



**OXFAM**

# ONE OXFAM

ANTI-FRAUD AND  
CORRUPTION  
STRATEGY



## The Background

Research suggests that losses from fraud and corruption are increasing year-on-year, making the management of risk a global concern. Non-Profit Organisations are also confronted with more competitive funding opportunities, and challenges in public trust. They must therefore take measures to ensure that value is being delivered to beneficiaries in the face of adverse conditions.

We are a confederation of 19 Oxfam affiliates, this comprises over 10,000 staff working worldwide alongside 50,000 interns and volunteers. With the support of more than 3,000 partners, our work impacts circa 22.2 million people annually. We recognise that our operations are vulnerable to the risk of fraud and corruption. As our operating environment becomes more dynamic, new threats emerge creating an increased need for humanitarian interventions.

We acknowledge that we work in areas where it may be difficult to implement conventional control programmes. This necessitates innovation in managing the risk of fraud and corruption. We will consistently rebut the challenges created by the changing global fraud landscape as well as changes in the operational contexts as we work to become a fraud resilient organisation.

Failure to address fraud and corruption will:



1. Undermine trust in INGOs, which undermines the work we do to support communities to alleviate poverty and suffering;
2. Undermine the communities we work in by perpetuating the corrupt practices that exploit them;
3. Threatens our ability to be role-models of non-corrupt organisations, an important contributor to the fostering of good governance concomitant with our programming;
4. Reduce the quality and quantity of the assistance we provide to beneficiaries;
5. Directly oppose Oxfam's mission. The relationship between corruption and poverty and suffering is well-documented.

We wholeheartedly embrace transparency, accountability and good stewardship of resources. We share a common culture that strongly demonstrates our stance.

Our approach for managing the risk of fraud and corruption is embedded in the Anti-Fraud and Corruption Policy, our response plan and investigations toolkit.

Fraud has a pernicious social and economic impact...charities are deprived of the full value of the donations we make. The best way to reduce its extent and cost is to make sure our organisations are fraud resilient and able to protect themselves against a continually evolving threat.

Jim Gee; Crowe Clarke Whitehill

## The Scope

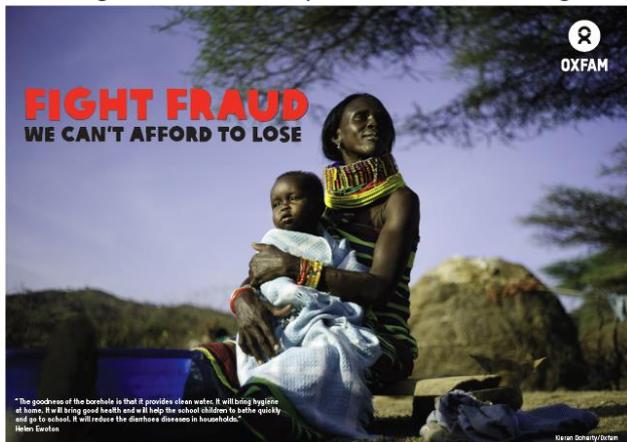
This strategy covers all members of the Oxfam Confederation and defines the approach to tackling fraud and corruption across all our operations.

In this strategy, the term 'Fraud and Corruption' is used to represent 'fraud, theft, bribery, nepotism, money laundering, terrorist financing, abuse of an undeclared conflict of interest, counterfeit money, cybercrime, extortion, and other forms of financial crime.'

This strategy covers the period to 2018-2021.

## The Challenges

With global income of circa 1bn Euros and a reach of nearly 90 countries, we are fully aware that our challenges will be both operational and strategic. Operational challenges will be addressed in



strategy implementation plans. Strategic challenges remain the focus of this document.

The diversity of our operations brings legal, cultural and environmental complexities in managing the risk of fraud and corruption. We work in countries which are considered to have a high risk of corruption, we also work in areas where the existing legal infrastructure and conflict situations may pose a threat to effective response and redress.

We will also work with other sectoral counterparts to minimise the impact on all

our operations.

The extensive cultural and environmental disparities challenge conventional ways of delivery; it necessitates more contextualised approaches to tackling the risk of fraud and corruption. We will continue to steer our focus to strengthen our deterrence, prevention and detection efforts to effectively curb losses through innovation and learning.

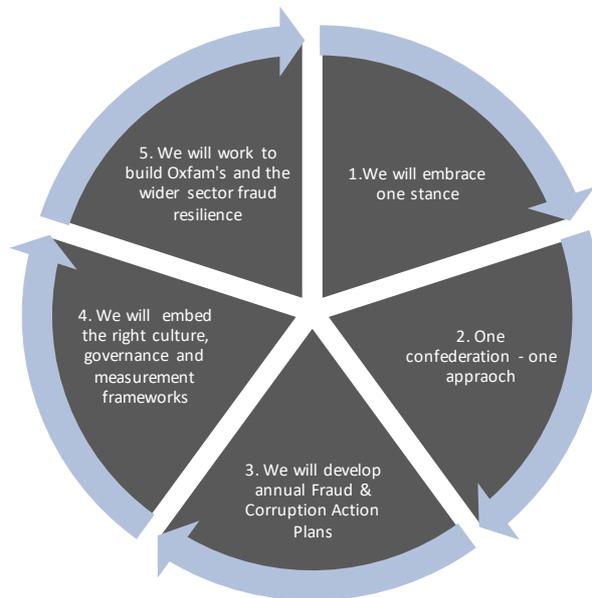
With differing fraud maturities and resources within the confederation, shared learning becomes a preferred way to improve our resilience. Pulling resources together and leveraging on our strengths will achieve higher levels of efficiency and effectiveness. A confederation wide outlook of fraud resilience by Finance Risk and Audit Committee remains an essential component to provide direction and evaluate the effectiveness of the fraud mitigation approaches.

Our strategic focus is geared to steer better fraud resilience of the confederation, while embracing the joint Oxfam values of inclusivity, empowerment and accountability.



## The Strategic Response

In response to the challenges, our strategy makes five 'strategic commitments'. The strategic commitments are interlinked. We cannot succeed in building our resilience without working on all the five elements presented in the model below.



### 1. Our Stance

Oxfam does not tolerate fraud and corruption and is committed to ensure that its systems, procedures and practices reduce the risk of occurrences to an absolute minimum.

We cannot stop all fraud and corruption, but challenge ourselves to improve our deterrence, prevention, detection and response year-on-year – forever pushing the risk of occurrence lower.

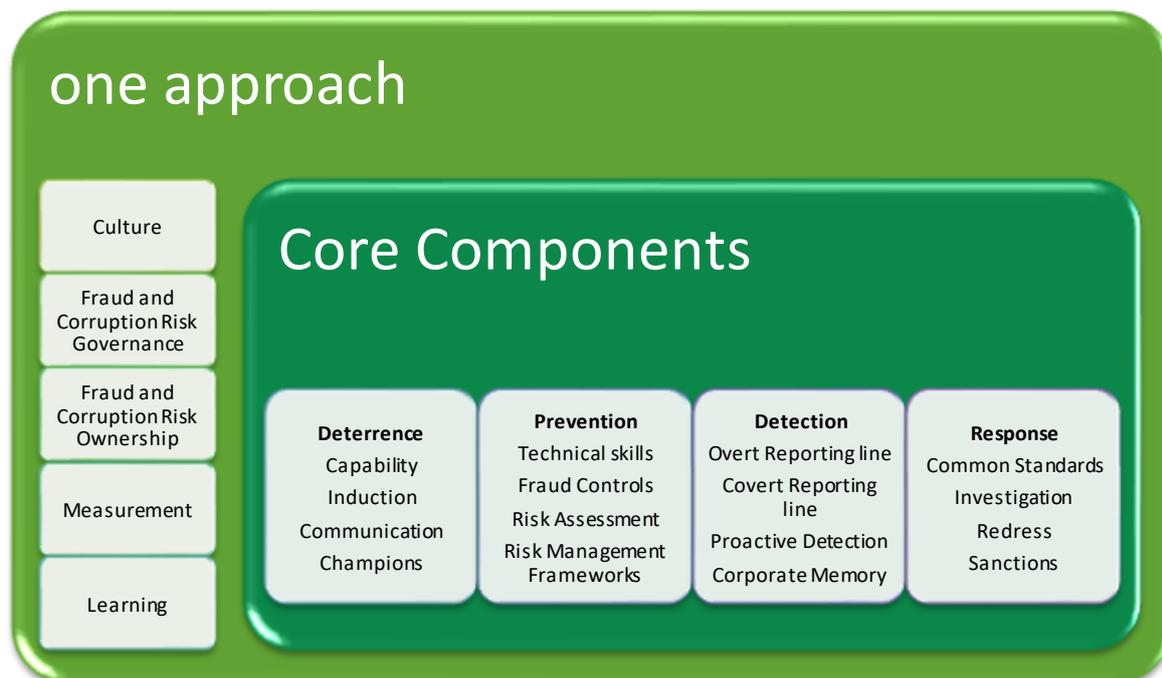
#### 'Zero-tolerance' - strategy?

Oxfam does not use zero tolerance as a strategy. This is because "Zero-tolerance" as a strategy does not offer a direction of travel in the fight against fraud and corruption - it puts us on a reactive footing. 'Reducing the risk of fraud and corruption occurring to an absolute minimum' conveys more accurately our intent to proactively and tirelessly squeeze the problem. We think that what most people mean when they talk about 'zero-tolerance' is better described with this phrase. This does not mean we tolerate fraud and corruption, quite the opposite. It means we go one step further - setting out how we will go about fighting it. All our staff, volunteers, partners and third party contractors will commit to this stance. This means that year on year we will proactively and collectively push these risks lower and lower.

## 2. One Confederation – One Approach

We recognise that success in tackling fraud and corruption is contingent on more than one activity, at more than one level of the organisation. Subsequently, we commit to the use of a holistic anti-fraud and corruption framework. This will be supported and embedded at every level, from projects, divisions, countries, regions and affiliates.

We all are responsible for reducing fraud and corruption to an absolute minimum and for the management of all associated risk. This strategy commits us to implementing and supporting one framework to mitigate the risk of fraud and corruption.



### Core Components

Oxfam's global approach embraces the four arms of Deterrence, Prevention, Detection and Response. These form the core components of our approach.

#### A) Deter

Deterrence is about influencing people to make the honest majority feel empowered to tackle fraud and corruption, and discourage potential perpetrators. Our deterrence will be strengthened by tasks undertaken in prevention, detection and response. We will focus on:

##### 1. Improving capability

We will enhance fraud and corruption risk awareness to our staff, volunteers and partners. This will be in line with standardised and contextualised approaches. We will embrace contextualisation by affiliate, region, country and function. Where possible technology will be used to further learning.

## 2. Induction

We will ensure that employees who come in understand our stance and expectations in managing the risk of fraud.



## 3. Communication

Communication is central to our deterrence programme. We will use contextualised approaches to ensure key messages are shared appropriately. An annual communication plan will be developed to support this.

## 4. Forming a network of Counter Fraud Champions

The Counter Fraud Champions will be our network of staff who assist in spreading deterrence messages. We

will use this network to drive fraud deterrence programmes and with a focus on enhancing awareness of fraud risks in countries and other operations.

## B) Prevent

Preventing fraud and corruption is about reducing its likelihood and impact by reducing the opportunities to commit it. Research identifies presence of opportunities as a major enabler of fraud and corruption. Our prevention activities will be structured to reduce opportunities that emerge during our work. Some of the activities we will undertake include:

### 1. Technical Skills

Vulnerabilities to fraud and corruption can sometimes be more prevalent where technical skills are low. We will work with the necessary teams to ensure that this is always assessed and enhanced across all teams.

### 2. Fraud and Corruption Controls

Oxfam will ensure that controls and procedures are geared to reduce the risk of fraud and will exercise vigilance in ensuring compliance with the set fraud prevention controls. However, as fraud and corruption schemes continually evolve, we will continually review controls that may have been compromised or seem inadequate to mitigate the risk of fraud this will include robust onboarding processes. This will ensure that fraud risk mitigation controls are embedded in daily business procedures, confederation-wide. We will seek to use technological solutions where possible.



### 3. Fraud and Corruption Risk Assessment

We will conduct fraud and corruption risk assessments of programmes and functions regularly and at trigger points during process re-engineering e.g. beginning of new projects or responding to major changes. We will employ a risk-based approach to manage the fraud and corruption risk.

## 4. Risk Management Framework

Fraud and corruption risk will be recognised as a business risk in our management frameworks. We will embed it at all levels in our operational units, countries, regions and affiliates.

### C) Detect

Detection is about identifying suspicious activity that might be fraud or corruption. A strong detection arm will not only help to reduce losses but also build our resilience by improving our prevention and deterrence work. We therefore undertake to promote:

#### 1. An overt reporting line

This is a preferred reporting line where incidences are reported through the line management to the centralised response team. Staff will be informed of their duty to report fraud suspicions.

Vigilance is a combination of systems, processes and cultures which allow organisations to detect misconduct before it has affected the business and respond timely to limit the impact.

Deloitte, Netherlands, MRO, 2017

#### 2. A covert reporting line

We will establish and enhance confidential reporting mechanism where staff, volunteers and partners who may feel unsafe may choose to report to. We will ensure that this line is communicated to our staff, volunteers partners and third party contractors.

#### 3. Proactive detection

We will always be on the look out to develop other ways to which we can proactively detect fraud. This may be through re-assessment of audit methodology, monitoring and review procedures or data analysis. We commit to use technology enabled solutions to combat the risk of corruption.

#### 4. Corporate Memory

We will maintain an Oxfam wide case management system where all fraud suspicions will be recorded. We will ensure that this system remains pertinent at all times.

### D) Respond

#### 1. Common Standards of Response

Response should be done in a way in which risk is minimised from the point of inception to the point of disposal. We will respond to all fraud and corruption suspicions that are reported to us. We will conduct our response to fraud suspicions while embracing the following seven principles:

The Principle	Means any staff in the response team Must...
<b>Transparency</b>	Be able to show a clear, written trail for: <ul style="list-style-type: none"><li>• The activity conducted, by whom, how and when;</li><li>• The information encountered and collected during that activity;</li><li>• The decisions made during that activity, on what basis and by whom.</li></ul>
<b>Proportionality</b>	Incur the minimum level of intrusion or disruption necessary to achieve the objective.
<b>Evidence led</b>	Ensure your activity and decisions are led by evidence. The weight of evidence will vary according to the decision being taken. For example, the decision to begin an investigation may be made on the basis of a lower weight of evidence than the weight of evidence needed for, say, the dismissal of an employee.
<b>Stewardship</b>	Take appropriate action to protect staff, assets, stocks and funds.

The Principle	Means any staff in the response team Must...
<b>Compliance</b>	Comply, as far as possible, with relevant legislations, with criminal prosecutions, civil litigation or disciplinary action.
<b>Confidentiality</b>	Inform others of information on a strict 'need-to-know' basis, keeping information secure.
<b>Independence and Objectivity</b>	Persons responding to incidences at all times exercise objectivity and be independent to the subject matter. This means they must not be witnesses or suspects and they must declare any conflicting interest before the response.

## 2. Investigation

Where an investigation is necessary, it will be conducted to the standards of the joint Corruption Investigation Toolkit. We will develop an inhouse pool of investigators through an internal investigations course who will broaden investigation resources and improve our capacity to respond timely and effectively. We will work to ensure that incidents are adequately responded to.

## 3. Redress

We acknowledge that recovery of funds may be difficult due to the contextual and legal complexities of the areas we work in. We also acknowledge that recovery of funds may span across periods of time. We however commit to pursue redress to the furthest possible extent and will always endeavour to recover funds lost.

## 4. Sanctions

Consistency of sanctions promotes fairness and drives accountability. We will develop a joint sanctions framework and a joint data controller agreement to enable information sharing in line with legal data protection regulations in our jurisdictions. We will check the adequacy of our response and learn from areas we identified gaps.

## 3) One Oxfam implementation action plan

We will develop an annual action plan bespoke to countries, regions, divisions or affiliates that define actions to undertake within the strategic commitments. The plan will set out the key actions to be completed in a year. These actions will be towards a variety of goals with timelines and outcomes.

- 1) The Action Plan should be signed off by the risk owner or a senior sponsor of the fraud and corruption risk per affiliate.
- 2) We will designate a Fraud Leader who will be responsible for overseeing and driving the achievement of the Action Plan.
- 3) The Action Plan may include actions undertaken by partners.

Ideas for actions in the plan:

- Increasing counter fraud capability.
- Reviews of key areas of the organisation (including fraud risk assessment).
- The introduction of key new controls to reduce risk or loss.
- Any proactive detection activity, including random sampling, which will be undertaken to find more fraud.
- Any new powers or legislation that will be pursued.
- The testing or implementation of any new data sharing or analytics tools e.g. Misconduct reporting procedures

The action plan should:

- Be SMART (Specific, Measurable, Achievable, Realistic and Timely).
- Be divided by regions, affiliates, countries or business unit
- Have each action assigned to an individual and/or team.
- Flag if there is/maybe the requirement for specialist resources and any budget impact.
- Have agreed and realistic deadlines.
- Set out high-level success/performance criteria for each action

## 4) CULTURE, Governance and Measurement

### 1. Culture

We recognise that it would be impossible to attain the strategic core components without the right culture. All Oxfam employees are therefore mandated to act in ways that will reduce the risk of fraud and corruption. Management have a greater responsibility to embrace the right tone at the top that will foster the right culture.

### 2. Fraud and Corruption Risk Governance

Oxfam's Counter Fraud work will be governed by the Finance Risk and Audit Committee (FRAC) with delegated oversight for the whole confederation to the Oxfam International Risk & Assurance team. Each affiliate is responsible to implement this strategy and of ensuring adequate resources for it.

### 3. Fraud and Corruption Risk ownership

Every division, affiliate, region or country will designate a risk owner for fraud and corruption work. This will be a senior member who will be responsible for ensuring the implementation of the strategy.

### 4. Measurement

We will measure the success and effectiveness of efforts undertaken to mitigate the risk of fraud and corruption. The measurement will be tailored to activities committed to in the Action Plans. This will be reported to affiliate boards and the FRAC. The plans will show the progress on the strategy and highlight any challenges in fraud risk management. Key learning for the confederation will be adopted from those reports.

### 5. Learning

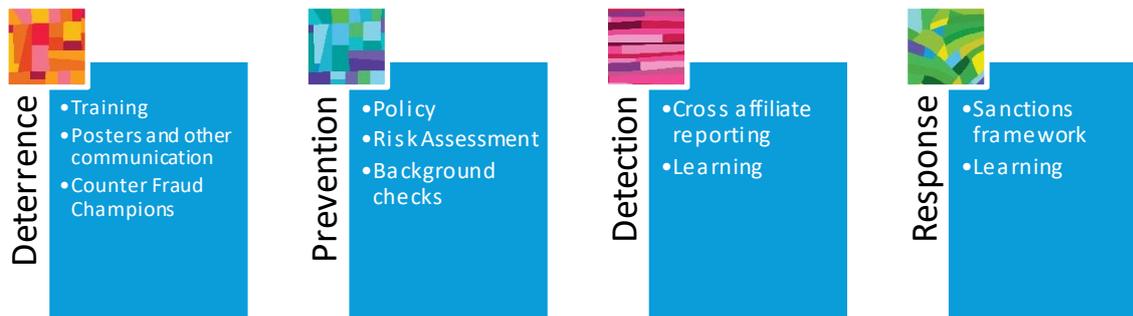
Learning is central to our approach. We will ensure that learnings are captured and shared to improve the confederation's resilience to all forms of corruption.



## 5) Joint working

We recognise that our mission statement and core values commit us to working with others in pursuit of our aims, and therefore we will work with others to share learning and influence adoption of best practices. In doing so, we help to build the foundations of our own resilience

1. Oxfam affiliates commit to work jointly to build the fraud resilience of the confederation. This means that the work will be governed by the principles of transparency, confidentiality and accountability. This work will cut across the four core components of our fraud and corruption approach as shown below:



2. **Cross affiliate Reporting** – Each affiliate will report suspicions that affect the funds of another affiliate as soon as this is identified and in line with a joint misconduct reporting process.

3. **Knowledge sharing** – Oxfam commit to pull together resources and develop a common fraud knowledge bank. This mean that there will be standardisation of workshops, eLearning, investigation methods etc.

4. **Data Sharing and Disclosure** – Each affiliate commits to the disclosure of relevant information to others.

5. **Working with External Stakeholders** We will work together with our partners, donors and other sector counterparts to share learning, risks and methodologies that will build sectoral resilience and that of individual organisation.



## Priority development areas

**Our Staff** – We value the contribution that all of our staff make in combating the risk of fraud and corruption. We therefore commit to empowering them by building the capacity and capabilities needed to effectively manage the risk of fraud and corruption.

**Our Partners** – We commit to enhance the capacity and capabilities of our partners to manage fraud and corruption risk adequately and effectively.

**Governance**- We will establish and embed appropriate governance frameworks.

## Acknowledgements

Front Page: Picture credit Oxfam

Page 1: Picture credit Tommy Trenchard Children fill bottles with clean water at a tap stand in Mosul.

Page 2: Picture credit Karen/Oxfam - Counter Fraud Poster

Page 2: Picture credit Diana Isiye - Anti corruption Workshop in Yemen

Page 5: Picture credit William Richards - Oxfam poster in acknowledgement of Charity Fraud Awareness week

Page 7: Picture credit Aubrey Wade/Oxfam. Oxfam Counter Fraud Champions Poster

Page 7&8 Implementation Action Plan - Obtained from HM Treasury LMS standard recommendations

Page 8: Display of Oxfam posters during the ACFE Fraud Week

Page 9: Oxfam GB and Novib Investigations workshop

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