There will be put extra emphasis on securing the safety of the person who has brought the concern to YPM. Any final decisions on follow-up of the case will be confirmed by the YPM Director and International Directors of funding partner where necessary.

D) Response to fraud

In the case of fraud or corruption with partners, the relevant donors will be notified according to their guidelines and as specified in agreements. In all cases where mismanagement of funds are proven, funds will be reclaimed without delay. YPM strives to be transparent if cases on fraud or corruption are reported. The board of YPM will be notified in all cases of fraud or corruption concerns.