



## Draft: Anti- Embezzlement Policy



### Goal:

This policy aims at strengthening the STAR Kampuchea's leadership and management toward constantly transparent, healthy and non-corrupt practice and preventing any actual or suspected fraud committed by STAR Kampuchea's staff members then imposing penalty procedures and measures.

### Scope:

This policy is applied to all levels of staff members who commit all forms of counterfeits or deceptions when it is in force.

### Definition

**Fraud** is an activity of secretly taking any money or property with trick behavior committed by someone who has been trustily assigned to hold that money or property. It is any form of trick used by someone so as to dishonestly hide something or mislead someone with the aim of harming his/her profit.

The embezzlements against STAR Kampuchea's properties can be either of the following cases:

#### Project Funds are used for personal gain:

- Payment is made based on fales invoices, invoices that may for example come from a supplier who is colluding with the individual making the payment.
- Financial support is requested from more than one donor or funder to cover the same expanses, known as double funding.
- Taking or swindle money in cash payment of Volunteer Action of Cambodia (VAC) Unit for his/her own benefit.
- The voucher with false or exaggerated amount of item price or qautity for any expenditure carried out by staff of programs, of all units and of all management levels.
- Any STAR Kampuchea's staff member of all programs/units and of all levels who takes money for his/her own property by fraud from budget provided for participants or beneficiaries of training, workshop, forum, meeting, or other event by falsifyng his/her signature or forcing others to corruptly co-sign in the budget plan or misleading someone on the pretext of something.
- Carelessly losing tools and materials

- Individual use available resource that are assigned to the project, for example premium, equipment, transportation for their own use or to run their own business.

Procurement Process:

- Suppliers can offer bribe to project staff to get them to choose their bid above any others. This means that the most favorable bid does not end up being chosen.
- Going to friend and relatives when purchasing goods or services instead of choosing the best options based on objectives, criteria (quality, price etc.)
- Exaggerating the price of purchased products in collusion with the seller or having the product reduced in quality through having it exchanged with worse spare parts
- Negotiating for more amount of commission through increasing the price of item

Personnel and administrations:

- Theft the paid working time. Falsifying time sheets. An individual receives a salary that is equivalent of the full-time position, but they work fewer hours, or are also receiving a salary from other employer to work there as well.
- Staffs are recruited on the basis of personal contact, kinship or bribe.
- Non-existent staffs are included in the payroll and their “salary” go to someone else.
- The activity of deliberately swindling or stealing materials committed by staff like camera, video camera, LCD projectors, desktops, laptop, printer, motorbike etc. for his/her own property (selling for money) by means of borrowing

Abuse of Power:

- The cashier or other eligible employee hinders the daily cash operation by using the STAR Kampuchea's cash on hand for his/her own benefit without notifying the management team.
- Accounting staff falsifying signature in money withdrawal form from bank account for the purpose of his/her own benefit.
- The management team in collusion with one or more members who have the rights to sign on the bank forms intentionally signing in the bank account withdrawal form for the purpose of each of their individual benefits.
- An eligible signatory misleading the other ones in bank account withdrawal for his/her own benefits on the pretext of covering an expenditure for STAR Kampuchea's activity
- Committing other activity or behavior that STAR Kampuchea considers fraudulent or harmful to its properties or reputation.

The scope of this definition is limited only within STAR Kampuchea policy.

## **Prevention**

Any kinds of frauds as stated in the cases below may damage STAR Kampuchea's budget, properties, time, extent and reputation and its accountable fund. Under this circumstance, STAR Kampuchea tries to eliminate the frauds through the following:

- Thoroughly follow up and conduct a research on each case of the fraud. STAR Kampuchea attaches honesty, transparency and accountability to its staff's duties and accomplishments.
- Report the presence of doubtful fraud case without any delay as it is one of the STAR Kampuchea's policies with which STAR Kampuchea's staff members are strongly required to be in compliance, and all staff members shall ensure they will not be penalized due to their unreasonable report on their fraud doubt.
- Staff awareness raising and alert regularly
- Adopt a position
- Review the organization control environment
- Carry out a risk assessment
- Plan of action and follow up

## **Responsibilities of STAR Kampuchea's Board of Directors**

The Board of Directors is responsible for the presentation of major challenges faced by STAR Kampuchea and ensures appropriate procedure and transparent monitoring system.

- When the fraud is in place, the monitoring system should be effective in reduction of fraudulent practice and the STAR Kampuchea's response to the doubtful fraudulent behavior should be clearly defined.

## **The responsibilities of STAR Kampuchea's Staff Members**

With the support of supervisors, the Executive Director shall be responsible for day-to-day management and therefore maintain the developed monitoring system so as to minimize the possible fraud cases within the organization.

All supervisors shall make sure that their subordinates are familiar with the difficulties due to the fraudulent practice, the possible inappropriateness within the area of their responsibilities, and they shall also remind them about the notion of those abnormality. In a similar way, all governors shall ensure that their subordinates are in compliance with the set system so as to prevent and discover the fraudulent action.

In addition, the STAR Kampuchea's administrative and financial officer shall be responsible for planning, implementing and maintaining the system and discovering the fraudulent action. The proper

implementation in accordance with the set working system should be proved by external audit conducted by an independent institution. The STAR Kampuchea's administrative and financial officer is also responsible for disseminating this policy to all staffs and keeping record and information on reported fraud cases. All staff members shall always be righteous and honest in their duties and send urgent notification on suspected abnormality.

### **Procedures of reporting on a doubt about fraudulent action**

A staff member, when doubtful that one or more of his/her colleagues has committed a fraud, shall not let the suspect(s) be aware of his/her doubt against the suspect(s) as this would affect the fraud investigation. Instead, that staff member should carry out the following reporting procedures:

- Send detailed information to either his/her immediate supervisor or a top rank management of the organization
- When the staff member worries that he/she has no possibility to talk with the supervisor or a member of a governing board, he/she should approach the administrative and financial officer of STAR Kampuchea.
- Upon receiving notification regarding doubt about fraud, the manager should not conduct an investigation on accusation. Instead, he/she should send urgent notification to the Administrative and Financial Officer then to the Executive Director of STAR Kampuchea.
- In the event that the Administrative and Financial Officer is also involved in the fraud collusion, this notification should be directly sent to the Executive Director.
- To ensure the security of reporter who informs about any suspected fraud, STAR Kampuchea will be created an internal accountability box in which staff can release freely their concerns, comments, complains, criticizes or reporting related to fraud happening in the organization. The accountability box will be open at the end of each month by Administrative Unit and all the documents found in this box shall be kept confidentially before forwarding to the Executive Committee or Executive Director to take a prompt measurements to show all the problems occurred.

### **Methodologies of response to the notification about a doubt against fraudulent practice**

If the STAR Kampuchea's Administrative and Financial Officer and the concerned Executive Committee consider that the accusation is fully reasonable and evidential, the following methodologies shall be carried out:

- A research needs to be conducted. The administrative and financial officer shall be responsible for the format of investigation on the accusation case.
- The goal of the research is to identify the scope of fraud, the culprits and their supporters. The research also identifies the weaknesses of the system and discovers the possible frauds and problems due to the failure to comply with the existing working system.

- Non-compliance with the set working system can prove careless management. For this, the responsible manager will face the penalization process.
- The critical negligence of the manager or staff members will be basically considered dismissed.

### **Penalization**

In accordance with STAR Kampuchea's policy, when a fraud is suspected, the following penalization measures will be taken:

- Send notification to a competent ministry for legal action. Whether the notification will or will not be sent to the competent ministry, the penalization can be basically processed through a **written form of warning**, oath or even dismissal for a staff member who seriously commits actual and evidential fraud.
- The accusation without proof and with intentional harm or distortion committed by a staff member is considered seriously illegal and consequently dismissed.

Phnom Penh.....2012

Board of Directors

Board Chairwoman

Prok Vanny

Phnom Penh.....2012

Executive Committee

Chairperson

Chet Charya