



**“ENVIRONMENTAL PROJECT IMPLEMENTATION UNIT” SA**

# **ANTI-FRAUD AND ANTI-CORRUPTION POLICY**

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# INTRODUCTION

The “Environmental project implementation unit” State Agency (EPIU) has become increasingly aware of the levels and types of risks that it must manage if it intends to preserve and enhance its reputation, and financial viability.

In particular, EPIU is committed to preventing: i) fraud and corruption perpetrated by EPIU personnel; ii) fraud perpetrated against EPIU by cooperating partners, suppliers or other third parties; and iii) any collusive practices among any such parties.

Hence we have various mechanisms in place that minimize the risks and secure sound, transparent and accountable financial operations. Both internal and external control mechanisms, such as mandatory external audits, are aimed to ensure this goal. As a rule, all the projects implemented by EPIU undergo interim and final reviews that address all aspects of project implementation. Also, EPIU is subject to review by the Control Chamber of the Republic of Armenia which performs a high-quality external state control. With the aim of preventing violations in the areas of public funds and property management thus improving the efficiency of their use, the Chamber is entitled to conduct annual planned inspections and current check up when it deems necessary, paying special attention to financial mismanagement.

EPIU is aware that it is obligatory for any organization to address fraud risk in the conduct of its business, and it addresses this need on conducting its day-to day operations. Having ratified international treaties, Armenia adopted strict anti-money laundering and terrorism financing regulation, applicable to all entities acting under Armenia’s jurisdiction.

Meanwhile, to comply with the accreditation requirements of Green Climate Fund, EPIU has developed and adopted its own anti-fraud and anti-corruption policy. To this end, the Policy seeks to prevent fraud and corruption through: i) appropriate internal checks and balances; ii) staff training and awareness; iii) due diligence practices in the recruitment of EPIU personnel and the hiring of contractors; and iv) effective internal and external auditing controls.

This policy should be read and applied in conjunction with the Operations and Procedures Manual and its relevant chapters and the Republic of Armenia law on “Combating anti-money laundering and terrorism financing” applicable within the EPIU, Labor Code of the Republic of Armenia.

It is believed that through this Policy EPIU would become an organization committed to providing accountability and transparency that would demonstrate proven ethics in its management and governance thus safeguarding the trust of its members, staff and partners.

This anti-fraud policy is to safeguard the reputation and sustainability of the EPIU through better management of fraud risk. Developed based on best practices in fraud risk control strategy and contingency plans in case of fraud in the public and non-profit bodies, as well as the EPIU special needs and requirements, it presents clear steps to be taken to respond to reported or suspected fraud, as well as measures which will be taken to prevent or minimize fraud risk.

## SCOPE

1. The Policy applies to all activities and operations of EPIU, including: i) any project implemented by EPIU and or cooperating partner.
2. The Policy applies to all EPIU staff members and other personnel, including but not limited to: i) consultants; ii) temporary assistance unit personnel; iii) service contract and special service agreement holders.
3. Contractual arrangements between EPIU and cooperating partners, suppliers or other parties shall prohibit fraudulent, corrupt, collusive, coercive and obstructive practices.

## DEFINITIONS

4. The following definitions shall apply to the Policy:
  - a) **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 advantage, or to avoid any obligation, to benefit the perpetrator or a related party.
  - b) **Corrupt practice** is the offering, giving, receiving or soliciting, directly or indirectly, or attempt to do so, of anything of value to influence improperly the actions of another party.
  - c) **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.
  - d) **Coercive practice** is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.
  - e) **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 a duly authorized investigation into allegations of corrupt, fraudulent, collusive or coercive 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 EPIU's contractual rights of access to information.
5. In the Policy, these practices will be collectively referred to as "fraud and corruption".
6. Examples of fraudulent behavior:
  - Obtaining a property, a financial advantage or any other benefit by deception or misuse of power granted pursuant to an official position or an official function;
  - Invoicing EPIU for goods and services that were not performed;
  - Development or implementation of policies or practices known not to be in line with the legislation of the Republic of Armenia, the Statute of EPIU, global objectives and practices of the EPIU, Labor Code of the Republic of Armenia;
  - Seeking to collect confidential information about a colleague or other people in order to use them for unauthorized purposes;
  - Voluntary disclosure or declaration of erroneous or incomplete information to the EPIU, its partners or other business dealings, or deliberate failure to provide information in the event of obligation to keep silent;

- Unauthorized personal use of EPIU computers, vehicles, telephones or any other property or service outside professional duties;

## **BASIC PRINCIPLE AND OBJECTIVES**

7. EPIU is committed to transparency and accountability in the management of its resources in order to ensure the effective fulfillment of its Statutory Objectives. To this end, the Policy seeks to prevent fraud and corruption through: i) appropriate internal checks and balances; ii) staff training and awareness; iii) due diligence practices in the recruitment of EPIU personnel and the hiring of contractors; and iv) effective internal and external auditing controls as well as effective inspections and investigations.

8. EPIU shall not tolerate any fraud and corruption in the course of its operations.

9. The objectives of the Policy are to ensure that:

a) EPIU takes robust measures to prevent fraud and corruption;

b) EPIU personnel adhere to the highest standards of integrity;

c) contractual arrangements and partnerships with suppliers of goods and services, other contractors and cooperating partners are not tainted by fraud and corruption;

d) fraud and corruption are promptly detected and reported, and subjected to complete and independent investigation;

e) any person or entity found to have engaged in fraud and corruption is the object of appropriate sanctions; and

f) prompt action is taken to recover misappropriated funds or losses caused by fraud and corruption.

10. EPIU's strategy is made up of three main components.

### **Culture of honesty and ethics**

11. The most persuasive and effective method to prevent fraud is the promotion for part of senior managers of an ethical and transparent environment which encourages staff members at all levels to actively participate in preserving the reputation and resources of the EPIU.

12. This entails:

13. A clear statement of moral values found in the Operations and Procedures Manual of EPIU and that all staff members must comply with and to promote with third parties, and which the organization applies on an ongoing basis;

- Development, dissemination, and enforcement of a clear anti-fraud policy, including sanctions for infringements;
- Clarification of the conflict of interest cases and their settlement;
- Efforts to sensitize staff members to fraud and train them on strategies to fight against fraud and corruption;
- Development and implementation of policies that focus on honesty and integrity of job applicants and the requirement of reliable background checks, depending on the level and importance of the position.

### **Risk management and internal control measures**

14. Risk management is essential for the effectiveness of fraud control measures. It is based on the development of risk management criteria and the implementation of effective control measures. The EPIU will undertake a thorough assessment of its overall vulnerability to fraud and will assess the scope and scale of fraud risk in specific areas at least every two years, or more frequently as part of an ongoing process of risk assessment.

The Internal Monitoring Officer:

- expects from the Managing Director to actively exercise his / her responsibility regarding the overall management and specific management of fraud risk;
- monitors the implementation of measures for reducing fraud risk;

The Director of EPIU, the Deputy director and head of divisions shall

- Implement internal control measures to detect, report and deter fraud, measures that will be economic and be consistent with the magnitude of the identified risks;
- Ensure that staff feel free to report fraud without fear of reprisal;
- Initiate and facilitate fraud detection and reporting.
- Conduct independent reviews to verify the effectiveness of internal control measures and review activities in order to detect signs of fraud.

## **MEASURES TO PREVENT FRAUD AND CORRUPTION**

The director of EPIU must ensure that opportunities for committing fraud are reduced to a minimum.

15. A high probability of being caught will deter those who might otherwise defraud. We can reduce the opportunity to commit fraud by ensuring that an effective system of internal control, proportional to the risk has been designed and implemented, and is functioning as expected.

16. All of the EPIU staff members have both the responsibility and obligation to contribute to the fraud risk management.

17. Starting with the top management-the Director, the Deputy Director, the Head of Divisions, the Chief Accountant, the Financier are the forerunners and promote the risk management, internal controls and an anti-fraud culture within the EPIU.

18. Staff members behave themselves with integrity and prove awareness of the importance of ethical practices in their daily work.

19. Staff members shall bring into force the control measures.

20. The global role of EPIU Director in the context of this policy is to oversee internal controls and risk management practices.

21. The EPIU expects from all individuals and organizations associated with it to be honest and fair if they are in business. The EPIU will not tolerate any level fraud and corruption. Any case of fraud known shall be subject of thorough investigation and disciplinary or criminal sanctions shall be imposed in conformity with the Criminal Code of the Republic of Armenia where necessary and feasible, and losses shall be recovered by all legal means. The EPIU is also committed to ensuring that fraud opportunities are reduced to the lowest possible level of risk that these controls are

maintained to prevent fraud and that systems and procedures are reviewed and improved after that fraud cases were discovered.

## **Obligations of Contractors**

22. Any vendor and/or other third party entering into any contractual arrangement with EPIU is required to carry out their activities in accordance with the above-stated general principles and the provisions of their agreement with EPIU, as well as to immediately report to EPIU any allegations of fraud and corruption in connection with EPIU activities that come to their attention.

18. In addition, in conformity with the terms of the Procurement legislation of the Republic of Armenia (Articles 5 and 6) which is also reflected in the text of the tender announcement by EPIU any cooperating partner, supplier and/or other third party entering into any contractual arrangement with EPIU shall:

- a) meet the criteria stipulated in the invitation, and based on the invitation
- b) represent a Statement to EPIU on his/her eligibility requirements to participate

23. EPIU personnel who are responsible for selecting and contracting cooperating partners, suppliers and/or other third parties entering into any contractual arrangement with EPIU, shall ensure that such a clause is included in the relevant tender package.

24. Certain aspects of such a clause may need to be tailored to the particular circumstances of the contractual arrangement that is being put into place. For further guidance in this respect, advice should be sought from the Lawyer of EPIU.

## **Procurement**

25. In addition to the obligations outlined above and to the guidance provided by the Law of the Republic of Armenia on Procurement, EPIU personnel involved in the procurement process shall:

- a) avoid any situations of actual or perceived conflict of interest, or which may otherwise impair their judgment, in relation to the responsibilities assigned to them, and promptly report any such conflict of interest or other impairment to their supervisors;
- b) obtain accurate information on the business profile of any party involved in the procurement process;
- c) avoid using their office or knowledge gained from their official functions to favour any parties in the procurement process, or to prejudice parties they do not favour;
- d) ensure that contractual agreements with suppliers of goods and services include a clause prohibiting fraud and corruption and referring to the Policy, as per the model clause found in the Annex to the Policy;
- e) exercise due diligence in verifying that any contractor has not engaged in, and is not engaging in, any fraud or corruption;
- f) promptly report any practice that is, or is reasonably suspected of being, contrary to the Policy to the Internal Monitoring Officer;
- g) take swift action against suppliers of goods and services who are found to have breached the Policy.

## **Due Diligence in Recruitment**

26. Hiring manager (The Director) shall, consistent with applicable staff rules and other relevant provisions, conduct due diligence and exercise due care during any recruitment processes for staff members and non-staff employees, regardless of rank or length of service. All hiring managers and staff responsible for performing recruitment and selection actions shall place emphasis on integrity as a selection criterion. They shall be accountable to perform their functions according to the Labor Code of the Republic of Armenia. They shall promptly declare any affiliation they may have with job candidates, or any other situations that may give rise to actual or perceived conflict of interest.

## **Fraud or Corruption Response**

### **Delegation Structure**

27. In a case of reported or suspected fraud, it is up to the Director in the first instance to intervene. This intervention could eventually be entrusted to an ad hoc committee. We should ensure in particular that the persons responsible for supervising fraud response have no management responsibility in the area (s) concerned.

## **Reporting fraud or corruption allegations**

### **Liability of the EPIU staff members**

28. The EPIU staff members should be aware of the possibility for fraud and should report any reasonable doubt about a case of fraud. Fears that the staff member has committed or attempted to commit fraud should be reported, without limitation:

- any dishonest or fraudulent act, such as:
  - forgery or alteration of documents or accounts;
  - misappropriation of funds, supplies or other property;
  - impropriety related to processing or reporting of money or financial transactions;
  - operation for personal purposes of an official position or enabling family members or other people to do;
  - disclosure of official activities or information for obtaining advantages;
  - seeking for personal gain from third parties as a result of an official position or power;
  - theft or misuse of goods, facilities or services.

29. All of the following actions from external parties should be reported:

- subordination or inducement attempt by a partner or a supplier;
- receiving fraudulent invoices (i.e. intentionally inaccurate, rather than erroneous) from a supplier;
- known corruption, deception or embezzlement cases of by a supplier or partner;
- any concerns mentioned above about EPIU staff members.

30. If a staff member becomes aware of an alleged fraud, he / she should take note in writing of any relevant details, including what was said or done, by whom, the date, the time, the location and the names of people involved.

## **Whistle blowing**

31. Depending on the circumstances of the person who is thought to be involved in the alleged fraud, the EPIU staff members should report suspected fraud to the following persons in order of preference:

- To the Internal Monitoring Officer or to a Director;
- If the above mentioned persons are potential suspect, then staff members should report their concerns directly to the Control Chamber of the Republic of Armenia.
- Staff members can use the anti-fraud email address [antifraud@epiu.am](mailto:antifraud@epiu.am) or write to Internal monitoring officer or to the Director. They can make their report anonymously if they wish to do so. Reports of fraud should include all known details, including the names of people who are presumed to be involved, the location, the time, and any relevant acts or statements;
- All information provided to the Internal monitoring officer will be processed confidentially. Reasonable allegations will be processed seriously and consistently. They will be properly investigated. Allegations, whether made anonymous or not, must be supported by documented evidence or statements from witnesses in order to proceed with the investigation. Without such evidence, the investigation cannot take place. If it is found that a claim was made frivolously and slanderously for obtaining personal benefit or for revenge, disciplinary action shall be taken against the person making such an allegation.

## **Whistleblower Protection**

32. Prevention is the preferred mechanism to deal with fraud and corruption in its operations. However, if a fraudulent or corruption act occurs, it is important to encourage the EPIU staff, other employees and external sources to notify credible evidence of such acts, providing them with sufficient protection against bullying or other forms of revenge, retaliation or adverse action because of the disclosure of such information. Whistleblower protection allows focusing systematically on the given message rather than on the messenger, and contributes to strengthening the enforcement of anti-corruption safeguard measures. Protection is granted to whistleblowers, as they act in good faith and reasonably believe that the information reported and / or allegations made were accurate.

## **Responsibility of the EPIU management**

33. If managers are informed of fraud, they are required to listen to staff member carefully and with respect, to ensure that all reports are treated seriously and sensitively, and to ensure that any allegation is subject to a fair hearing. Managers will need to obtain any documents or information as possible regarding the alleged fraud, including any notes or evidence, and should reassure the staff members about the fact that they will be protected and will not suffer any reprisal for reporting allegations in good faith. Managers should prepare a detailed written report on any alleged fraud that has been reported to them for investigation and forward the report to the Internal monitoring officer or the Director of EPIU.

If managers believe that the case cannot be discussed with the fraud alleged perpetrator, they should immediately inform the Director. All cases must be reported within five working days following the discovery or information from another staff member to the Director. Any correspondence that ensues will be sent to the Director.

## **Defining appropriate measures by the Director**

- In principle, once an alleged fraud was reported to the Head of Divisions, the Deputy directors the latters will disclose all relevant information to the Director. If there is reason to believe that one of these people could be involved, then the reporting should not be sent to him / her.
- The Director, in agreement with the Deputy Director, will decide whether the case can be dealt with internally, or whether it is necessary to involve an external body. Any decision to communicate with external experts or police will be recorded.
- The decision to involve external experts depends on the magnitude and complexity of the fraud and people involved;
- The lawyer of the EPIU will provide guidance to the Director on the involvement of the police in the context of a given case. The final decision to involve the police will be taken by the Director.

## **Initial response to allegations of fraud**

- The Director shall act promptly to decide measures to be taken in accordance with the gravity of the alleged offense. Penalties could range from paid leave, to suspension, or immediate dismissal. In all cases, measures will be taken after consultation with the Chief Financial Officer and the Lawyer.
- The Chief Financial Officer shall inform the involved persons about the allegations against them and the measures to be taken.
- At the same time, the Managing Director shall ensure that all information in the possession of the suspected individual is secured for investigation.
- The Director or the Chief Financial Officer, after consultation with the Internal Control Manager, shall mitigate the risk of future losses by immediately improving procedures to protect assets and to preserve evidence, if necessary by suspending payments (e.g. the payment of wages or invoices).
- The insurers shall be notified immediately of any loss or damage to the insured EPIU property.

## **Internal Monitoring**

34. The EPIU's functions for prevention of money laundering and terrorism financing shall be carried out by the internal monitoring officer.

The functions of the internal monitoring officer are reserved to the chief procurement specialist of EPIU by the director's order.

35. While performing their functions stipulated by the Law, the normative legal acts adopted based on the Law, and the present Policy, the internal monitoring officer is independent and has a status of senior management.

- The Internal Monitoring Officer conducts research and analysis to identify suspicious transactions or business relations;
- Monitor the ongoing scrutiny of business relationships and regularly revise the process of validating and updating the information;
- Depending on the magnitude and complexity of the fraud, investigations will be conducted either internally by the Internal Monitoring Officer, or by external parties such as independent financial investigators, or where appropriate, by the police. The decision to use internal or external investigation services, or a combination of both, will be made by the Director on the advice of the Lawyer.
- Investigations will be conducted without regard to the relationships of the people involved with the organization, to their position or to their work records. The Internal Monitoring Officer shall keep and retain records of any step taken as part of the investigation in anticipation of possible criminal, civil or disciplinary action.
- The Internal Monitoring Officer shall decide who should be involved in the investigation and try to avoid a conflict of interest situation for staff members and managers with close working relationship with the person concerned.
- Implement scrutiny of data recording and information maintenance.
- The Director shall ensure that the The Internal Monitoring Officer and any external body whose task is to assist him / her have immediately unlimited access to the workplace in question, including all files and computers. Any search should be conducted lawfully to ensure that evidence is admissible in a court of law, as the case may be. The Internal Monitoring Officer will keep a record of all the actions taken and the handling of evidence.
- When appropriate and possible, interviews will be structured and documented. The Internal Monitoring Officer will develop the procedure in collaboration with the Lawyer.
- The Internal Monitoring Officer will prepare a report detailing the results and conclusions of every concluded investigation, including recommendations for the future. Investigation results will be neither disclosed to third parties, nor discussed with people other than the Lawyer, the Director, the Auditors and to any individual who should be informed legally. This is important to avoid harming the reputation of person alleged to be responsible for wrongdoing and to find out later that he / she is innocent, and to protect the EPIU from potential prosecution for civil liability, and declining reputation and goodwill from its partners;

36. All this will be done in the respect of human rights or suspected fraud or corruption, including:

- the presumption of innocence;
- the possibility for the accused to defend themselves;
- ensuring the anonymity of the accused during the investigation until the conclusion of the case.

## **Managing external relations**

37. In the case of proven fraud, the EPIU will take immediate steps to mitigate potential damage to the EPIU reputation and credibility with partners who are funding or providing work in this specific context. If an investigation has confirmed that a fraud is committed, the Director discloses, as soon as possible, the details of the fraud, the affected resources and efforts made to remedy the situation to any partner with an interest in the field in question.

In high risk criterion cases of fraud, the person responsible for Communication will manage and monitor any media response. He / she shall only disclose information with the approval of the

Director in collaboration with the Lawyer. The person responsible for Communication will retain a complete record of any disclosed information, including the content and the recipient.

## **Recovery of assets**

38. In cases where the EPIU has suffered a financial loss or loss of other tangible goods, every effort will be made to regain ownership from the person responsible for the fraud. The following methods can be used:

- Agreement for repayments;
- Deductions from benefit payments;
- Possibility of claiming damage from an insurer;
- Legal proceedings to obtain a judgment for damages;
- Conviction to claim compensation in criminal cases;
- Other legal and acceptable means of recovery.

## **Disciplinary sanctions**

39. If the investigation of The Internal Monitoring Officer reveals that a EPIU staff member is guilty of fraud through theft, embezzlement or misappropriation of funds, and the facts are deemed to be proven, the Director, after consultation with the lawyer and the Chief Financial Officer, will make use an external consultant. If appropriate, a disciplinary action may submit a complaint to the police. In such case, the disciplinary action is to terminate the activities of the person accused and to proceed with his / her immediate dismissal.

If fraud does not involve theft, embezzlement or misappropriation of funds, the staff member shall be suspended from duty without pay until the investigation is completed. The Director, after consultation with the Lawyer and the Chief Financial Officer, will decide the actions to be taken. Disciplinary action may be taken against Head of Divisions whose failures have contributed to fraud, or against a staff member who made allegations of bad faith.

## **Follow-up action**

40. Following a case of fraud and subject to any potential limitation on legal reports, the Director shall inform all managers and staff concerned with the manner in which the investigation was conducted and the results obtained. It should also be a follow-up with the person who first reported suspicions of fraud to ensure him / her that his / her statements were taken seriously.

Ultimately, the Director will ensure that a thorough analysis of the operational modes of the sectors affected by the fraud has been carried out and that corrections and improvements were made. If possible, the lessons learned will be shared throughout the organization to strengthen the internal control system and to promote an anti-fraud culture. A report on the measures taken will be submitted to the Ministry of Environment.

## **Response in case of fraud and control measures: Roles and Responsibilities**

41. In summary, the specific roles and responsibilities related to the prevention of fraud within the EPIU and responses in cases of fraud are:

### **The Director**

- Takes initiatives he /she deems necessary to make clear the message that fraud will not be tolerated within the EPIU.
- Establishes a system of internal controls designed to eliminate or mitigate the risk that the EPIU may cope with.
- Must consider the fraud risk management in the overall context of risk management.
- Provides strong support to the Internal Control Manager.
- Establishes mechanisms for reporting alleged fraud and other issues related to the management of fraud risk.
- Ensures that staff is sufficiently aware of anti-fraud policies and that appropriate training is provided.
- Ensures that action is promptly taken on suspicion of fraud and any proven case.
- Takes the necessary steps to conduct the investigation of allegations of fraud and ensures that serious investigations are undertaken without delay.
- Decides disciplinary and / or legal action to be taken against the perpetrators of fraud and staff members whose failures have contributed to the effectiveness of fraud and ensures that appropriate action is taken to recover assets.
- Communicates, where appropriate, with key stakeholders affected by the fraud to reassure them that all required measures are being taken.
- Takes appropriate measures to strengthen existing preventive measures and ensures their regular monitoring.
- Takes required penalties in case of unfounded or bad faith allegations.
- Takes required action if a staff member is cleared as a result of allegations made in good faith.
- Presents at each session of the General Assembly, a detailed report on the evolution of the fraud risk and measures taken to prevent fraud within the EPIU.

### **All Head of divisions**

- Assess risks, including but not limited to, the potential risks of fraud in their area of responsibility and ensures that an effective system of internal control exists and functions to manage these risks.
- Ensure that the control measures are properly implemented and enforced. Line managers should regularly review the system of control in their work area to ensure that it continues to function effectively.
- Encourage staff to report reasonable suspicion of fraud by taking seriously all allegations and by promptly forwarding allegations to the Internal Control Manager.
- Retain records of all the allegations as well as any measures taken thereafter.

### **The Internal Monitoring Officer**

- Promotes deterrence and prevention of fraud by evaluating the effectiveness of internal control and reporting regularly on its efficiency to the Director.
- Receives whistle blowing of fraud and advises the Director.
- Conducts internal investigations, collects evidence, directs examinations and writes investigation reports.
- Keeps a record of any allegations made, any measures taken and the subsequent impact.
- Reviews and approves the proposed changes to the internal control system.
- Reviews the implementation of changes to the internal control system as a result of a fraud in order to assess their efficiency and effectiveness.

### **The Lawyer**

- Advises the Director regarding measures to be taken to the involvement of external experts or legal authorities, and the conduct investigations.
- Advises the Managing Director on any matter related to the legal aspects or consequences if an investigation confirms a fraud, and by available legal means to recover the asset and restore the reputation of the EPIU.
- Is the interface between the EPIU and the competent judicial bodies as regards fraud.

### **The Chief Financial Officer**

- Consults with the Director about the disciplinary action to be taken against fraudsters and staff members whose failures have contributed to the perpetuation of fraud or people who made frivolous or bad faith allegations.
- Ensures that thorough reference checks are always performed in the hiring process for positions with higher fraud risk (handling money, purchases, etc.).

### **All Staff Members**

- Respect the regulations in force in the EPIU.
- Are aware at all times of the possibility of fraud and report suspicious behavior to their line manager (Head of Divisions) or to the Director.
- If staff members wish to report anonymously, they can do so through confidential email address on fraud (antifraud@epiu.am) which can only access the Internal Monitoring officer.
- Attend training courses internally on the prevention of fraud.
- Conclude and approve the anti-fraud policy seen as integral part of their working contract with the EPIU.

## **Related Policies for further guidance**

42. The EPIU anti-fraud policy must be referenced in all documents governing the employment, contractual or institutional relationship between the EPIU and natural or legal persons and must be read and applied in conjunction and in accordance with the following documents:

- EPIU Operations and Procedures Manual;
- RA Government Decree on Establishing EPIU;
- RA Law on Procurement
- RA Labor Code.

## **Awareness raising and training**

43. Fraud awareness raising and better training regarding fraud are the basis for the fraud prevention and detection. The EPIU will ensure that all employees are aware of their responsibilities concerning the control of fraud and an ethical behavior.

New employees will receive targeted training and refresher training will be provided for current staff.

44. Regular courses on prevention of money laundering and terrorism financing shall be organized for employees with functions of preventing money laundering and terrorism financing.

45. Training will include the following:

- Definition of fraud, if possible, with EPIU examples to illustrate the magnitude of the fraud and the fact that it can involve the attempt to gain tangible and intangible benefits.
- The need for ethical behavior and the fact that fraud prevention is the common responsibility of all the staff.
- Details of the EPIU anti-fraud policy:
- signs to watch that could indicate that fraud has occurred;
- measures to be taken in case of reasonable doubt of fraud;
- responsibilities relating to the processing of allegations and investigations in cases of fraud within the EPIU;
- relationship between anti-fraud policy and the OPM
- the role of the Internal monitoring officer, the EPIU director, Deputy Director and Auditor;
- feasible recovery measures to be applied in case of evidence of fraud.