POLICY AGAINST FRAUD AND OTHER CORRUPT PRACTICES

Introduction

1. Fraud and other corrupt practices pose a grave threat to the effective implementation of the Organization's policies and objectives. The Organization is entrusted with significant resources and commensurately significant responsibilities in their proper administration. With the Organization's overriding mandate of ensuring humanity's freedom from hunger, it is imperative that all resources allocated for this purpose, both human and financial, are not diverted from their ultimate goal. The Organization is therefore committed to ensuring that its resources are used solely for their intended purposes, that all operations are free from fraud and other corrupt practices, and to being held accountable to donors and beneficiaries for the implementation of its programmes. To this end, the Organization has adopted a zero-tolerance policy in respect of fraud and other corrupt practices in all their manifestations. The policy recognizes the role of the Organization in the United Nations' efforts to combat fraud and corruption and is aligned with the principles contained in the United Nations Convention Against Corruption and the United Nations Convention Against Transnational Organized Crime.

2. The policies and procedures outlined herein are to be read and understood in conjunction with the following documents:

- Staff Regulations and Rules;
- Standards of Conduct for the International Civil Service (Appendix A to Manual Section 304);
- Manual Section 502 - Procurement of Goods, Works and Services;
- Manual Section 507 - Letters of Agreement;
- Charter for the Office of the Inspector General (Appendix A to Manual Section 107);
- Guidelines for Internal Administrative Investigations by the Office of the Inspector General (Administrative Circular 2011/04);
- FAO Vendor Sanctions Policy (Administrative Circular 2014/27); and
- Whistleblower Protection Policy (Administrative Circular 2011/05).
Application

Scope of the policy

3. This policy applies, regardless of their location, to all activities and operations of the Organization, whether funded by Regular Programme or Extra-budgetary Funds; administrative, technical or operational in nature; or implemented by the Organization and/or an implementing partner, including any government agency. This policy applies to all FAO personnel\(^1\) and all contractual arrangements between the Organization and implementing partners, suppliers or other third parties for administrative, technical or operational purposes.

Definition

4. The Organization has adopted the following definitions of fraud and other corrupt practices:

- “Corrupt practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value, whether tangible or intangible, to improperly influence the actions of another party;
- “Fraudulent practice” is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
- “Collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
- “Coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party; and
- “Improper use of the Organization’s resources” is any unauthorized, material use of property, assets, professional services or resources belonging to the Organization for private purposes.

5. In practice, prohibited conduct falling under this policy may often include:

- The exchange of money or other favours for preferential treatment;
- Presentation or use of inaccurate or false information (e.g. in requesting staff entitlements, in submitting medical claims);
- An agreement between two or more people to engage in a particular course of action for purposes of obtaining an undue benefit or gaining some financial advantage;
- Private use of the Organization’s resources that interferes with or deprives the Organization of the use of those resources.

\(^1\) “FAO Personnel” refers to staff members and other individuals engaged by the Organization, within the meaning of Staff Regulation 301.13.6. It includes *inter alia* all staff members, whether on continuing, fixed-term or short-term contractual arrangements, as well as all non-staff personnel such as consultants, subscribers to Personnel Services Agreements, Volunteers, Interns, National Project Personnel and any other type of personnel recruited for services in the Organization.
Zero-Tolerance Policy

6. The Organization does not tolerate any type of fraud or other corrupt practice within the workplace or associated with the work performed on its behalf. As such, the Organization will consistently impose disciplinary measures, including summary dismissal or suspension and/or termination of contractual relationships in the case of FAO personnel, debarment from doing business with the Organization in the case of a third party entity, or other administrative sanction, as appropriate, in all cases where fraud or other corrupt practices are uncovered. Such actions will be taken in accordance with applicable rules and procedures depending on the party subject to the administrative action. Disciplinary measures and other administrative sanctions are taken with the ultimate purpose of protecting the integrity and efficiency of the Organization.

Prevention and detection of fraud and other corrupt practices

Office Plans against Fraud and Other Corrupt Practices

7. The Organization’s administrative procedures, operational systems and internal controls for deterring and preventing fraud and corruption are elaborated in the different Regulations, Rules, Manuals, and Administrative Circulars which FAO Personnel must adhere to. The Organization ensures that its administrative policies and procedures are consistent with its position against fraud and corruption and are applied to in relevant areas such as human resources, procurement and selection of implementing partners, finance and administration.

8. All Country Offices are required to establish, maintain and implement a Fraud Control Plan based on the Manual for Management of Country Offices available on the Country Office Information Network (COIN). This should be available in the official language(s) of the Country Office but, where relevant and possible, the FAO Representatives (FAORs) should also ensure the plan is translated into other local working languages.

9. The Fraud Control Plan should address such matters as fraud awareness, procurement, letters of agreement administration, disbursement, inventory and asset management, vehicles, petty cash, and human resources administration. The Regional Office should regularly follow up with FAORs to ensure that up-to-date plans are maintained, communicated to all personnel and implemented. The Regional Office should also monitor and assist FAORs in exercising internal controls to prevent and detect fraud and other corrupt practices, including dissemination and awareness-building of this policy.

10. Moreover, supervisors and managers at all levels and in all locations are responsible, with the assistance of the relevant support units, for promoting and maintaining a culture of integrity, assessing the risks of fraud and other corrupt practices from personnel or third parties, and taking measures to detect and prevent such practices. Where managers have identified and assessed the risk of fraud or other corrupt practices, they should develop appropriate measures to minimize that risk.

Responsibilities of Personnel

11. All personnel of the Organization must be committed to the highest standards of efficiency and integrity. The Standards of Conduct for the International Civil Service, incorporated in Administrative Manual Section 304, make it clear that the concept of integrity embraces all aspects of behaviour of an international civil servant. This includes such qualities as honesty, truthfulness, impartiality and incorruptibility. In this regard, all personnel in all locations and at all levels are expected to adhere fully to the principles and practices stated in this policy.
12. The responsibilities of all personnel in respect of prevention and detection of fraud and other corrupt practices go beyond merely abstaining from engaging in these practices. As part of the duty of loyalty, all personnel must keep themselves abreast of the Organization’s policies and ensure full compliance. Any reasonable suspicion or indication of fraudulent, corrupt, coercive or collusive practices or improper use of the Organization’s resources must be immediately reported. Personnel who engage in prohibited conduct under this Policy, fail to immediately report such conduct, or interfere in or obstruct an investigation into whether such conduct has occurred, may be subject to a disciplinary action, up to and including summary dismissal or suspension and/or termination of contractual relationship with the Organization. Monies may also be recovered or withheld from salaries and/or terminal emoluments.

**Responsibilities of Managers**

13. Managers at all levels have the overall responsibility for preventing, detecting and reporting fraud and other corrupt practices. They are responsible, with the assistance of the relevant support units, for ensuring adherence of Personnel under their supervision to the established system of internal control to prevent and detect fraud and other corrupt practices. In particular, they must:

- Identify potential risks to which their assets, inventories, programme activities and interests are exposed, as well as the factors creating them;
- Assess the identified risks, select risk avoidance options, design and implement cost effective prevention and control measures; and
- Establish new or improved measures to prevent the recurrence of incidents.

14. Managers who fail to take appropriate actions in this connection or who directly or indirectly tolerate or condone improper activity under this Policy may be held accountable for violations of this Policy and relevant Organization’s Regulations and Rules, including the Standards of Conduct for the International Civil Service.

**Responsibilities of Third party entities**

15. Third party entities include suppliers and service providers bidding for or contracted in commercial relationships with the Organization, or partner organizations receiving, under Letters of Agreement, financial or other resources from the Organization in respect of its programmes and operations, as well as employees of such entities. These entities are obliged not only to interact honestly in the provision of services but also to report fraud or other corrupt activities or allegations of such that they have received.

16. Upon proof that third party entities have engaged in fraud or other corrupt practices, the Organization may seek restitution for any resulting loss. The Organization may also report appropriate cases to national authorities for their consideration of investigation and criminal prosecution. Finally, the Organization, upon finding that third party entities have engaged in fraud or any corrupt practice, or interfered in or obstructed an internal investigation, may, in accordance with the FAO Vendor Sanctions Procedures, debar the vendor temporarily or permanently from participating in current or prospective procurement or other actions.
Reporting and Whistleblower Protections

Reporting

17. Reporting is an important element to a functioning Anti-Fraud and Corrupt Practices Policy and, as mentioned above, is the responsibility of all personnel. OIG has been designated to receive complaints or information concerning the possible existence of fraudulent or other corrupt practices. These may be received by OIG through official channels when referred by the Organization’s management or by national authorities. In addition, a dedicated Investigations Hotline has been set up in OIG for receiving complaints and information from FAO personnel and third party entities and individual, which can be directly accessed worldwide in different ways:

- Telephone (+ 39) 06 570 52333
- Fax (+39) 06 570 55550
- Email Investigations-Hotline@fao.org

18. In order for investigations to be successful, complaints should be as specific as possible. To the extent possible, a complaint should include details such as:

- type of alleged wrongdoing;
- where and when these events occurred;
- who is involved and who has knowledge about the matters being reported;
- how the individual, organization or company committed the alleged wrongdoing; and
- why the matter is being reported.

19. Further information or evidence (for example documents) that are important for a proper assessment should be included with the complaint or sent as soon as possible.

Confidentiality

20. All personnel involved in an investigation, including the complainants, subjects of investigation and witnesses, benefit from the confidentiality provisions contained in the Guidelines for Internal Administrative Investigations by the Office of the Inspector General. In addition, all personnel have an obligation to keep the information relating to, or arising from, an investigation confidential, in accordance with these guidelines and relevant Organization’s rules.

21. OIG has a responsibility to maintain the security and confidentiality of all information and documentary and physical evidence related to investigations. OIG must provide confidentiality of the identity of the individuals and any information that could lead to their identification where there is a reason to believe that individuals may be at risk, unless it is determined that the information was wilfully provided with the knowledge that it was false or with intent to misinform.

Anonymous reports

22. Individuals wishing to protect their identity may make anonymous reports. However, it can be more difficult to assess and investigate anonymous allegations. Therefore, individuals wishing to make a report are encouraged to provide their contact details. OIG will treat information received sensitively, and disclosure of identifying information of the reporting individual will be limited to the maximum degree possible. This can be discussed on a case-specific basis with OIG investigators at the time of reporting.
Whistleblower Protection Policy

23. The Organization has a Whistleblower Protection Policy set forth in Administrative Circular AC 2011/05 providing protection against retaliation. The objective of this policy is to encourage FAO personnel to speak up about misconduct by protecting personnel who report fraud, other corrupt practices or any other type of breach of the Organization’s rules and regulations and to enable the Organization to identify and prevent fraud and other corrupt practices. Any personnel acting as a complainant or witnesses of potential fraud or other corrupt practice who makes a report in good faith has the right to be protected against retaliation, reprisals and sanctions. OIG investigates instances brought to its attention of retaliation or attempted retaliation against complainants or witnesses acting in good faith.

Office of the Inspector General

24. OIG is an independent office within the Organization whose function is to provide assurance to the Director-General and to the Organization’s Governing Bodies that the outputs of the Organization are produced with due regard to economy, efficiency and effectiveness. In pursuing its mandate, OIG has full, free and prompt access to all accounts, records, property, personnel, operations and functions within the Organization.

Audits

25. Pursuant to OIG’s Charter, it has responsibility for monitoring and evaluating the adequacy and effectiveness of the Organization’s system of internal control, financial management and use of assets, including the adequacy of measures to prevent and detect fraudulent and other corrupt practices. It does so through assurance and advisory work carried out by its Audit Unit under a rolling risk-based work plan according to international professional standards. Based on the results of its audit work, OIG may make recommendations to management to improve its management of risks of fraud and other corrupt practices in particular areas of the Organization’s administrative, technical or operational activities.

Investigations

26. Pursuant to OIG’s Charter, the Investigation Unit of OIG has been given authority to investigate allegations of unsatisfactory conduct, including fraud and other corrupt practices by personnel, or other activity in breach of the Organization’s regulations, rules, policies or procedures.

27. OIG’s investigations cover alleged violations of the Organization’s regulations, rules and pertinent administrative provisions related thereto, including fraudulent and other corrupt activities by FAO personnel or by third parties involved in the Organization’s programmes and operations. OIG informs the Director-General and senior management of lessons learned from its investigations and proposes policies and activities that enhance the integrity of future operations.

28. OIG considers all complaints irrespective of their source. In addition, OIG may undertake proactive inspections in high-risk areas that are susceptible to fraud and corruption. Each complaint that raises issues within OIG’s mandate is subject to a preliminary review to assess the credibility of the allegation and to determine whether a full investigation is warranted. Where a matter is appropriate for an OIG investigation, the case will be assigned to an investigator who will conduct an impartial, fair and thorough investigation of all available facts as required under OIG’s Charter and the FAO Guidelines for Internal Administrative Investigations by the Office of the Inspector General. The purpose of OIG investigative activities is to examine and determine whether unsatisfactory conduct has occurred.
29. Where OIG determines that fraud or other corrupt practices have occurred, it will set out the basis of this determination, the nature of the practices and those individuals or third party entities identified as having engaged in the practices in a confidential investigation report. In such cases it will recommend in its investigation report that the relevant authorities within the Organization consider appropriate administrative action, including disciplinary action to be taken against any individual or entity that is found to have violated this policy.

Cooperation with Funds Providers, United Nations Organizations and National Authorities

30. The Organization is committed to informing funds providers on instances of fraud or other corrupt practices that affect programmes or projects to which they are providing funds, the results of internal investigations and actions taken in response to these investigations. The manner and timing of such information is regulated in the agreements between the Organization and the funds providers. Formal notifications may be supplemented by working level exchanges of information between OIG and the investigating unit of the funds provider.

31. The Organization is committed, in the context of initiatives to promote United Nations System-wide initiatives to combat fraud and other corrupt practices, to sharing information on implementing partners and other vendors who have been determined as a result of investigations to have engaged in these practices against the Organization. The manner and timing of such information sharing will be in accordance with UN System level mechanisms which are being developed for such purpose.

32. Consistent with the exercise of its privileges and immunities, the Organization is committed to cooperating with national authorities who may refer allegations or indications of fraud or other corrupt practices involving either FAO personnel or third parties in the context of their activities connected with the Organization’s programmes or activities. This cooperation may be to obtain evidence that a national authority may have to assist an internal investigation into the allegations. In addition, evidence of fraud or other corrupt practices obtained in OIG’s internal investigations may be referred to national authorities for their consideration of criminal prosecution of those involved, civil recovery orders or other action. The Legal Office is the responsible unit within the Organization for advising on the manner and timing of exchanges with national authorities, including advising the Director-General where such exchanges will entail considerations of the Organization’s privileges and immunities.

Miscellaneous

33. This policy replaces Administrative Circulars 2004/09 (Policy on Fraud and Improper Use of the Organization’s Resources) and 2007/11 (Zero-Tolerance Policy in Respect of Fraud and Improper Use of the Organization’s Resources).

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