



17 June 2009

Anti-fraud policy

Introduction

1. This Directive converts ILO Circular No. 627, Series 1, dated 19 September 2007, entitled *Anti-fraud Policy* into an IGDS document which supersedes that circular.
2. This Directive is issued under the authority granted to the Director-General by article 8 of the Constitution of the ILO and article 30 of the ILO Financial Regulations, and further to article 1.2 of the ILO Staff Regulations. The policy entered into force when originally published.
3. All ILO officials are expected to have, and be seen to have, the highest standards of honesty, propriety and integrity in the exercise of their duties. Officials are required at all times to act honestly and with integrity, and to safeguard the use of the resources of the ILO. Every official is responsible for acting with propriety in the use of official resources.
4. The ILO is committed to preventing fraud and dishonesty and to actively promoting an anti-fraud culture. The ILO has **zero tolerance** to fraud and dishonesty. Every case of fraud, presumption of fraud or attempted fraud (hereinafter referred to as “fraud”) or dishonesty, will be thoroughly investigated and dealt with appropriately.
5. This Directive is effective as of the date of issue.

Scope

6. This policy is concerned with acts of fraud and dishonesty committed against the ILO by ILO officials, external collaborators, contractors, and suppliers of goods and services. Issues arising from the private and personal activities of officials are covered by the Standards of Conduct for the International Civil Service, the Staff Regulations and the associated Office directives and Office procedures.
7. This Directive should be read in conjunction with the following documents:
 - Standards of Conduct for the International Civil Service which are incorporated by reference in the Staff Regulations of the ILO.¹

¹ A copy of the revised Standards of Conduct was reissued to each ILO official in April 2006. Each official was required to sign a statement confirming that she/he had read the document and undertook to observe the standards contained therein.

- Office directive, *Ethics in the Office*, IGDS No. 76 (Version 1) of 17 June 2009.²
- The ILO Financial Regulations.³
- The ILO Financial Rules.⁴
- Office directive, *Rules governing outside activities and occupations*, IGDS No. 71 (Version 1) of 17 June 2009.⁵

What is fraud?

8. The term “fraud” is used in this policy to describe such acts as deception, bribery, forgery, extortion, theft, embezzlement, misappropriation, false representation, concealment of material facts and collusion. Fraud involves a violation of trust. For practical purposes, fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.
9. Examples of fraud that may involve the ILO are:
 - theft, misappropriation or misuse of ILO assets for personal benefit or the benefit of a third party;
 - bribery and corruption – offering, giving, soliciting or accepting an undue advantage or reward that may influence the actions taken by the ILO or its officials, for example in the procurement of goods and services or recruitment;
 - false accounting and/or making fraudulent statements with a view to:
 - (a) obtaining personal gain or gain for another, for example, falsely claiming overtime, medical expenses, travel or subsistence, sick leave or special leave (with or without pay); and
 - (b) materially misrepresenting performance or delivery.
 - forgery or alteration of a cheque, bank draft, invoice or other financial document with a view to misappropriation of ILO funds;
 - misuse, misappropriation or inappropriate reassignment of passwords (e.g. IRIS or FISEXT) governing financial transactions, authorities and approvals with a view to misappropriation of ILO funds; and/or
 - externally perpetrated fraud against the ILO, for example in the procurement and delivery of goods and services.

Anti-fraud culture

10. The ILO is committed to ensuring that opportunities for committing acts of fraud or dishonesty are reduced to the lowest possible level. To achieve this, the ILO will continue to promote an anti-fraud culture and measures including:
 - ensuring good governance in the ILO and ethical behaviour of ILO officials;

² www.ilo.org/intranet/edmsp1/igds/groups/dirdocs/documents/igds/igds_002273.pdf

³ www.ilo.org/public/english/support/finas/download/financial_regulations.pdf

⁴ www.ilo.org/public/english/support/finas/doc/rules.htm

⁵ www.ilo.org/intranet/edmsp1/igds/groups/dirdocs/documents/igds/igds_002274.pdf

- providing training and briefings to managers and officials on the ILO Financial Regulations and Financial Rules and on good financial practices;
- developing and maintaining effective controls to prevent fraud;
- ensuring that, if fraud or dishonesty occurs, a vigorous and prompt investigation takes place without regard to position held, length of service or relationship to the ILO or to particular officials within it;
- taking appropriate disciplinary action in all cases and, where appropriate, legal action, including waiving of immunity to permit prosecution in criminal courts; and
- reviewing systems and procedures to prevent similar cases of fraud or dishonesty.

Reporting fraud ⁶

11. Officials are required to report any case of fraud, presumption of fraud or attempted fraud to the Director-General through the Treasurer and Financial Comptroller and the Chief Internal Auditor.
12. An official of the ILO, or a person bringing the alleged case of fraud to the attention of the ILO, who acts in compliance with this policy and in good faith shall not, based on any extent upon the fact that the person has reported an incident or participated in an investigation:
 - be dismissed or threatened with dismissal;
 - be disciplined, suspended or threatened with disciplinary action or suspension;
 - be penalized or have any other form of retribution imposed; or
 - be intimidated or coerced.

Any action taken against an official who has acted in accordance with the requirements of this policy shall result in disciplinary action, up to and including summary dismissal.
13. Should an official believe that any of the consequences described in paragraph 8 have occurred, the matter may be referred to the Ethics Officer. ⁷
14. All matters will be dealt with in confidence and if an allegation is made in good faith, but it is not confirmed by the investigation, no action shall be taken against the originator. Only when individuals make malicious or frivolous allegations may disciplinary action be considered against the individual making the allegation. ⁸

Responsibilities

Treasurer and Financial Comptroller ⁹

15. The Treasurer and Financial Comptroller (TR/CF) is the ILO's Chief Financial Officer and is responsible to the Director-General for establishing and maintaining a sound

⁶ ILO Financial Rule 13.10.

⁷ Office directive, *Ethics in the Office*, IGDS No. 76 (Version 1) of 17 June 2009.

⁸ ILO Financial Rule 13.10.

⁹ ILO Financial Rules 1.40 and 1.50.

system of internal control that supports the achievement of Office aims and policies. The system of internal control is designed to respond to, and manage, the financial risks faced by the ILO.

Committee on Accountability¹⁰

16. The Treasurer shall refer to the Committee on Accountability appropriate cases of fraud, presumption of fraud and attempted fraud, as well as of dishonesty, negligence or disregard of established ILO rules and/or procedures which resulted, or could have resulted, in financial or other loss to the ILO or damage to its property. The Committee shall establish the facts of any case referred to it, fix responsibility for the loss, if any, and make appropriate recommendations relating to reimbursement, disciplinary action and writing off of losses. An annual summary report of the activities of the Committee on Accountability will be published on the ILO web site.

Office of Internal Audit and Oversight¹¹

17. The ILO's Chief Internal Auditor is responsible for assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of the ILO's control environment. The Chief Internal Auditor is also responsible for advising management on its risk exposures, including the possibility of fraud as a business risk.
18. The Chief Internal Auditor is responsible for investigation of financial or administrative misconduct and other irregular activities.

ILO staff

19. The day-to-day responsibility for the prevention and detection of fraud, corruption and other inappropriate conduct rests with line managers.
20. All ILO officials to whom authority has been delegated for the use of ILO resources are responsible for ensuring compliance with established procedures and acting prudently and ethically to provide reasonable assurance for the prevention and detection of fraud and other irregularities. Particular attention must be paid to the protection of passwords, financial documents and any other authorizing instrument.

Final provisions

21. This policy will be reviewed periodically. Officials wishing to receive further information and clarification on this policy and/or to make suggestions for improvements should contact the TF/CF or the Chief Internal Auditor.

Juan Somavia
Director-General

¹⁰ ILO Financial Rule 13.30.

¹¹ ILO Financial Rule 14.10.