



# Office Directive

Date: 16 November 2021

## Policy against fraudulent and other proscribed practices

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### Introduction

1. This Directive is issued under the authority granted to the Director-General by article 8 of the ILO Constitution, and pursuant to:
  - (a) Financial Rule 13.10 “Cases of Fraud, Presumption of Fraud or Attempted Fraud”;
  - (b) Financial Rule 13.30 “Committee on Accountability”;
  - (c) article 30 of the ILO Financial Regulations; and
  - (d) article 1.2 of the ILO Staff Regulations.
2. All ILO officials, external collaborators, grantees, implementing partners and vendors are expected to have, and be seen to have, the highest standards of honesty, propriety and integrity in the exercise of their duties and activities with the ILO. Officials, in particular, are required at all times to safeguard the use of the resources of the ILO.
3. The ILO is committed to preventing proscribed practices, as defined in this IGDS, and to actively promote an anti-fraud culture among officials, external collaborators, grantees implementing partners and vendors. The ILO has **zero tolerance** to proscribed practices.
4. Cases of unsatisfactory performance from external collaborators, grantees, implementing partners, or vendors are not within the scope of this Directive, and shall be dealt with under Office Procedure, *Performance issues relating to external collaborators, grantees, implementing partners and vendors*, IGDS No. 553.
5. This Office Directive supersedes Office Directive, *Anti-fraud policy and anti-corruption*, IGDS No. 69 (version 3), of 19 October 2017.
6. This Directive is effective as of the date of issue.

## Scope

7. This policy is concerned with proscribed practices committed against the ILO by ILO officials, external collaborators, <sup>1</sup> grantees, <sup>2</sup> implementing partners<sup>3</sup> and vendors. <sup>4</sup> All reported cases of proscribed practices as defined in this Directive shall be thoroughly investigated and dealt with appropriately.
8. This Directive should be read in conjunction with the following documents:
  - the ILO Financial Regulations;
  - the ILO Financial Rules;
  - the ILO Risk Management Framework;
  - *Standards of Conduct for the International Civil Service* which are incorporated by reference in the Staff Regulations of the ILO; <sup>5</sup>
  - Director-General's announcement, *UN Security Council Resolution 1267 (Consolidated List)*, IGDS No. 183;
  - Director-General's announcement, *ILO accountability framework*, IGDS No. 137;
  - Office Directive, *ILO Enterprise Risk Management Framework*, IGDS No. 421;
  - Office Directive, *Reporting misconduct and protection from retaliation*, IGDS No. 551;
  - Office Directive, *Committee on Accountability*, IGDS No. 43;
  - Office Directive, *Ethics in the Office*, IGDS No. 76;
  - Office Directive, *Rules governing outside activities and occupations*, IGDS No. 71; and
  - UN Supplier Code of Conduct. <sup>6</sup>

## What are proscribed practices?

9. The following are definitions of conduct or behaviour that constitute proscribed practices: <sup>7</sup>
  - **fraud or fraudulent practice:** any act or omission whereby an individual or entity knowingly misrepresents or conceals a fact (a) in order to obtain an undue benefit or advantage or avoid an obligation for himself, herself, itself, or a third party, and/or (b) in such a way as to cause an individual or entity to act, or fail to act, to his, her or its detriment;
  - **corruption or corrupt practice:** the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;
  - **coercion or coercive practice:** an act or omission that impairs or harms, or threatens to impair or harm, directly or indirectly, any party or the property of the party to improperly influence the actions of a party;

<sup>1</sup> As defined in Office Directive, *External collaboration contracts*, IGDS No. 224.

<sup>2</sup> As defined in Office Procedure, *Grants*, IGDS No. 430. For the purpose of this Directive, the term grantee shall not include intergovernmental organizations, which remain outside the scope of this Directive.

<sup>3</sup> As defined in para. 8(b) of Office Procedure, *Implementing Partnerships*, IGDS No. 270. For the purpose of this Directive, the term "implementing partner" shall not include intergovernmental organizations, which remain outside the scope of this Directive.

<sup>4</sup> As defined in para. 12 of Office Directive, *Procurement*, IGDS No. 239.

<sup>5</sup> The revised *Standards of Conduct for the International Civil Service* (2013) was broadcast to all ILO officials in March 2016.

<sup>6</sup> Available at: [UN Supplier Code of Conduct](#), 2017.

<sup>7</sup> Common definitions of fraud and presumptive fraud as adopted by the High-Level Committee on Management (HLCM) in the Conclusions of its thirty-third session, Budapest, 30–31 March 2017. Corruption, coercion, collusion, unethical practice and obstruction are defined in para. 4.7 of the Model Policy Framework on Vendor Sanctions for Agencies of the United Nations System (MPF), March 2011.

- **collusion or collusive practice:** an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party;
  - **unethical practice:** any conduct or behaviour that entails an actual, potential, or perceived conflict of interest. This may include the receipt of gifts and hospitality, violation of post-employment provisions, or non-compliance with other published requirements of doing business with the ILO (for example, the UN Supplier Code of Conduct);
  - **obstruction or obstructive practice:** the deliberate destruction, falsification, alteration or concealing of evidence material to an investigation or making false statements to investigators in order to materially impede an investigation into allegations of the foregoing; and/or threatening, harassing, or intimidating another to prevent them from disclosing their knowledge of matters relevant to an investigation or from pursuing an investigation; or an act intended to materially impede the exercise of the ILO's inspection and audit rights.
10. Proscribed practices involve a violation of trust. Examples of proscribed practices 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 (for example, IRIS or ILO network) 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 or in the delivery of outputs.

## Promoting the highest standards of ethical conduct

11. The ILO is committed to promoting the highest standards of ethical conduct and ensuring that opportunities for engaging in proscribed practices are reduced to the lowest possible level. To achieve this, the ILO continues to ensure good governance by promoting a large range of measures including:
- providing trainings, briefings and other communication tools to managers and officials on the ILO Financial Regulations and Financial Rules and on good financial practices;
  - developing and maintaining effective controls to prevent proscribed practices;
  - ensuring that, if proscribed practices are discovered, a prompt and thorough investigation takes place without regard to position held, length of service or relationship to the ILO, to particular officials within it, or constituents;
  - taking appropriate disciplinary action in all cases within the ILO's disciplinary authority 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 corruption.

## Responsibilities

### ILO staff

12. The primary responsibility for the prevention and detection of proscribed practices rests with line managers and their staff. They are responsible for understanding the exposure to proscribed practices across their range of responsibilities and for putting in place appropriate preventive and detective measures, especially by the methodical application of prescribed controls or by updating existing policies and procedures to address emerging threats.

### Ethics Officer

13. The Ethics Officer is responsible for counselling ILO officials on questions of ethics.<sup>8</sup> An ILO official may consult the Ethics Officer in relation to any concerns of proscribed practices.

### Chief Internal Auditor

14. The Chief Internal Auditor is responsible for the conduct of ILO investigation activities concerning allegations of proscribed practices.<sup>9</sup>

### Treasurer and Financial Comptroller

15. The Treasurer and Financial Comptroller (Treasurer) is the ILO's Chief Financial Officer and is responsible to the Director-General for establishing and maintaining a sound framework of internal control that supports the achievement of Office aims and policies.<sup>10</sup> The framework of internal control is designed, inter alia, to support managers and officials in responding to, and managing, the risks of fraud and corruption faced by the ILO.
16. The Treasurer, after consulting with the Chief Internal Auditor and having taken due consideration of the findings of an investigation and any particular interests of the ILO, will determine whether an allegation of proscribed practices is sufficiently substantiated or merits being referred to the Committee on Accountability, if the allegation involves an ILO official, or the Vendor Review Committee, if the allegation involves an external collaborator, grantee, implementing partner or vendor.
17. When the ILO official, external collaborator, grantee, implementing partner or vendor has admitted the allegation, or when the evidence concerning the allegation meets the required standard of proof, the Treasurer, in consultation with the Chief Internal Auditor, may decide to implement preventative measures prior to assigning the review of the matter to the Committee on Accountability or Vendor Review Committee.

### Committee on Accountability

18. The Treasurer shall refer to the Committee on Accountability appropriate cases of proscribed practices, negligence or disregard of established ILO rules and/or procedures from ILO staff, or allegations thereof, 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 through the Treasurer to the Director-General relating to reimbursement, disciplinary action, sanctions and writing off of losses.

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<sup>8</sup> See para. 12(a) of Office Directive, *Ethics in the Office*, IGDS No. 76.

<sup>9</sup> ILO Financial Rule 14.10 and ILO Audit and Investigation Charter.

<sup>10</sup> ILO Financial Rules 1.40 and 1.50.

19. The provisions of Office Directive, *Committee on Accountability*, IGDS No. 43 applies to the Committee on Accountability. The Committee follows the rules of procedure published on the [ILO Committee on Accountability web page](#).

### Vendor Review Committee

20. The Vendor Review Committee is tasked with the review of allegations of proscribed practices and the determination of the applicable sanctions against external collaborators, grantees, implementing partners and vendors. The Treasurer may refer cases of alleged proscribed practices to the Vendor Review Committee, where appropriate, who will then propose recommendations on the cases for final adoption by the Treasurer.
21. The Vendor Review Committee' rules of procedure are published on the [ILO Vendor Review Committee web page](#).

### Reporting on proscribed practices

22. Any concerns or assertions of proscribed practices brought by an ILO official or an external party involving an ILO official, external collaborator, grantee, implementing partner or vendor must be reported to the Treasurer and the Chief Internal Auditor.<sup>11</sup> Allegations of proscribed practices concerning the Director-General shall be reported to the Chairperson of the Governing Body, either directly or through the Treasurer, the Chief Internal Auditor, or the Chairperson of the Independent Oversight Advisory Committee (IOAC).
23. An official of the ILO bringing the alleged case of proscribed practice to the attention of the ILO, who acts in compliance with this policy and in good faith shall not, based 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.
24. Should an ILO official believe that any of the consequences described in paragraph 23 have occurred, the matter may be referred to the Ethics Officer.<sup>12</sup>
25. Any action taken by any official against any person or entity who has acted in accordance with the requirements of this policy shall be investigated pursuant to the procedures put in place in Office Directive, *Reporting misconduct and protection from retaliation*, IGDS No. 551, and may result in disciplinary action, up to and including summary dismissal.

### Sanctions

26. Based on the recommendations made by the Committee on Accountability, the Director-General will take a final decision on whether to refer the matter to the Human Resources Development Department (HRD) to begin disciplinary proceedings with a view to determining and imposing appropriate disciplinary sanctions.
27. Based on the recommendations made by the Vendor Review Committee, the Treasurer will decide whether to record the external collaborator, grantee, implementing partner or vendor, as "ineligible" in IRIS and/or in the United Nations Global Marketplace (UNGM) website.<sup>13</sup>

<sup>11</sup> [TRCF@ilo.org](mailto:TRCF@ilo.org) or <mailto:investigations@ilo.org>.

<sup>12</sup> See para. 20 et seq. of Office Directive, *Reporting misconduct and protection from retaliation*, IGDS No. 551.

<sup>13</sup> See <https://www.ungm.org/Admin/IneligibleVendors>.

## Final provisions

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

Guy Ryder  
Director-General