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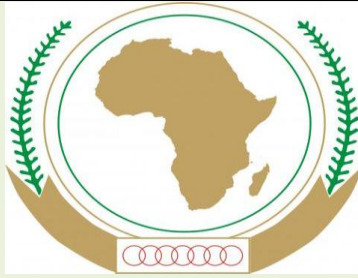
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ANTI-FRAUD AND CORRUPTION POLICY



AFRICAN UNION

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ANTI-FRAUD AND CORRUPTION POLICY

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SECTION 1. INTRODUCTION

1. Fraudulent, corrupt and/or collusive practices are contrary to the African Union (AU) core values. AU recognizes the adverse effect that such practices could have on its activities and operations, and is committed to preventing them and taking robust action where they are found to occur. In particular, the AU is committed to preventing: i) fraud and corruption perpetrated by AU staff members and non-staff employees; ii) fraud perpetrated against AU by cooperating partners, suppliers or other third parties; and iii) any collusive practices among any such parties.
2. AU is committed to transparency and accountability in the management of its resources in order to ensure the effective fulfillment of its Strategic Objectives. To this end, this Policy seeks to prevent fraudulent, corrupt and/or collusive practices through: i) appropriate internal checks and balances; ii) staff training and awareness; iii) due diligence practices in the recruitment of African Union staff members, non-staff employees and the hiring of contractors; and iv) effective internal and external auditing controls. The African Union may be exposed to:
 - external fraud, perpetrated by individuals outside the organization
 - internal fraud, perpetrated by Management or employees
 - Collusion, between individuals inside or outside the organization.
3. This Policy reflects the principles underlying the *African Union Convention on Preventing and Combating Corruption* and the principles set out in the Staff Rules and Regulations, the Financial Rules and Regulations, staff Code of Conduct and are also consistent with other relevant internal rules and policies

SECTION 2. PRINCIPLES OF THE POLICY

4. AU is committed to promoting and adhering to the highest standards of probity and accountability in the use of its resources and takes a zero-tolerance stance towards cases of fraud and corruption in its operations. Any fraud in AU's operations depletes funds and other resources intended for supporting its mission. Thus, fraud and corruption can undermine its effective functioning and divert scarce and valuable resources from its mission. Moreover, fraudulent and corrupt behaviour can seriously damage the Union's reputation and erode stakeholders trust in its ability to deliver results in an accountable and transparent manner
5. The Union zero-tolerance position is fully enforced where credible evidence of corruption exists among its staff and operations. Also, steps will be taken to ensure that internal processes and procedures of Organs of the Union comply with the highest standards of accountability and integrity. Under this policy, Officials and staff of Organs of the Union proven to have engaged in corrupt or fraudulent practice in fulfillment of their duties will be fully investigated and disciplined in accordance with applicable Rules and Decisions.

SECTION 3. OBJECTIVE

6. The purpose of this policy is to provide a working definition and conceptual framework for understanding the various forms, types and levels of corruption and fraud and outline where and how corruption and fraud may occur in Union's operations, and modalities for its prevention, The key elements of the anti-fraud and corruption policy are therefore to clearly propose counter-fraud and corruption measures and clearly define the key roles and responsibilities in preventing, deterring, and detecting, investigating and taking action against perpetrators. The policy will cover fraudulent, corrupt, collusive, coercive and obstructive practices as well as explicit provisions on other international prohibitive practices such money laundering and terrorist financing in its operation

SECTION 4. SCOPE

7. This Policy applies to all activities and operations of the organs of AU, including: i) any project funded by any organ of the Union; and ii) any project implemented by the organs of the Union and specialized agency. This Policy applies to all staff and non-staff members of organs of the Union, including but not limited to: i) consultants; ii) temporary assistance personnel v) assignment of limited duration contract holders; vi) interns and volunteers. It also covers all circumstances when staff is performing work, duties or functions as well as work related activities such as travel, conferences and any circumstances when a person is representing an Organ of the Union.
8. This policy framework addresses the following topics, namely: fraud, corruption and abuse, staff awareness; responsibility, structures for implementation, notification and detection systems; external notification and investigation systems; and conduct and disciplinary procedures. The commitment of AU to detect and combat fraud, corruption and abuse are complemented by other arrangements the Union is undertaking to improve its operational effectiveness through strengthened governance, internal control and compliance and risk management practices.

SECTION 5. DEFINITIONS

9. A critical factor which underpins the success of this framework is a shared understanding of the practices which are prohibited. The definitions provided here and the examples to be cited under section and serve to achieve a shared understanding.

Abuse means waste or improper use of the assets of AU or AU financed or supported activity, either committed intentionally or through reckless disregard.

Corruption is an act in which a person or contractor of an entity acts contrary to the interests of the entity and abuses his/her position of trust in order to achieve some personal gain or advantage for themselves or for another person/entity..

Collusive practice is an arrangement among two or more parties designed to achieve an improper purpose, including but not limited to, influencing improperly the actions of another party or engaging in price-fixing.

Corrupt practice is the offering, giving, receiving or soliciting, directly or indirectly, or attempts to do so, of anything of value to influence improperly the actions of another party.

Evidence” means any physical object, record, document (in any form), testimony, or other information that tends to establish the existence or non-existence of an allegation or fact.

False or malicious allegations means allegations that are knowingly, deliberately or recklessly inaccurate or misleading, to gain some competitive advantage or cause harm to a person or entity

Fraud is a dishonest activity causing actual or potential financial loss to any other person, entity including theft of money or other property by employees or persons external to the entity and whether or not deception is used at the time, immediately before or immediately following the activity.

Fraudulent practice is any act or omission, including any misrepresentation, that knowingly misleads, or attempts to mislead, a party to obtain any financial or other benefit or to avoid any obligation.

Integrity violation is any act which violates AU's Fraud and Anticorruption policy and includes, abuse, coercion, collusion, conflict of interest, corruption, and fraud, as defined herein

Obstructive practice is (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede an investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) acts intended to materially impede the exercise of contractual rights of audit or access to information.

Retaliation is misconduct and is any detrimental act, direct or indirect, recommended, threatened or taken against a whistleblower or witness or person associated with a whistleblower or witness in a manner material to the complaint because of the report or cooperation with an AU investigation by the whistleblower or witness. It includes but is not limited to harassment, discriminatory treatment, assignment of work outside the corresponding job description, inappropriate performance appraisals or salary adjustments, or the withholding of an entitlement. As retaliation constitutes misconduct, those engaged in retaliation are subject to the disciplinary as provided in the Staff rules and Regulations.

SECTION 6. REPORTING PROCEDURES

10. All persons to whom this Policy applies shall report promptly any action or practice that is or may be in breach of this Policy, or any attempts thereof, in accordance with the procedures outlined in this Policy. Each AU staff member and non-staff employee is required to report promptly any reasonably suspected case of any fraudulent, corrupt and/or collusive practices, or any related attempts of such practices, to his/her manager or to the Director-

Office of internal Audit if confidentiality is desired. All managers shall report any such cases promptly to the Director- Office of Internal Audit.

11. Any person who reports reasonably-held suspicions of fraud or corruption, or who cooperates in such investigations shall not be subject to recriminations or victimization. Victimization or any attempts to deter anyone from reporting suspicions of fraud or corruption or from witnessing such acts in an investigation constitute a serious breach of the Code of conduct, and may result in the imposition of disciplinary measures in accordance with Staff Regulation Rules and Regulations.
12. Proven abuse of the process by making knowingly false, vexatious or malicious allegations shall be regarded as a serious breach of the Code of Conduct for staff, and may also result in the imposition of disciplinary measures in accordance with Staff Regulation Rules and Regulations.

SECTION 7. CONFIDENTIALITY OF INFORMATION AND PROTECTION OF IDENTITY

13. Staff members, consultants, experts, external collaborators, interns, contractors, suppliers, cooperating parties and any third parties who have entered into a contractual agreement with the AU and have reported suspicions of fraud or corruption shall not discuss the matter with anyone other than the person to whom the report is made or as otherwise directed. The Union shall take all appropriate measures to ensure that the information reported is disclosed only to the persons handling the investigation and remains strictly confidential.
14. The Union shall keep secret the identity of the person(s) reporting in good faith any suspicion of fraud and corruption and shall protect them from any form of reprisal in cases of reasonable fear of adverse reaction from the person whom they reasonably suspect of having committed a fraudulent act or from a superior. In cases where the person reporting the incident is required to provide evidence, his/her identity shall be kept secret except as required by any legal proceedings.

SECTION 8. PROTECTED DISCLOSURE

15. Staff and any other third parties can report suspected cases of corruption and fraud as protected disclosure. Protected disclosure reports are submitted through the Director – Office of Internal Audit. The necessary protection shall be provided against any reprisals or detrimental action to all staff members who act in good faith in reporting suspected corruption and fraud as provided for within the framework of this policy. This protection, however, will not be provided if the disclosure is made frivolously or with the intention of causing trouble or with the primary motive of questioning the merit of the policies of the Union or as an attempt to avoid dismissal or disciplinary action.
16. Detrimental action covers protection against injury, damage or loss, intimidation or harassment, discrimination, disadvantaged or adverse treatment in relation to employment, dismissal from or prejudice in employment or disciplinary proceedings. Action should also be taken against staff members who take detrimental action against another staff that has

made a protected disclosure. Where the need may arise for the identity of person who reported the case to be identified, discussion shall be held with the person before the next steps are taken.

17. All reports of suspected corruption and fraud should be registered and filed for review which will be followed by a preliminary evaluation of the report and prioritization of the reports. The execution of the foregoing steps provides a basis for launching an examination and investigation of the suspected case of corruption and fraud

SECTION 9. RESPONSIBILITY FOR INVESTIGATIONS

18. The Office of Internal Audit (OIA) is primarily responsible for the investigation function within the Organs of the Union under this Policy until and unless a dedicated Investigative function is established within structures of the Union by the Policy Organs. All allegations of fraud are reviewed by the OIA. In addition, OIA may undertake proactive investigations in high risk areas that are susceptible to fraud and corruption. Where a matter is appropriate for an OIA investigation, the case will be assigned to an investigator who will conduct an objective investigation of all available facts. This will include the collection and review of all relevant documents, interviews of people who can provide information, and an interview with those alleged to be involved in fraud. OIA may also coordinate with other fraud investigation offices, as appropriate, to ensure the effective investigation of fraud involving more than one organization, or where perpetrators external to the AU Organs are allegedly involved.
19. The planning and conducting of investigations has to be executed as quickly as possible and supported with a clear record of the processes and information collected. The Officer carrying out investigations should have full and unrestricted access to relevant information, records, personnel and property of the Organs of the Union.
20. All findings and conclusions of investigations have to be clearly documented and appropriate measures put in place to prevent disclosure of the findings and outcomes. Results of the investigation will be disclosed only on a need-to-know basis in order to avoid damaging the reputation of innocent persons initially suspected of wrongful conduct and to avoid civil liability claims. Results of the investigation can only be discussed and disclosed with authorized representatives of the Union or representatives of the concerned national authorities who have responsibility for anti-corruption activities and who have a legitimate need to know results as part of their duties and responsibilities.
21. In addition, AU considers an obstructive practice as a demonstration of failure to maintain highest ethical standards required by this Policy. An obstructive practice is deliberately destroying, falsifying, altering or concealing information or evidence material to an investigation being conducted under these principles and guidelines; making false statements to investigators to materially impede such an investigation; threatening, harassing, or intimidating any party to prevent that party from disclosing its knowledge of matters relevant to an investigation or from pursuing an investigation; or any act intended to

materially impede the exercise of AU's rights of access to information. An obstructive practice is subject to appropriate disciplinary and/or legal action.

22. Any investigation pursuant to this Policy shall be conducted impartially, fairly and thoroughly, in accordance with the OIA Investigation Procedures Manual, the Uniform Guidelines for Investigations and any Investigation protocols that may be subsequently developed and adopted by OIA.
23. Some investigations may also require the use of external technical expertise which the internal auditors do not possess or where there are potentially significant reputational issues and the investigation must be seen to be fully independent of the internal mechanism. Under such circumstances, the Chairperson of the AU Commission or through the Sub Committee on Audit Matters may appoint external specialists to lead or contribute to the special investigations. In all such cases, Internal Audit will provide administrative support as necessary to the investigators.
24. Notwithstanding above, Internal Audit will not investigate allegations against the Director-Office of Internal Audit or Internal Audit staff. Allegations concerning the Director-OIA or staff Internal Audit staff should be reported to either the Chairperson of AU commission for onward transmission to the Chair of the Sub-Committee on Audit Matters. The allegations will then be investigated by an externally selected panel and the outcome reported to the Chairperson of AU commission for onward transmission to the Chair of the Sub-Committee on Audit Matters.
25. Allegations against elected officials shall be reported to Chair of the Sub-Committee on Audit Matters and investigated by an externally selected panel and the outcome reported to the PRC for onward transmission to the Chair of the Executive Council.

SECTION 10. RETENTION OF INVESTIGATION RECORDS

26. OIA shall retain files of investigations related to projects for 10 years from receiving the complaint and files of investigations related to AU staff for 5 years after the staff member has separated from employment, subject to the staff member attaining an age or there being circumstances that AU would not consider rehiring the staff member;. Contracts related to retained audit and investigative consultants shall be retained for 5 years after the termination of contract whilst correspondence, including interoffice memos and recommendations to management shall also be retained for 5 years.

SECTION 11. EXTERNAL AUDIT

27. Pursuant to AU Financial Rules and Regulations and the Terms of Reference governing External Audit, the External Auditor provides external assurance to AU and its funding partners. The External Auditor is under the obligation to report any cases of fraud or presumptive fraud or wasteful or improper expenditure of AU's money or other assets, thereby contributing to the objectives of this Policy.

SECTION 12. ACTION FOLLOWING BREACH OF POLICY

28. OIA shall recommend that appropriate administrative, legal and/or disciplinary action be taken against any person or entity that is found to have violated this Policy. Any such recommendation shall be included in a Final Report issued to management or the competent authorities, in accordance with the OIA Investigation Procedures Manual, the Uniform Guidelines for Investigations and any Investigation protocols that may be subsequently developed and adopted by OIA.

29. In addition, any reported cases pursuant to this Policy involving criminal activity may be referred to local law enforcement authorities. Any such referral shall be made following consultation with the Legal Counsel and the approval of the Chairperson of AU Commission, and if necessary, after waivers of immunity have been invoked. The Union shall seek recovery of its funds and/or property using all means at its disposal, including through legal action.

SECTION 13. MONITORING AND EVALUATION

30. Following any proven incident of fraud or corruption, the Chairperson of the AU Commission, shall conduct a review of relevant policies, procedures and internal controls in the area where the fraud or corruption occurred to assess whether they need to be revised and what, if any, corrective measures need to be taken.

SECTION 14. TRAINING PROGRAMME

31. The AU Commission shall develop and conduct a training and disclosure programme aimed at: i) increasing awareness of the risks of fraudulent, corrupt and/or collusive practices; and ii) developing skills for understanding, detecting, preventing and reporting such practices. Participation in such programme shall be mandatory for all AU staff members and non-staff employees. In addition, AU shall implement ongoing employee training tailored to specific positions within Union, with the aim of enabling such employees to detect, prevent and promptly report any practices that are contrary to this Policy.