



Mercy Hands for Humanitarian Aid

ANTI-FRAUD POLICY

1. Introduction

Mercy Hands is committed to protecting the public and private money it receives for its humanitarian projects. This means preventing fraud and corruption and to make sure that all resources Mercy Hands receives are only delivered to those people who are entitled to them. Mercy Hands does not tolerate fraud and corruption. This applies to staff at Headquarters and in the field as well as to local partners and other contractual partners, e.g. consultants. This policy explains how Mercy Hands will deal with this commitment.

In the context of this policy fraud and corruption are here defined as follows:

Fraud is the intentional distortion of something (e.g. financial statements) intended to deceive. Fraud occurs when someone knowingly lies to obtain benefit or advantage. It includes all tricks and any other unfair way which another is cheated.

Corruption is the abuse of power or position in order to make private profit. It involves behavior of persons in which they improperly enrich themselves or those close to them by misusing power with which they have been entrusted.

2. Culture

Mercy Hands believes that a culture of transparency, honesty and openness is a key element in tackling fraud and corruption. Both management and staff play an important role in creating and maintaining a culture of value, trust and fairness and to oppose to fraud and corruption. Mercy Hands expects all of its management and staff to demonstrate the highest standards of honesty at all times.



The prevention and detection of fraud and corruption are responsibilities of everyone working with Mercy Hands. When fraud and corruption has occurred, the Management will also ensure that appropriate improvements in systems of control are implemented in order to prevent a re-occurrence.

3. Protection

Mercy Hands has a number of written procedures in place to minimize the risks of corruption in the first place. A system of monitoring, evaluation and audit has been developed to prevent and deter fraud and corruption.

A) Procedures

The following documents and procedures make sure that the financial, working and organizational procedures are properly controlled:

- Code of Conduct
- Staff Rules
- Internal Control Policy
- Procurement Policy
- Human Resources Policy
- Financial Policy
- Whistleblower Policy

The General Administrator is responsible to ensure that all staff know these procedures and have access to the documents. The draft of new documents and organizational policies and procedures shall always take into account best practices to avoid the possibility of fraud and corruption.



B) Prevention

Tackling fraud and corruption is a core management responsibility. Besides the Executive Administration of Mercy Hands, which has the overall and legal responsibility, Mercy Hands has different levels of control, which are reflecting the organizational culture described above.

Internal audit

The internal audit of Mercy Hands plays a vital role in ensuring that financial systems and procedures are in place to prevent and deter fraud and corruption. The internal audit liaises with the Executive Director to recommend changes in procedures to reduce risks. Mercy Hands will conduct one internal audit per year and the Executive Director will decide the timing of it, but it has to be completed before the end of the year. The internal audit is requested by the Executive Director. In addition to the regular internal audit, the Executive Director or the Board of Director may request an ad hoc complete or partial internal audit at any time. The internal auditor should be a certified auditing firm and should be selected from a list of three offers, in accordance with Mercy Hands' procurement policy. The final internal audit report will be submitted to the Executive Director and shared with the other members of the Executive Administration and the Board.

External audit

Even if it is not the external auditors' function to prevent fraud and corruption, the correct use of public and private funds is a matter of general concern for the auditor. Mercy Hands is audited annually at the end of the year, as a requirement of the Iraqi NGOs Directorate. National and international auditors also audit Mercy Hands on request by donors regularly or irregularly. If selecting the external auditor is left to Mercy Hands then the same procedure will be followed as for internal audit (see above). The final internal audit report will be submitted to the Executive Director and shared with the other members of the Executive Administration and the Board.



Monitoring, auditing and evaluation of projects

The monitoring, auditing and evaluation of the implementation of projects – both self implemented and partner organizations projects - on the spot is an important instrument to reduce the risks of corruption. Regularly monitoring visits by assigned officers and periodic evaluations by internal or external teams/consultants/audit firms are useful tools to identify analyze and correct problems. The monitoring report includes also a separate section with focus on aspects of corruption.

4. Deterrence

The prevention and detection of fraud and corruption are responsibilities of everyone working with Mercy Hands. Mercy Hands has implemented a system to detect the early warning signs of fraud taking place (see Whistleblower Policy). All employees and partners are positively encouraged to raise concerns regarding fraud and corruption, disregarded of rank or status. Concerns that should be reported include, but are not limited to, staff committing or attempting to commit:

- Any dishonest or fraudulent act;
- Forgery or alteration of documents or accounts;
- Misappropriation of funds, supplies or other assets;
- Impropriety in the handling or reporting of money or financial transactions;
- Profiting from an official position;
- Disclosure of official activities or information for advantage;
- Accepting or seeking value from third parties by virtue of official position or duties;
- Theft or misuse of property, facilities or services.

External organization's actions which should be reported include:

- Being offered a bribe or inducement by a supplier or partner;
- Receiving fraudulent (rather than erroneous) invoices from a supplier;



- Reported allegations of corruption or deception by a supplier.

Mercy Hands will ensure that such concerns will be treated in confidence and any allegations will be taken seriously and investigated in an appropriate manner.

5. Awareness and Training

Mercy Hands recognizes that the success and credibility of this policy will depend partly on training and awareness raising amongst staff and partners. Therefore, the issue of fraud and corruption shall be subject of preparation and briefing of both headquarters and field staff. This awareness raising shall be completed by appropriate training measures. Headquarters and field staff are obliged to attend education and training session concerning the prevention and detection of fraud, which will be organized by the HR Dept. and supervised by the General Administrator.

6. Conclusion

This policy and the arrangements made under it will be reviewed on an annual basis in order to keep pace with any future developments. For that reason, Mercy Hands will regularly exchange information with other non-government and government parties and networks (e.g. auditors, NGOs, fraud investigators). All efforts must be done to maintain an honest and transparent organization free of fraud and corruption.

A handwritten signature in black ink, appearing to read "Khaldoon Al-Moosawi".

Updated by:

Khaldoon Al-Moosawi
Executive Director

Date: June 2018