



# Fraud Risk Management Policy

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# **Merciful Group INC**

## **Fraud Risk Management Policy**

### **Introduction**

Merciful Group understands organizations are as liable to fraud as commercial organisations, and effective prevention strategies need to be put in place and monitored.

### **Purpose**

The purpose of this policy is

1. To ensure that all parties are aware of their responsibilities for identifying exposures to fraudulent activities and for establishing controls and procedures for preventing such fraudulent activity and/or detecting such fraudulent activity when it occurs.
2. To provide guidance to staff/volunteers/contractors as to action which should be taken where they suspect any fraudulent activity.
3. To provide a clear statement to volunteers/contractors forbidding any illegal activity, including fraud for the benefit of the organisation.
4. To provide assurance that any and all suspected fraudulent activity will be fully investigated.

### **Policy**

Merciful Group will not tolerate fraud in any aspect of its operations.

Merciful Group will investigate any suspected acts of fraud, misappropriation, or other similar irregularity. An objective and impartial investigation, as deemed necessary, will be conducted regardless of the position, title, length of service or relationship with the organisation of any party who might be the subject of such investigation.

Any fraud shall constitute grounds for dismissal. Any serious case of fraud, whether suspected or proven, shall be reported to the police. Any person reporting a fraud, or a suspected fraud, shall suffer no penalty in their employment.

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**President**

**20/10/2020**

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**Vice President**

**20/10/2020**

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**Secretary**

**20/10/2020**

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**Treasurer**

**20/10/2020**

# Authorisation

## Responsibilities

The **Board** of Merciful Group has ultimate responsibility for the prevention and detection of fraud and is responsible for ensuring that appropriate and effective internal control systems are in place.

The **Risk Management officer** is responsible for investigating instances of fraud reported to them.

All **managers** must ensure that there are mechanisms in place within their area of control to:

- Assess the risk of fraud;
- Educate employees about fraud prevention and detection; and
- Facilitate the reporting of suspected fraudulent activities.

Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.

All **volunteers/contractors** share in the responsibility for the prevention and detection of fraud in their areas of responsibility.

All staff/volunteers/contractors have the responsibility to report suspected fraud.

Any staff member, volunteer or contractor who suspects fraudulent activity must immediately notify their supervisor or those responsible for investigations.

In situations where the supervisor is suspected of involvement in the fraudulent activity, the matter should be notified to the next highest level of supervision or to the CEO.

## Processes

All complaints of suspected fraudulent behaviour must be reported to the Risk Management Officer (RMO)

Upon notification or discovery of a suspected fraud, the RMO will promptly arrange to investigate the fraud. The RMO will make every effort to keep the investigation confidential; however, from time to time other members of the management team will need to be consulted in conjunction with the investigation.

After an initial review and a determination that the suspected fraud warrants additional investigation, the RMO shall coordinate the investigation with the appropriate law enforcement officials. Internal or external legal representatives will be involved in the process, as deemed appropriate.

Once a suspected fraud is reported, immediate action will be taken to prevent the theft, alteration, or destruction of relevant records needs to occur. Such actions include, but are not necessarily limited to, removing the records and placing them in a secure location, limiting access to the location where the records currently exist, and preventing the individual suspected of committing the fraud from having access to the records.

Where a *prima facie* case of fraud has been established the matter shall be referred to police. Any action taken by police shall be pursued independent of any employment-related investigation by the organisation.

If a suspicion of fraud is substantiated by the investigation, disciplinary action, up to and including dismissal, shall be taken by the appropriate level of management.

The organisation will also pursue every reasonable effort, including court ordered restitution, to obtain recovery of the losses from the offender.

Vendors and contractors shall be asked to agree in writing to abide by these policies and procedures.

No employee of the organisation, or person acting on behalf of the organisation in attempting to comply with this policy shall:

- be dismissed or threatened to be dismissed;
- be disciplined or suspended or threatened to be disciplined or suspended;
- be penalised or any other retribution imposed, or
- be intimidated or coerced.

- based to any extent upon the fact that the employee has reported an incident or participated in an investigation in accordance with the requirements of this Policy. Violation of this section of the Policy will result in disciplinary action, up to and including dismissal.

If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the originator.

## Related Documents

- Authority to Sign Cheques Policy
- Reimbursement of Expenses Policy
- Financial Transaction Cards Policy

## Authorisation

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**Rabih Chamma**

**20/10/2020**