



CESVI

**POLICY TO PREVENT FRAUD AND  
CORRUPTION**

**May 2024**

# TABLE OF CONTENTS

<b>INTRODUCTION: WHY A POLICY TO PREVENT FRAUD AND CORRUPTION IS NEEDED</b> .....	<b>3</b>
<b>1. VALUES, GOVERNANCE, ETHICAL CODE AND CODE OF CONDUCT</b> .....	<b>4</b>
<b>2. DEFINITION OF CORRUPTION AND FRAUD</b> .....	<b>6</b>
<b>3. SCOPE OF APPLICATION</b> .....	<b>7</b>
<b>4. RULES OF BEHAVIOUR AND GUIDELINES</b> .....	<b>8</b>
<b>5. RISK ANALYSIS AND MANAGEMENT</b> .....	<b>10</b>
<b>6. POLICY DISSEMINATION</b> .....	<b>11</b>
<b>7. MONITORING AND REVISION</b> .....	<b>12</b>
<b>ANNEXES</b> .....	<b>13</b>
ANNEX 1 – PROJECT ACTIVITIES AT RISK AND RED FLAGS .....	13
ANNEX 2 – SELECTION AND RECRUITMENT OF STAFF IN STATE OF EMERGENCY .....	18
ANNEX 3 – HOW TO PREVENT FRAUD AND CORRUPTION WHILE PURCHASING .....	19
ANNEX 4 – MANAGEMENT OF SAFETY IN SITUATIONS OF FRAUD AND CORRUPTION RISK .....	21
ANNEX 5 – FRAUD AND CORRUPTION: CONTRACTS AND MEMORANDA .....	23
<b>APPENDIX: DEFINITIONS</b> .....	<b>24</b>

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## INTRODUCTION: WHY A POLICY TO PREVENT FRAUD AND CORRUPTION IS NEEDED

CESVI Foundation ETS is a humanitarian organisation which operates worldwide with the conviction that help to the neediest populations and those struck by war, natural calamities and environmental disasters not only gives relief to those who suffer but contributes to the wellbeing of everyone on the planet, "shared home" to be saved for future generations. In carrying out its mission CESVI is committed to combatting and preventing all illegal behavior, aware of being - like all humanitarian organisations - a potential victim of corruption and highly exposed to fraudulent activities. In this light CESVI promotes a *zero-tolerance* approach towards fraud and corruption and champions a culture that strongly condemns any and every action contrary to the principles of transparency, integrity and correctness.

The will to be equipped with a Policy to Prevent Corruption and Fraud comes from the need to guarantee the quality, accountability, efficacy and efficiency of the operations implemented by the Foundation. To build on the experience of past years, formalise the lessons learnt and reinforce the good practice developed in the light of fraudulent actions of which the Foundation has been victim it is seen to be necessary to adopt and subsequently revise and update the present Policy. Furthermore, it is imperative to strengthen the knowledge of conduct that could potentially amount to fraud and corruption crimes among the internal and external actors, training them, making them feel responsible, and supporting them in the creation of a fraud- and corruption-resistant environment. All the recipients of the Policy must be aware of the risks originating from illegal activities and of the possible negative repercussions on fundamental aspects such as the operations, sustainability, dignity, credibility and public image of the organisation, and the security of staff. The document contains the principles of integrity, *honesty, legality, propriety, independence, neutrality and social responsibility*<sup>1</sup>, fundamental prerequisites for the achievement of its mission, and taken up in the documentation that CESVI has adopted to ensure the meeting of its objectives:

- Ethical Code;
- Staff Code of Conduct;
- Administrative Manual;
- Procurement Procedures Manual;
- Whistleblowing Policy;
- Human Resources Policy;
- Security Policy;
- Counter terrorism Policy;
- Organisational Model in compliance with Legislative Decree 231/01

Furthermore, CESVI has endorsed the Code of Conduct of the International Red Cross and Red Crescent Movement (since 2003) and has been a member of CHS Alliance since 2015.

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<sup>1</sup> CESVI *Ethical Code*, 2017 and as amended and supplemented in 2024.

# 1. VALUES, GOVERNANCE, ETHICAL CODE AND CODE OF CONDUCT

The shared ethical values concerning prevention of the crimes of fraud and corruption are *transparency, trustworthiness, integrity, solidarity, justice, democracy, lawfulness and impartiality*.

At national and international levels, these and other principles are referred to in the various norms in force concerning fraud and corruption. In particular, referring to recent years:

- Legislative decree N.231 of 8<sup>th</sup> June 2001, entitled "The Discipline of the administrative responsibility of legal entities, companies and associations with or without legal status as per article 11 of law N. 300 of 29 September 2000;
- Law 116/2009 – Ratification of the Merida Convention – ratification of the UN Convention against Corruption";
- Criminal Procedure Code: Criminal Code Article 640 bis "Aggravated Fraud to obtain disbursement of public funds";
- Law N. 110 of 28/06/2012 Ratification and implementation of the penal Convention on Corruption, passed in Strasbourg on 27<sup>th</sup> January 1999;
- Law N. 112 of 28/06/2012 Ratification and implementation of the civil Convention on Corruption, passed in Strasbourg on 4<sup>th</sup> November 1999;
- Law 6/11/2012, No. 190, Provisions for the prevention and suppression of corruption and illegality in public administration.
- Legislative decree 97/2016 enforcement of the provision 23/06/2016 (modification of the law N. 190/2012 Anticorruption and of the legislative decree 33/2013 Publicity and Transparency P.A.)
- Legislative Decree No. 24/2023, dated March 10, 2023, implementing Directive (EU) 2019/1937 of the European Parliament and of the Council of October 23, 2019, on the protection of persons who report breaches of Union law and laying down provisions regarding the protection of persons who report breaches of national laws, so-called "Whistleblowing"<sup>2</sup>
- Legislative decree N. 38 of 15/03/2017, recognising the Framework Decision 2003/568/GAI of the Council of the European Union concerning the fight against corruption in the private sector. It has introduced the particular case of "corruption between private individuals" with the new article 2635 of the civil code and articles 2635-bis and 2635-ter

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<sup>2</sup> In order to comply with the reform of the so-called "Whistleblowing" legislation, CESVI has updated the Whistleblowing Policy, approved at the BoD on 15/12/2023, further amended in May 2024 and available at [www.cesvi.org](http://www.cesvi.org).

- Law 9/1/2019, No. 3, Measures to combat crimes against public administration, as well as on the statute of limitations of crime and on the transparency of political parties and movements.

As a non-profit organisation in Italy, CESVI fully subscribes to the objectives for the prevention of illicit behaviour set by **Transparency International** and by Italian Law, and, on these bases, defines guidelines and binding rules of conduct for its operations in Italy and abroad.

Any action whose effects might have direct or indirect repercussions on the project activities or on beneficiaries is in contrast with the *vision* of the Foundation, understood to be a “common home” in which rights are promoted and satisfied.

CESVI Board of Directors is profoundly aware of the importance of promoting this vision, and has therefore developed specific tools for following it, among which:

- Governance;
- Ethical Code;
- Staff Code of Conduct.

CESVI **Governance** reflects the moral principles of the Foundation, creating a working environment that aims to prevent conflicts of interest, inadequate management of resources and the lack of appropriate control. Hence, in CESVI exists a dualism between the Social Structure and the Operational Structure, consisting of the distinction between the Board of Directors, nominated by the Assembly of the Founding Members and the *ad Honorem* Members – present in the Honour Committee – and the structure devoted to operational management. The operative structure, too, continues this vision by adequately distributing internal responsibilities and powers, which are periodically reviewed in order to reduce the risk of conflicts of interest to the minimum.

The mandates of the Heads of Department, Area Managers, Regional Managers, Heads of Mission and the Project Managers are balanced by the presence of other functions with transversal responsibilities<sup>3</sup>: General Manager, Security Advisor, Human Resources Department, Administration & Finance Department, and in particular Legal & Compliance Area.

Furthermore, the Foundation is controlled by different bodies responsible for monitoring the proper functioning of the institution, such as the Supervisory Body<sup>4</sup> - established by law in compliance with the Legislative Decree 231/2001 - the Board of Guarantors and the Control Body in compliance with Legislative Decree n. 117/17, statutory bodies whose clear responsibilities are specified in the Foundation’s Bylaws<sup>5</sup>.

The Board of Directors, besides promoting an ethical working environment free from corruption, is responsible for preventing any illegal action. To meet this responsibility

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<sup>3</sup> CESVI Annual Report outlines Governance in detail.

<sup>4</sup> The Supervisory Board, appointed in accordance with Legislative Decree No. 231 of 2001, is responsible for supervising the operation of and compliance with the Organization, Management and Control Model adopted by the Foundation.

<sup>5</sup> CESVI *Bylaws*, 2023.

and to provide working tools, CESVI has adopted an Ethical Code and a Staff Code of Conduct.

The **Ethical Code** defines the responsibilities that the Foundation adopts in relation to whosoever works for it or benefits from its projects and programmes, establishing the qualities and the nature of the internal relationships and of those towards outside players, developed on the basis of the mission, the vision, of the rights and duties of the organisation, of the values, the principles and the reference characteristics. This document is integral with the **Code of Conduct**, which promotes the creation of an ethically correct environment in which the staff must take responsibility for the activities and feel encouraged to report risky situations and incorrect behaviour, providing clear instructions on ways for managing situations concerning conflicts of interest.

## 2. DEFINITION OF CORRUPTION AND FRAUD

**Corruption** is defined as the abuse of assigned power for private advantage, both in the sphere of public administration and of private. This includes offering, giving, demanding or receiving gratuities, loans, prizes, commissions or other advantages from or for a third person as incentive to do something dishonest, illegal or that constitutes a violation of trust in the course of normal commercial activity. The following may also be considered crimes: corruption and receipt of bribes, conceding and receiving advantages, fraud and embezzlement, agreements that reduce competition and money laundering.

**Fraud** constitutes any dishonest or illegal act by an employee of CESVI of an outside group or individual, distinguished by an intent to dissemble or give false portrayal that results in the effective or potential loss of resources by CESVI, its partners and donors, independent of personal gain. In addition, the omission of material facts may also be considered to be fraud when such concealment makes other statements or information misleading or false.

### 3. SCOPE OF APPLICATION

The Policy to Prevent Corruption and Fraud is applicable to all the activities, relationships, projects and programmes endorsed and implemented by CESVI. The recipients are held to conform the principles expressed in this document whenever they act in the name of or on behalf of CESVI.

In particular this document is principally addressed to:

- Board of Directors, Assembly of Founders, Assembly of *ad honorem* Members and CESVI Management;
- staff in Italy;
- employees and collaborators in Italy and in all CESVI structures and projects in Italy and abroad;
- local staff of projects abroad;
- partner organisations, committees, associations of any sort – including their members and staff – supported, financially or otherwise, by CESVI in Italy and abroad;
- consultants and other freelance persons who act on behalf of CESVI according to service contracts (understood as consultants and providers of intellectual services);
- all persons acting voluntarily on behalf of CESVI;
- suppliers of any sort of goods or services, including current and potential suppliers.

Within the sphere of application particular attention must be paid to relationships with Public Administrations and Private Entities. As stated in the Ethical Code persons who act on behalf of the Foundation are expressly forbidden from:

- soliciting confidential information and influence improperly (that is by conduct not envisaged in the Foundation's mandate) the decisions of a public institution;
- holding meetings with public administration officials without specific proxy, mandate or authorisation;
- divulging information coming from the Public Administration or put at risk, in any way, the confidentiality of the public body's data and information;
- wrongfully interfering, in particular directly or indirectly mediating, giving or receiving advantages of whatsoever nature, beyond the limits of normal commercial practice or courtesy, or anyway aimed to wrongfully obtain favourable treatment in the course of whatsoever activity of the Foundation, even when such practice is considered "routine" in the countries where CESVI operates, including payment for preferential treatment.

## 4. RULES OF BEHAVIOUR AND GUIDELINES

The recipients mentioned above must act professionally, with impartiality and in respect of the relative regulations. They must avoid any situation which might give rise to a conflict of interests, which might – even only partially – affect the respect of the cited norms, even should the action undertaken be made in the interests or to the advantage of the Foundation. The persons to whom the Policy is addressed must respect the following rules of behaviour:

- Corruption in any form, either direct or indirect, is forbidden. This includes the illegitimate restitution of part of a payment while entering into an agreement with money or other benefit (“bribe”); the use of other means or channels for improper services by contractors, suppliers, partners, employees, collaborators or through public officials; as well as accepting bribes in one’s own favour or to the profit of close relations;
- Direct or indirect donations to political parties, politically active organisations or single persons are prohibited when the purpose is actually illicit and advantageous. “Political” donations must be made public;
- Gifts, liberalities and entertainment expenses may not be used for illegal purposes and can damage the organisation;
- Payment of bribes or other financial incentives made with the purpose of obtaining or speeding up an official procedure is forbidden;
- Making or promising to third parties or accepting for oneself or for others, in any case and even when under illicit pressure, donations of sums of money or other goods in any form or way, even indirectly, to promote or favour the interests of the Foundation or of third parties working with the Foundation is forbidden<sup>6</sup>. The only exceptions to this ban are gifts of moderate value (set at a limit of €100) when they can be ascribed to acts of courtesy within correct institutional relationships or, in any case, cannot influence the discretion or the independence of the third party<sup>7</sup>;
- Fraud in any form is forbidden. This includes false representation and dissemblance;
- It is forbidden to behave dishonestly or illegally with the deliberate intention of lying or hiding information;
- Care must be taken to ensure that material facts are not omitted and details are not withheld in order to make information and statements misleading or false.

In order to avoid crimes, CESVI is committed to the following guidelines:

- CESVI Board of Directors, Founding Members, *ad honorem* members base their

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<sup>6</sup> CESVI Fraud & Corruption Reporting Flow Procedure.

<sup>7</sup> CESVI *Ethical Code*, 2024.



conduct on principles of honesty, fairness and transparency;

- The Board of Directors makes the necessary resources available and actively supports the Management during the implementation phase of the present Policy;
- CESVI promotes due diligence as a proactive approach in order to avoid falling into the risk of corruption;
- CESVI assesses partner organisations appropriately, especially at the beginning of a new partnership, to ensure the principles in the Policy are observed;
- CESVI includes clear reference to the Foundation's values and to the present Policy in every work and partnership contract, as well as in any contract for the purchase of goods, provision of services or works contract, intellectual work in professional assignments, as well as in any partnership agreement (see Annex 5: Fraud and Corruption: Contracts and memoranda);
- CESVI organizes the tender procedures in an honest, fair and transparent manner and follows its own guidelines and those of its donors for the use of public and private funds (see Annex 3: How to avoid fraud and corruption during the purchasing process.);
- CESVI manages the selection and hiring of staff correctly and with impartiality, respecting the professionalism and skills of the employees (see Annex 2: Selection and Hiring of Staff in cases of emergency);
- Suppliers, consultants and partners must bindingly confirm that they reject corrupt behaviour according to the definition given above and have never been condemned in court for fraud or corruption. Should illegal behaviour occur after the signing of the contract or of the Memorandum of Understanding (MOU), CESVI has the right to terminate the contract or partnership agreement (see Annex 5: Fraud and Corruption: Contracts and memoranda);
- CESVI establishes Complaints & Feedbacks procedures, and other internal processes, which support constant improvement of the system of prevention of fraud and corruption<sup>8</sup>;
- CESVI pays the maximum attention to the impact of corruption and fraud on the security of personnel (see Annex 4: Security management in situations at risk of fraud and corruption).

Any breach of the guidelines may lead to disciplinary sanctions up to immediate dissolution of the contract (warning, ceasing, ending of the cooperation etc.). CESVI undertakes to evaluate possible disciplinary actions to be followed against every violation according to Italian law and the law of the countries in which the Foundation works, bearing in mind the external variables and the risks that may arise.

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<sup>8</sup> CESVI Fraud & Corruption Reporting Flow Procedure.

The management encourages employees and anyone who collaborates with the Foundation to report any violation and risky behaviour which might lead to an illicit or irregular action. CESVI declares that anyone may report cases of fraud or suspected fraud without fear of reprisal and that nobody who reports will be disadvantaged when they act ethically and transparently. To this end secure channels have been put in place, easily accessible and reliable, dedicated to the reporting of offences and irregularities, as defined in this Policy.

In particular, the dedicated email address [fraud@cesvi.org](mailto:fraud@cesvi.org) has been set up and ensures confidentiality. For reporting purposes, all reporting and communication channels ensure the confidentiality of the identity of the whistleblower.

It is also recalled that it is possible to refer to the whistleblowing reporting channels indicated in the Whistleblowing Policy (2024).

## 5. RISK ANALYSIS AND MANAGEMENT

Working in a highly vulnerable sector CESVI is aware of the need to make a careful evaluation of the risk and to provide adequate means for mitigating and handling the same. The Foundation has the objective of adequately managing the risk for which it is necessary to analyse the local and international institutional, political, socio-economic situation in which CESVI operates in order to find a good balance in coordinating certain aspects such as evaluation, mitigation, transfer and acceptance of the risk. In order to strengthen the evaluation and management of the risk, CESVI has adopted an authorisation procedure for the drawing up of new projects with the purpose of calculating the overall risk of a project based on seven different indicators. Based on the total project risk value, the approval level required to obtain authorization to write and submit the project proposal is identified.

Concerning the specific aspects of the single projects, the activities most at risk are: recruitment, purchasing, storing and distributions. To simplify and support the daily control by all members of staff and the stakeholders involved in the Foundation's activities, according to their position and responsibility, an extensive list has been drawn up of the activities at risk and the relative warning signs (cf. Annex 1: Project activities at risk and red flags) to be used as a guide for checks and monitoring.

## 6. POLICY DISSEMINATION

CESVI is committed to disseminate the Policy adequately and that the principles therein be shared and accepted. The Fraud and Corruption Prevention Focal Point is responsible for promoting the contents to all the Foundation's HQ and expatriate staff, which is therefore held to observe it and actively contribute to its implementation.

The Fraud and Corruption Prevention Focal Point, with the support of the Human Resources Department, defines the training requirements and plans the activities in respect of the obligations deriving from the Policy and from the specific nature of each situation. Should the Legal & Compliance Manager, in accordance with the Fraud and Corruption Prevention Focal Point, hold it appropriate and necessary, following significant updates to the Policy and changes to the regulations concerning the Foundation's activities, as well as the planned training extra training sessions may be held. When the changes are held to be less important it is sufficient to communicate the modifications and distribute the updated version throughout the organisation through the appropriate channels.

As far as local staff are concerned, the Head of Mission, within the countries of their competence, are responsible for promoting awareness of the Policy and planning training and updating sessions.

In this context:

- The Fraud and Corruption Prevention Focal Point is responsible for training Head Office and expatriate Staff on the contents of the Policy, with the support of the Human Resources Department;
- The Fraud and Corruption Prevention Focal Point, supported by the Human Resources Department, are responsible for supporting the Heads of Mission in distributing the Policy, providing additional training material if requested;
- The Human Resources Department is responsible for obtaining the adhesion to the Policy to prevent Corruption and Fraud by HQ and expatriate staff at the signing of the contract. When confirming reception of the Policy the signatories undertake to observe the principles therein and guarantee respect of them from their collaborators;
- The Head of Mission is responsible for the dissemination of the Policy, which has to be available in a printed or digital copy, and has to ensure that adhesion to the Policy is required from local staff at the signing of their contracts;
- Staff in the offices, Heads of Mission and Project Managers in the field undertake to promote the knowledge and observation of the Policy by partners, consultants and suppliers, including clear reference to the Policy in work contracts, partnership and collaboration agreements, contracts and subcontracts for supplies and services;
- The Policy is to be published on CESVI Learning & Sharing Space and on CESVI website.

## 7. MONITORING AND REVISION

The monitoring of the effective dissemination of the present Policy is assigned to the Fraud and Corruption Prevention Focal Point which, by means of controls, undertakes to verify the degree of distribution.

The Legal & Compliance Area, on the basis of what transpires during the control activities and of reports received from the Fraud and Corruption Focal Point, the Supervisory Body and other members responsible for the controls, periodically reassesses the Policy, paying particular attention to the evolution of good practice coming from the reference regulations.

Moreover, the Legal & Compliance Area has the responsibility of submitting to the General Manager possible updates or changes made in collaboration with the departments and the organisational units involved in the modified areas. The final approval of later modifications and additions to the Policy, with the exception of purely formal ones, falls to the Board of Directors. All the procedures and tools currently in use or which will be adopted by CESVI must be treated as development and integral part of the organisation's system of corruption and fraud prevention and management.

## ANNEXES

### Annex 1 - Project activities at risk and red flags<sup>9</sup>

Project activities at risk	Red Flags
<p style="text-align: center;"><b>Supplier selection</b></p>	<ul style="list-style-type: none"> <li>• Manipulation of quotation specifications / documents</li> <li>• Disclosure of information not part of the quotation specifications</li> <li>• Favouritism in qualifying the supplier</li> <li>• Manipulation of the evaluation of the quotations, the acceptance and the execution of the contract</li> <li>• Oversupply</li> <li>• Supply of substandard goods or services</li> <li>• High number of contracts with the same supplier/group of suppliers</li> <li>• Frequent need to conclude the purchasing procedure for unjustified urgent reasons Excessively detailed purchasing specifications, to advantage one supplier Subjective evaluation criteria, not objective</li> <li>• Contracts subdivided into separate purchases to bypass the negotiated procedure and authorisation requests.</li> <li>• Frequent unjustified requests to contact a single supplier</li> <li>• Frequent unjustified requests to waive the procedure for nonobjective reasons</li> <li>• Lack of market research</li> <li>• Use of suppliers who are relations or friends of staff involved in the purchasing procedure</li> <li>• Lack of respect of the transparency and fairness principles in the relationship with the supplier (access to different information and/or different time scales)</li> <li>• Pressure to close the contract with a specific supplier whose bid did not win</li> <li>• Deliberate intent to avoid review of the documentation and sharing of information with staff</li> <li>• Limited publication of the tender to avoid competition between bidders</li> <li>• Repeated or similar errors in calculation, language, translation in bids from different suppliers</li> <li>• Very different prices from previous contracts for similar purchases Unjustified changes in price</li> <li>• Excessive or frequent requests to modify quantities in the initial request</li> </ul>

<sup>9</sup> In the document: *Transparency International, Preventing corruption in Humanitarian Operations*, 2014, useful and practical recommendations can be found for addressing and managing the listed risks.

<p><b>Transportation</b></p>	<ul style="list-style-type: none"> <li>• Improper payments to obtain access to resources or aid beneficiaries Change of course during transport</li> <li>• Use of longer routes than planned without justification Falsification of transport or inventory documents False attribution during storing</li> <li>• Incomplete or missing documentation necessary for the transport Repeated unjustified lateness in delivery of goods</li> <li>• Delivery of goods differing (in weight, quality, quantity) from what was ordered</li> <li>• Unusual and excessive unjustified number of damaged goods</li> </ul>
<p><b>Warehouse</b></p>	<ul style="list-style-type: none"> <li>• Stock in warehouse in excess or below planned levels Presence of spoiled goods in the warehouse Packaging tampered with or damaged</li> <li>• Ease of access by unauthorised persons to the warehouse Access to the warehouse out of working hours Excessive consumption of goods than foreseen</li> <li>• Lack of regular warehouse checks Falsification and altering of documentation</li> <li>• Incongruity between physical inventory and records of goods IN and OUT of the warehouse</li> </ul>
<p><b>Management and use of goods</b></p>	<ul style="list-style-type: none"> <li>• Unauthorised use of vehicles for private purposes Corruption in repairs and maintenance of vehicles Misappropriation of fuel</li> <li>• Purchase or hire of more cars than needed</li> <li>• Use of cars outside working hours or in areas not pertinent to the project Unjustified high costs of maintenance or fuel</li> <li>• Use of outside companies when project vehicles are available</li> <li>• Unjustified change in the price of fuel</li> </ul>
<p><b>Human Resources</b></p>	<ul style="list-style-type: none"> <li>• Favouritism in recruiting, in reallocating staff, in promotions or supervision Elusion of controls and regulations on Human Resources</li> <li>• Conflict of interests</li> <li>• Extortion, intimidation and coercion of staff Behaviour favourable to corruption</li> <li>• Frequent selection and recruitment of staff in emergency situations to get around the normal selection process and use short-cuts</li> <li>• Pressure to hire a particular candidate who wasn't the most qualified in the selection process</li> <li>• Lack of verification of references Unjustified backlog of days of leave</li> </ul>

	<ul style="list-style-type: none"> <li>• Reluctance to use up the backlog of leave</li> <li>• Concentration of responsibility and power in a single person</li> <li>• Lack of supervision</li> <li>• Staff with a higher life style than possible with their salary</li> <li>• Staff who have extra-working relationships with suppliers or partners and other stakeholders in key positions</li> <li>• Difficulty and reluctance to delegate and share information</li> </ul>
<p><b>Finance</b></p>	<ul style="list-style-type: none"> <li>• Preference for using cash Financial fraud and embezzlement Accounting errors</li> <li>• False or inflated invoices or receipts Counterfeited audit reports Fraudulent salaries or expense claims</li> <li>• Payments for local permits or access to public services</li> <li>• Lack of original documentation</li> <li>• Frequent modifications/alterations to documents with handwritten changes</li> <li>• Frequent requests for payment in advance</li> <li>• Payments not made directly to the suppliers but to third parties extraneous to the project</li> <li>• Opening of bank accounts in false names with false data</li> <li>• Delayed bank transfers</li> <li>• Different signatures for the same person Excessive use of carbon copies Excessive duplication of invoices Frequent change of audit company</li> <li>• Excessive unjustified increase in total salaries compared with previous months Single signatory for banking operations</li> <li>• Lack of multilevel controls on payment of invoices and contracts</li> </ul>
<p><b>Analysis of needs and allocation of resources</b></p>	<ul style="list-style-type: none"> <li>• Favouritism in the choice of location for the activity and in allocation of resources Inflated or distorted analysis of needs, costs or number of beneficiaries</li> <li>• Number of beneficiaries equal to, or greater than, the total population</li> <li>• Humanitarian needs and/or costs in excess of reference standards</li> </ul>
<p><b>Partner</b></p>	<ul style="list-style-type: none"> <li>• Counterfeit selection of local partners</li> <li>• Lack of monitoring of inefficient partners</li> <li>• Favouritism in the selection of local emergency or development commissions Blocking of aid by "gatekeepers"</li> <li>• Possible partners without physical offices or a clear organisational structure Partners without references</li> <li>• Pressure to select a partner without adequate evaluation</li> <li>• Partners reluctant to provide transparent information on staff and previous experience</li> </ul>

	<ul style="list-style-type: none"> <li>• Sudden unjustified increase in partners' property</li> <li>• Unjustified payments by the partner to third parties not connected to the project Excessive partners' expenses compared with market prices and expectations lack of initial assessment of partners</li> <li>• Request for waiver (or non-application) of the conditions given in the MOU</li> </ul>
<p><b>Identification of the target and registration of the beneficiaries</b></p>	<ul style="list-style-type: none"> <li>• Favouritism in the identification of the target Corrupt inclusion or exclusion of the beneficiaries Multiple or fictitious registration</li> <li>• Absence of criteria for determining the selection of the beneficiaries</li> <li>• Use of criteria too generic, vague or complicated for selection of the beneficiaries</li> <li>• Use of non-objective and physically unverifiable criteria for selection of the beneficiaries</li> <li>• Pressure from local leaders in selection of the beneficiaries</li> <li>• Criteria for selection of the beneficiaries that favour or exclude a particular group</li> <li>• Selection of the beneficiaries in unjustifiably high or low numbers compared with the availability and forecasts</li> </ul>
<p><b>Distribution and post distribution</b></p>	<ul style="list-style-type: none"> <li>• Changes in the sizes and composition of the goods</li> <li>• Readdressing of the resources during distribution</li> <li>• Frequent changes of the established distribution programme</li> <li>• Distribution lists compiled by hand and easily modifiable</li> <li>• Frequent and unjustified handwritten changes to the list of beneficiaries High quantity of first aid goods on sale in local markets</li> <li>• Sudden and unjustified improvement in the life style of personnel involved in the distribution</li> <li>• Increase or change in the number of beneficiaries during particular political events</li> <li>• Falsification of the identity documents of the beneficiaries</li> <li>• Inexistent phone numbers</li> <li>• High numbers of beneficiaries physically unable to reach the distribution</li> <li>• Frequent requests on the part of local leaders to increase the number of beneficiaries over the initial evaluation</li> <li>• Many very similar beneficiary signatures</li> </ul>



<p>Monitoring and evaluation of the programme</p>	<ul style="list-style-type: none"> <li>• Lack of improvement in the condition of the beneficiaries following distribution</li> <li>• Discordance, or lack of comparison documentation, between the list of beneficiaries and the effective distribution</li> <li>• Imbalance between the number of goods distributed and the number of beneficiaries</li> <li>• False, one sided or incomplete reports</li> <li>• No corruption reported</li> <li>• Data falsification</li> <li>• Frequent complaints from the community/beneficiaries concerning the activity of the organisation</li> <li>• Little or no monitoring and evaluation of the projects</li> <li>• Negative perception of the presence of the organisation within the local community Very contrasting reports during the running of the project</li> <li>• Contrast between financial and narrative reports</li> <li>• Monitoring and evaluation of a single area of the project leaving out the rest</li> <li>• Reports "too good to be true": complete absence of problems arising during the running of the project</li> <li>• Inadequate systems of control and monitoring</li> <li>• Deliberate intention to avoid spot checks by the supervisors</li> </ul>
<p>Goods</p>	<ul style="list-style-type: none"> <li>• Food aid and non-food items</li> <li>• Gifts in kind</li> <li>• Lack of improvement in the condition of the beneficiaries following distribution</li> <li>• Staff with a life style above what they could afford based on their personal situation</li> <li>• Lack of documentation for recording goods and the movement of goods</li> <li>• Use of the warehouse outside working hours</li> <li>• Construction or restoration work approved without permission or adequate design</li> <li>• Inadequate systems of control and monitoring of construction or restoration work</li> <li>• Supervisory staff corrupted or implicated in conflict of interests situations</li> <li>• Frequent use of poor quality materials in order to jeopardise the outcome of the work</li> <li>• Improper use of goods provided to staff (i.e. very high internet bills due to use during weekends)</li> </ul>

## **Annex 2 - Selection and recruitment of staff in state of emergency**

Selection and recruitment of staff are based on fairness and impartiality principles, on recognition of worker's professionalism and competence, and according to what is provided for by Human Resources and CHS Alliance standards. As to the selection and hiring of staff, CESVI acts so that the candidates' profiles meet actual organizational needs, avoiding any favouritism and preferential treatment, and its choices are exclusively based on professionalism and competence criteria. In particular, in order to prevent any potential conflict of interest, CESVI requires its staff, since the very hiring, to declare the absence of any conflict of interest between individual and Foundation.

Being aware that adequate resources might be needed rapidly, in order to prevent any violation risk in staff selection and hiring procedure a comparative assessment of candidates is unavoidable, based on professionalism, preparation and aptitude, in relation with those tasks they are being hired for. For senior positions of the organization, CESVI may apply to professional Head Hunters and entrust them the entire hiring process, prior reception of CESVI's policies, including this one.

The details related to staff selection and contracting are illustrated in the HR Policy, to which it is necessary to refer.

## Annex 3 - How to prevent Fraud and Corruption while purchasing

Collaborators involved in the process of purchasing goods and services must act respecting the system of Governance, the procedures and guidelines of the Organization, as well as the rules provided for by the Donor, if requested.

Among the various functions involved in the articulated purchasing process, the **segregation/separation** of tasks for single activities must be guaranteed (in particular, the segregation/separation of functions between who carries out the technical analysis, who makes the economic evaluation and who is responsible for the **assignment of the contract**), in order to guarantee maximum transparency and full control of operations.

It is especially necessary to respect the following ethical concepts and principles<sup>10</sup>:

- ethical procurement:
- sound financial management
- equal treatment, non-discrimination and Untied Aid
- transparency
- proportionality
- avoiding conflict of interests

As detailed in CESVI Procurement Procedure Manual, in the framework of the purchasing of goods and services, and at the time of finalising a contract, the following guidelines must be respected:

- identification of roles, tasks and responsibilities of those in charge of qualifying the suppliers;
- in case of an existing supplier database, separation/segregation between who qualifies and selects a new supplier to include in the database and who carries out analysis and check practises (of the ethical, financial and technical requirements), that are preparatory to the qualification itself;
- traceability of documentation related to supplier qualification and selection process
- where existing, monitoring and periodic updating of qualified supplier database in order to check that requirements for qualification are being respected;
- traceability of valuations and feedbacks from requesting functions as to goods and services provided by qualified suppliers;
- identification of criteria (commodity categories, expenditures, technical features) for which a call for bids is mandatory;
- definition of bids evaluation criteria;
- respect of existing power of attorney as for the contract signed with the selected supplier;
- definition of those in charge of and of operational procedures for contract potential renewal or extension;
- check of suppliers' performances;
- conformity check of supplier's activities with what provided for by the contract (approval of good or service).

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<sup>10</sup> CESVI Procurement Procedures Manual, 2021 and as amended in 2024

Special attention must be paid to the prevention of fraud and corruption in operations and emergency activities in the humanitarian sector. The need to be fast, especially in the very first phases, to respond to an emergency sometimes justifies waiving some procedures and regulations when implementing projects or programs<sup>12</sup>. Many donors, partners and international agencies meet this need applying specific procedures for emergency activities. Nevertheless, guidelines are crucial anytime for a program to be as effective as free of fraud and corruption. CESVI Procurement Procedures requests some specific purchasing processes for emergency situations. These processes allow more flexibility, but they do preserve those transparency and equity ethical principles on which humanitarian activities are based.<sup>11</sup>

Procurement is potentially vulnerable to irregularity and illegality. All the actors involved in purchasing processes are responsible for their deeds and are considered personally and financially responsible for the consequences of their omissions in carrying out duties, as well as professional offences, serious negligence or non-ethical behaviour. Of course, this doesn't exclude potential criminal responsibilities applied in the Country where illegal actions occur. Should this Policy not be respected or any fraud, corruption, collusion<sup>12</sup> or coercion<sup>13</sup> cases be highlighted, the member of the staff who becomes aware of it must immediately inform the Fraud and Corruption Prevention Focal Point, who is in charge of informing the Supervisory Body by using channels and procedures set for this purpose, as reported in the Fraud and Corruption Reporting Flow Procedure and in the Whistleblowing Policy.

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<sup>11</sup> *CESVI Procurement Procedures Manual*, 2021 and as amended in 2024

<sup>12</sup> Collusion is the unofficial agreement between two or more bidders or candidates to artificially alter the results of the bidding process in order to obtain a financial or other advantage. Without the knowledge of the bidding organization, bidders coordinate their bids in order to artificially fix prices and thereby manipulate the competition.

<sup>13</sup> Coercion means compromising, harming, or threatening to harm, directly or indirectly, any participant in the bidding process in order to improperly influence their participation.

## **Annex 4 - Management of Safety in situations of Fraud and Corruption risk**

The safety of humanitarian organizations may be threatened by cases of corruption and by any type of fraud.

### **Some of the consequences caused by fraud and corruption cases regarding Safety:**

- local people's loss of credibility and trust;
- lack of honesty among colleagues and organisations, and therefore loss of liability of information shared;
- pressure and stress for personnel, mainly national personnel.

### ***Reasons for preventing corruption and fraud from a Safety point of view***

- they are behaviours breaking the law, and humanitarian operators are tied to the respect of laws of the country they're working in;
- corruption and fraud are actions having an impact on the activities of the Foundation, and consequently recipients are denied a free and fair access to services they are entitled to;
- humanitarian organizations provide help and resources by promoting humanitarian and development programs. Fraud and corruption reduce such resources and compromise security objectives;
- corruption and fraud dramatically weaken trust and consensus reached by the Organisation within the operating area, and, as a result, the protection offered by the community itself.

### ***How to handle critical situations***

Any member of the staff is to be aware that corruption can threaten Safety. An analysis of the context enables to assess the risk of corruption practises in countries where Laws and State are very weak, as well as the effects of these practises on the implementation of projects can be crucial. In case of bribes, the act of paying them can lead to a threat, but, if public workers don't receive their wages, the bribe paid for their services could be considered as a legitimate income in fragile States. Being aware of that and of how specific local situations are, CESVI strongly declares that humanitarian organizations mustn't be involved in any deed at risk of corruption or in any corruption activities. The payment of fares is only for activities carried out and related to services required for existing projects. Furthermore, the payment must be paired with proper procedural and financial documentation, to record it and verify that it has been actually made, in order to guarantee transparency principles.

### ***Anti-Corruption measures for Personnel to be safe and protected***

It's important to remember the recommendation of CESVI Security Policy<sup>14</sup>: life comes first. If a member of the staff undergoes a true menace, it's better to pay a bribe and then to get in touch immediately with the person responsible for Security/Safety: there's no reason to put one own life or a colleague's life at risk.

Recommendations to prevent and properly manage critical situations:

- transparent, clear and honest relationships with all local groups, with authorities and other humanitarian organizations;
- correct and transparent financial procedures;
- suitable and transparent purchasing procedures;
- experienced and well-trained Personnel;
- effective management of Personnel and Projects;
- confidential reporting channels;
- staff's strict respect of laws, not to be accused and prosecuted for illicit actions;
- Managers and Heads of Mission should lead by example in preventing corruption and should ensure that all staff follow this example;
- once a case of internal fraud or corruption is detected, or in case there are activities at risk of crime, the report must be sent to the reporting channel at [fraud@cesvi.org](mailto:fraud@cesvi.org) and managed by the Focal Point, with the creation of dedicated Case Management Teams depending on the issue (e.g., programs, security, administration, purchasing procedures, human resources...), under the supervision of the Supervisory Board, which is promptly informed by the Focal Point if there are circumstantial elements to proceed with the investigation.

### ***Specific recommendations to manage bribery requests:***

- refuse to pay bribes anytime. Many humanitarian operators have worked several years in countries where serious corruption is widespread, and have never paid any;
- explain why you are not able to pay. Keep in mind simple sentences that don't seem an accusation, for example: "My religion doesn't allow me to pay any tax but official";
- if the soldier/official insists, say that you can't pay but you could speak with his commander/superior. The soldier often doesn't want his commander to be involved;
- be ready to wait. Patience heals many problems, while impatience often raises the

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<sup>14</sup> CESVI Security Policy, 2024.

pressure to pay a bribe. At a checkpoint, if at a standstill, be ready to wait one hour or two while politely negotiating, when it's vital to overcome the block. If not, decide to go back and try again another day;

- in the meantime, inform the military or police top authorities about the problem you have faced, and ask them for counteracting;
- apply the patience principle to bureaucratic processes, such as the registration of NGOs with governmental authorities. In some countries this can take up to a year or even more, and lead to the temptation to succumb to paying bribes to try to expedite the process;
- keep on being courteous, respectful and – if possible – friendly. Some officials that usually insist on bribing seem to be flattered and pleased if kindly treated, and as a result they give up in requesting the bribe;
- be sure that all documents are kept in order, and have a copy of them, so that, should any official request them, they can be easily shown. This may make your bag heavier: a low price to be paid for preventing problems to tackle.

**Always remember:** never put human life at risk!

## Annex 5 - Fraud and Corruption: contracts and memoranda

*In work, partnership and purchasing contracts the cross-reference to the Policy to prevent Corruption and Fraud must always be included, so that the subjects identified as recipients by the Policy can be aware and bound to its content.*

Private and public donors ask CESVI for spending the entrusted funds impartially, fairly and according to specific goals. This must be also for partners' projects financed by CESVI. To effectively prevent corruption and fraud, it is necessary for the Policy to be respected by partner Organizations too, to which CESVI is contractually bound. For this reason, it is crucial that the parties subscribing any type of contract/memorandum are committed to following the principles and guidelines mentioned above, and to strongly communicating them to other contractual partners (suppliers, providers, etc.).

Personal relationships or advantages must not affect CESVI and its partners' decisions. Corruption threatens beneficiaries' and, in general, stakeholders' trust, and inhibits a proper and optimum use of funds.

## Appendix: DEFINITIONS

In this document and its appendixes, the following expressions have this meaning:

**At risk of crime activities:** The process, the operation, the deed, that is all the operations and deeds which can put The Foundation at risk of crime.

**CHS Alliance:** Organization born in 2015 by the merger between HAP International and People in Aid. It's composed of more than 240 organizations aiming to sustain the members in applying standards and good practises. It is committed to favouring development, promotion and respect of CHS (Core Humanitarian Standard on Quality and Accountability).

**Discipline and Sanction System:** All the punishing measures to be applied in case of violation of procedural rules and behaviours provided for by the Model.

**D.L.g.s. 231/2001 or Decree:** The 8<sup>th</sup> of June 2001 Legislative Decree, featuring "Discipline of administrative responsibility of juridical Subjects, Companies and Associations, even without juridical personality", article 11 of the 29<sup>th</sup> September 2000 Law, numbered 300", published in Gazzetta Ufficiale, numbered 140, 19<sup>th</sup> of June 2001, and its further modifications and integrations.

**Management and Control Organizational Model in accordance with D.L.g.s 231/2001 or Model:** The Organization, Management and Control model reputed as suitable for preventing Crimes, and therefore chosen by the Foundation on the 19<sup>th</sup> of January 2018, and as subsequently amended and complemented in accordance with the articles 6 and 7 of the Legislative Decree, in order to prevent Crimes form happening by top or subordinate Personnel, as it is described in this document and its Annexes.

**Red Cross and Red Crescent Movement Ethical Code:** it's a set of conduct principles guiding Staff, Partners and volunteers in the correct implementation of Fundamental Principles and Values of International Red Cross and Red Crescent Movement, stating both rights and responsibilities of all the members of the Association, as well as the Association's obligations towards them.

**Red Flags:** Alert and alarm warnings in case of illegal situations.

**Supervisory Body:** the Supervisory Body, as it is defined in the Control, Management, Organization Model, elected in accordance with the 231/2001 Legislative Decree.

**Transparency International:** Transparency International is the biggest organization worldwide to prevent and counter corruption. Its mission is to give victims and witnesses the chance to speak. It works together with Governs, Corporates and Citizens to halt the plague of corruption.

**Whistleblowing:** Procedure to incentive reporting and to protect subjects who signal illegal acts or irregularity.





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