

Risk management tool

FRAUD PREVENTION



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BACKGROUND AND PURPOSE

An effective fraud prevention, detection and response capacity is vital for UNHCR's ability to discharge its mandate effectively and credibly for refugees and other persons of concern (PoCs). Fraud risk management is also a crucial part of good governance and therefore helps safeguard UNHCR's reputation.

The 2013 UNHCR Strategic Framework for the Prevention of Fraud and Corruption provides the definition of fraud and corruption, as well as a detailed outline of UNHCR's policy and methods related to the prevention of and response to fraud.

Fraud in UNHCR is defined as "Any act or omission whereby an individual or entity knowingly misrepresents or conceals a fact (a) in order to obtain an undue benefit or advantage or avoid an obligation for himself, herself, itself, or a third party, and/or (b) in such a way as to cause an individual or entity to act, or fail to act, to his, her or its detriment" (see [Handbook on Fraud and Corruption Prevention, Detection and Reporting at UNHCR](#)).

The Enterprise Risk Management Service (ERM) has developed this tool which the aim to assist field operations to better understand and manage fraud risks across a wide range of UNHCR's activities. The tool is designed to help ensure that key risks have been adequately identified and analysed, and that relevant treatments - proactive and reactive - have been considered thoroughly and agreed upon within the operation.

It is important to keep in mind that the risk management process may also facilitate the identification of new opportunities, thereby enhancing the possibilities of achieving objectives for the operation.

The tool is purely an advisory resource; the authority to issue mandatory instructions for mitigating fraud risks rests with the respective entities, for instance, DFAM for financial management and DIP for fraud committed by persons of concern. The IGO has the sole authority to initiate investigations. UNHCR personnel should report suspected fraud to the IGO without delay, i.e. via e-mail: inspector@unhcr.org.

The tool comprises of several key risks, with examples of causes, consequences and treatments that may apply in your operation. These risks and treatments are the result of an analysis of the operational risk register, relevant sectoral policies and guidelines, and field colleagues' contributions.

While the tool attempts to be as exhaustive as possible, there may still be elements of risks and treatments that have not been captured. Operations are welcome to contribute by sending additional proposals and comments to hqerm@unhcr.org, with subject: Tool - Fraud Risks.

Since this tool is covering fraud in a wide range of UNHCR's activities it is recommended to consult the resources listed below.

RESOURCE LINKS

[UNHCR Strategic Framework for the Prevention of Fraud and Corruption](#) (2013)

[Handbook on Fraud and Corruption Prevention, Detection and Reporting at UNHCR](#) (2017)

[Policy on Addressing Fraud Committed by Persons of Concern, HCP/2017/3/Rev.1](#)

[Operational Guidance on Addressing Fraud Committed by PoCs, UNHCR/OG/2017/1/Rev.1](#)

[UNHCR Resettlement Handbook \(July 2011 Edition\)](#)

[Key policies and guidance on enterprise risk management](#) (ERM Service intranet site)

[E-learning - Fundamental of Fraud and Corruption Awareness](#)

[E-learning – Prevention of Procurement Fraud \(unhcr.org\)](#)

HOW TO USE THE TOOL?

Operations can select one or more risk event(s) that apply to their operation, as well as the applicable causes, consequences and treatments. Please note that none of the Proactive or Reactive treatment "menu" is compartmentalised; treatments can be applicable to one or several causes or consequences. All statements (cause, event, consequence and treatments) can be edited and adjusted to your operational context; some may not be relevant or possible in each context. Key risks should also be reflected in the operation's overall online risk register. If multiple risks from the tool are relevant to your operation, we would suggest capturing them in one or two higher level risks to keep the overall risk register as a streamlined, prioritised management tool for the Representative and senior management team. Please ensure to select the tag "Fraud". Some fraud risk events are covered in greater details in the other risk management tools e.g. Implementing with Partners, Resettlement and Complementary Pathways, Procurement. Visit the [ERM Risk Management Toolkit intranet page](#).

*A risk statement as reflected in the online Risk Management Tool consists of four parts, namely, a risk event, its causes, consequences and a name. A risk may have multiple causes and consequences but has only one risk event. The risk name should be succinct and clearly identify the risk. Risk treatments are actions to reduce the likelihood and impact of the risk. Proactive risk treatment actions are implemented before a risk event occurs, based on identified causes of the risk event. Reactive risk treatments are executed after a risk event occurs, thus addressing the consequences of the risk event occurring.

Risk event | Fraud in registration and targeting

Causes

Challenging environment, e.g. emergency, or prevalence of fraud in the operating context

Adequate anti-fraud procedures and associated checks and balances are not in place for individual case processing, including review of registration and Refugee Status Determination (RSD) and resettlement decisions by senior management

Lack of monitoring, including of measures put in place in response to identified shortcomings

Insufficient internal controls allowing personnel to manipulate registration data for personal gain

Unclear guidance on how to implement targeting exercise

Non-segregation of duties related to targeting and distribution

Falsified information provided by PoCs

Insufficient documentation/data of PoCs

UNHCR's and partners' limited personnel capacity (numbers, knowledge)

Ability by other parties to inflate population data, redirect services or otherwise influence the targeting and registration process

Corrupt or compromised targeting criteria (receipt of bribes, extortion or coercion) or list

Proactive treatments

Raise awareness among PoCs and increase effective visibility of consequences of fraud/corruption

Engage in inter-agency and multi-functional needs assessments

Plan for a proper vulnerability assessment, using relevant guidelines and seeking expert support, and as relevant, coordinate with other agencies and partners to ensure consistency

Ensure targeting criteria are clear, specific, verifiable, communicated to PoCs and aligned with the assessments, policies and programmatic objectives

Run statistical analyses to detect for example unusual high or repeated payments

Ensure complaint mechanisms are in place and raise awareness of beneficiaries of their rights to use complaint hotline (if established) and other outreach mechanisms

Conduct Post Distribution Monitoring (PDM), contact beneficiaries to confirm the receipt of cash, goods or services distribution

Ensure effective use and monitoring of anti-fraud controls in the proGres database and BIMS biometric system

Conduct surveys and interviews to assess accuracy and effectiveness of the targeting criteria ensuring Age Gender Diversity (AGD) approach

Consequences

Diversion of funds as those not qualifying receive assistance

Aid not reaching PoCs targeted by the relevant assistance activities

Unreliable data leading to incorrect planning, budgeting and reporting

Damage to UNHCR's organizational reputation and negative effects on the integrity of the registration, RSD, and resettlement processes

Loss of donor, inter-agency and partner confidence regarding the reliability of UNHCR registration data

Reactive treatments

Review and remedy the cause of the established fraud

Revise the targeting criteria

Recover amounts unduly paid

Report suspected cases of fraud to the Inspector General's Office (IGO)

Engage with communities, communicate remedial action to communities, document safeguards put in place and reinforce monitoring

Inform host government authorities about established fraud

Risk event | Fraud in UNHCR Mandate Refugee Status Determination (RSD) / Case Processing

Causes

Issuance of UNHCR documents and registration, RSD and resettlement systems and processes do not have sufficient anti-fraud controls

Non-progression to proGres V4

Non-availability of biometrics

Lack of or insufficient management oversight in the RSD process

Lack of fraud awareness among personnel involved in registration and RSD

Limited personnel capacity (numbers, knowledge) or high turnover of personnel

Proactive treatments

Duly implement "[Procedural Standards for Refugee Status Determination under UNHCR's Mandate](#)"

Ensure the deployment / availability of biometrics as a matter of priority

Strengthen complaint and feedback mechanisms and raise awareness with personnel / PoCs / communities with regard to fraud

Ensure relevant personnel is adequately trained and supervised in line with the RSD Procedural Standards

Request the deployment of additional, trained RSD personnel for example through a deployment scheme.

Consequences

Diminished protection space

Individuals not in need or not deserving international refugee protection receive refugee status

Loss of integrity of UNHCR processes including resettlement, UNHCR's assistance going to undeserving persons not in need or not deserving international refugee protection

Loss of organizational credibility and reputation

Loss of donors' confidence and support to RSD and/or resettlement programmes

Reactive treatments

Review and remedy the cause of the established fraud

Ensure referral to anti-fraud focal point and panel as per SOPs

Reassess and strengthen if required RSD process and training needs

Refer suspected misconduct by personnel / partners to IGO

Risk event | Fraud in resettlement

Causes

Discrepancy between demand of resettlement places and their availability

Inexistent or inadequate mechanisms to identify and report fraud

Persons of concern are not given adequate information about the resettlement process / process leading to complementary pathways and/or regular updates about the status of their case

Insufficient case processing oversight and monitoring

Failure or delay in responding to fraud allegations

SOPs are not formally adopted, followed or updated

Identification and referral mechanisms are procedurally weak or not in place

UNHCR and/or partner personnel are able to engage in exploitation of refugees and/or other forms of misconduct

Proactive treatments

Designate anti-fraud focal point and ensure that he/she is leading the implementation of relevant policy and operational guidelines

Provide anti-fraud training for personnel, partners and governments

Conduct regular reviews, audits and random spot-checks of case processing and case management

Ensure development of SOPs as well as awareness raising and training of staff on them

Share information and provide counselling to individuals and communities to manage expectations

Ensure availability and sharing of anti-fraud information material in relevant languages with individuals and communities, including on feedback and complaint mechanisms

Include PoCs in anti-fraud initiatives

Implement/enhance regular fraud reporting mechanisms and trends monitoring

Ensure timely resolution of identified fraud cases in line with [Policy on Addressing Fraud Committed by Persons of Concern](#) and its updated [Operational guidelines \(OG\)](#)

Request DIP Multi-Functional Integrity support missions to assess the integrity of protection systems and processes

Share clear messages on possible consequences of fraud to PoCs

Maintain effective feedback and complaint mechanisms tailored to the needs and capacities of persons of concern; ensure Prevention of Sexual Exploitation and Abuse mechanisms in place ([SEA risk tool](#))

Consequences

Reduced resettlement and complementary pathways opportunities or programme put on hold

Refugees in need of resettlement as a lifesaving, protection solution cannot access resettlement

PoCs lose trust in UNHCR

Security of PoCs or personnel at risk

Public and political support for resettlement and complementary pathways declines

Governments demand extensive implementation of remedial measures

Governments turn to other partners to deliver resettlement services

Reputational damage and loss of credibility for UNHCR

Personnel motivation and work morale is diminished

Reactive treatments

Organize through the Bureau, Integrity Unit and / or Resettlement and Complementary Pathways Service a coordinated briefing for resettlement states, donor community and other stakeholders on allegations/instances of fraud (no-surprise approach)

Issue public statements or response in coordination with the regional bureau and/or Resettlement and Complementary Pathways Service

Decide on temporary suspension of resettlement programming in concerned operation(s) to address integrity gaps

Initiate DIP Multi-Functional Integrity support missions to assess the integrity of protection systems and processes

Initiate IGO and/or local investigation

Provide stakeholders with periodic updates on fraud allegations and investigations (also a proactive treatment)

Establish protocol for informing resettlement counterparts when allegations or incidents of fraud/corruption are committed by personnel or partners (also a proactive treatment)

Risk event | Fraud committed by Persons of Concern (PoCs)

Causes

Dire (or deterioration of) living conditions and financial situation of PoCs

Insufficient documentation and data on PoCs

Failure to implement registration and screening process according to UNHCR policy and guidelines

PoCs have access to and use false documents and/or identity to access UNHCR protection and services

Inadequate internal controls for fraud prevention. SOPs in regard to protection and assistance delivery not adhered to

Cuts in assistance and reduced availability in resettlement quotas

Personnel not trained or aware of typical fraud schemes

Monitoring failure or delay in responding to fraud allegations

Proactive treatments

Ensure thorough and meaningful review of registration, RSD and resettlement (SOPs) to maintain quality and integrity

Appoint and train the Anti-Fraud Focal Point and ensure the implementation of relevant [policy](#) and [operational guidelines](#), beginning with fraud vulnerability assessment

Establish a Fraud Assessment Panel and ensure effective oversight and management of the cases

Outline key protection, assistance and solutions interventions to PoCs and develop relevant SOPs

Plan for and conduct a proper PoC vulnerability assessment, using relevant guidelines and seeking expert support

Implement biometrics. Ensure effective use and monitoring of anti-fraud controls in the proGres database and BIMS biometric system

Conduct anti-fraud training to personnel and partners

Ensure monitoring and oversight on delivery of services and distribution to PoCs

Raise awareness among PoCs and increase effective visibility regarding fraud/corruption and the consequences

Disseminate key messages, such as UNHCR services are free, how to lodge a complaint, how to access services, duty of personnel, handling of confidential information, etc.

Ensure complaint mechanisms and outreach are in place and raise awareness of PoCs of their rights

Organize counselling to PoCs on registration and RSD procedures including complaint mechanisms

Inform PoCs about UNHCR safeguards to ensure fair protection processes

Involve – where appropriate -government authorities (IDPs) in preventing fraud by PoCs

Consequences

Diversion of funds as those not qualifying receive assistance or large-scale sale of assistance items

Undermined protection processes and assistance

Damage to UNHCR's reputation and negative effects on the integrity of the registration, RSD and resettlement processes

Loss of donors' trust and possibly funding

Security of PoCs may be at risk

Reactive treatments

Delay resettlement processing of implicated individuals

Request DIP Multi-Functional Integrity support missions to assess the integrity of protection systems and processes (also a proactive treatment)

Temporarily suspend resettlement programming in concerned operation(s) to address integrity gaps

Prepare a crisis communication with donors e.g., holding statement, Q&A

Escalate to the regional bureau or HQs entity

Collaborate with Government or local authorities in case of referrals to national justice systems

Consider in consultation with LAS and the Bureau other recourses such as national justice systems to protect UNHCR's interest and recover UNHCR funds

Risk event | Fraud and corruption in the procurement process

Causes

Lack of segregation of duties in the procurement process

Lack of internal controls, lack of oversight in the procurement process

Suppliers unaware of UNHCR's purchasing and procurement process

Bribery or extortion by supplier to corrupt UNHCR personnel to influence, secure or extend a procurement contract

Suppliers collude or “rig bids” to fraudulently secure procurement contracts, e.g. via a cartel

Supplier fraudulently misrepresents its capacity to supply what is requested by UNHCR

Supplier or another third party fraudulently submits false or incorrect invoices

Supplier tables change order requests after a contract is awarded that are unjustified. This is a particular risk with construction contracts

Weak control over establishment or change in supplier bank details

Deterioration of local economy may increase fraud prevalence in order to make ends meet

There is an external environment of fraud and corruption

UNHCR personnel not aware of proper procurement procedures

Personnel does not disclose conflict of interest with supplier and is engaged in a procurement process affecting that supplier

Personnel accepts a bribe or gift or is otherwise coerced by a supplier to influence a procurement process

Proactive treatments

Hold supplier seminars on "How to do business with UN / UNHCR"

Suppliers agree [to UN Code of Conduct for suppliers](#) and include it in the contract

Ensure that all personnel are aware of who, how and when they can contact suppliers

Ensure relevant personnel follow the online training: [Prevention of Fraud in Procurement](#)

Review for signs of collusion or bid rigging in supplier responses and perform due diligence checks on suppliers

Control supplier change requests including bank details

Ensure Delegation of Authority Plan (DOAP) is up to date and procurement duties properly segregated i.e. segregate:

- requesting and establishing specifications from the procurement action
- technical evaluation from financial evaluation of tender responses
- managing the procurement action from awarding the contract
- ordering from receipting from payment

Stress importance of compliant procurement actions and enhance awareness of procurement procedures and the difference in emergencies

Train supply and requesting personnel and procurement committee members on required procurement practices and ethics, as well as SOPs

Ensure acceptance of goods / services according to PO and contract payments

Consequences

Principles of competition, fairness, integrity and transparency are compromised

UNHCR or its partners may suffer reputational damage and face critical audit opinions

Donor confidence in UNHCR may be negatively impacted and funding affected

Financial loss, best value for money not achieved

Compromised / reduced quality goods, services or works may be received

Goods, services or works which are not required are procured and paid for

PoCs may not receive goods and services as planned and resort to negative coping mechanisms

Market may be negatively affected if other suppliers suspect lack of transparency or bias by UNHCR or its partners and lose trust, impacting future procurement actions

Relations with host authorities may suffer

Compromised UNHCR or partner personnel become more susceptible to repeat fraud or corruption

Working environment becomes “toxic” and threatening, and in extreme cases dangerous, leading to curtailment of programmes or departure / withdrawal of personnel

Reactive treatments

Report any suspected fraud or corruption to IGO and support investigation as required

Analyse poor tender responses to understand and document the reasons

Enquire why a bidder withdraws or deliberately “spoils” a bid to understand and document the reasons

Liaise with Vendor Ethics Committee (SMS HQ) regarding investigating a supplier suspected of fraud / corruption

Institute appropriate sanctions against supplier following the decision of Vendor Ethics Committee after IGO investigation

Collaborate and consult with Legal Affairs Service (LAS) before raising any legal claims

Review with LAS options to terminate supplier contract

Implement any personnel disciplinary measures determined by Human Resources

Generally - support any formal investigations and implement required sanction as communicated by relevant authority without delay

Note: further details of fraud and corruption risks can be found in the Procurement Risk Tool

Note: the suppliers and personnel of a partner face the same procurement fraud / corruption risks noted above for UNHCR suppliers and personnel

Risk event | Instances of fraud and corruption by UNHCR funded partners (incl. government entities), partner personnel and sub-contractors

Causes

Impression of impunity by partners' and sub-contractors' personnel

Complex and changing environment i.e., an emergency

Enabling environment for fraud and corruption

Lack of access to operational sites and partner offices

Insufficient monitoring of project implementation

Lack of oversight, segregation of duties and rotation in UNHCR and with the partner

Weak internal controls

Partners and subcontractors unaware of what constitutes fraud and corruption

Lack of focus on partner selection

Partner's heavy reliance on UNHCR funding

False reporting or overestimation of needs, total population of PoCs, and identification of beneficiaries by partners

Undeclared conflict of interest

Uncertain personal situation and financial needs of partner personnel

Lack of fraud awareness amongst UNHCR personnel

Proactive treatments

Review partner's internal controls by using the [Internal Control Questionnaire \(ICQ\)](#)
Recommend corrective measures for the gaps

Ensure clear segregation of duties and responsibilities (through established SOPs)

Ensure rigorous partner selection and retention process

Perform spot checks as agreed with partner

Ensure partner has anti-fraud and corruption policies and procedures in place

Ensure partner personnel complete [Fraud Awareness Basic Training](#) on the Partner Portal

Raise awareness and Code of Conduct training on fraud and corruption prevention & reporting among partner and UNHCR personnel

Ensure risk-based monitoring, financial verification and remote monitoring, as needed

Establish complaint/feedback mechanism(s)

Ensure confidential whistle-blowing mechanism is in place

Support integrity strengthening measures i.e., increase capacity building on operational delivery and oversight

Collaborate with all stakeholders to combat fraud in the refugee response

Establish common platforms and exchange information on assessment of partners on operational integrity, previous cases and common modus of fraud in the operation

Ensure clear outcomes are included in Partnership Agreement with measurable indicators

Consequences

Misuse and/or diversion of aid if goods and services do not reach intended beneficiaries

Objectives of partnership agreement not met

Financial loss/payment against false or inflated receipts and invoices

Financial implications, including the reimbursement of lost funds to UNHCR or donor

Impact on future fundraising efforts

Loss of stakeholder confidence

Negative publicity and reputational damage for UNHCR and the partner(s)/sub-contractor(s)

Poor audit reports

Deterioration of relationship with partner and government due to the fraud case(s)

Safety of UNHCR and partner personnel threatened

PoCs receive sub-standard assistance /support services

Suspension of activities impacting PoCs

UNHCR inability to effectively fulfil its supervisory role

Reactive treatments

Report to Inspector General's Office (IGO) fraud/misconduct

Ensure close monitoring of cases referred to implementing partners for investigation.

Review the quality of investigation reports submitted by partners

Coordinate actions and external statements with DRRM, LAS, IGO in the event of the suspicion of fraud

Escalate to regional bureau any cases of aid diversion, suspicion of fraud

Request for audit of the project [UNHCR/HCP/2015/5 - Policy and Procedures on Risk-Based Project Audit Certification](#)

Seek (forensic) auditing expertise if evidence of fraud/misconduct leads to significant, financial, operation and reputational risks

Implement legal/punitive action, as agreed with relevant parties

Terminate or non-renew the partnership agreement, consider direct implementation

Depending on the agreed framework, inform the government on the available information related to the fraud allegation/case

Note: further details of fraud and corruption risks can be found in the [Implementing with Partners tool](#)

Risk event | Fraud linked to undue influence on UNHCR processes by government authorities, donor countries and other entities

Causes

Partner imposed on UNHCR by external entity

Corrupt decisions in the identification of project areas and activities (perpetuates ghost employees, receipt of commissions and income, unauthorized expenses, diversion of NFI or CBI)

Issuance of permit to work and access to operational sites are used to influence UNHCR operations

Authorized personnel or members of UNHCR decision making committees such as contract committees have undeclared ties to specific parties and /or are prone or exposed to pressure and influence

Lack of diversity in the contract committee members or concentration of authority in limited number of personnel

Oversight and controls on high-risk processes are not in place or not effective

Limited possibility/access to carry out independent assessments and reviews

Pressure and intervention on the procurement process to favour specific parties

Proactive treatments

Understand the local context, hierarchy, structure and culture of the operational sites to define threats, high risks, practices, tensions, biases, and other key considerations

Train and increase capacity of personnel on how to prevent or effectively engage in activities that are potentially exposed to influential parties and malpractices

Assign personnel with the right skills, experience and promote diversity in the operation. Ensure rotation of personnel

Institute internal controls, oversight and governance processes on key activities

Ensure regular review of processes and designation of authorities, roles and responsibilities

Ensure effective inter-agency collaboration and sharing of information

Ensure funding and partnership agreements are clear and free from biased conditions

Consequences

UNHCR operations impeded

Deterioration of relationships with the different parties in the operational sites

Harm and insecurity to personnel, assets and premises of UNHCR

Disturbance in the operations, impacting protection and assistance delivery

UNHCR's independence and impartiality put in question

Financial loss, potential harm to UNHCR's reputation

Loss of donor trust

Reactive treatments

Seek support from the host government

Engage and seek resolution with the specific party, ensuring that host government is involved/informed, as needed

Secure the personnel, asset or premises under threat or affected

Provide immediate support to impacted personnel and strengthen personnel welfare initiatives and support, if needed

Re-assign personnel if required and where possible

Escalate to regional bureau and headquarter entities, as required

Seek advice from LAS and IGO

Risk event | Fraud in distribution of NFI's and provision of other services to PoCs, including Cash Based Interventions (CBI)

Causes

Lack of understanding by the PoCs of their entitlements, the process and guidelines on the provision of services and goods

Lack of proper targeting and verification

Falsified information and documentation by third parties or PoCs leading to false information in the PoC database

Insufficient documentation/data on PoCs

Limited capacity in assessment, distribution, monitoring, oversight and reporting (UNHCR and/or partner)

Services/supplies/package for PoCs attracts misrepresentation of information by the PoCs or other parties, such as splitting families, "borrowing" children and adding family members to inflate family composition to receive assistance

Weak controls and system to detect fraud and other malpractices in distribution and delivery of services

Bribery or extortion by other parties towards refugees and other stakeholders involved in the distribution

Only one service provider available for CBI, giving them undue power

Proactive treatments

Ensure compliance with relevant UNHCR policies and operational guidance on distribution of goods and services, and CBI

Institute systems in submitting and managing requests for delivery of services to PoCs to avoid intermediaries and exploitation

Develop an anti-fraud strategy and action plan to strengthen detection and prevent occurrence of fraud in the distribution process (including identification of red flags)

Ensure that PoCs' database is regularly updated through verification and audit exercise

Use biometrics and other automated systematic controls on recording and verification of data

Collaborate with the Government and partners to put in place process in distribution and agreed framework on handling alleged cases of fraud

Ensure segregation of duties for PoC data, targeting, distribution, and reporting

Conduct capacity building and code of conduct dialogue (CoCD) sessions for personnel

Raise awareness among PoCs and increase effective visibility regarding fraud/corruption and the consequences

Establish an effective and accessible feedback mechanism such as hotline, outreach, etc.

Use established financial intermediaries (cash providers) subject to national and local regulations and reviews

Consequences

Diversion of funds as those not qualifying receive assistance or the latter is diverted to third parties

Needs of PoCs not met

Fraud practices in distribution perpetuated

Loss of assets and funds

Reputational impact to UNHCR, government and partners involved

Suspension/cessation of the activities benefitting PoCs

Freezing of funds by donors

Loss of trust by the PoCs in the UNHCR response/operation

PoCs exposed to overly high withdrawal fees when withdrawing funds from cash providers

Reactive treatments

Remove individuals from beneficiary list, as needed

Report suspected cases of misconduct for investigation and assist, if asked, the IGO

Execute actions to recover funds, in accordance with the policy and agreement with relevant parties

Re-evaluate effectiveness of controls and oversight. Institute revised controls to deter the re-occurrence of the specific risk/s that materialized

Engage with donors to rebuild trust, and ensure information dissemination after execution of actions to improve integrity and accountability

Review of existing contractual arrangement with CBI service provider

Risk event | Diversion of aid (financial resources, inventory, non-food items and other assets)

Causes

Criminal, unauthorized and fraudulent practices by personnel, partners and other actors

Hostile, remote, conflict and/or emergency situation creates opportunities for diversion of aid

Presence of militia, banditry (road/points of delivery)

Inadequate internal controls

Lack of management oversight

Insufficient documentation / data on PoCs, leading, inter alia, to overstated needs

Misreported or hidden, unauthorized expenses, inflated costs

Limited ability to carry out independent assessments, investigation, audit, and verification (e.g. due to lack of access, hindrance by third parties)

Insufficient monitoring of implementation, analysis of reporting and post-distribution monitoring (PDM)

Proactive treatments

Require potential partner to declare that it is not sanctioned by the UN Security Council sanctions list and that it does not directly or indirectly support entities sanctioned by a UN agency

Require UNHCR personnel to answer questions on criminal, investigation and disciplinary records during the recruitment process

Require PoCs to provide information on their identity at the time of registration that is verified on an ongoing basis

Ensure thorough process in partner selection and retention, including vetting of partners and due diligence in registration

Ensure partner contracts contain clause to report instances of funding diversion

Strengthen procurement governance, segregation of duties and closely respect/adhere to (do not override) automated controls in Enterprise Resource Planning (ERP)

Analyse key processes to understand potential for aid diversion

Organize fraud & corruption prevention learning/training for personnel

Use biometrics in UNHCR registration of PoCs

Switch to CBI through existing financial intermediaries that are subject to relevant international, national and local regulations

Consequences

UNHCR's assistance and services not reaching persons of concern

Objectives not achieved as PoCs needs are not met

Material and financial losses to UNHCR against false/inaccurate distribution reports

Reputational impact to UNHCR

Loss of trust by donors

Suspension of UNHCR operation and delivery of services

Sanctions by the government (persona non grata, cessation of UNHCR operations, expulsion of UNHCR from certain operational sites)

Cancellation of partnership or deterioration of relationship with government

NFIs/CRIs may end up in the hands of elements that are party to the conflict

Reactive treatments

Suspend contracts or partnership agreements concerned

Recover the diverted funds

Ensure investigation and imposition of disciplinary measures if warranted

Issue an official communication on aid diversion to host government

Coordinate actions and any external statements with Donor Relations and Resource Mobilisation Service (DRRM), Legal Affairs Service (LAS) and Inspector General's Office (IGO)

Report suspected fraud to IGO

Engage with donors on the diversion of funds case, proving feedback and timely reports/briefings

Risk event | Fraud in recruitment processes and career progression

Causes

Lack of verification of submitted documents by human resources (HR) personnel and / or management

Cronyism or nepotism in the workplace (partiality in awarding jobs to friends or relatives)

Abuse of authority / mismanagement by HR or other personnel

Insufficient HR capacity

Conflict of interest situations due to pressure from family, tribal affiliation or government

Weak internal controls in HR processes

Insufficient management oversight (e.g. segregation of duties) over recruitment and career management

Loosened internal controls (screening) in emergency situations

Lack of awareness of local dynamics (e.g. tribal affiliations) in operational environment by international personnel

High level of unemployment in-country, creating pressures for fraud

Proactive treatments

Enhance awareness of personnel and potential candidates on HR processes including conflict of interest situation

Conduct necessary background checks prior to recruitment

Propose where necessary changes or modifications to existing processes and/or guidance

Ensure effective management oversight in the different stages of recruitment and promotion processes

Ensure that there is segregation of duties in HR processes and internal controls are in place

Ensure sufficient HR capacity based on projected demand

Put in place an HR training plan including annual code of conduct dialogue for personnel

Ensure that personnel with HR responsibilities have signed the relevant confidentiality agreement

Ensure recording and documentation of the different stages of the HR process

Conduct reviews of HR processes, particularly those assessed as high risk

Ensure personnel is aware of “Speak-up” help line and UNHCR’s “Whistle-blower policy”

Consequences

Unqualified candidates hired or specific candidates preferred over more qualified ones

Poor performance/productivity and failure to reach organizational objectives

Non-optimal impact of programmes due to non-attainment of the objectives

UNHCR’s reputation negatively affected

Loss of trust in the recruitment and other HR process

Deterioration of personnel morale, psychological impact and stress to personnel, and toxic work environment

Increasing number of management reviews

Complaints to the UN Tribunal

Reactive treatments

Escalate issues to Division of Human Resources (DHR) or regional bureau

Report suspected cases to IGO

Reassess performance of relevant HR processes and take corrective action, as needed

Remind personnel about availability of [“Speak-up” helpline](#)

Risk event | Fraud in personnel benefits and entitlements including the submission of Medical Insurance Plan claims and in leave and absence management

Causes

Lack of segregation of duties

Weak internal controls or override of existing controls

Insufficient HR capacity to process and verify claims

Lack of knowledge about local conditions including local languages

Lack of awareness of rules/regulations by personnel

Perception of impunity

Proactive treatments

Ensure personnel is aware of relevant rules and regulations, including those related to personnel entitlements

Institute a second layer of oversight including random checks, such as calls to hospitals and education institutions

Train relevant personnel responsible for the HR processes. Ensure qualified and trained personnel execute the tasks

Ensure segregation of duties, and effective delegation of authority. For smaller offices, consider country or regional support

Automate the process and maintain sufficient audit trail

Conduct periodic compliance reviews

Carry out market research on standard prices of services and medical fees. Inform personnel on the process and share price ranges and locations of service providers

Consequences

Financial loss to the organization

Perpetuation of unacceptable practices

Reputational risk to the organization

Negative impact on personnel morale and working relationships in the office (sentiment on injustice, demotivation, lack of trust in the system)

Negative audit findings

Reactive treatments

Inform IGO in case of suspected misconduct

Consider other recourses such as national justice system to protect UNHCR's interest and recover UNHCR's funds/resources in consultation with LAS and the Bureau

Raise malpractice with DHR

Remind personnel about availability of ["Speak-up" helpline](#) (also proactive treatment)

Risk event | Fraud in personnel management related to travel, training and missions

Causes

Weak controls and / or lack of segregation of duties in processing and authorizing travel, training and missions

SOPs not established for travel, training and missions or not thoroughly implemented

Lack of oversight on travel, missions and training affecting personnel

Travel claims not properly reviewed and approved

Personnel unaware of rules regarding travel, missions and training

Undeclared conflict of interest

Extortion, intimidation, and coercion, to or by personnel

Proactive treatments

Update relevant SOPs and disseminate them widely both internally and to external parties involved such as travel agents and other contractors

Ensure that UNHCR is not exposed to liabilities in case of private travel and that appropriate SOPs and controls are put in place

Ensure separation of duties (authority) in the travel authorization process

Strengthen and test internal controls on identified weak points

Establish a review process over a certain interval of time. For example, (1) contractors bills and receivables should be reconciled, (2) submission of summary report of field missions and (3) logbook and monitoring of training opportunities

Conduct awareness raising and advocacy on ethical conduct, abuse of authority, and conflict of interest. This can supplement the CoCD or be a separate initiative

Increase awareness among UNHCR's partners and contractors with regard to UNHCR's policy on travel, missions and training and other advantages

Consequences

UNHCR exposed to financial, legal liabilities and reputational harm

Loss of UNHCR's resources

Low morale among personnel leading to lower productivity and possible turnover

Conflict among personnel

Accusations on favouritism, nepotism, cronyism; malpractices are perpetuated

Impeded selection of best candidate for the travel, mission or training

Loss of confidence in senior management

Reactive treatments

Report the incident or malpractices to the IGO

Initiate actions to immediately stop the practice in consultation with DHR, and LAS

Consider in consultation with LAS and the Bureau other recourses such as national justice systems to protect UNHCR's interest and recover UNHCR's funds

Carefully discuss with personnel the incident or case to avoid misinformation and to ensure that no other personnel are victimized

Initiate [conflict resolution](#) and trust building activities with personnel, if needed

Assess the damage or impact and execute rectification measures to ensure that workplans are on track to reach objectives

Remind personnel about the ["Speak-up" helpline](#) (also proactive treatment)

Risk event | Fraud linked to the use of UNHCR's assets, inventories and supplies

Causes

UNHCR's vehicles, generators and other assets are used by unauthorized persons or activities not linked to UNHCR operations

Malpractices in fuel management (e.g. distributed or sold to unauthorized persons, personal use, etc.)

Poor controls in access, use, locations of assets, including inadequate storage infrastructure or security of assets, poor segregation of authorities, manual processes, etc.

Poorly maintained asset records including lack or inadequate documentary trails on the movement of assets, use of obsolete and manual systems

Pressure from authorities and other parties that exert influence

Inadequate personnel capacity or knowledge to implement asset management

Purchase of assets, parts or services not in conformity with UNHCR's procurement and fleet management processes

Proactive treatments

Train personnel in warehouse and inventory control techniques and processes. Train drivers and other designated users of assets

Invest in automated systems and controls to track / control / record the use of assets (such as vehicle tracking systems, FleetWave, fuel gauge and cards, inventory systems for spare parts, maintenance scheduling, online tools and apps, etc.)

Explore qualified third party to ensure safeguarding of assets if applicable in specific situations

Increase security and infrastructure in UNHCR's warehouses and other premises used to store

Ensure clear responsibility and accountabilities of assets maintenance and usage including appointing focal point/s

Review expenses and calculate reasonableness test such as km/liter usage, monthly and per unit consumptions, high and frequent insurance claims, frequent repairs and replacements, etc.

Inspect in a regular but unpredictable manner warehouses and assets locations. Review documents records and systems' regular and exception reports

Consequences

Loss of UNHCR resources and funds

Diversion of UNHCR resources (fuel, funds, assets, supplies and inventories)

Damage, impairment and loss of UNHCR assets

Loss of reputation

Loss of donor trust

Reactive treatments

Retrieve UNHCR's assets

Process claims for insurance or other recourse for recovery

Review and follow up on any unreasonable expenses and unusual wear and tear of UNHCR property

Verify reports of unauthorized use and irregularities. Report to the IGO or designated party, for investigation as necessary

Cancelation of contracts and agreements. Consult with LAS and relevant units in Bureau and HQ

Issue official statement from UNHCR (general or specific case, as appropriate)

Review the internal control where the lapses happened for the fraud to occur to avoid recurrence

Note: further details of fraud and corruption risks can be found in the Inventory and Asset Management Risk Tool

Risk event | ICT, Cyber and Data Fraud

Causes

Ineffective and insufficient data protection controls and practices facilitating cyber attacks

Insufficient personnel capacity in ICT and / or lack of adequate knowledge and awareness of ICT, cyber and data fraud amongst ICT personnel

Inadequate or outdated ICT infrastructure

Failure to invest in and sufficiently secure ICT systems against cyber-attacks allowing vulnerabilities to be exploited by threat actors (i.e. state-sponsored, hacking groups, and insiders/partners)

Insufficiently trained workforce in cybersecurity, data protection controls, and proper system usage

Catastrophic failure of ICT infrastructure at either central data centers or in field locations

The DIST backup & recovery system is not consistent and comprehensive across all systems

Existence of locally developed and maintained IT systems with inadequate security controls

Failure to maintain accurate and up-to-date access controls to key systems

Proactive treatments

Assess and conduct tests of ICT systems and infrastructure's integrity and adequacy

Ensure sufficient in-house ICT expertise

Train personnel handling ICT and data and enhance awareness of data security measures of all personnel

Issue SOPs relevant to fraud in data management and protection and monitor compliance with relevant rules, regulations and good practice procedures

Collaborate with government and partners on strengthening data and ICT integrity

Ensure back-up systems are in place, ensure use of cloud technology through secure connections

Scan, file and upload PoC personal data to E-safe cloud storage

Flag any identified threats to systems to DIST/HQ

Strengthen the security and access controls of distributed systems

Consequences

Theft, loss or alteration of sensitive data

Operational data could be compromised, adversely affecting availability of accurate and relevant data needed to address the protection and assistance needs of persons of concern

Confidential data of PoCs or UNHCR are accessed and utilized for fraudulent and malicious purposes. PoCs threatened, exploited or exposed to harm (i.e. blackmailing, extortion)

Reputational damage to UNHCR

UNHCR's operation compromised

Shutdown or impeding of UNHCR's operation and delivery of services (service interruption)

Loss or misdirection of UNHCR resources

Relationship of UNHCR with partners, government and other entities negatively impacted

Loss of trust by the government and PoCs on UNHCR's processes and integrity

Possible disclosure, theft or alteration of sensitive data and interruption of ICT services

Inability to maintain the continuity of critical processes and capacity to implement mandate and programmes

Reactive treatments

Strengthen ICT expertise / capacity

Escalate to Senior Management (HQ-DIST)

Upgrade of the failing infrastructure

Conduct investigation (in close cooperation with /supervision by DIST) on a case-by-case basis and in coordination with other agencies

Activate in collaboration with DIST/HQ Disaster Recovery Plans

Report suspected fraud from UNHCR/partner personnel to IGO

Opportunity | Success in collaboration to combat fraud with stakeholders involved in the PoC response

Causes

Engagement with all stakeholders to combat fraud and corruption risks

Donors' understanding and increased support to combat fraud in operations / countries where there are inherent fraud risks

Aligned interest with government to address and mitigate fraud and corruption

Collaboration with private and corporate sectors in adopting best practices in fraud detection and mitigation

Partnership with the media in enhancing awareness and advocacy against fraud and corruption

Shared platform with UN agencies and other organizations involved in the refugee response in terms of information dissemination, pooled resources in training and advocacy and establishing common standard and systems in addressing fraud

Use of advanced tools, systems, applications and controls to effectively detect and mitigate the risks of fraud

Grassroot organizations and groups (i.e. PoC representatives, host communities) actively participate in initiatives combatting fraud

Availability of feedback mechanisms, hotlines, and other means to report suspected fraud cases

Proactive treatments

Establish integrity briefings with donors. Provide timely risk information and updates on initiatives to strengthen operational integrity

Conduct thorough fraud risk assessments in high-risk operations and provide key results to donors on the level of residual risks

Conduct annual risk assessment and determine corresponding treatments for identified risks of fraud committed by PoCs, including robust prevention, detection and response measures

Inform government interlocutors on UNHCR's fraud policies. Collaborate on training initiatives and agree on reporting and investigation framework

Include integrity matters while engaging with private sector and development agencies on activities that will benefit PoCs

Establish platform(s) on information sharing and reporting

Collaborate on capacity building initiatives

Establish an inter-agency strategy and plan of action addressing fraud prevention

Standardize common processes, government permits, importation processes, codes of ethics, and shared commitments

Invest and train personnel and partners in the use of advance systems in payments (e.g. use of financial gateways and established intermediaries) and procurement (e.g. e-commerce, standardized contracts)

Develop effective feedback mechanisms and automated reporting mechanisms / tools

Consequences

Fraud and losses of UNHCR's funds avoided

Cost effectiveness. Reduced duplication of initiatives and exercises, new opportunities for innovative approaches

Strengthened trust by donors, PoCs, and other stakeholders

Confidence maintained / enhanced in UNHCR's protection, assistance and solutions activities

Strengthened reputation and public trust

Strengthened collaboration among agencies involved in the humanitarian response that can go beyond collaboration in fraud prevention

Reactive treatments

Develop lessons learnt and best practices that can potentially also be shared with other operations and organizations

Issue a statement on the united stand against fraud with the different stakeholders, highlighting measures undertaken

Explore further areas of collaboration and information sharing amongst stakeholders, including for training and capacity building initiatives linked to fraud prevention

Based on the agreed reporting and investigation framework, pursue the investigation and eventual action and recovery if the fraud is established. Disclose the results, if possible (while maintaining confidentiality)

Enhance communication with communities on issues linked to fraud prevention

Ensure timely and effective response to reported instances of fraud and address identified areas of fraud vulnerability (jointly with stakeholders, where needed) to avoid recurrence of fraud. Verify the functioning and comprehensiveness of internal controls

Mitigate or rectify the negative impacts to the PoCs in case fraud has been committed, as possible. Ensure PoCs are aware of feedback and reporting mechanisms put in place by UNHCR and stakeholders

Notes:



Enterprise Risk Management