



CARE USA Procedures implementing the CARE International Policy on Fraud and Corruption – Awareness, Prevention, Reporting and Response

Effective Date: February 1, 2018

1. Scope

These procedures represent CARE USA's implementation of the CARE International Policy on Fraud and Corruption – Awareness, Prevention, Reporting and Response (the "Policy"), and apply to all staff and offices of CARE USA, including those located at CARE USA country offices and related sub-offices, regional management units, and headquarters and related offices in the United States.

2. Background Details

4.1. Fraud Intolerance. As set forth in the Policy, CARE does not tolerate fraud and corruption by staff or related third parties, including any of CARE's agents, consultants, vendors or partners. All management and staff have a responsibility for awareness and mitigation of fraud at CARE, and required to be watchful for fraud and corruption.

4.2. Reporting Obligations and Escalation to Management. All staff at any level are required to report any incident of fraud or suspicious behavior to any one of the following: a member of the Global Management Team, Executive Management Team, applicable Regional Management Unit (RMU), CO Senior Management Team (SMT), CARE USA Internal Audit Department (Internal Audit), Award Management Solutions (AMS), Legal, People & Culture, the whistleblower hotline or "CARE Line" located at <http://care.ethicspoint.com>, or any other responsible management representative ("Report Recipient"). Any Report Recipients shall promptly advise the applicable Country Director (CD) or the respective EMT member with oversight over the area implicated by the allegation or suspicion. Staff will not be retaliated against for good faith reports, violations of which may result in sanctions up to and including termination.

3. Procedures

5.1. Reporting. Upon awareness of an alleged or suspected fraud, the CD or

EMT member shall promptly (within three business days unless any donor or Individual Project Implementation Agreement (IPIA) specifies faster reporting) send a completed **Initial Investigation of Fraudulent Act Report** attached as Attachment D to the Policy to fraudreport@care.org. For any overseas report, the applicable DRD PS, applicable AMS point person, and any member of the CARE International confederation providing funding to an implicated project shall be copied. One or two sentence responses to each question will suffice. The fraudreport@care.org email account will be maintained and monitored by Internal Audit. Internal Audit shall promptly advise Legal of any report that is significant, systematic or if ongoing could result in significant loss, sanctions and/or reputational damage (approximately \$25,000 or more). Depending on the nature and severity of the allegations, other units may be consulted, including Finance, People & Culture, Security, etc., as necessary and applicable.

5.2. Investigation and Close-Out. All alleged or suspected fraud will be appropriately investigated and documented commensurate with severity, credibility, potential for reputational damage, and applicable donor requirements. Overseas investigations will generally be led by the CD or his/her designate, with input from the DRD PS, AMS and Legal, as necessary, and Internal Audit shall where necessary review any terms of reference for any pending fraud investigation. Domestic investigations will generally be led by the EMT member in question with support from Internal Audit or Legal. Depending on the circumstances, Legal or Internal Audit may lead an investigation, and if Legal, staff will follow all to ensure attorney client privilege. All reports and investigations must be treated confidentially to the fullest extent practicable consistent with the need to conduct a thorough investigation. Only personnel with a need to know should be advised of a report and any related investigation. Guidance on the conduct of an investigation will be maintained by Legal. An illustration of the reporting, investigation and close-out process is at **Attachment A**. At least semi-annually, a verification process on the status of reported fraud will be conducted by Internal Audit, with international verifications receiving support from the applicable DRD PS or his/her designates. A matter will be considered closed by agreement of Internal Audit and Legal, and any applicable member of the CARE International confederation providing funding or support to the implicated project. Additionally, a matter will be considered closed only when the following documentation is satisfactorily received by Internal Audit:

- a) Initial Investigation Report (Attachment D of the Policy)
- b) Final Investigation Report (include the start and end dates)
- c) Support (e.g. invoice) or Summary Spreadsheet on Basis of Fraud Value
- d) Donor Notification
- e) Evidence of Return of Funds to Donor, Recovery or Adjustment
- f) Evidence of Action Taken to Prevent Fraud from Recurring

5.3. Donor Reporting. Transparency with donors is strongly preferred in all cases, regardless of value. AMS will generally take the lead on any CARE USA donor reporting of fraud and overall assessment of donor implications (US government, foundations, corporations, etc.), but may delegate donor engagement to an appropriate party. An applicable member of the CARE International confederation providing funding or support to a project implicated by an alleged fraud

is responsible for donor reporting with support from AMS. Guidance relating to donor disclosure will be maintained by AMS and Legal. In consultation with AMS and Legal, CARE will cooperate with any requests from a donor relating to an ongoing investigation, as applicable.

5.4. Aggregate Reporting. Internal Audit, in coordination with Legal, will compile and maintain an aggregated and updated list of reported instances of fraud, and will periodically report to appropriate management and the Board, or upon request from CARE USA management.

4. Responsibilities

4.1. All Staff

- Be watchful for fraud at CARE or any related third parties including agents, consultants, vendors, and partners
- Advise any member of a CO SMT, Internal Audit, the RMU, DCAU, Legal, HR or the CARE Line (<http://care.ethicspoint.com>) of actual or suspected fraud
- Cooperate with any investigation into allegations of fraud or misconduct

4.2. EMT Member/Country Director

- Manage and administer policies and procedures to detect fraud
- Require staff to report suspicions, allegations or known fraud
- Immediately (within three business days unless any donor or IPIA specifies faster reporting) report on required template all instances of fraud to fraudreport@care.org
- Appropriately investigate or establish an appropriate person or team to investigate allegations of fraud
- Coordinate with the funding CARE Member Partner (“CMP”), as applicable
- Ensure implementation of any required or recommended remediation activity

4.3. Deputy Regional Director Program Support

- Support the CD in the reporting and investigation of fraud, as necessary
- Monitor CO response and management of instances of fraud
- Conduct semi-annual status update of reported fraud in their region
- Advise Regional Director (“RD”) of instances of fraud in a region

4.4. General Counsel

- Serve as overall CARE USA lead on CI Policy on Fraud and Corruption
- Serve as focal point to CARE International as agreed with CI
- Support the CD in the appropriate investigation and reporting of fraud, as necessary
- Lead investigations where appropriate
- Facilitate regular meetings of a fraud committee with appropriate cross-functional representation
- Provide periodic reports to management, Internal Audit, External Audit and the CARE USA Board (Board), as appropriate

4.5. Vice President, People & Culture

- Support in the investigation of fraud, as necessary
- Work with other functions within the organization to examine and enforce policies
- Communicate human resource-related policies and procedures widely

4.6. Associate Vice President, Award Management Solutions

- Support the CD (unless implicated) in the investigation and reporting of fraud, as necessary
- Lead on CARE USA's approach to donor reporting of fraud
- Support and monitor the appropriate investigation and close-out of allegations of fraud, particularly in relation to misuse of restricted funds or violations of donor regulations and requirements

4.7. Director, Internal Audit

- Support and monitor the investigation and close-out of allegations of fraud
- Lead investigations where appropriate
- Liaise with CARE USA's External Auditor and the Board, as necessary

4.8. Staff, Internal Audit Staff

- In coordination with Legal, maintain an updated, consolidated log of all reported fraud and CARE Line reports,
- Provides inputs on Terms of Reference for fraud investigations, where necessary
- Facilitate semi-annual status update on reported matters under this policy,
- Provide periodic reports to management, Internal Audit, External Audit and the Board, as appropriate
- Lead investigations where appropriate
- Coordinate work of fraud awareness focal points, including such things as tools development, fraud assessment surveys, training, among other things.

Subject to the confidentiality requirements set forth in Section 4.4, the personnel designated above may delegate their responsibilities to a qualified individual. However, the ultimate accountability for specific responsibilities set forth in these procedures remains with the original designee.

Attachment A

CARE USA Fraud Reporting Diagram

