



## STI Policy on Fraud and Corruption – Awareness, Prevention, Reporting and Response

### 1. Policy Purpose

This policy reflects the fundamentals and core concept that all STI members and associates agree to abide by regarding prevention and response to fraud and corruption. For purposes of this policy, a STI Member is any member of STI staff as well as any of its Country Offices and all other locations.

<b>STI has zero tolerance for fraud and corruption</b>
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STI recognizes that fraud and corruption is a prevalent issue, and has harmful effects on employees, the organization and society, and is a threat to our vision.

Fraud and corruption awareness, prevention, reporting and response are critical parts of the accountability and compliance culture at STI and are of great importance to our impact groups, employees, partners, donors, counterparts and other STI stakeholders. Our internal and external stakeholders have a right to expect that we conduct all our activities to the highest ethical standards.

This policy sets out the minimum standards and procedures that all STI is obliged to follow.

This policy addresses the awareness, prevention, identification, reporting, investigation and close-out of fraud and corruption at STI.

Where the donor regulations are more restrictive, those regulations must be complied with and incorporated in our work.

### 2. Scope

This policy and related procedures applies to all STI entities and personnel including but not limited to those located at country offices, sub-offices, STI offices, and headquarter offices. This policy places the ultimate responsibility for managing fraud and corruption at the STI Member level, and is not intended to replace existing fraud and corruption reporting or management processes as long as they are consistent with this policy. Any conflict shall be superseded by this policy

### 3. Definitions and Examples

Fraud and corruption is the act of intentionally deceiving someone in order to gain an unfair or illegal advantage of any value, or the abuse of entrusted power for private gain (financial, political or otherwise). Examples are given in **Attachment A**.

#### 4. Policy Statement

STI does not tolerate fraud or corruption by staff or related third parties, including any of STI's agents, consultants, vendors, partners or counterparts. STI staff are required to be watchful for fraud, corruption or any suspicious behavior, and report it to appropriate management. All reported incidents will be appropriately investigated, disclosed to relevant management, governance body and the donor, remediated, and closed out.

#### 5. Policy Details

**5.1.Fraud and corruption Intolerance and Reporting Obligations:** Any incidence of fraud or corruption or suspicious behavior must be reported to appropriate senior management or/and the whistleblower hotline as set forth in **Attachment B**.

**5.2.Internal escalation process:** All STI Members will have in place an internal escalation process to ensure appropriate management awareness and expeditious handling, resolution and donor notification via STI Members contract holder (as applicable) as set forth in this policy.

In consideration of local context and donor requirements, if any, STI requires to the maximum extent possible reporting fraudulent and corrupt behavior to authorities in any given country. Any exception must be justified in writing by the respective HR & Admin Manager, Country Director or Representative.

**5.3.Sufficiency of Investigations.** Fraud and corruption and allegations of fraud and corruption will be appropriately investigated after considering severity, credibility, potential for reputational damage, and applicable donor requirements. Investigations will generally be led by an appropriate business function as set forth within each STI Members, with input from appropriate management and external resources as necessary, including, but not limited to, legal counsel, external audit firms, etc. Any relevant costs including investigations, audit, etc. shall be borne consistent with the STI Code.

**5.4.Confidentiality of Reports and Investigations; Non-retaliation.** Any report of alleged or actual fraud and corruption submitted pursuant to this policy must be treated confidentially to the fullest extent practicable. Reports of fraud and corruption or suspected fraud and corruption may be submitted anonymously. Staff will not be retaliated against for good faith reports. Only personnel with a need to know should be advised of a report and any related investigation.

#### 6. Procedures

**Procedure Overview.** These procedures are designed to ensure appropriate management, reporting, investigation, remediation and close-out of allegations of fraud and corruption, and appropriate reporting, as specifically set forth below.

**6.1.Prevention and Awareness:** Each STI Member is responsible for periodically advising and training its staff, sub-grantees and partners of the content of this policy and for monitoring its implementation in activities for which the STI Member is the responsible party. Written agreements with external parties should to the maximum extent possible include a written reference to STI's intolerance of fraud and how it should be managed, a form is attached at **Attachment C**.

**6.2. Report by Staff/Partners/Recipients to Management:** Reports from staff, partners, recipients or any external parties must be provided immediately (within three business days unless sooner as required by any Individual Project Implementation Agreement (“IPIA”) between a STI Member Partner and Lead Member of suspicion or discovery to appropriate STI Members management using its applicable escalation process, as well as any other impacted SI Member associated with the relevant funding (as applicable) as set forth in Section 6.4 below. Reports may be received by STI management in any form, but preferably in writing. Reports may also be provided via STI’s whistleblower reporting mechanism otherwise known as the “STI Line” as described in **Attachment D**.

**6.3. Internal Reporting within STI Member and between STI Members:** Upon awareness of an alleged or suspected fraud and corruption, appropriate management or his/her designate will inform immediately (within three business days unless sooner as required by a relevant IPIA) the appropriate senior management within the STI Members using a completed **Initial Investigation of Suspected Fraudulent and Corrupt Act Report** found at **Attachment E**. If applicable, any member of the STI confederation providing funding or support to a project implicated by an alleged fraud shall also be immediately notified and shall be an integral part of determining next steps, provided that the specific timing of any specific report shall be consistent with the STI Member contract holder and/or its donor. The report will include a determination of the amount of the suspected fraud, and whether the suspected fraud requires donor reporting. Depending on the nature of the allegations, other units may be consulted, including Finance, HR, Security, STI’s communications team, STI regional Office etc., as necessary and applicable. A **Reporting Diagram** and **RACI Chart** are attached at **Attachment D** and **Attachment F**

**6.4. Appropriate Investigation, Report and Follow-Up:** Each STI Member will specify steps to investigate alleged fraud and corruption promptly. Alleged fraud or corruption will be investigated and documented commensurate with severity, credibility, potential for reputational damage, and applicable donor requirements. The STI Member holding the donor contract should be consulted for guidance on conducting and reporting an investigation. A matter will be considered closed by agreement of all concerned parties when conclusions of an investigation and related remediation activities are satisfactory to each implicated STI Member and related donor.

**6.5. Donor Reporting:** The STI Member that is the Donor contract holder (also known as the STI Member Partner in the STI Code) is responsible for any donor reporting of fraud and corruption and overall assessment of donor implications, but may delegate donor engagement to another office or appropriate party. STI will cooperate with any requests from a donor relating to an ongoing investigation, as applicable.

## **7. Responsibilities - Reference the Anti-Fraud and Anti-corruption RACI Chart:**

### **7.1 All Staff, Partners, Recipients, Agents, Consultants and Vendors**

- Act according to the acceptable legal and ethical standards and expectations
- Be watchful for fraud and corruption at STI or any related third parties including agents, consultants, vendors, and partners

NB: Please refer to the relevant STI entity for clarity on donor expectations regarding reporting templates and timeframe if any. <e.g. Fraud, corruption and diversion: Any credible suspicion of or actual fraud, bribery, corruption or any other financial irregularity or impropriety should be reported to STI within 24 hours of it being identified via email, and then narrative report.>

- Report to appropriate senior management or the whistleblower hotline
- Cooperate with any investigation into allegations of fraud or misconduct

## 7.2. STI Management

- Maintain an adequate control environment, performs regular risk assessments, implements appropriate procedures and internal control activities, ensure sufficient information communication and monitoring of the whole control system is in place
- Maintain policies and procedures to detect fraud and corruption
- Require staff to report suspicions, allegations or known fraud and corruption
- Report all instances of fraud and corruption
- Appropriately investigate or establish an appropriate person or team to investigate allegations of fraud and corruption
- Depending on context, develop guidelines to ensure clarity of roles and responsibilities
- Coordinate with the funding STI Members(s), as applicable
- Ensure implementation of any required or recommended remediation activity
- Activate the STI regional crisis communications team if risk to reputation or of external exposure
- Implement appropriate sanctions against staff who committed fraud and corruption
- Communicate appropriately on the sanctions taken in case of fraud and corruption
- Sensitize staff and partners about the fraud and corruption risk in the local environment regularly, act transparent and encourage open discussion on challenges
- Make the policy and whistleblower hotline available for all staff including partner staff

Subject to the confidentiality requirements set forth in Section 5.3, the personnel designated above may delegate their responsibilities to a qualified individual. However, the ultimate accountability for specific responsibilities set forth in this policy remains with the original designee.

## 8. Governance and Accountability

The STI Country Office will coordinate oversight of this policy in collaboration with STI Members, and review and update according to the timeframe specified in the policy. The STI Country Office will monitor and report against this policy utilizing standardized data with appropriate levels of confidentiality for global accountability. Any external reporting shall require the prior agreement of the STI Communications Working Group.

## 9. References

**Attachment A:** Examples of Fraud and Corruption

**Attachment B:** Description of Anti-Fraud and Corruption Reporting Hotline (“STI Line”)

**Attachment C:** Suggested Language for Contracts with External Parties

**Attachment D:** Initial Investigation of Suspected

Fraudulent Act Report **Attachment E:** Anti-Fraud and Corruption

Reporting Diagram **Attachment F:** Anti-Fraud and Anti-Corruption

RACI Chart

## **Attachment A**

### **Examples of Fraud and Corruption**

- Intentional concealment, omission, falsification or perversion of truth
- Inducing another to part with some valuable item or surrender a legal right
- Nepotism
- Bribery, kickbacks and/or gratuities
- Collusive behavior with vendors
- Keeping false records,
- False claims (e.g. requesting payment for goods, services or activities not actually performed)
- Embezzlement, and theft
- Receiving or providing financial and non-financial favors with the intent of facilitating activities that the person may not normally receive
- Conflict of interest

Falsification, misappropriation, and other fiscal irregularities refer to, but are not limited to:

- Any dishonest or fraudulent act
- Forgery or alteration of any document or account (including, but not limited to timesheets, payroll, accounts, travel and expense reports, procurement documents or inventory/asset registers)
- Forgery or alteration of a cheque, bank draft, or any other financial documents
- Misappropriation of funds, commodities, securities, supplies, equipment, or other assets
- Impropriety in the handling or reporting of money, financial transactions, or bidding procedures
- Accepting or seeking anything of material value from suppliers or persons providing services/materials as provided by applicable policies on gifts
- Destruction or misappropriation of records, furniture, fixtures, or equipment
- Diversion, alteration, or mismanagement of documents or information, and/or any similar or related irregularity
- Any malicious use of internet and IT documents or messages
- Cybercrime and/or identity theft

## **STI Whistleblower Hotline or “STI Line”**

STI is committed to preventing, detecting and correcting fraud, misappropriations, discrimination, sexual harassment, exploitation and abuse, support of terrorism, and other wrongful conduct.

We want to know if you suspect, or have observed or experienced, wrongful conduct. The earlier we find out that something is going wrong in our organization the sooner we can do something about it. We encourage you to share any concern that you may have.

Any STI employee or volunteer, partner, vendor, programme participant, or other outside party, may use this service to report wrongful conduct.

All reports of wrongful conduct will be taken seriously, and an investigation will be conducted.

Reports may be submitted anonymously, and will be kept confidential to the greatest extent possible consistent with the need to conduct an adequate investigation.

We will treat disclosures of wrongful conduct seriously and protect those who raise concerns in good faith. No employee will suffer harassment or retaliation.

You may also follow up on a report.

- To make a report through Phone call, you
  - Call using a country-specific telephone access number  
+211919274344/+211929274344 .

If you have any questions, please email: <a href="mailto:akalsumf@scienceteachersinitiative.org">akalsumf@scienceteachersinitiative.org</a>
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## Attachment C

### Suggested Language for Agreements with External Parties

Fraud and Corruption. STI does not tolerate fraud and corruption, and we expect the same from everyone with whom we work. [Insert outside party defined term] shall maintain and comply with written codes of conduct and policies and procedures that protect against any form of fraud and corruption, bribery, kickbacks, conflicts of interest, and others. Upon request, [insert outside party defined term] shall share with STI its applicable codes of conduct, policies and procedures. [Insert outside party defined term] shall inform STI immediately (within twenty-four hours) and in writing of any instance of actual or suspected fraud or corruption related to its work hereunder and shall respond promptly to and fully cooperate with any investigation STI or any donor, in their discretion, may require. [Insert outside party defined term] shall make all staff aware of and encourage reporting of any suspected or actual fraudulent or corrupt behavior to STI's whistleblower on: +211929274344 /email: [akslsumf@scienceteachersinitiative.org](mailto:akslsumf@scienceteachersinitiative.org) which enables confidential reporting of fraud. [Insert outside party defined term] shall be financially responsible for any losses due to fraud, and shall promptly refund such amounts to STI.

## Attachment D

### Initial Investigation of Suspected Fraudulent Report

Pursuant to STI's Policy on Fraud and Corruption Prevention, Awareness, Reporting and Response, each STI office or entity receiving an allegation of fraud or corruption must complete and submit this report immediately (within three business days unless sooner as required by a relevant IPIA). This form should be submitted in all cases regardless of donor, amount, or materiality, and should be submitted prior to a full investigation. The STI Manager or his/her delegate should transmit this document electronically to the appropriate senior management. **One or two sentence responses to each item below are sufficient for purposes of this initial report.**

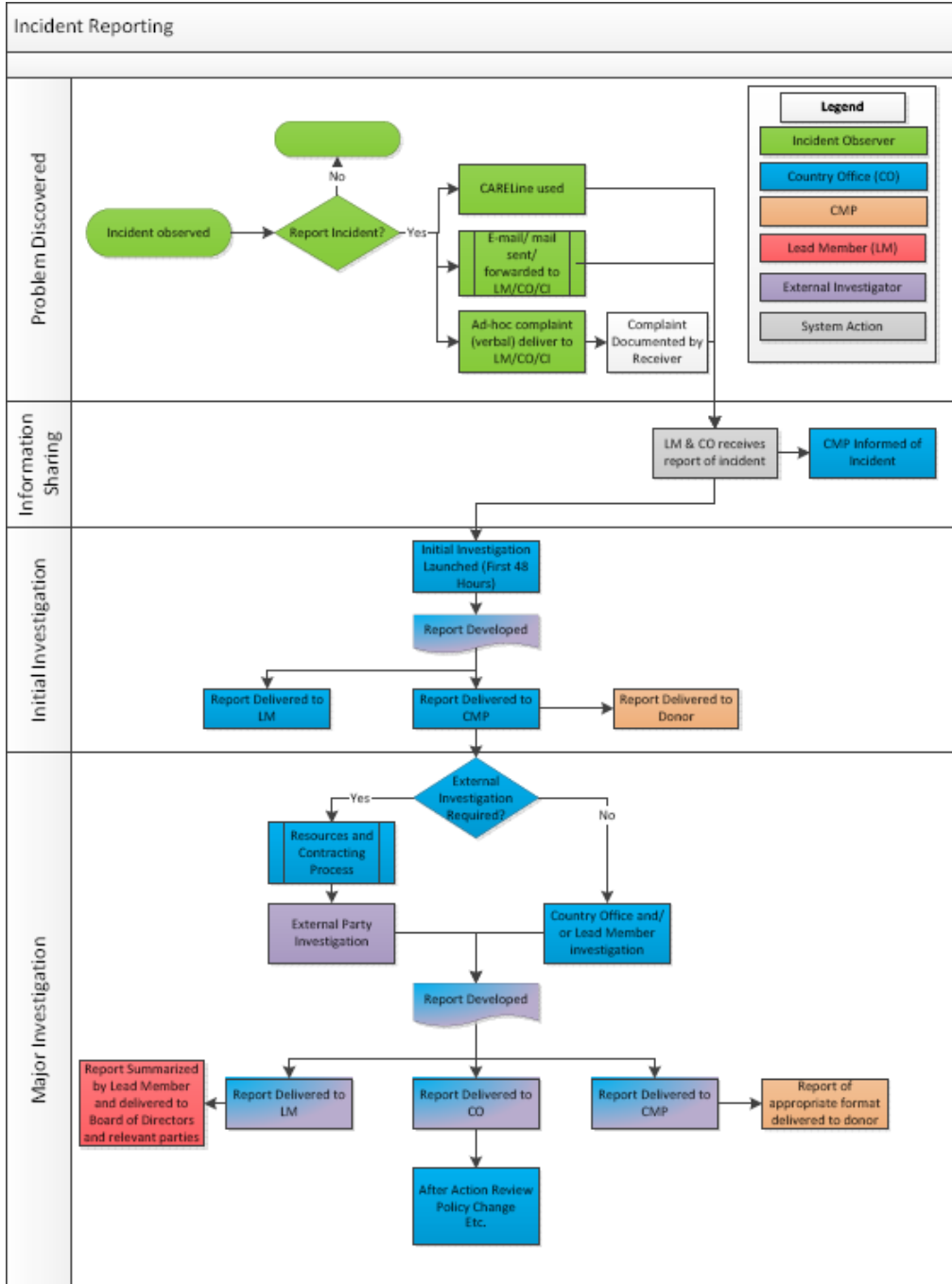
- 1) STI Office or Entity: \_\_\_\_\_
- 2) Donor(s) and project(s) compromised: \_\_\_\_\_
- 3) Date of discovery: \_\_\_\_\_
- 4) Method of discovery: \_\_\_\_\_
- 5) Date reported to funding STI Member Partner (if applicable): \_\_\_\_\_
- 6) Details: \_\_\_\_\_  
\_\_\_\_\_
- 7) Amount or value (estimate if necessary): \_\_\_\_\_
- 8) Initial internal control weaknesses or systems failures identified: \_\_\_\_\_  
\_\_\_\_\_
- 9) Initial remedial actions taken: \_\_\_\_\_  
\_\_\_\_\_
- 10) Potential for additional related fraud or corruption losses: \_\_\_\_\_  
\_\_\_\_\_
- 11) Initial determination of fraud/corrupted amount: \_\_\_\_\_
- 12) Initial determination if donor reporting is required: \_\_\_\_\_

**[Attach additional pages or attachments if necessary]**



# Attachment E

## STI Fraud and Corruption Reporting Diagram



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## STI Anti-Fraud and Corruption RACI Guidance

### Definitions:

**Responsible** The role or person or entity that is 'Responsible' to perform the work. In other words the 'doer' of the task or activity. The 'Responsible' need not be accountable for that task, even though in some cases the same person can be 'Responsible' and 'Accountable'.

**Accountable** The entity who has the final authority and accountability to a given task. For any given task, there is only one entity accountable.

**Consulted** Entities/people/roles whom we consult and get advice from before and during performance of the task.

**Informed** Informed are the entities/people/roles who we inform after we complete the task.

**CIM** Any member of STI as well as any of its country offices and all other field locations.

**CMP** STI Member Partner, STI Member who is holding and managing the donor contract.

**Entity** A term representing an independent legal part of STI.

**LM** Lead Member, a STI Member responsible for overseeing and managing a country office(s).

**Office** The part of STI which is initially notified of a suspicious activity.

**Limits of responsibility** Each STI entity is responsible only for offices that they directly manage/ oversee (if any). STIMPs are responsible for the relationship, role and regulations related to the specific donors that they have contracts with. No entity is expected to be responsible for activities that are not in its domain of control.

Function	Activity	Responsible	Accountable	Consulted	Informed
1) Prevention and awareness (entity's own offices and overseas)	a. Orientation and training for new staff, partners, refresher trainings.	Office	LM	CMPs	CMPs
	b. Systems review, spot-checks, internal audits.	Office, CMP, LM	LM	CMPs	LM, CMPs, Donor
	c. Internal controls in place	Office	LM	CMPs	CMPs

offices that they manage) <sup>3</sup>	d. Donor regulations, policies and reporting procedures,	CMP	LM	Donor	Donor
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2) Violation alert (tip-off, verbal or written report)	a. report received and shared to implicated entities.	Legal STI department	STI regional Office	CIMP	Implicated LM and/or CMP
	b. Report through STI general email received and shared with implicated entities.	Legal STI regional	STI Regional Office	CIMP	Implicated LM and/or STIMP
	c. Report received by a Lead Member and shared with implicated entities.	LM	LM	CMP	Implicated STIMP
	d. Report directly to an office received and shared with implicated entities.	Office	LM or related entity	CIMP	Implicated CMP

3) Initial Investigation	a. Conduct initial investigation constantly .	Office	LM or related entity	CIMP	Implicated CMP
	b. Results are shared in preliminary report along with recommendation for further /larger investigation.	Office	LM or related entity	CIMP	Implicated CMP
	c. Reporting back to complainant if necessary.	Office	LM or related entity	CIMP	Implicated CMP
	d. Initial donor report.	CMP	CMP	CMP	Office, LM

4) Reporting and corrective actions	a. Action / corrective action plan developed and shared.	Office/LM	LM or related entity	CMP	Implicated LM
	b. Donor report.	CMP	CMP	CMP	Office, LM

	c. Implement appropriate sanctions and corrective measures	Office/LM	LM or related entity	CIMP	Implicated STIMP
5) Major Investigation	e. Sourcing external assistance if needed (e.g., TOR, cost, etc.)	Office/LM	LM or related entity	CMP	Implicated STIMP
	f. Draft report and recommendation produced and shared.	Office/LM	LM or related entity	CIMP	Implicated STIMP
	g. Feedback for report finalization.	Office/LM	LM or related entity	CIMP	Implicated STIMP