

UNITED NATIONS OFFICE FOR PROJECT SERVICES

**Headquarters, Copenhagen
Revision 2: 26 August 2010**

**ORGANIZATIONAL DIRECTIVE No. 10 (Revision 2)
UNOPS Policy to Address Fraud**

I. INTRODUCTION

1. This Organisational Directive supersedes and replaces Organisational Directive No. 10, revision 1, of 1 December 2008.
2. The UNOPS policy to address fraud is established to facilitate controls to prevent, detect, report and investigate fraud. It is intended to promote consistent organizational behaviour by providing instructions and assigning responsibilities for developing these controls and conducting investigations. It is also intended to ensure compliance with the *UNOPS Financial Regulations and Rules*, the *United Nations Staff Regulations and Rules*, and the *Standards of Conduct for the International Civil Service*.

II. SCOPE OF POLICY

3. This policy applies to any fraud or presumptive fraud, involving UNOPS staff members, other UNOPS personnel, vendors or contractors by themselves or in collusion with any other party in a business relationship with UNOPS.

III. POLICY

4. UNOPS is committed to preventing, identifying and addressing all alleged acts of fraud or attempted fraud against UNOPS and/or its activities, as it may impact its clients and/or partners. To this effect, UNOPS will enforce this policy by raising awareness of fraud risks, implementing controls aimed at preventing fraud and establishing procedures for the detection, investigation and reporting of fraud.

IV. DEFINITION

5. For the purposes of this policy, fraud is defined as the intentional act by one or more individuals involving the use of deception to obtain an unjust or illegal advantage.

V. CATEGORIES OF FRAUDS

6. To help UNOPS personnel identify and report fraud, the three most common categories of fraud in the UN system are described below:

- Fraud committed to obtain undue financial benefits or entitlements under the United Nations Staff Regulations and Rules e.g. rental subsidies, education grant, travel entitlements, tax reimbursement, medical insurance reimbursement, etc. For UNOPS purposes, a benefit that is provided by any government or insurer or other entity to a person because he/she is a member of UNOPS personnel shall also be considered a benefit provided by UNOPS.
- Fraud involving third parties, in particular in the area of procurement or contracting, e.g. collusion with contractors, bribery, preferential treatment, or provision or acceptance of any undue or unjust advantage, etc.
- Fraud committed to induce the Organization to act in a manner other than it would have acted with the knowledge of the genuine information e.g. false curriculum vitae, false credentials, falsified appraisal reports or certificates, non-disclosure of personal relationships or other acts of concealment.

7. Attempted fraud shall be treated as fraud even if there is no direct financial loss to the Organisation.

8. Fraud involves the use of deception such as manipulation, falsification or alteration of records or documentation, intentional misrepresentation or omissions of facts or intentional misapplication of rules, disclosure of confidential and proprietary information to outside parties, forgery or alteration of any document or account belonging to UNOPS, misappropriation of assets, among others.

VI. RESPONSIBILITIES AND RESULTS OF INVESTIGATIONS

9. All parties involved in UNOPS activities have responsibilities in dealing with fraud as follows:

- *Organization*: in enforcing staff and other personnel obligations, the Organization will act consistently and undertake the required investigative activity regardless of the length of service, position, title or relationship with UNOPS of the suspected offender. The Organization will, in all instances, guarantee due process and confidentiality.
- *Managers*: managers must use their best endeavours to prevent and detect fraud. They are expected to put in place preventive controls. They should identify the risks to which assets, programmes, activities and interests are exposed. They should assess the identified risk, select avoidance options, design and implement cost effective prevention measures

along with control processes and establish and implement measures to prevent recurrence. In addition, the management of the office in which fraud or attempted fraud has occurred should take action on recommendations made in the investigation report, intended to improve internal control.

- *Staff Members:* fraud constitutes misconduct for which a staff member (i.e. personnel appointed under the United Nations Staff Regulations and Rules) may be subject to disciplinary measures including dismissal, in line with applicable policies and procedures. In addition, individual cases may be referred to national authorities for criminal investigation (see Chapter IV, *UNOPS Legal Framework for Addressing Non-Compliance with UN Standards of Conduct* (Organisation Directive No. 36)).
- *Other UNOPS personnel:* individuals under other personnel arrangements such as contractors under Individual Contractor Agreements (ICA), interns and volunteers who are found to be the perpetrators of fraud may be terminated under the provisions of their contracts. In addition, individual cases may be referred to national authorities for criminal investigation (see Chapter V, *UNOPS Legal Framework for Addressing Non-Compliance with UN Standards of Conduct* (Organisation Directive No. 36)).
- *Vendors or contractors:* individual independent contractors and employees of companies or firms doing business with UNOPS shall be informed of this fraud policy through the UNOPS internet site. They shall be obligated to interact honestly in the provision of their services and to report allegations of fraud to UNOPS. Sanctions against vendors and/or contractors are governed by the policy and procedures on vendor suspension or removal in the Procurement Manual.

VII. REPORTING FRAUD

10. Any staff member or other personnel who has a reasonable basis for suspecting that fraudulent acts have occurred has a duty to report immediately his/her suspicions to his/her supervisor, to the Internal Audit and Investigations Group (IAIG) or to the UNOPS General Counsel. In addition a Fraud Hotline may be used (E-mail: fraudhotline@unops.org; or the telephone number(s) posted on the intranet: <https://intra.unops.org/Practices/Legal/Pages/ReportingFraud.aspx>). If a staff member or other member of personnel is found having knowledge of a possible fraud and not reporting it, he/she could be subject to disciplinary or administrative action(s).

11. Confidentiality is essential to secure due process and to avoid damaging the reputation of subjects of suspected wrongdoing who may later be found not guilty. All reports shall be treated with the utmost discretion. Information related to any particular case shall not be shared with anyone other than those who need to be acquainted with them to conduct the preliminary assessment, investigation and disciplinary/administrative actions. However, if the person who has reported the alleged fraud is found to have acted with malice or deceit, he/she may be subject to disciplinary or administrative action(s). Any action(s) taken by UNOPS is without prejudice

to UNOPS' right to refer matters to local authorities for legal recourse in accordance with applicable national law.

12. All cases will be administered in accordance with the *UNOPS Legal Framework for Addressing Non-Compliance with UN Standards of Conduct* (Organisation Directive No. 36).

VIII. INVESTIGATION RESPONSIBILITIES

13. The Director, IAIG will make an initial assessment of the reported incident and may, at his/her discretion, decide that a preliminary assessment be conducted. Based on the preliminary assessment, if any, and/or IAIG's initial assessment, the Director, IAIG shall determine whether a formal investigation should be conducted and if so, to refer the case to:

- IAIG personnel, or with the prior approval from the Executive Director, outsourced professional investigator(s) working on behalf of the IAIG;
- an ad-hoc investigation committee consisting of two or more UNOPS or other UN personnel (with at least one person employed by UNOPS under the United Nations Staff Regulations and Rules) appointed by the Executive Director; or
- the Investigation Unit of UNDP Office for Audit and Investigations (UNDP-OAI), the United Nations Office of Internal Oversight Services (OIOS) or any other UN entity, with the prior approval from the Executive Director.

14. In all cases, the final investigation report will be sent to the Human Resources Legal Officer in accordance with the *UNOPS Legal Framework for Addressing Non-Compliance with UN Standards of Conduct* (Organisation Directive No. 36).

IX. REPORTING ON FRAUD

15. The Director, IAIG will provide the Executive Director on an annual basis a list of all investigations completed, with a summary of their conclusions, recommendations and the status of actions undertaken. The Director, IAIG will also report on the activities of the investigative function of IAIG annually to the Executive Board. It is important to note that, to secure due process, an on-going investigation cannot be reported to anyone nor commented upon before its conclusion.

16. The Executive Director will report cases of fraud or presumptive fraud in the financial statements, providing a brief description of each occurrence and the amounts of financial losses sustained by the Organization, if any.



X. INVESTIGATION AND DISCIPLINARY OR OTHER ADMINISTRATIVE MEASURE(S)

17. Investigation and disciplinary or other administrative measure(s) shall be carried out in accordance with the *UNOPS Legal Framework for Addressing Non-compliance with UN Standards of Conduct* (Organisation Directive No. 36) or any subsequent directive that the Executive Director may issue. The United Nations Staff Regulations and Rules outline the requirements of due process to be afforded to a staff member who is the subject of an allegation of misconduct.

XI. PROTECTION AGAINST RETALIATION FOR REPORTING FRAUD

18. UNOPS personnel may seek protection against retaliation for reporting fraud from the Ethics Officer under the UNOPS policy on *Protection against retaliation for reporting misconduct or cooperating with duly authorised fact finding activities* (Organisational Directive No. 35).

XII. ADMINISTRATION

19. Documents and records relating to investigations shall be subject to the *UNOPS Records Retention Policy* (see Organizational Directive 12), as may be amended from time to time.

20. The Director, IAIG is responsible for the administration of this policy, which will be reviewed periodically and revised as needed.

XIII. FINAL PROVISIONS

21. This revision of OD 10 is effective **1 September 2010**.

A handwritten signature in black ink, appearing to read "Jan Mattsson", written over a horizontal line.

Jan Mattsson
Executive Director,
UNOPS

APPENDIX

Reporting Fraud

Note: If you are utilizing any means of providing information, please review your submission to ensure that it contains all the information you have, and in particular it includes, to the extent possible, the following:

1. WHO is engaged in the alleged act/acts of fraud? Provide name, functional title, contact details etc.
2. WHAT happened? Please provide the details of the alleged act of fraud. Be as precise as possible.
3. WHEN was the fraud committed?
4. WHERE was the fraud committed?
5. HOW was the fraud perpetrated? For example, were any checks, procedures or safeguards circumvented or violated to perpetrate the fraud?
6. To your knowledge, WHY were the acts undertaken by the person who allegedly committed the fraud.
7. Is there any specific evidence (e.g. documentation, witnesses, video or audio recordings) that you are aware of?

Please provide contact details, if you wish to be contacted by UNOPS.