

## **FINNISH RED CROSS**

### **FINNISH RED CROSS FRAUD AND CORRUPTION PREVENTION POLICY**

#### **Introduction**

The Finnish Red Cross (FRC) defines reliability and reputation as its key assets. Any possible fraud or corruption would threaten the sustainability of the results of both domestic operations and international aid. Any financial fraud would cause financial damage to the organisation and harm its reputation and credibility.

Effective, high-quality and cost-effective relief efforts, i.e. the interest of the beneficiaries, cannot withstand any form of fraud or corruption.

The FRC is responsible to the donors, beneficiaries and other interest groups for the correct and efficient use of the aid funds.

The activities of the FRC are governed by Finnish legislation, the Decree on the Finnish Red Cross (811/2005), rules and internal codes of conduct as well as generally accepted ethical principles. These also aim to prevent potential cases of fraud and corruption. In international operations, the legislation of the partner countries sets its own rules for the activities.

#### **Definitions**

The FRC defines fraud and corruption based on the definitions of the International Federation of Red Cross and Red Crescent Societies<sup>1</sup>:

Fraud refers to intentional acts to achieve financial gain with methods that are illegal or otherwise fraudulent. It can take the form of misappropriation of funds, embezzlement, a scam or any other act of falsification or misrepresentation for personal gain or benefit.

Corruption is the abuse of entrusted power for private gain, including bribery. It includes offering, giving, soliciting or accepting an incentive or payment that may inappropriately affect an individual's actions.

#### **Scope of policy**

This policy covers the actions of the organisation to prevent fraud and corruption on all levels of the organisation.

The guidelines are binding and apply to all employees, aid workers, consultants, volunteers and trustees working for the Finnish Red Cross. They commit to the guidelines by signing a commitment. The policy is also communicated to the FRC's partners.

This policy is complemented by a code of conduct describing actions to prevent, detect and report fraud and corruption.

#### **Guidelines and principles**

The FRC does not tolerate fraud or corruption in its operations or any partner-managed programmes or projects funded by the FRC.

Neither does the FRC tolerate non-financial corruption or fraud that may take the form of abuse of entrusted power or favouritism. The aim is to identify potential conflicts of interest in advance in order to respect the principles of equal treatment and transparency in the activities.

The FRC aims towards good governance, enhancing internal control and promoting transparency, accountability and integrity in its activities.

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<sup>1</sup> International Federation of Red Cross and Red Crescent Societies: Fraud and Corruption prevention and control policy  
Corruption prevention guidelines 12042016 1

*The Code of Ethics*<sup>2</sup> of the Finnish Red Cross emphasises the responsibility of every volunteer, employee and trustee for the openness and ethics of the activities. The Code is based on adherence to the principles of the International Red Cross and Red Crescent Movement, respect for people as equals, acting openly and responsibly, respect for the Red Cross emblem and addressing misconduct. Reporting fraud and suspicions of corruption is the right and obligation of every FRC representative. No negative consequences must fall upon the reporting party.

Bribery is prohibited in all possible forms. This means receiving or giving a gift or other equivalent valuable benefit or hospitality that exceeds good manners in order to favour a certain party in decision-making or otherwise influence decision-making. Care must be taken to ensure that gifts cannot be interpreted as bribes. Receiving or giving cash or equivalent gifts and accepting any gifts from contracting parties or suppliers is prohibited. Luxurious dinners or social occasions must be treated with caution. With hospitality and expressions of gratitude, strict adherence to moderation is required. Gifts or hospitality may not be given or received in countries where they are prohibited by law. Adherence to the fundamental principles of the movement is also essential in all dealings with partner country authorities. So-called kickbacks are prohibited in activities funded by the FRC. This applies to both public authorities and the private sector.

The FRC's internal corruption risk management includes the following actions:

- Prevention: aiming to reduce the risk of fraud and corruption with preventive measures, internal control and preventive control.
- Detection: striving to stop fraud and corruption by detecting them as early as possible.
- Reaction: preventing the continuation of the corruption and repairing the damage caused by the fraud or corruption.

Any party outside the FRC has the opportunity to report any suspected fraud through the [feedback channel](#) on the FRC website. The reports are sent directly to the internal auditor.

Every suspicion of fraud or corruption shall be investigated internally or externally. The investigation shall also determine the liability of the perpetrators of the fraud. Any suspected criminal activity shall always be reported to the police.

During the investigation, the adequacy of the guidelines will also always be assessed and changes will be made where necessary.

## **Responsibilities**

The FRC's Rules of Procedure, Finance Rules and Rules and Regulations as well as internal instructions lay down responsibilities in preventing and dealing with cases of fraud and corruption.

## **Policy monitoring**

This policy was approved by the FRC Board on 27 August 2016.

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<sup>2</sup> The Code of Ethics of the Finnish Red Cross was approved by the Board on 27 September 2013.  
Corruption prevention guidelines 12042016

## **FINNISH RED CROSS CODE OF CONDUCT FOR THE PREVENTION OF FRAUD AND CORRUPTION**

The FRC maintains a zero-tolerance policy against fraud and corruption.

In managing the risk of fraud and corruption, the employees, volunteers and trustees of the organisation have responsibilities in preventing, detecting and reacting to risks.

### Prevention:

Prevention aims to reduce the risk of fraud and corruption. FRC representatives shall adhere to the organisation's risk management policy and Code of Ethics<sup>3</sup>. Each employee must be familiar with and follow these preventive guidelines. The supervisor shall ensure that the employees are sufficiently familiarised with the guidelines before signing the commitment.

Each employee is required to adhere to the quality requirements set for quality control and to the policies, processes and work instructions of their own department. The federation's corruption prevention policy<sup>4</sup> provides examples of good practice in preventing fraud and corruption.

### Detection:

The purpose of detection is to stop potential cases of fraud and corruption as early as possible. Signs of fraud can and should be detected and identified early on. The federation's corruption prevention policy provides examples of potential fraud and corruption practices and how to identify them<sup>5</sup>.

Suspicious of fraud and corruption must be reported as early as possible in order to minimise the damage to the organisation. The reporting party does not need to have evidence when reporting; a justified suspicion of fraud or corruption is enough. Nor does the reporting party need to know who the perpetrator is. In-depth investigation is the responsibility of the organisation.

### Reaction:

If the organisation's assets or resources have been misused and there is suspicion of fraud, corruption or other prohibited activity, such as accepting a bribe, the matter shall immediately be addressed and investigated. This is to prevent the damage from continuing and to repair the damage.

Suspected fraud must always be reported to the internal auditor. Contact with the internal auditor is confidential. Suspensions or concerns should be brought up as soon as possible.

The report can be made anonymously through the [feedback channel](#) on the FRC website. The reports are sent directly to the internal auditor. The report may also be made by email or letter to the internal auditor, the Secretary General, a head of department or an executive director. If the suspicion concerns the management of the FRC, the report may be made to the internal auditor or the Board. The reports are always treated confidentially, and the investigation is always independent and objective.

## **Investigation of suspected fraud or corruption**

Following the report, a decision will be made on the investigation. The decision to open an investigation may be made by the Secretary General, internal auditor, Audit Committee or the head of department or executive director under whose area of responsibility the fraud or corruption is suspected to have occurred. An internal investigation may be conducted by the internal auditor or an independent and objective person within the organisation. A party from outside the organisation may also be assigned to conduct the investigation. In the event that the management is suspected, the decision to investigate is made by the Board.

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<sup>3</sup> The document was approved by the FRC Board on 27 September 2013.

<sup>4</sup> [International Federation of Red Cross and Red Crescent Societies: Fraud and Corruption prevention and control policy](#)

<sup>5</sup> [International Federation of Red Cross and Red Crescent Societies: Fraud and Corruption prevention and control policy](#)

A report shall be made on the investigation, containing the observations and recommendations for further action. The investigating party shall forward the report to the Secretary General, the internal auditor (if not involved in the investigation), the Audit Committee and the head of department or executive director concerned. The Audit Committee forwards the report to the Board.

If there is reason to suspect a crime, the police will be notified immediately. A crime report can be made by any party during or after the investigation. Information on the filing of a crime report is included in the investigation report.

### Learning and follow-up

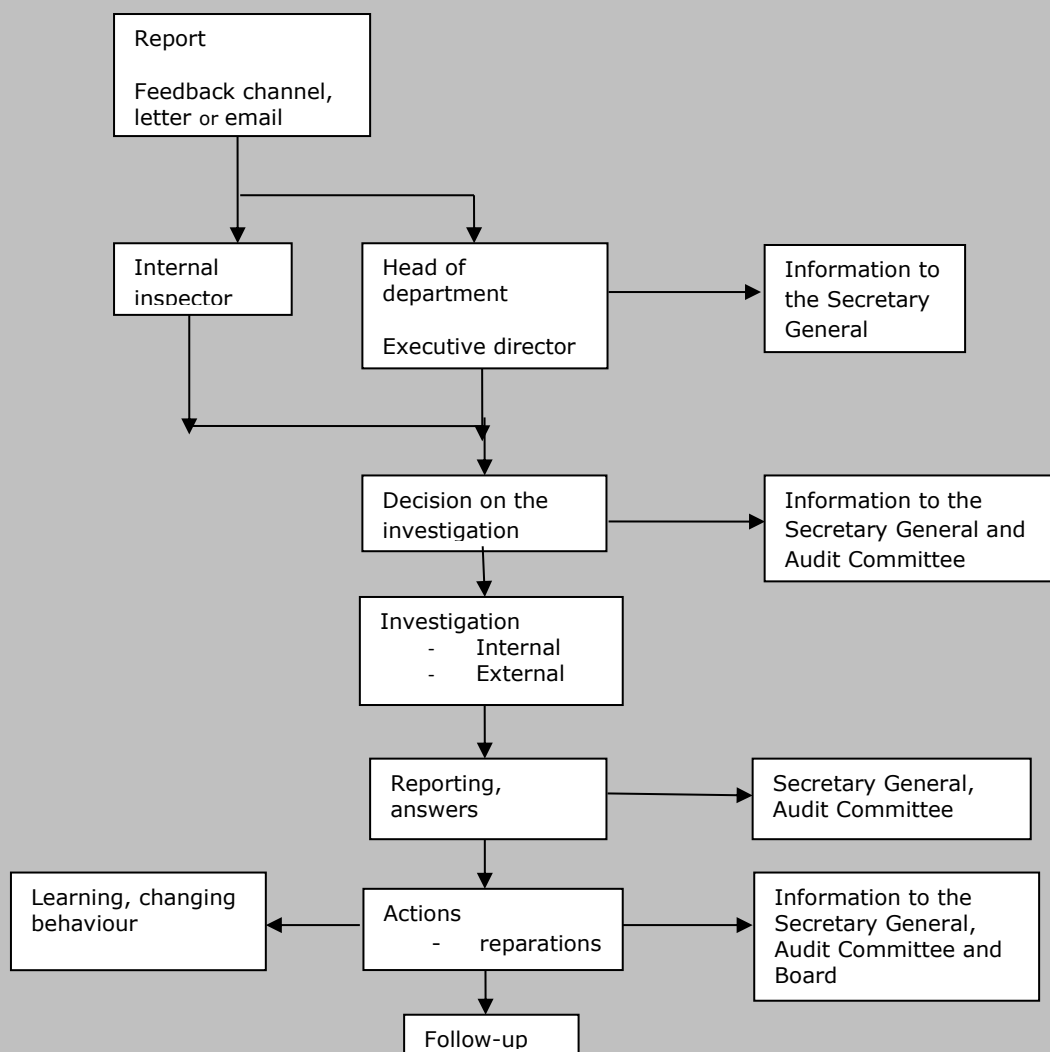
As a result of the investigation, existing guidelines will also be reviewed and any necessary changes will be made to procedures, processes and control mechanisms.

The investigation and reporting procedure for international aid operations conducted together with a partner organisation is described separately.

### Communications

Funders will be notified after the internal investigation.

Photo: Investigation of suspected fraud or corruption in the FRC



## **COMMITMENT TO COMPLY WITH THE FRAUD AND CORRUPTION PREVENTION GUIDELINES**

The Finnish Red Cross (FRC) defines reliability and reputation as its key assets. The FRC is responsible to the donors, beneficiaries and other interest groups for the correct and efficient use of the aid funds. Any possible fraud or corruption would threaten the sustainability of the results of both domestic operations and international aid. Any financial fraud would cause financial damage to the organisation and harm its reputation and credibility.

Effective, high-quality and cost-effective relief efforts, i.e. the interest of the beneficiaries, cannot withstand any form of fraud or corruption.

Fraud and corruption can cause financial and reputational damage to the entire international movement.

These guidelines are binding and apply to all personnel, aid workers, consultants, volunteers and trustees working in the FRC's domestic operations and international aid operations.

As a [position], my responsibilities are the following:

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I have been familiarised with the contents of the guidelines. I have read and understood the FRC's fraud and corruption prevention guidelines. With my signature, I verify that I comply with these guidelines.

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Signature and name in block capitals

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Place and date