



KNCV Tuberculosis Foundation

Policy on fraud, human trafficking,  
money laundering and counter  
terrorism

<b>Date</b>	16 January 2024
<b>Editor</b>	Mario Willemsen
<b>Responsible departments</b>	Finance and Administration Operations

## Contents

Introduction.....	3
Fraud policy statement .....	3
1. Fraud prevention .....	4
1.1. Introduction .....	4
1.2. Fraud Prevention.....	4
1.3. Management Responsibility and Risk Management.....	4
1.4. Internal Controls.....	6
1.5. Management Checks .....	6
1.6. Staff/Training .....	6
1.7. Fraud Detection.....	7
Fraud detection and investigation .....	8
2.1. Introduction .....	8
2.2. Reporting Fraud.....	8
2.3. Initial Enquiry.....	9
2.4. Prevention of Further Loss .....	9
2.5. Conducting a Fraud Enquiry .....	10
2.6. Recovery of Losses.....	10
2.7. Staffing Issues.....	10
2.8. Reporting during the Investigation.....	11
2.9. Concluding an Investigation .....	11
Reporting template.....	12
3. Trafficking in persons .....	13
4. Bribes, kickbacks.....	14
5. KNCV Anti Money Laundering and Counter Terrorist Financing policy statement.....	15

## Introduction

This document provides an overview of KNCV Tuberculosis Foundation (KNCV)'s policies towards fraud, bribes and kickbacks, money laundering and trafficking in persons. It should be read in combination with KNCV's Code of Conduct and Whistleblower procedures.

## Fraud policy statement

KNCV Tuberculosis Foundation (KNCV) has a duty to its stakeholders to take all responsible steps to prevent fraud, money laundering, accepting bribes and trafficking in persons from occurring, whether perpetrated by staff, contractors and suppliers or other organizations.

KNCV will maintain robust control mechanisms to both prevent and detect fraud, acceptance of bribes and/or money laundering. All line managers have a responsibility for maintaining documented control systems and must be seen to be setting an example by complying fully with procedures and controls. The effectiveness of controls will be subject to periodic review by the KNCV internal audit team, external auditors and the audit committee. The internal audit team consists of (at least) the financial officer, one grant administrator and the team lead finance.

All staff members have a responsibility to protect the assets and reputation of KNCV and are expected to be alert to the potential for fraud. Line managers should brief staff on the common types of fraud in their areas of responsibility.

Confidential mechanisms have been established to allow staff to report suspected frauds to management, including a whistleblower procedure (Annex A). All reported suspicions will initially be investigated by the Finance & Administration department in The Hague, or an independent external party, appointed by the Executive Director and the audit committee. Confirmed cases of fraud will always be reported to the Management Team, Board of Trustees, external auditors and donors, when donor funding is involved.

KNCV has a zero tolerance policy towards staff members involved in a confirmed fraud, bribe or money laundering.

## 1. Fraud prevention

### 1.1. Introduction

KNCV's procedure for fraud prevention, detection and investigation is set out in the next sections.

The objectives of the procedure are to:

- encourage staff to be aware of fraud;
- bring suspected fraud to notice;
- provide a framework response plan for investigating and reporting fraud; and
- ensure both alleged and proven fraud are dealt with in a consistent and timely manner.

KNCV has a unique role to play in the community and any instances of fraud or corruption may be damaging to public confidence and support. Vigilance is essential since all staff are responsible for ensuring that the best possible service is provided to National TB programs and TB patients and that value for money is secured from public funds. Successful fraud prevention involves creating an environment which inhibits fraud. Taking immediate and vigorous action if fraud is detected is not only necessary to prevent future losses, but also helps deter frauds. A manager who is alert to the possibility of fraud and who acts accordingly on a day-to-day basis is a powerful deterrent against fraud.

### 1.2. Fraud Prevention

In general, two types of fraud can be distinguished: theft and financial reporting fraud. Fraud can be defined as 'Wrongful or criminal deception intended to result in financial or personal gain<sup>1</sup>.' It is taken to include theft, misuse of property, corruption, the alteration of financial or other records or any unauthorized act which results directly or indirectly in financial gain to the perpetrator or a third party. Staff should be aware that gifts, including hospitality, offered by contractors, suppliers and service providers may place employees in a vulnerable position<sup>2</sup>.

### 1.3. Management Responsibility and Risk Management

The primary responsibility for the prevention and detection of fraud and error rests with the management of KNCV, with a supervisory role for the Board of Trustees, through:

- identifying risks to which systems and procedures are exposed;
- designing, implementing, documenting and operating of internal controls;
- establishing an environment that promotes compliance with internal controls;
- promoting fraud awareness amongst staff; and

---

<sup>1</sup> Oxford dictionary

<sup>2</sup> See Code of conduct (Annex B)

- fostering an 'anti-fraud' culture, including facilitation and promotion of fraud reporting.

Management's responsibilities include:

- designing and implementing programs and controls to prevent, deter and detect fraud (antifraud programs);
- ensuring that KNCV's culture and environment promote honesty and ethical behavior;
- performing a risk assessment that specifically includes the risk of fraud by addressing incentives and pressures, opportunities, and attitudes and rationalizations;
- assessing the risk of management override of controls and communicating with the board of trustees.

The audit committee's responsibilities include:

- evaluating management's identification of fraud risks, implementation of antifraud measures and creation of an appropriate 'tone at the top';
- ensuring that management implements appropriate fraud deterrence and prevention measures to better protect investors, employees and other stakeholders;
- investigating any alleged or suspected wrongdoing brought to its attention;
- challenging management in the areas of non-routine, related-party and intercompany transactions.

However, while management is responsible for assessing and controlling the level of risk within their areas of authority, it is the responsibility of all staff to be aware of fraud risks and to take the necessary steps to minimize the risk including reporting of suspected fraud.

Managing the risk of fraud is in principle the same as managing any other business risk. It is best approached systematically both at an organizational and operational level. Managers should identify risk areas, assess the scale of risk, allocate responsibility for managing specific risks and implement and test controls to minimize the risks. Management also has a responsibility to familiarize themselves with common fraud techniques in areas for which they have control. Managers should also ensure that staff in their areas of operation are familiar with common types of fraud<sup>3</sup>. Management includes both management at the office in the Netherlands as well as country representatives. In country management as well as in country staff are trained on fraud policies during Home weeks, International Finance meetings and during internal audit missions. At the same time, management and staff in office in The Hague will pay attention in fraud policies in onboarding, in staff meetings and in trainings.

---

<sup>3</sup> Asset misappropriation, cash theft, misuse of company assets, false claims, fake invoices, CEO fraud

#### 1.4. Internal Controls

Internal controls are the key element in preventing fraud. They include both financial and nonfinancial controls, for example annual leave records, and those that are in place to safeguard the misuse of KNCV's assets, including computer systems. The finance policy and the Country Office Manual include examples of and tools for these controls. KNCV's financial and other non-financial procedures are the definitive guide and are available to all staff. It is the responsibility of management to ensure that controls in their area of responsibility have been documented and communicated. To set a good example, managers should be seen to be complying with all controls. The emphasis should be on creating a culture of honesty and fraud detection, not unnecessarily increasing the volume of detailed operational and supervisory checks and controls.

#### 1.5. Management Checks

The prevention and detection of fraud and impropriety is only possible where strong internal controls are present and constantly applied. Routine checks and monitoring by management to ensure that procedures are being followed are, therefore, essential. The benefits of implementing a culture of strong management controls:

- a deterrent effect when it is known that management is actively involved in ensuring that procedures are followed, and
- the results of the checks will allow management to identify any operational areas where controls are not being uniformly applied and investigate whether systems have been exploited.

Management should monitor compliance with controls at least annually and may also ask the Internal Audit team to test compliance. It should be emphasized that the prime function of internal audit is to evaluate the effectiveness of the overall framework of internal control, with management ensuring implementation and monitoring of the framework. Common excuses for non-compliance with controls are that they are no longer applicable, insufficient time is available or they are not appropriate. It is important that such comments are reported to management so that the need for the controls can be re-evaluated.

#### 1.6. Staff/Training

Staff provide the best protection against fraud and corruption. It is important, therefore, that KNCV's Code of Conduct, Whistleblower procedure and fraud policy are fully communicated to all staff. The recruitment of suitable staff is KNCV's first defense in preventing fraud. Recruitment policies such as communication with referees and past employers, asking for a statement on past behavior ("Verklaring omtrent gedrag") and verification of educational and professional qualifications will assist in this approach. Staff awareness of policy and procedures is fundamental to the effective operation of systems. KNCV will:

- publish its fraud policy including easy access to it for all staff;

- include instruction in and discussion of fraud policies as part of staff induction;
- perform formal staff training on operational procedures; and
- publish regular staff notices regarding changes to Financial policies and awareness of the whistleblower procedure.

### 1.7. Fraud Detection

The primary responsibility for detecting fraud lies with management through the implementation, documentation and operation of effective systems of internal control. KNCV's Internal Audit team through their evaluation of the control framework also have a role to play in preventing and detecting fraud. All staff have a responsibility to be aware of the potential for fraud and take the necessary steps to minimize the risk to KNCV. Properly and consistently applied procedures for reporting and investigating fraud play an important part in preventing further fraud. KNCV expects that reported suspicions will always be investigated. KNCV's fraud response plan set out in the next section must be implemented where a fraud is suspected.

## 2. Fraud detection and investigation

### 2.1. Introduction

The objective of this chapter is:

- to provide a documented framework to which the organization can refer in the event that fraud is suspected or reported; and
- to ensure that in the event of fraud, timely and effective action is taken to prevent further losses, identify people involved, safeguard evidence, reduce adverse effects on the organization and to learn lessons.



### 2.2. Reporting Fraud

All actual or suspected incidents of fraud should be reported without delay to the Director of Finance through the country team. When staff report suspected fraud it is important that their suspicions are treated seriously and that all details provided by the reporting employee are recorded accurately and in a timely manner. They should be repeated to the reporting employee to confirm understanding. It is essential that staff are put at ease, since the decision to report the suspected fraud may be traumatic for the individual concerned. Staff (or others) reporting fraud should be assured that all information will be dealt with in the strictest confidence and that their anonymity will be preserved if requested, unless that is incompatible



with a full and fair investigation.<sup>4</sup> Regardless of the direction any future internal or police investigation may take, the anonymity of any 'whistleblower' must be guaranteed during the initial investigation. Having recorded the details of the individual case, the Director of Finance should, within 24 hours, hold a meeting with the Country team involved and the head of the Internal audit team<sup>5</sup> to decide on the initial response and the composition of the Fraud Investigation Group. Usually, the Fraud Investigation Group consists of staff members of the department of F&A and Operations. If the Director of Finance does not act on the report and does not have a meeting with the Country team involved as dictated this should be reported to the Executive Director and the Audit Committee. At this stage the management should also take whatever steps are necessary to prevent further losses e.g. by changing procedures or suspending payments – without compromising the quality of evidence or alerting the alleged fraudsters.

### 2.3. Initial Enquiry

On receiving the details of the suspected fraud, the Finance Director should undertake a limited review as necessary to establish whether further action needs to be taken. This may be an investigation, led by the Fraud Investigation Group. If this initial investigation suggests that suspicions are confirmed, the group will decide which body is best placed to undertake further investigative work and will inform the Management Team, Audit Committee, auditors, donor and the Police as appropriate.

### 2.4. Prevention of Further Loss

Where the initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the Finance Director and Fraud Investigation Group, together with the Country team involved will need to decide how to prevent further loss. Fraudulent or corrupt activity is regarded as a breach of contract and where there are reasonable grounds for suspicion then suspension, with or without pay, of the suspects is likely, pending the outcome of enquiries. In these cases HRM of the office in The Hague should always be involved. The rights of staff on suspension must be acknowledged, for example their right to union representation and to be informed of the reason for their suspension. It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action. Suspect(s) should be supervised at all times before leaving KNCV's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the organization. Any security passes and keys to premises, offices and furniture should be returned. Advice should be obtained on the best means of denying access to the KNCV office while suspects remain suspended (for example by changing locks and informing security staff not to admit

---

<sup>4</sup> Refer to Whistleblower procedure

<sup>5</sup> The Team lead finance heads the internal audit team. If the Project Finance team is potentially involved in a reported suspected fraud a different head can be appointed.

the individuals to any part of the premises). Similarly, access permissions to KNCV's computer systems should be withdrawn without delay.

Internal audit team should consider whether it is necessary to investigate systems other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate KNCV's assets. At this stage, KNCV should decide if external parties including the funding body and the police are to be involved. Delays in contacting the police may prejudice future enquiries and alerting them immediately is important since they will be able to advise KNCV on how best to proceed and the most effective methods to gather evidence.

### 2.5. Conducting a Fraud Enquiry

Once it is agreed that there is sufficient evidence to justify a fuller investigation, the Finance Director in consultation with the Fraud Investigation Group will decide if an independent external investigation by a forensic investigator is required. If this is the case an external investigator will be appointed and Terms of reference will be agreed on (is it to confirm that there is sufficient evidence to support the allegations, to gather evidence for the police, or does KNCV wish to quantify the total potential loss?).

If an external investigator is not required, the Internal audit team will lead the investigation together with the local team.

There is a clear requirement to record all details fully, accurately and in a manner that is accessible. The Fraud Reporting template can be used as a tool for this.

### 2.6. Recovery of Losses

It is important that any losses incurred by KNCV are fully and accurately recorded and that costs are correctly apportioned. In addition to the direct cost of losses attributable to fraud, all costs associated with enquiries should be recorded. These will be required under loss reporting procedures and may also be required by the courts if the decision to prosecute is taken and in determining any assessment of costs or compensation and insurance recoveries. Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice should also be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment.

### 2.7. Staffing Issues

A member of Human Resources is added to the Fraud Investigation Group as further investigations may have employee rights and disciplinary repercussions. Human Resources have a role to play in ensuring confidentiality and protecting individuals who report fraud, and any operational and policy developments should include input from Human Resources. Of crucial importance in any fraud investigation is the need to conduct enquiries within the parameters of relevant laws and regulations. Employees have statutory rights and, if infringed, the likely success of disciplinary action or prosecution is diminished. It is vital therefore that

any interviews with members of staff who are alleged to have acted fraudulently are undertaken strictly in accordance with established procedures. For significant cases, no interviews should progress without first seeking advice from HRM at the office in The Hague on the relevant procedures and rules to be followed. In particular, those involved in interviewing should have knowledge of current employment legislation and where appropriate seek advice on criminal legislation.

## 2.8. Reporting during the Investigation

The Fraud Investigation Group should provide a confidential report to the Management team, Audit Committee, and the external audit partner at least monthly, unless the report recipients request a lesser frequency. The scope of the report should include:

- quantification of losses
- progress with recovery action
- progress with disciplinary action
- progress with criminal action
- estimate of resources required to conclude the investigation
- actions taken to prevent and detect similar incidents

Any variation from the approved fraud response plan, together with reasons for the variation, should be reported promptly to the Management Team and the Audit Committee.

## 2.9. Concluding an Investigation

At the end of a case, irrespective of the outcome, it is important that the progress of the investigation is reviewed to see what lessons can be learned and to assess the effectiveness of the action taken. Such reviews will help identify any weaknesses in internal control that initially led to the fraud and should highlight any deficiencies in these systems for reporting and investigating, enable more effective future enquiries and precipitate changes to internal procedures designed to prevent reoccurrence. On completion of a special investigation, a written report should be submitted to the Audit Committee for consideration and discussion containing:

- a description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud
- the measures taken to prevent a recurrence
- any action needed to strengthen future responses to fraud, with a follow-up report on whether or not the actions have been taken.

This report will normally be prepared by the Fraud Investigation Group.

## Reporting template

**1. Background and brief description of the case**

[include a brief description of the case]

**2. Financial impact**

[include an estimate of the financial impact of the case split per financial year]

**3. The case has been discovered by:**

- Local team
- Whistle-blower
- External Audit team
- Other [please explain]

**4. Who has been informed:**

- Country Director
- Finance Director
- Internal audit team
- External auditor
- Donor
- Other [please describe]

**5. Has an investigation been performed into the case:**

- Yes – by whom?
- No [please explain]

**6. Describe how the investigation took place**

[...]

**7. Share the investigation report with the Fraud Panel and summarise below the scope, findings and conclusion of the investigation:**

[...]

**8. Based on the investigation report, the matters identified are:**

- Incidental
- Structural

**9. Based on the investigation report, the violations identified are made:**

- Deliberate
- Unconscious

**10. Based on the investigation report, is management involved with the case:**

- Yes
- No
- Not clear

**11. Describe which remedial action has been taken / is planned to be taken.**

[...]

**12. Describe proposed HRM actions**

[...]

### 3. Trafficking in persons

KNCV has a zero tolerance policy regarding all forms of trafficking in persons, including but not limited to: forced labor, sex trafficking, bonded labor, debt bondage among migrant laborers, involuntary domestic servitude, forced or indentured child labor, and child soldiers.

Staff members and contractors, their employees, labor recruiters, brokers or other agents, must not engage in:

1. Trafficking in persons (as defined in the Protocol to Prevent, Suppress, and Punish Trafficking in Persons, especially Women and Children, supplementing the UN Convention against Transnational Organized Crime);
2. Procurement of a commercial sex act;
3. Use of forced labor;
4. Acts that directly support or advance trafficking in persons, including but not limited to:
  - a. Destroying, concealing, confiscating, or otherwise denying an employee access to that employee's identity or immigration documents;
  - b. Failing to provide return transportation or pay for return transportation costs to an employee to the country from which the employee was recruited upon the end of employment if requested by the employee.
  - c. Soliciting a person for the purpose of employment, or offering employment, by means of materially false or fraudulent pretenses, representations, or promises regarding that employment;
  - d. Charging employees recruitment fees; or
  - e. Providing or arranging housing that fails to meet the host country housing and safety standards.

## 4. Bribes, kickbacks

- Accepting kickbacks, bribes or other forms of personal enrichment is not permitted under any circumstances.
- Employees are not permitted to receive personal gifts or money, goods or services from clients or subcontractors, unless such gifts are tokens of courtesy or gratitude to the employee. The value of the gift must be small in relation to the occasion. Accepting an invitation for dinner could also be considered a gift. This is only acceptable if the nature of the dinner is within what is considered normal hospitality and not overly luxurious. No per diem can be claimed if dinner is provided by a client or subcontractor.
- The maximum value amount for gifts is € 50.00 for employees working at the office in The Hague and employees working abroad via the KNCV Tuberculosis Foundation office in The Hague. When gifts are received, the recipient must make a realistic estimate of the monetary value of the gift and act accordingly.
- For employees of the offices abroad, the maximum allowable gift value will be determined by the KNCV country representative.
- If contracts for the provision of services to KNCV Tuberculosis Foundation are arranged by employees, then all of these contracts must abide by the relevant guidelines and procedures; fair, honest, in writing and signed by all the parties.

Employees and contractors:

- have not paid and will not pay, offer to pay, or authorize the payment directly or indirectly of any monies or things of value to any government official or employee, or to any political party or candidate for political office for the purpose of influencing any act or decision of such official or of the Government;
- have not and will not solicit or attempt to solicit any additional personal compensation, credit, gift, gratuity, or thing of value directly or indirectly, in order to obtain or retain business or direct business to any person.

## 5. KNCV Anti Money Laundering and Counter Terrorist Financing policy statement

This policy sets out KNCV's commitment to understanding and minimizing our risks in relation to money laundering and terrorist financing so our services are not abused to legitimize the proceeds of crime. Our commitment to this strengthens our goals of achieving good ethical business standards.

Our aim, by having robust policies and procedures and the creation of a compliance culture within the firm, is to prevent money laundering and terrorist financing. In order to achieve this we have undertaken the following:

### 1. Appointment of the nominated money laundering reporting person

Any suspected money laundering activities or suspected terrorism financing should be reported to the line manager plus the Finance Director, who will in turn inform the Management Team and the audit committee.

### 2. KNCV prohibit transactions with, and the provision of resources and support to, individuals and organizations associated with terrorism. It is the responsibility of all staff members to ensure that any and all potential subcontractors, sub awardees and staff members are checked against the applicable watch lists<sup>6</sup> verify that they are not associated with any terrorist organizations prior to issuing any contract.

### 3. Transparent procurement procedures that include 'know your supplier' checks and sub awardee due diligence procedures are aimed at preventing money laundering and terrorist financing.

---

<sup>6</sup> Verification that supplier/vendor is not on the Excluded Parties List, OFAC list as ineligible, UN Sanctions list

## Annexes

- a. Whistleblower procedure
- b. Code of conduct