Global Preventing Criminal Practices policy and procedure

1. Introduction

VSO is committed to maintaining the highest standards of ethical conduct, integrity and accountability in all areas in which it works. This policy outlines the organisation's position on preventing and prohibiting particular criminal practices:

- Bribery, corruption and fraud
- Money laundering
- Terrorist activity
- Modern day slavery

VSO will not tolerate any form of criminal activity by, or against, its employees, volunteers or any person or body acting on its behalf.

This policy applies to all employees, volunteers, officers of the organisation, temporary workers, consultants, contractors, sub-contractors, agents, partner organisations, donors suppliers, agents and subsidiaries acting for, or on behalf of, VSO within the UK and overseas.

2. Policy

Criminal activity poses a threat to VSO because of the potential negative impact on VSO’s ability to deliver its mission. It could impact VSO’s reputation, particularly amongst donors, regulatory bodies, volunteers, governments, partners and other supporters. This could severely impact VSO’s ability to raise funds and to recruit volunteers and staff.

VSO is committed to developing and maintaining the highest standards of openness, integrity and accountability. In particular, we want to work together to ensure that neither VSO as an organisation nor any staff member or volunteer is involved in criminal practices or corruption.

3. Reporting

Any breach, or suspected breach, of this policy should be reported immediately in accordance with VSO’s Whistleblowing Process. All those working with or for VSO must be extra vigilant in high-risk situations, where non-compliance with this policy is more likely to occur (ie in the context of higher risk countries, sectors, transactions, opportunities or relationships).

Any incidents will be investigated appropriately.

4. Equal opportunities

VSO aims to treat people justly and fairly whatever their age, religion, disability, gender, sexual orientation or ethnicity.

5. Implementation

This policy should be shared with all new starters, contractors, partners etc.

All new starters must carry out the mandatory criminal practices training to ensure that each individual develops a good understanding of this policy and associated procedures.
6. Responsibilities

Everyone in VSO, or acting on behalf of VSO, has a part to play in the detection and prevention of criminal activity and maintaining the highest standards of ethical conduct.

Everyone should:

- Use VSO’s resources and funds responsibly;
- Conduct themselves with integrity, objectivity, accountability, openness, honesty and leadership;
- Be alert to the possibility that unusual events or transactions could be indicators of criminal activity;
- Alert their manager when they believe the opportunity for criminal activity exists eg because of poor procedures or lack of effective oversight;
- Immediately report any suspected criminal activity or suspicious acts or events; and
- Cooperate fully with any internal checks, reviews or investigations.

The Executive Board is responsible for establishing and maintaining appropriate internal controls and reporting to support the achievement of VSO’s aims and objectives including:

Any breach of this policy may result in disciplinary action (for employees), volunteer status review (for volunteers), loss of status for Board Members/Trustees or ending of a relationship with partner organisations, donors or suppliers, as well as criminal proceedings against the individual concerned.

7. Preventing criminal activity

Criminal activity can successfully be minimised by insuring:

- proper systems are in place.
- proper management and financial controls are in place.
- proper compliance with agreed procedures takes place.

VSO has put in place the following actions to prevent and detect criminal practices:

- Due diligence – appropriate integrity and accountability checks carried out on donors, stakeholders, and individuals and organisations that VSO works with.
  VSO follows the ‘know your beneficiaries and partners’ guidance from the Charity Commission, which means that VSO will make best efforts to confirm the identity, credentials and good standing of its beneficiaries and partners by using integrity and accountability checklists.
- Written agreement – VSO will ensure there is a written agreement which requires contractors/sub-contractors/partners to comply with VSO’s policies on: preventing criminal practices, procurement, equal opportunities, health and safety and safeguarding.
- Regular reporting by partners is required.
- Monitoring - regular auditing takes place, both internally and externally of VSO and of partners.
- Finance – appropriate policies and procedures are in place:
  - Suitable financial record keeping.
  - Set approval levels of expenditure.
- Procurement - Anyone within VSO or a partner organisation involved in procurement using VSO funds must refer to VSO’s Procurement policy and procedure to ensure that a fair and transparent process is followed when procuring goods or services. Before a contract is awarded to a supplier they must be checked against fraud and terrorism sanction lists in line with the Procurement Policy (which can be found on SharePoint).
- Recruitment and selection – these policies should be followed to ensure a fair and transparent process. The identity of successful applicants should be verified and appropriate pre-engagement checks completed depending on their role (such as confirmation of qualifications, reference checks
from previous employers and criminal record checks). All successful candidates will be checked against anti-terrorism lists.

- Training – online training is provided for all new starters.
- Reporting - Suspicions of criminal activity should be reported in line with VSO’s Whistleblowing Policy. These will then be reported to the police, Charity Commission and any other relevant bodies as appropriate.

VSO will seek only to do business with those who are proactive in preventing criminal activity. VSO will not contract with, provide funds for, work with, or assist organisations that are involved in or suspected to be involved in illegal activity.

8. **Bribery and corruption**

VSO will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which it works, including in the UK, the Bribery Act 2010 (the Act), which applies to conduct both in the UK and globally.

**Definition**

A bribe is an incentive or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage, such as:

- giving or offering a bribe;
- receiving or requesting a bribe; or
- bribing a public official.

VSO could be held responsible if we fail to prevent bribery by staff or volunteers, as well as those associated with VSO (consultants, partners etc) for VSO’s benefit.

Corruption is commonly defined as the misuse of public office for private gain.

**What is not acceptable?**

It is not acceptable for anyone to:

- give, promise to give, or offer, a payment, gift, hospitality or other incentive, with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- give, promise to give, or offer, a payment, gift, hospitality or other incentive to a government official, agent or representative to “facilitate” or expedite a routine procedure;
- accept payment or incentive from another organisation or individual where it is known or suspected that it is offered with the expectation that it will provide an advantage for them;
- accept a gift or hospitality where it is known or suspected that it is offered or provided with an expectation that an advantage will be provided by VSO in return;
- threaten or retaliate anyone who has refused to commit a bribery offence or who has raised concerns under this policy; or
- engage in any activity that might lead to a breach of this policy.

**Donations**

Donations, contributions, voluntary services and/or any charitable assistance will not be accepted where it is known or reasonably suspected that they involve or are related in any way to an act of bribery or corruption and/or contravene this policy in any way and/or appear in any way linked to deliberate, unethical conduct.

All relationships with other charitable organisations, donors or voluntary services will be conducted in a transparent and open manner.
Political contributions
Making direct or indirect contributions to political parties, organisations, or individuals engaged in politics is strictly prohibited.

Facilitation payments
The making or accepting of facilitation payments (i.e., bribes paid to facilitate routine government action) is strictly prohibited. However, in situations where there is no alternative but to make payments to protect life, limb and liberty, volunteers or staff may reclaim from VSO monies paid out to officials in order to safeguard themselves. Where absolutely necessary, this may include monies paid by volunteers and/or staff in order to bypass ad hoc roadblocks and/or to bail themselves out of unwarranted custody directly connected to their work for VSO.

In such circumstances, wherever possible, representations should be made to the relevant authorities and, in any event, all such incidents must be reported fully and immediately to VSO International in line with the Whistleblowing procedure. In addition, VSO will ensure it has in place an up-to-date system to keep a record of all such payments, including the amount and currency of the payment, the exact location of and date on which the payment was made, the identity of the payer and recipient, a summary of the circumstances surrounding the payment and the reasons for making it, and any additional documentation in support of the necessity to make such a payment. Where refusal by VSO to pay bribes for goods or services places significant restrictions on VSO’s ability to operate, the relevant Operations Director must be notified urgently.

Per diems
Payments to conference/meeting/workshop attendees (over and above reasonable and proportionate cost reclamation for travel, accommodation or food) - must not be accepted by VSO staff, trustees or volunteers and must not be offered to attendees at meetings organised by VSO.

Gifts and hospitality
This policy does not prohibit normal and appropriate gifts and hospitality (given and received) unless otherwise specifically stated. However, the principles set out in VSO’s Gifts and Hospitality policy should be followed.

9. Fraud and theft

Definition
There is no legal definition for fraud; it is a blanket term for:

- theft
- forgery
- false accounting
- deception (e.g., misrepresentation of qualifications to obtain employment)
- embezzlement
- corruption

Intellectual property theft (e.g., the unauthorised use of a brand name or logo, or the theft or misuse of visitor or customer data).

VSO is also vulnerable to fraud and theft arising from the actions of those unconnected with the organisation, for example, if someone misrepresents themselves as acting on behalf of VSO.

Implications for VSO
Individuals involved in fraud or theft could face criminal charges.
VSO could lose its charitable status.

Guidelines and principles
The person notified of potential fraud or theft should:

• take reasonable steps to stop the fraud or theft being completed, where it is safe to do so;
• take immediate steps to prevent a repeat occurrence in the near future;
• notify the Internal Audit team of any financial losses incurred; and
• promptly report the fraud or theft, wherever it occurs in the world, to the local police unless there are strong reasons not to do so. Any fraud or theft occurring in the UK will always be reported promptly to the UK police.

10. Money Laundering

Definition

Money laundering is the process by which the proceeds of crime and the true ownership of those proceeds are changed, so that the proceeds appear to originate from a legitimate source. This money is then used by criminals, such as organised crime syndicates and terrorist organisations, in the legal economy. How this is done varies from scheme to scheme, but there are common factors to each method:

• the organisation needs to conceal the true origins of the proceeds of crime;
• it needs to control (or at least predict) the process whereby that money is converted into “clean” or legal money; and
• it needs to ensure that it can recover the funds at the end of the process, either in cash form or in the form of any other asset.

It is very important to ensure that VSO does not commit any money laundering offences. This would cause significant damage to VSO’s reputation. Particular care needs to be taken to guard against committing the offences of failure to disclose knowledge or suspicion of money laundering (or terrorist financing – see below) and of “tipping off”.

Consider the following transaction in the light of the above. A criminal organisation wants to transfer funds obtained through illegal means to a terrorist organisation operating in a foreign country. This terrorist organisation uses a school as a front. This school operates in a community in which VSO is operating. An anonymous donation to VSO is given on the understanding that this money will be donated to this school, in order to fund the purchase of school resources. The funds are processed and transferred accordingly. They are paid over to the school as “clean” money from a reputable NGO and subsequently passed on to the terrorist organisation, which uses these funds for the purchase of arms.

Although the above scenario may seem far-fetched, it represents a low risk mechanism by which criminals can launder small quantities of cash; the money launderer avoids using international financial institutions, which are most heavily regulated by global money laundering regulations, and can effect risk-free cross border transfers of cash, which are also subject to regulations. The only risk to the criminal is that the charity returns the money due to being unhappy with the terms of the donation, in which case the criminal could simply move on and attempt the same transaction with another charity.

Implications for VSO

VSO and its trustees could be prosecuted under the UK Proceeds of Crime Act 2002 (or any of the relevant terrorism legislation as discussed below) or other money laundering regulations (as amended from time to time) if VSO accepts a donation or loan which turns out to be the proceeds of a crime, and officers of VSO suspected that the funds represented the proceeds of crime.

Much recent legislation throughout the world (for example, the Money Laundering Regulations 2007) aims to tackle large scale money laundering and for this reason places great responsibilities on international financial institutions and other regulatory bodies to monitor high value transactions and to check the identity of their clients. Charities are therefore now more at risk than ever of being targeted by money
launderers.

International charities like VSO are particularly vulnerable to low level money laundering. They often accept donations from anonymous sources, process such donations along with money received from identifiable sources, send the money abroad, and release it, by way of grants to partners, into the local economy. In this way, proceeds of crime can be transformed into "clean" money.

The Charity Commission has warned that unsolicited donations should be treated as suspicious, especially if VSO is unable to satisfy itself about the credentials of the people involved or the propriety of the donation. Accordingly, the Charity Commission has recommended a number of steps that charities should take to manage this risk, which have been incorporated into the guidance below.

**Vulnerability**

VSO is particularly vulnerable at the point of receipt. The following are examples of high-risk donations:

- unusually large cash donations;
- donations in excess of £10,000 from an anonymous donor;
- large donations from a donor with whom VSO has not developed a longstanding relationship;
- donations with unusual conditions attached, eg requiring payment of funds to a nominated group or individual;
- donations for a project over which VSO has little or no control, or in areas where VSO no longer operates its own projects; and/or
- donations in the form of interest free loans to be repaid after a term.

VSO is also vulnerable at the point of expenditure. For example, if money is:

- given to organisations or partners that have not been subject to adequate background checks
- passed on to projects over which VSO has little or no control;
- spent in areas where VSO no longer operates;
- used to cover expenses that are not easily supported by receipts;
- returned to the donor in a ‘cleaner’ form than it was received (for example, banking a cash donation and then reimbursing the donor with a cheque at a later date).

It is also important to ensure that VSO’s workers do not “tip-off” a donor (whether deliberately or inadvertently) where they suspect he/she/it may be in any way involved in money laundering. Any suspicions must, as stated above, be reported immediately and discreetly using the Whistle-blowing process.

Refused donations will not be processed and will be returned to the donor in their original form (cash / unbanked cheque etc) without alerting the donor to VSO’s money laundering suspicions (again, to avoid committing a “tipping off” offence).

**11. Involvement with terrorist organisations**

**Definition**

VSO defines terrorism as the unlawful use or threatened use of force or violence by a person or an organised group against people or property with the intention of intimidating or coercing societies or governments, often for ideological or political reasons.

The abuse of charities for terrorist purposes may take a variety of different forms, including exploiting charity funding, abusing charity assets, misusing a charity name and status and setting up a charity for an illegal or improper purpose. It may also include inappropriate expressions of support by a trustee for a proscribed organisation or designated person or entity. Terrorism risks may arise when funds are raised
and donations received, where grant funding is disbursed, and in the provision of services and other charitable activity.

**Implications for VSO**

Terrorism is a crime. It is also a crime to support terrorists and terrorist organisations. VSO is required to report any incidences where it becomes aware that money or other property is being used for the purpose of terrorism (anywhere in the world) to the police in the UK. VSO must report any individual who assists, raises money for, or sends money to a proscribed (terrorist) organisation, or anyone who is a member of one.

Inadvertent involvement or association with terrorist organisations, or members of such organisations, could have a highly damaging impact on VSO’s reputation internationally and could result in legal action being taken against VSO and any officers involved.

If links between an existing partner and an identified organisation or a front for an identified organisation are suspected, interaction with that partner will immediately cease. In these circumstances, the Whistleblowing address should be notified (whistleblowing@vsoint.org) and further investigations on the partner should be carried out.

12. **Modern slavery**

VSO is committed to ensure that there are no instances of modern slavery or human trafficking occurring within the organisation or that of its supply chains. All staff and volunteers, regardless of their role and for all procurement whatever the value, are required to follow the Procurement Policy and to follow the procurement principles of fairness, transparency, ethical behaviour, compliance and ensuring Value for Money.

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