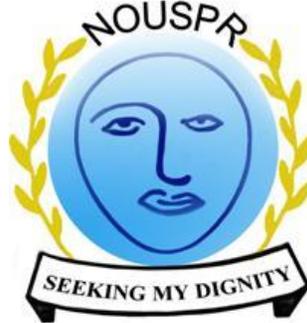


National Organization For Users And Survivors Of Psychiatry



FRAUD POLICY

Introduction

Good management practice requires any learning and progressive organization to put in place a fraud policy. This is because any organization is faced with risks from wrongdoing, misconduct, dishonesty and fraud. As with all entities dealing with the public, we must be prepared to manage these risks and their potential impact in a professional manner. We ask all staff and managers to assist in making NOUSPR a better organization free of fraud and corrupt tendencies.

The impact of misconduct and dishonesty may include:

- the actual financial loss incurred
- damage to the reputation of our organization and our employees
- negative publicity
- the cost of investigation
- loss of employees
- loss of donors
- loss of clients or beneficiary group
- damaged relationships with our donors, beneficiaries, contractors and suppliers
- litigation
- damaged employee morale

Our goal is to establish and maintain a working environment of fairness, ethics and honesty for our funders, employees, our beneficiaries, our suppliers and anyone else with whom we have a relationship. To maintain such an environment requires the active assistance of every employee and manager every day.

NOUSPR is committed to the deterrence, detection and correction of misconduct and dishonesty. The discovery, reporting and documentation of such acts provides a sound foundation for the protection of innocent parties, the taking of disciplinary action against offenders up to and including dismissal where

appropriate, the referral to law enforcement agencies when warranted by the facts, and the recovery of assets.

Purpose

The purpose of this document is to communicate organisation policy regarding the deterrence and investigation of suspected misconduct and dishonesty by employees and others, and to provide specific instructions regarding appropriate action in case of suspected violations.

Definition of Misconduct and Dishonesty

For purposes of this policy, misconduct and dishonesty include but are not limited to:

- Acts which violate the organization's Code of Conduct
- Theft or other misappropriation of assets, including assets of the company, our customers, suppliers or others with whom we have a business relationship
- Misstatements and other irregularities in organisation records, including the intentional misstatement of the results of operations
- Profiteering as a result of insider knowledge of organisation activities
- Disclosing confidential and proprietary information to outside parties
- Forgery or other alteration of documents
- Accepting or seeking anything of value (limits defined in the Code of Conduct & ethics policy, other) from contractors, vendors, or other persons providing services/materials to the organisation.
- Fraud and other unlawful acts
- Any similar acts.

The organisation specifically prohibits these and any other illegal activities in the actions of its Board members, managers, project staff ,volunteers and others responsible for carrying out the organization's activities.

Policy and Responsibilities

Reporting

It is the responsibility of every employee, supervisor, manager and executive to immediately report **suspected** misconduct or dishonesty to [their supervisor, internal audit, legal, other]. Supervisors, when made aware of such potential acts by subordinates, must immediately report such acts to [their supervisor, internal audit, legal, other]. Any reprisal against any employee or other reporting individual because that individual, in good faith, reported a violation is strictly forbidden.

Due to the important yet sensitive nature of the suspected violations, effective professional follow up is critical. Managers, while appropriately concerned about "getting to the bottom" of such issues, should not

in any circumstances perform any investigative or other follow up steps on their own. **Concerned but uninformed managers represent one of the greatest threats to proper incident handling.** All relevant matters, including suspected but unproved matters, should be referred immediately to those with follow up responsibility.

To facilitate reporting of suspected violations, especially in those situations where the reporting individual wishes to remain anonymous, the organisation will establish a complaints box as well as plans to install a telephone hotline direct to the Executive Director.

Additional Responsibilities of Supervisors

All employees have a responsibility to report suspected violations.

However, employees with supervisory and review responsibilities at any level have additional deterrence and detection duties. Specifically, personnel with supervisory or review authority have three additional responsibilities.

First, you must become aware of what can go wrong in your area of authority.

Second, you must put into place and maintain effective monitoring, review and control procedures that will prevent acts of wrongdoing.

Third, you must put into place and maintain effective monitoring, review and control procedures that will detect acts of wrongdoing promptly should prevention efforts fail.

Authority to carry out these three additional responsibilities is often delegated to subordinates. However, accountability for their effectiveness cannot be delegated and will remain with supervisors and managers.

Assistance in effectively carrying out these responsibilities is available upon request through Head of finance and administration.

Questions or Clarifications Related to This Policy

All questions or other clarifications of this policy and its related responsibilities should be addressed to Head of finance and administration, Executive Director or Chairperson of the Board, who shall be responsible for the administration, revision, interpretation, and application of this policy.

Approval

(chairperson of Board)

Date

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Acknowledgment

My signature signifies that I have read this policy and that I understand my responsibilities related to the prevention, detection and reporting of suspected misconduct and dishonesty.

I further acknowledge that I am not aware of any activity that would require disclosure under this or other existing organisation policy or procedure statements.

Signature: _____

Print Name: _____

Date signed: _____

INCIDENT FOLLOW UP

Reported Incident Follow Up Procedure

Care must be taken in the follow up of suspected misconduct and dishonesty to avoid acting on incorrect or unsupported accusations, to avoid alerting suspected individuals that follow up and investigation is underway, and to avoid making statements which could adversely affect the company, an employee, or other parties.

Accordingly, the general procedures for follow up and investigation of reported incidents are as follows:

1. Employees and others must immediately report all factual details as indicated above under this policy.
2. The Board , senior management team ,internal audit or other department has the responsibility for follow up and, if appropriate, investigate or cause investigation of all reported incidents.
3. All records related to the reported incident will be retained wherever they reside.
4. Do not communicate with the suspected individuals or organizations about the matter under investigation.
5. In appropriate circumstances and at the appropriate time, internal audit, chairperson or ED will notify the officer of the employee's organization.
6. Chairperson or ED will also notify the SMC of all reported incidents so that it may be determined whether this matter should be brought to the attention of the disciplinary Committee.
7. Chairperson or ED may also obtain the advice of the legal experts at any time throughout the course of an investigation or other follow up activity on any matter related to the report, investigation steps, proposed disciplinary action or any anticipated litigation.
8. Neither the existence nor the results of investigations or other follow up activity will be disclosed or discussed with anyone other than those persons who have a legitimate need to know in order to perform their duties and responsibilities effectively.
9. All inquiries from an attorney or any other contacts from outside of NOUSPR, including those from law enforcement agencies or from the employee under investigation, should be referred to the lawyer representing NOUSPR.

Investigative or other follow up activity will be carried out without regard to the suspected individual's position, level or relationship with the company.

POSSIBLE ADDITIONAL CONTENT – AUTHORITY FOR INVESTIGATION

Responsibility and Authority for Follow Up and Investigation

The Board Chairperson , ED or Head of finance and administration has the primary responsibility for all investigations involving the organisation and all subsidiaries. Board Chairperson , ED or Head of finance and administration may request the assistance of internal or external audit in any investigation, including access to internal audit's periodic examinations and evaluations of internal controls.

Properly designated members of the investigative team will have:

- * free and unrestricted access to all organisation records and premises, whether owned or rented
- * the authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities (whether in electronic or other form) without the prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of investigative or related follow up procedures.

All investigations of alleged wrongdoing will be conducted in accordance with applicable laws and organisation procedures.

POINTS TO CONSIDER IN THIS FRAUD POLICY

A clear fraud policy statement is a critical part of an anti-fraud environment. As an organization, NOUSPR needs the collective expertise of their entire employee and management team to effectively manage the challenges and exposures that fraud and misconduct present. Everyone needs to know what to do when wrongdoing is suspected.

1. 'The fraud policy' is a completely separate document from the Code of Conduct. The Code of Conduct of NOUSPR has been designed separately and covers acceptable and unacceptable behavior in NOUSPR programme work and other activities. The policy states the requirements that exist for all employees, supervisors and managers with respect to their daily fraud prevention, detection and handling responsibilities.
2. The use of the term "Fraud Policy" in the actual document may present two unnecessary challenges. First, many readers may dismiss the policy without reading it because of the belief that "we don't have a fraud problem here!" Second, it may not be comprehensive enough. The technical definition of fraud is presented herein. Refer to the Definition section of the attached policy.