



Nature Trust Alliance & Blue Action Fund

Counter-Fraud Policy

May 2022

Table of Contents

Contents

1. Introduction	1
2. Definition of Fraud	1
3. Scope	3
4. Policy Principles	3
5. Roles & Responsibilities	3
6. Fraud Prevention Measures	4
7. Reporting incidents of suspected or alleged fraud	4
8. Investigation and Follow up Action	5
9. Register of Suspected or Alleged Frauds	5

1. Introduction

The Nature Trust Alliance (NTA) and Blue Action Fund (Blue Action) have a zero tolerance towards fraud and have in place policies and procedures for the prevention, detection and dealing with instances of fraud or suspected fraud. The purpose of this Fraud Policy is to provide:

- A clear definition of what we mean by “fraud”
- Guidance on steps to be taken in the event of any suspected or alleged fraudulent activity being reported
- Clarity on the responsibilities of NTA and Blue Action staff in preventing and dealing with instances of fraud.

Blue Action and NTA personnel are responsible for ensuring strong, robust and effective fraud prevention control.

This Policy encompasses all activities of Blue Action and their grantees as well as NTA. These activities carry inherent risks, which Blue Action and NTA acknowledge, and seek to manage and mitigate through a strong control environment.

Blue Action and NTA require all employees to act honestly and with integrity, and to safeguard the resources for which Blue Action and NTA are responsible.

The risk of fraud is an ever-present threat to the assets, resources and reputation of the Blue Action and NTA and, consequently, must be of concern to all members of staff. The purpose of this policy, which complements the Blue Action and NTA’s Operations Manuals and other policies and procedures, is to establish and communicate the policy of the Blue Action and NTA regarding the prevention, recognition, investigation and reporting of fraud or suspected fraud.

2. Definition of Fraud

For the purposes of this policy, fraud can be broadly defined as an intentional act of deceit to obtain an unjust/illegal advantage. Fraud shall include but is not limited to:

- Misappropriation, deception, bribery, forgery, extortion, blackmail, corruption, theft, conspiracy, embezzlement, false representation, alteration of negotiable instruments (such as cheques), falsification of accounting records or financial reports, or concealment of material facts and collusion;
- Theft or misappropriation of assets (including documents and information) owned or managed by Blue Action;
- Submitting false claims for payments or reimbursements;
- Accepting or offering a bribe or accepting gifts or other favors under circumstances that might lead to the inference that the gift or favor was intended to influence an employee’s decision making while serving the Member

Foundation;¹

- Abused conflicts of interest or abuse of power;
- “Off the books” accounting, or making false or fictitious entries;
- Knowingly creating and/or distributing false or misleading financial reports;
- Paying of excessive prices or fees where justification thereof is not documented;
- Violation of the Blue Action’s procedures with the aim of personal gain or to the detriment of the Blue Action;
- Willful negligence intended to cause damage to the material interests of the Blue Action;
- A dishonorable or reckless or deliberate act against the interests of the Blue Action;
- Dishonestly obtaining a benefit or causing a loss, by deception or other means;
- Any acts where improper benefit is gained or loss to the Blue Action arises, both tangible (e.g. misappropriated funds, theft of assets, etc.) and intangible (e.g. falsification of documents, improper use of the Blue Action’s assets, concealment of material facts, false pretense, etc.)

Fraud is an offence under criminal law and, where there is reason to believe that a fraud has been committed, the matter will be referred by Blue Action to the appropriate authorities for investigation. Disciplinary action may follow, as appropriate.

For the purposes of this policy, a fraud shall be deemed to have been perpetrated where:

- An act is willfully or knowingly perpetrated, and;
- Blue Action or NTA suffers, or could realistically believe that it might suffer, an actual loss including but not limited to a financial loss.

Fraud includes planned acts and attempts which could have resulted in a fraud had they not been discovered in advance.

¹ Absent evidence to the contrary, for Blue Action and NTA (i) an invitation or invitations to a meal or similar social event or (ii) acceptance of a tangible gift, in either case with a value of Euro 60, or less in any single year shall be deemed not to lead to such an inference. The Member Foundation or NTA shall keep a register of any tangible gifts received with a value in excess of Euro 35.

3. Scope

This policy applies to all staff of Blue Action and NTA, whether permanently or temporarily employed, including their various offices in Germany and other offices outside of Germany. The policy covers any fraud or suspected fraud, whether perpetrated against Blue Action or NTA by persons internally or externally, and includes fraud by any provider of goods and services to Blue Action or NTA.

This policy also extends to recipients of grants or financial assistance awarded by Blue Action.

4. Policy Principles

It is the Blue Action's policy to seek to prevent fraud and, as such, it adopts a zero tolerance to fraud and will fully investigate any incidents of fraud or suspected fraud. The key principles underlying the Blue Action' approach to minimizing the risk, and addressing instances, of fraud are:

- A risk management approach to the prevention of fraud is adopted which is incorporated into its business processes, management practices, grant management processes, internal controls and related activities;
- The relevant authorities are notified and prosecution is sought where appropriate, or other suitable sanctions are taken, against those who have committed fraud;
- The recovery of misappropriated funds or assets is sought;
- All cases of fraud will be handled and investigated in a confidential, prompt and professional manner;
- Protecting those who in good faith report instances of suspected fraud;
- The Blue Action and NTA will at all times protect their personnel from any negative personal consequences arising from the reporting, in good faith, of any fraud or suspected fraud. To the extent possible, without negative impact on the course of the investigation, the source of reported information will be kept confidential and limited in circulation;
- Making available confidential and appropriate reporting mechanisms so that anyone, in good faith, can report genuine concerns;
- Fully respecting the principles of due process and natural justice, pursue perpetrators to the fullest extent of the law.

5. Roles & Responsibilities

The **Executive Director of Blue Action (Executive Director)** have overall responsibility for Blue Action's policies in respect of prevention and combatting fraud.

The Executive Director, in cooperation with the Director of NTA, is responsible for implementing the policy. The Executive Director and the NTA Director are responsible for the maintenance of the Member Foundation's internal control systems, which promote the prevention, detection and investigation of fraud, as well as management of the risk of fraud. This includes, under the responsibility of the Executive Director, ensuring that there are rigorous assessment and approval

procedures in place with regard to funding provided to organizations or programs.

The **Executive Director** is the primary contact to whom instances of fraud or suspected fraud must be reported, and have overall responsibility to determine the appropriate course of action for investigating same. S/he shall keep the **Director of NTA** informed of important developments.

All staff of Blue Action and NTA are required to act honestly and with integrity, and are expected to be vigilant to the risk of fraud and to co-operate fully where any investigation of fraud or suspected fraud is being carried out.

6. Fraud Prevention Measures

Blue Action is committed to preventing fraud from occurring and to continuing to develop an anti-fraud culture through:

- Encouraging a culture of awareness and building capacity of staff to recognize and minimize the risk of fraud;
- Building the awareness of staff of their responsibilities in the prevention and detection of fraud through the application of Blue Action;
- Ensuring staff are aware of their responsibilities to respond to and report instances of fraud or suspected fraud when these are identified or reported;
- Keeping updated Blue Action's financial policies and procedures and maintaining a robust internal control framework;
- Ensuring rigorous appraisal, approval and monitoring processes are in place relating to grants disbursed by Blue Action under their various programs;
- Ensuring partner organizations and other grantees are made aware of this Policy and the agreements with these organizations reflect the obligations on them to reduce the risk of misappropriation of funds, minimize the risk of fraud and immediately report any suspected fraud to Blue Action;
- Learning from any occurrence of fraud, including reviewing and strengthening systems and procedures, to prevent it being repeated.

7. Reporting incidents of suspected or alleged fraud

Any member of staff who has any reason to suspect that a fraud is being or has been perpetrated should immediately inform (verbally or in writing) the Executive Director who in turn will immediately report it to the Director of NTA.

Grantees should report fraud or suspected fraud to the relevant grant manager who will in turn report it to the Executive Director in writing and copy the report to the Director of NTA. Grantees should be formally advised of this obligation in the grant agreement.

The Director of NTA will report any suspected fraud at NTA to the Executive Director.

The Executive Director or the Director of NTA will report significant suspected fraud incidents to the Chairman of the Audit Committee, and a copy of the fraud register will be provided at the Audit Committee meeting if there has been a fraud or suspected fraud incident during the period.

8. Investigation and Follow up Action

8.1 Internal Fraud

It is the policy of Blue Action to investigate all cases of suspected or alleged fraud. The Director of NTA is responsible for initiating this process and will liaise with the Executive Director.

The Director of NTA will keep the Executive Director, and others as appropriate, informed during the investigation and will present the results of the investigation to the Executive Director who will determine the necessary course of action, including possible referral to relevant police authorities.

In a formal disciplinary matter relating to fraud, Blue Action will follow the law in Germany or the relevant jurisdiction.

8.1 Fraud in Partner Organizations:

In dealing with alleged or suspected fraud in partner organizations, the grant manager will lead and advise on the appropriate course of action in consultation with the Executive Director. This may include commissioning or carrying out an audit or other investigative piece of work.

Blue Action will take appropriate disciplinary and legal action in all cases where applicable.

9. Register of Suspected or Alleged Frauds

Blue Action will maintain a central register of suspected or alleged frauds. This Register will be presented to its Management Board on a periodic basis (e.g. once or twice per year) and to the Audit Committee on an annual basis. The Fraud Register will be discussed at least one Audit Committee meeting annually.

All reported suspected or alleged frauds or incidents must be immediately entered on the register. The register provides details of suspected or alleged frauds, including subsequent actions and resolution. Where it transpires following investigation that a reported incident is not a suspected or alleged fraud this should be reported to the Management Board being formally closed out on the register.

During the course of the investigative process, the fraud register will be updated regularly in respect of progress and changes in status for each fraud case. The Audit Committee will be informed by the Executive Director when it is considered unlikely that any further action can be taken in respect of a fraud or suspected fraud. At that point, the case is deemed closed and is transferred to the archived section of the register.