



Fraud Policy

FOAM Studio LTD. 7/1/22

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Introduction

FOAM Studios LTD has become increasingly conscious of the levels and types of risks that it must manage if it is to retain and heighten its reputation, financial viability and place among the world leaders in the Information Technology Security Sector. External Reviews, donor feedback, Council recommendations and reports of the External and Internal Audits have highlighted, in some cases repeatedly, the challenges, risks and opportunities that FOAM Studios LTD faces in effectively managing and governing its large decentralized system

This Anti-Fraud policy is established to aid in the development of mechanisms that will the aid detection and prevention of fraud against FOAM Studios LTD. It is the intent of FOAM Studios LTD to promote steady organizational behaviour by providing guidelines and assigning responsibility for the development of mechanisms and conduct of investigations.

This Policy applies to all staff members of the FOAM Studios LTD Establishment. It is an integral part of FOAM Studios LTD internal control policy framework and should be read and applied in conjunction with the FOAM Studios LTD Code of Conduct and Professional Ethics, and the FOAM Studios LTD Accounting Standards and Procedures.

In coherent with our company's value of transparency and integrity, we are committed to the prevention of fraud and the promotion of an anti-fraud culture. FOAM Studios LTD operates a zero- tolerance approach to fraud and always requires staff to act with utmost honesty and integrity and report all reasonable suspicions of fraud.

All cases of suspected, attempted and actual fraud against FOAM Studios LTD will be investigated. Perpetrators will be subjected to disciplinary actions including *but not limited to* termination of appointment, dismissal and /or legal action.

Scope

Due to the nature of FOAM Studios LTD's operations and working in fragile context, an elevated risk exists that FOAM Studios LTD's staff and partners might be tempted to engage in fraudulent activities. The impact of fraud on an IT security organization can be significantly higher than the financial loss related to it cannot be overlooked. It harms trust, the reputation of FOAM Studios LTD and even the IT sector in general and the stakeholders such as staff, beneficiaries, partner organizations, government bodies and the public. Considering this context FOAM Studios LTD's policy is to take all suspicions of fraudulent activities seriously and to sanction all proven fraudulent activities (zero tolerance).

This policy applies to all FOAM Studios LTD's staff members, volunteers and consultants commissioned by FOAM Studios LTD, in the Nigeria and abroad. Furthermore, the policy also applies to all implementing partners, as well as any shareholders, customers, consultants, vendors, contractors, and/or any other parties in a business relationship with FOAM Studios LTD who are contracted for the purpose of reaching FOAM Studios LTD's objectives

Policy

Every employee is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. The term Fraud is intentional, false representation, concealment of a material fact or the use of deception to deprive, cause any disadvantage or loss to another person or party.

Fraud can be

any *deliberate* act or omission designed to *deceive others*, resulting in the *victim suffering a loss* and/or the *perpetrator achieving a gain* (usually, monetary). There are three common types of general frauds: Corruption, Asset and Cash Misappropriation and Financial Statement Fraud. This can be internal or External. It is internal when it is committed by somebody within the organization against the organization, While External fraud is committed by an external party targeting the organization

Actions constituting fraud include but not restricted to:

- Unauthorised possession, use or misappropriation of funds or assets
- Misappropriation of client or company funds or other assets;
- Falsified or overstated expense claims; theft of company equipment or resources; issuance of fabricated documentations; collusion with vendors or customers;
- Offering customers/clients incentives they are not entitled to
- Recording transactions in the wrong period to manipulate financial performance data; profiteering as a result of insider knowledge of company activities;
- Unauthorized disclosure of confidential and proprietary information to third parties;
- Accepting or seeking anything of material value or gifts to favour third parties. (*Please refer to the Gift Policy*).
- Deliberately generating false invoices or purchase orders;
- Any other similar or related irregularities.

If there is any question as to whether an action constitutes fraud, contact _____ for guidance.

Olashile.awe@foamnigeria.com

KEY RESPONSIBILITIES:

Strategy and Compliance:

- Promotes the deterrence and prevention of fraud by evaluating the effectiveness of internal controls, and reports periodically on their adequacy to the appropriate management and to the Board of Directors through the Audit Committee
- Regularly reviewing FOAM Studios LTD's fraud policy to ensure it remains effective and relevant to the needs of the business;
- Investigating all accusations of fraud and ensuring relevant parties from across central functions are consulted e.g. Legal & Human Capital management for disciplinary action.
- Reporting to appropriate management and to the Board of Directors through the Audit Committee.
- Making recommendations to FOAM Studios LTD regarding improvements to the control environment to prevent re-occurrence of a confirmed fraud;

Staff:

- Conduct themselves lawfully and properly in the use of the company's resources
- Remain alert to the possibility of fraud and report suspicious behaviour to their line manager or the Head Oversight Unit, a Director, or the appropriate management;
- Assisting in the investigation of suspected fraud;
- Ensuring that FOAM Studios LTD's reputation and assets are protected against fraud
- Sign and accept the Anti-Fraud Policy as an integral part of their employment contract with FOAM Studios LTD

Directors/ Line Mangers:

- Planning, developing, implementing and maintaining adequate systems of internal control to prevent and detect fraud;
- Familiarising themselves with the types of fraud and dishonesty that might occur within and outside (that might affect the business) their business units;
- Monitoring and ensuring compliance with internal controls and agreed policies and procedures;
- Notifying the Head, BSC of any indications of fraudulent activity or gaps.

Reporting Suspicions

Staff MUST immediately report concerns about any actual, attempted or suspected fraud to their Line Manager or Head of Department. Alternatively, if this is not appropriate or possible, the Head, BSC or Company Secretary can be contacted directly. All concerns raised will be treated as confidential. *(Please refer to our Whistle Blowing Policy).*

No investigative work is to be done within the business units. Business Units should consult with BSC in the first instance and should take no action until specific instructions have been received. This includes decisions to prosecute or refer situation to the appropriate law enforcement agencies i.e. Police and/or other regulatory agencies for independent investigation.

If a business unit identifies a fraud attempt against FOAM Studios LTD by external parties, the Head, BSC should be contacted immediately, who will then advise as to the appropriate course of action.

Staff MUST NOT attempt to investigate fraud themselves prior to consulting the Head, BAC.

Fraud Response Plan

All investigations where internal parties are suspected of involvement in fraudulent activity will be conducted by BSC, as appropriate, given the individual circumstances.

BSC will provide advice as to other functions which needs to be consulted (E.g. Legal).

All staff are expected to cooperate fully with the members of the investigation panel and provide the panel with any information it may reasonably require for the performance of its investigation. Information provided will be handled and maintained with full confidentiality.

The outcome of any investigation conducted will be treated as confidential and will only be discussed with anyone who has legitimate need to know. This is to avoid damaging the reputation of persons suspected but subsequently found innocent of wrongful conducts and to protect the Company from potential liability.

In cases of suspected fraud by external parties, the Head of BSC will advise of the appropriate course of action. This may involve investigations being conducted at specific locations, but actions should not be taken until BSC gives approval. BSC will also make sure that such attempts are communicated across all business units, as appropriate given the individual circumstances, to mitigate the risk of similar attempts in against other business units.

Authorization for investigating suspected fraud

Members of the investigation panel will have:

- Free and unrestricted access to company records, assets and premises, both rented and owned and;
- The authority to examine, copy, and/or remove all or portions of content of files, desk, cabinets and other storage facilities on the premises with the knowledge and consent of any individual who oversees custody of such items *if need be*.

Termination

If an investigation results in a recommendation to dismiss a staff member, the recommendation will be reviewed by Legal Department (by external counsel to the company) and Human Capital Development and if necessary, before appropriate action is taken.

BSC does not have the right to dismiss an employee. The decision to recommend an employee for dismissal is made by the disciplinary panel. Should BSC believe the panel's decision is inappropriate for the facts presented, it will be presented to the Executive Management for a decision.

Follow-up Action

Following a case of fraud, and subject to any legal reporting restrictions, the Director General will ensure that all managers and staff in the area affected are briefed on the process and outcome of the investigation. There should also be a follow-up with the individual(s) who reported the initial suspicion of fraud, to provide assurance that their claims have been taken seriously.

Depending on the circumstances, the Director General will consider the need for communication with staff, donors and partners on a larger scale.

The Director General will ensure that the organisation conducts a thorough review of operating procedures in the areas affected by the fraud and that improvements are made where necessary. Lessons learned will be disseminated throughout the organisation, where applicable, to strengthen the system of internal control and to foster an anti-fraud culture.

CONTACT DETAILS

Any enquiries or concerns regarding this policy, or appropriate action in response to suspected fraudulent activity should be directed to;

Olashile.awe@foamnigeria.com