

2021

# FRAUD CONTROL PLAN



ENGLISH VERSION  
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YAYASAN KASIH SUWITNO | JL. GUNTUR NO. 44 SOUTH JAKARTA - INDONESIA

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## **Abbreviations and Acronyms**

YKS	:	Yayasan Kasih Suwitno
FCP	:	Fraud Control Plan
FRA	:	Fraud Risk Assessment
IT	:	Information Technology
M&E	:	Monitoring and Evaluation
PM	:	Program Manager
POM	:	Project Operations Manual
QA	:	Quality Assurance

## **Glossary of Terms**

<b>Allegation</b>	An allegation is a statement or accusation by a person that an offence has, or may have been committed. This does not require evidence of the offence or identification of suspects but there is usually some stated basis for the accusation.
<b>Conflict of interest</b>	Is a situation in which the impartiality of a person in discharging their duties could be called into question because of the potential (perceived or actual) influences of personal considerations whether these are financial or other. The conflict in question is between official duties and obligations, on the one hand, and private interests on the other.
<b>Control</b>	Control is a process effected by YKS senior management and other employees, designed to provide reasonable assurance that risks are managed to ensure the achievement of YKS' objectives.
<b>Deterrence</b>	Strategies designed to discourage people from initiating fraudulent activity.
<b>External fraud</b>	Fraud that is committed by someone from outside of the organization for example a grant recipient or third party provider/supplier.
<b>Fraud Assessment</b>	<b>Risk</b> The application of risk management principles and techniques in the assessment of the risk of fraud to an entity.
<b>Internal Fraud</b>	Fraud committed by an employee of YKS
<b>Investigation</b>	A search or collation of evidence connecting or tending to connect a person (either a natural person or a body corporate) with conduct that infringes the criminal law or the policies and standards set by YKS.
<b>Prevention</b>	Strategies designed to proactively reduce or eliminate fraud.
<b>Project Staff</b>	YKS staff and sub-contractors.
<b>Whistleblower</b>	A staff member or Program participant who, whether anonymously or not, attempts to make a report in connection with reportable conduct and where that person wishes to avail themselves of protection against reprisal for having made the report.

## 1. Introduction

Fraud is a generic category of crime which involves an individual or group of individuals dishonestly obtaining some advantage by means of deception or other means. Perpetrators of fraud may seek to gain money, property, time or information. The means used to perpetrate fraud are varied, as are the opportunities that arise that enable fraud to occur.

Fraud and corruption occurs throughout the world. As new forms of aid are introduced some programs and activities become more susceptible and vulnerable to fraud. This vulnerability requires greater vigilance by us as a Contractor with respect to both the prevention and detection of fraud. The aid environment in which we operate requires a sensitive awareness to the reporting of fraud as well as subsequent actions taken.

The YKS Fraud Control Plan (FCP) has been developed to provide Staff and Sub-Contractors with guidance on Fraud control and prevention.

This Fraud Control Plan contains guidelines and strategies for fraud prevention, detection, investigation and reporting processes and procedures. This plan is a critical component of both the YKS Facility Procurement Guidelines and the YKS Finance Operations Manual and should be read in conjunction with both these documents.

This Fraud Control Plan focuses on control and prevention at a general level. While the extent of fraud may be higher in certain countries, the risks and processes for detecting fraud remain relatively constant. YKS management recognizes that some of the behaviours or actions that may be defined as fraud (refer to **Section 2**) are 'accepted' practice in some countries. YKS management wants to stress that YKS will not tolerate such practice and will deal seriously with any Project Staff found guilty of engaging in fraudulent activities.

The YKS Fraud Control Plan is available to all Facility and Partnership Office staff. All YKS service providers and sub-contractors will be made aware of:

- A. what constitutes fraud or corruption;
- B. Zero Tolerance approach to fraud and corruption; and
- C. the existence and content of this Plan.

Staff are encouraged to discuss the issue openly and promote fraud awareness where possible. The YKS Fraud Control Plan is a dynamic document and will be revised periodically.

## **2. Fraud**

### **2.1. Definition of Fraud**

We define fraud as:

“Dishonestly obtaining a benefit by deception or other means”.

It extends beyond the legal definition of fraud to benefits obtained that can be both tangible and intangible. It encompasses activities and/or behaviors broader than misuse of monies.

The following is a list of behaviours or actions that would be defined as fraud:

- a) Theft;
- b) Obtaining benefits or financial advantage by deception;
- c) Providing false or misleading information, or failing to provide information where there is an obligation to do so;
- d) Making, or using, or possessing forged or falsified documents including reports, and receipts;
- e) Falsifying timesheets;
- f) Causing a loss, or avoiding or creating a liability by deception;
- g) Charging for goods and services that are incomplete or not delivered;
- h) Abusing YKS or Partnership Office funded facilities;
- i) Unlawful use YKS or Partnership Office assets, property or services – e.g. using a company vehicle for personal purposes such as shopping by individuals who are not entitled to do so;
- j) Bribery and corruption or abuse of office;
- k) Misrepresentation in a job application – e.g. falsifying qualifications or credentials;
- l) Evading payments owed to YKS;
- m) Conspiracy to defraud; and
- n) Or any similar offences to those outlined above.

### **2.2. YKS Fraud Policy Statement**

YKS strongly supports fraud prevention and management and this is reflected in our policy statement:

*YKS promotes the principles of good governance and takes a zero tolerance response towards fraud. YKS and Partnership Office staff, partners and sub-consultants are required to act in a diligent manner to prevent fraud and are obliged to report immediately to YKS management any suspected cases of fraud both within YKS itself and/or with Facility partners and sub-contractors. YKS Management undertake to handle, investigate and deal with any reported incidents of fraud in a confidential, professional and prompt manner.*

### **2.3. Zero Tolerance Response**

A zero tolerance response to fraud means that where fraud is shown to have occurred, YKS management’s approach is to take immediate action to ensure that the perpetrator(s) are brought to account and appropriate action taken.

Appropriate action is to be determined on a case-by-case basis in discussion with the client where appropriate. Determination should take into account the following:

- a) applicable laws and jurisdictions;
- b) Local customs;
- c) Safety of personnel; and
- d) Other relevant circumstances

Once the matter has been sufficiently considered, a decision is taken:

1. as to whether or not prosecution or other actions (e.g. discipline, performance sanctions, termination of contract) are warranted. Refer **Section 5.4** of this Plan;

2. on actions to recover any losses;
3. whether system wide adjustments are necessary as a result of the fraud; and
4. on other issues arising.

Where appropriate, a decision should be made in consultation with the client and a record of outcomes is to be maintained.

### **3. Fraud Risk Assessment**

The analysis of fraud and corruption must consider not only current threats from internal and external sources but also potential and emerging threats.

The management of fraud risk consists of several related steps, beginning with the identification and analysis of the potential risk. It proceeds from risk assessment to risk evaluation, through to the final selection of the appropriate countermeasures. A fraud risk assessment establishes a fraud risk profile and nature of the operating environment (for the Facility) so that cost effective practices can be established to contain or minimise each risk.

YKS has prepared a fraud risk assessment. This comprises two tables:

1. The Fraud Risk Assessment Matrix (refer to **Annex 1**); and
2. The Fraud Risk Profile (Refer to **Annex 2**)

The YKS Director takes responsibility for the oversight of the management of fraud risk for YKS. The Fraud Risk Assessment Matrix will be reviewed and updated annually or as required.

#### **3.1. Identifying Fraud Risks**

In accordance with the requirements of the Fraud Control Guidelines, the following core areas of possible fraud areas have been identified for YKS:

- A. Information technology, information security and the internet;
- B. Outsourced functions;
- C. Imprest funds including advances to staff for activities or operational expenses;
- D. Tendering processes, purchasing and contract management;
- E. Revenue collection and financial transactions;
- F. Use of facility debit cards;
- G. Travel allowances and other common allowances;
- H. Salaries;
- I. Property and other physical assets.

Individual risks have been identified against these core areas in the Fraud Risk Profile (refer to **Annex 2**).

#### **3.2. Analysing Fraud Risks**

For each of the core areas of fraud risk noted above, a profile has been defined using likelihood and consequence criteria (refer to the Fraud Risk Assessment Matrix in **Annex 1**).

##### **3.2.1. What is the likelihood of the risk occurring?**

The determination of whether a particular fraud risk has a high likelihood of occurrence is fairly subjective and based on past experience and future expectations.

Refer to the likelihood criteria (again contained in the FRA Matrix **Annex 1**) to determine the likelihood of the risk occurring. The assessment is undertaken with reference to the effectiveness of current controls. A rank for each risk identified in **Annex 2** is noted in the column headed 'Likelihood'.

##### **3.2.2. How serious are the consequences if the risk occurs?**

Using the consequence criteria in the Fraud Risk Assessment Matrix, the consequence of a risk occurring (with the current controls in place) is noted. Where fraud involves money, its impact may be measured quantitatively. Where fraud does not involved money, the determination of its impact

or consequence is again subjective and typically based on past experience. As with the 'likelihood', the assessment is undertaken with reference to the effectiveness of the current controls.

As with 'likelihood' above, the assessment is undertaken with reference to the efficacy of the current controls. A rank for each risk identified in **Annex 2** is noted in the column headed 'Consequence'.

### **3.2.3. What is the level of risk?**

Using the Fraud Risk Assessment Matrix (**Annex 1**) YKS Management is able to determine the likelihood of the individual risk occurring, and the consequences if the risk occurred.

The level of each risk is determined by intersecting the Likelihood and Consequence levels in the Fraud Risk Assessment Matrix (**Annex 1**). The Matrix defines the following levels of risk:

- **E** - Extreme Risk – Unacceptable – detailed action plan required
- **H** - High risk – Unacceptable – needs senior management attention
- **M** - Medium Risk – Acceptable – management aware of risk and managing it through routine and additional monitoring processes as appropriate
- **L** - Low Risk – Acceptable – managed by routine procedures

**High** or **Extreme** risks must be reported to YKS and require detailed plans to reduce the risk to **Low** or **Medium**.

## **4. Fraud Prevention, Awareness and Detection**

Fraud, like all crime, can be explained by the presence of three factors:

1. Motivation
2. Opportunity
3. The absence of capable guardianship.

Motivation for fraud is wide and varying and may include such factors as greed, social and family pressures, addictions and poverty. When motivation and opportunity coincide fraud will invariably follow.

The greatest challenge to preventing fraud lies with designing and implementing effective systems which allow Project staff to continue working effectively while blocking opportunities for fraudulent activity. All YKS management and reporting systems have been developed to ensure transparency and accountability so that any attempted fraud will be detected. The Fraud Risk Profile (**Annex 2**) identifies the various risks as well as measures that are in place to prevent their occurrence.

### **4.1. Fraud Awareness**

The first line of defence against fraud, whether internally or externally, is to create awareness of both the act and the consequences of engaging in fraudulent activity.

During their induction/briefing, all Project Staff are made aware of their obligation to prevent and detect fraud as part of their normal responsibilities. **Annex 3** (YKS Values and Code of Conduct) details the values and code of conduct that is expected of all Project Staff and is a contractual requirement on all Projects.

Project Staff are encouraged to promote fraud awareness wherever possible. This may be in the form of formal workshops on operational procedures and process, procurement, financial management as well as distribution of this manual in full and/or in brief in local language.

### **4.2. Fraud Detection**

Good security practices are integral to good management. To maximize the likelihood of detecting fraudulent activity, organisational practices should be transparent and auditable. YKS has purposefully designed all processes and procedures to ensure that they contain suitable checks and certifications and are audited at appropriate intervals. Whilst audits are most commonly associated with financial checks, audits will also include a review of systems including completion of timesheets, contract compliance, procurement selection etc.

With respect to financial audits, YKS will conduct internal audits as well as annual external audit of the Imprest and Operational Accounts.

The use of internal and external audits does not guarantee the detection of fraud. Undesirable behaviour or activity which escapes the attention of the audits may be discovered by other means, including chance discovery and reporting by colleagues. The process for disclosure of fraudulent activity is covered in section 6 below.

## **5. Investigation, Reporting and Actions**

YKS's ability to respond to allegations of fraud is limited to those activities in which it is involved directly, or indirectly through other parties. Nevertheless, YKS is responsible for the integrity of all its business dealings and therefore has an interest in information relevant to this responsibility.

### **5.1. Key Considerations in Responding To Potential Fraud:**

All cases of suspected fraud are to be reported and the outcome or action recorded. Key considerations (including timing) when responding to potential fraud include:

1. Initial referral to the YKS Director (day 1).
2. The YKS Director to promptly advise the YKS Project Manager of the potential fraud and what action is being taken (day 2) and add this to the Fraud Register (Refer Error! Reference source not found.).
3. All relevant documentation to be stored in a secure location (both hard and electronic).
4. The YKS Director to ensure that a report is quickly prepared (as per template at **Annex 4**) to be discussed with the YKS Project Manager (day 2-3).
5. Depending on the nature of the fraud, an agreed course of action will be decided (day 3-4).
6. Official report made to donor if the activity involves donor funds or property (day 5).

Depending on the nature of the fraud, and whether or not it involves Donor funds, an agreed course of action will be decided. All proceedings will be undertaken with caution, and all information treated in a highly confidential manner.

### **5.2. Suspected Fraud/Fraudulent Activity involving Donor provided funds**

Where the fraud (suspected or otherwise) involves donor funds, YKS will report this fraud to the donor within five working days. The report (refer template at **Annex 4**) will include the following as a minimum:

1. the name of the Project under which the donor funding is being provided;
2. name of any personnel or subcontractors involved;
3. the allegation(s), including a chronological account of the facts giving rise to the allegation(s);
4. the names of the suspected offender(s) (where known);
5. details of witnesses;
6. copies of relevant documents;
7. references to any relevant legislation;
8. a nominated contact officer;
9. any other relevant information (eg, political sensitivities, any other party or agency that has been informed, involved or that can assist with investigations); and
10. the current status of any inquiries commenced by the Contractor.

### **5.3. Fraud Investigation.**

There must be an investigative and reactive response to any suspected fraud within YKS.

Investigation into alleged fraud may be carried out either internally or externally depending on the type and nature of the allegation. Serious matters will be forwarded to the relevant law enforcement agency for their action.

YKS will develop and implement a strategy to investigate the detected, suspected or attempted fraud in consultation with the relevant donor. Strategies will be based on the principles set out by

the respective donor. If required, YKS will appoint an external investigator who shall possess the minimum qualifications specified in the:

If the alleged fraud involves YKS staff then the YKS Director may decide to stand down the staff member temporarily while the matter is investigated.

Where the alleged fraud is committed by a subcontractor the YKS Director may decide to suspend the sub-contract pending the outcome of the investigation. The YKS Director will arrange for an immediate audit to be carried out by YKS staff (including YKS Head Office financial staff as appropriate).

Following the investigation, the investigation results will be forwarded to The donor along with our proposed actions.

#### **5.4. Actions**

Where fraud is proven to have occurred, appropriate action is to be taken. Where appropriate, prosecution of the individual(s) or organisation should be considered. Regardless of whether prosecution is undertaken YKS will vigorously pursue the recovery of monies or property lost through fraud.

Where prosecution is not undertaken, YKS will consider other available actions. In certain circumstances, the use of administrative solutions may be appropriate. Some of the actions that will be pursued should fraud occur include:

1. Suspension;
2. Recovery action;
3. Transfer to another area;
4. Counselling;
5. Demotion;
6. Loss of privileges (for example allowances);
7. Termination; and
8. Greater scrutiny/increased controls.

**Annex 1. YKS Fraud Risk Assessment Profile**

This FRA is reviewed and updated annually or as required.

The risk matrix focuses on general areas of Fraud Risk at both a head office and a project level.

**E – Extreme risk** – Unacceptable - detailed action plan required  
**H - High risk** – Unacceptable - needs senior management attention  
**M – Medium risk** – Acceptable - management aware of risk  
**L – Low risk** – Acceptable - manage by routine procedures

**High or Extreme** risks must be reported to Senior Management and require detailed treatment plans to reduce the risk to **Low or Medium**.

	Consequence				
<b>Development Outcomes</b>	Temporary delay Resource (Intensive)	Short period of impact Isolated impact	Forces reconsideration Of project strategies Impact across a # of components/elements Loss of credibility with client and partners	Suspending project (or elements) Loss of credibility	Termination of project No credibility
<b>Reputation</b>	Internal Review	Scrutiny required by internal committees or internal audit to prevent escalation.	Scrutiny required by external committees or Client etc.	Intense public, political and media scrutiny. Eg: front page headlines, TV, etc.	Listed on World Bank or 'Relevant List', Legal action taken by Client.
<b>Business Process &amp; Systems</b>	Minor errors in systems or processes requiring corrective action, or minor delay without impact on overall schedule.	Policy procedural rule occasionally not met or services do not fully meet needs.	Damaged relationship with partners One or more key accountability requirements not met. Inconvenient but not client welfare threatening.	Impact with Associates Strategies not consistent with Client's requirements. Trends show service is degraded.	Critical system failure, bad policy advice or ongoing non-compliance. Business severely affected.
<b>Financial</b>	1% of Budget or <\$5K	2.5% of Budget or <\$10K	> 5% of Budget or <\$50K	> 10% of Budget or <\$100K	>25% of Budget or >\$100K

			Insignificant	Minor	Moderate	Major	Severe	
			1	2	3	4	5	
Likelihood ↑	<b>Expectation:</b>							
	Is expected to occur in most circumstances	5	<b>Almost Certain</b>	M	H	H	E	E
	Will probably occur	4	<b>Likely</b>	M	M	H	H	E
	Might occur at some time in the future	3	<b>Possible</b>	L	M	M	H	E
	Could occur but doubtful	2	<b>Unlikely</b>	L	M	M	H	H
	May occur but only in exceptional circumstances	1	<b>Rare</b>	L	L	M	M	M

**Annex 2. YKS Fraud Risk Profile**

Reference	The Risk (What Can Happen)	Source (How Can This Happen)	Impact (From Event Happening)	Current Control Strategies	Current Risk Level			Acceptability (A / U)	Responsibility
					Likelihood	Consequence	Current Risk Level – Sep 2011		
<b>1.0</b>	<b>Information Technology, Information Security and the Internet</b>								
<b>1.1</b>	Misappropriating information for commercial advantage	Lack of awareness Poor management	Poor reputation Loss of credibility with The donor and wider development community Blacklisting	QA controls including document review process Code of conduct Policies and procedures in POM in relation to Intellectual Property rights	2	3	M	A	YKS Director / Delegated AC
<b>1.2</b>	Use of unlicensed software	Lack of reputable suppliers in country	Negative audit result Loss of important data	Budgeting for legal software IT policy in POM Advising staff of need to install legal software Internal audits of software	3	1	L	A	YKS Director / IT Consultant
<b>1.3</b>	Claiming cost of software license but using pirate copy	Not tracking license arrangements	Billing The donor for goods not received YKS liable to meet costs	Procurement policies and procedures in POM IT policy in POM Advising staff of need to install	3	3	M	A	YKS Director / Finance Manager

Reference	The Risk (What Can Happen)	Source (How Can This Happen)	Impact (From Event Happening)	Current Control Strategies	Current Risk Level			Acceptability (A / U)	Responsibility
					Likelihood	Consequence	Current Risk Level – Sep 2011		
				legal software  Internal audit of software licenses					
1.4	Unauthorized use of the internet and downloading unauthorized material	Staff not aware of YKS IT policy  Lack of oversight	Breach of intellectual property laws  Breach of YKS code of conduct	IT use policy in POM  Project staff oversight role and tracking internet usage	3	3	M	A	YKS Director
<b>2.0</b>	<b>Outsourcing Functions</b>								
2.1	Payment for goods and services not delivered	Lack of transparent process and procedures for procurement	Outputs not achieved  YKS liable to meet costs	Clear procurement procedures with adequate division of responsibilities  Internal audit  Monthly review of asset registers	3	3	M	A	YKS Director / Finance Manager
2.2	Sub-contractors falsifying documents	Lack of transparent audit trail for procurement of goods and services  Poor management oversight	Outputs not achieved  No value for money  YKS liable for costs	Sub-contractors contracts include fraud policy and provision for audits  Internal QA of weekly financial reports  Internal review of assets register and supplier invoices	3	3	M	A	YKS Director / Finance Manager

Reference	The Risk (What Can Happen)	Source (How Can This Happen)	Impact (From Event Happening)	Current Control Strategies	Current Risk Level			Acceptability (A / U)	Responsibility
					Likelihood	Consequence	Current Risk Level – Sep 2011		
				Transparent procurement policy and procedures in the POM.  Monitoring procedures in POM					
2.3	Misrepresentation of service delivered	YKS reliance on Service Provider for information  Poor management oversight	Outcomes not achieved  YKS liable to meet costs	Outputs clearly defined in contract  Appropriate M&E processes in place  Contracts include provision for audits	2	3	M	A	YKS Director / M&E Specialist / Finance Manager
2.4	Misrepresentation of self as employee of YKS	Lack of awareness  Lack of field oversight	Poor reputation  Liable for unauthorized actions	Policy on representation in POM and as part of staff and sub-contractor contracts.  Monitoring by Program staff	2	3	M	A	YKS Director
3.0	<b>Imprest Funds</b>								
3.1	Misappropriation of funds	Poor management by Project Staff  Unaware of reporting obligations  Culturally acceptable practices defined as	Outcomes not achieved  YKS liable to meet costs  The donor dissatisfaction	Sub-consultancy agreement include audit provisions  All agreement include reference to the YKS Fraud Policy  Robust eligibility and selection criteria for Project Staff	3	3	M	A	Finance Manager / Delegated AC

Reference	The Risk (What Can Happen)	Source (How Can This Happen)	Impact (From Event Happening)	Current Control Strategies	Current Risk Level			Acceptability (A / U)	Responsibility
					Likelihood	Consequence	Current Risk Level – Sep 2011		
		fraud by YKS		All Project Staff to be made aware of consequences of fraudulent activities through contracts, inductions or briefings					
3.2	Project Staff falsifying acquittal of funds	Misuse of responsibility  Lack of understanding of financial reporting requirements  Lack of transparent and auditable records	Outcomes not achieved  No value for money  Poor reputation in the community  YKS liable to meet costs	Robust checking process for financial acquittals by YKS staff against contracted responsibilities  Audit and reporting requirements in the sub-consultancy agreements and POM  Instituted program for audits of all contracts	3	3	M	A	Finance Manager / Delegated AC
3.3	Misrepresentation of service delivered	Sub-consultants claiming to not have received something when they had  Poor monitoring by YKS staff	Outcomes not achieved  YKS liable to meet costs  The donor dissatisfaction	Schedules and delivery expectations made clear in the YKS sub-consultancy agreement  Robust monitoring processes in place by Program staff  M&E procedures and framework included in sub-consultancy agreement.  Project audits	3	3		M	YKS Director / Delegated AC / M&E specialist

Reference	The Risk (What Can Happen)	Source (How Can This Happen)	Impact (From Event Happening)	Current Control Strategies	Current Risk Level			Acceptability (A / U)	Responsibility
					Likelihood	Consequence	Current Risk Level – Sep 2011		
<b>4.0</b>	<b>Tendering Processes, purchases and contract management</b>								
<b>4.1</b>	Accepting a bribe from a tenderer	Lack of oversight  Lack of awareness of policy in relation to anti-corruption  Lack of separation of duties between Tender submission and Assessment process	Blacklisting by The donor  Loss of reputation among stakeholders	Clear policies and procedures in the POM and Financial Operations Manual in relation to tender processes.  YKS policy and procedures in relation to anti-corruption in the POM  YKS Code of conduct	2	3	M	A	YKS Director
<b>4.2</b>	Not following Procurement Guidelines	Awarding contracts without following due process  Program team members not following procedure	YKS liable to meet costs  Loss of reputation among stakeholders	Tender processes, procedures and requirements clearly defined in the Procurement Guidelines  Internal staff training on procurement procedures	2	3	M	A	YKS Director / Finance Manager
<b>4.3</b>	Staff receive commissions from service providers	Program staff not following procedures  Staff unaware that receipt of commissions are classified as fraud	Loss of reputation  Staff termination leading to potential delays in the Program	Clear policy and procedures in Procurement Guidelines on commissions  Staff awareness training  Transparent procedures implemented	3	3	M	A	YKS Director / Finance Manager

Reference	The Risk (What Can Happen)	Source (How Can This Happen)	Impact (From Event Happening)	Current Control Strategies	Current Risk Level			Acceptability (A / U)	Responsibility
					Likelihood	Consequence	Current Risk Level – Sep 2011		
<b>5.0</b>	<b>Travel Allowances and other common allowances</b>								
<b>5.1</b>	Claims made for allowances that the claimant is not entitled to	Insufficient review and approval of travel request forms/ acquittal reports  Falsified timesheets	Reduced reimbursable budget  Poor morale  Reduced credibility of YKS management	Formal approval and review process of travel request forms and advance acquittals  Staff awareness of their rights and obligations	3	3	M	A	YKS Director / Finance Manager /
<b>5.2</b>	Falsified receipts for travel expenses	Lack of formal receipts in the field  Lack of staff awareness on reporting requirements	Reduced reimbursable budget  Poor morale  Reduced credibility of YKS management	Clear and transparent processes for financial acquittal reports  Use of YKS Official receipts  Staff training in financial reporting  Adequate financial review of all acquittal forms	3	3	M	A	YKS Director / Finance Manager /
<b>6.0</b>	<b>Salaries</b>								
<b>6.1</b>	Overpayment	Human error by payroll	Reduced reimbursable budget  YKS liable for costs	Adequate review and approval processes for payroll reports  Audit of accounts	2	2	L	A	YKS Director / Finance Manager
<b>6.2</b>	Claiming for work not done	Lack of management supervision	Reduced reimbursable budget	Formal review and approval process for timesheets	2	3	L	A	YKS Director /

Reference	The Risk (What Can Happen)	Source (How Can This Happen)	Impact (From Event Happening)	Current Control Strategies	Current Risk Level			Acceptability (A / U)	Responsibility
					Likelihood	Consequence	Current Risk Level – Sep 2011		
		Insufficient review and approval of timesheets/ Expense claims  Falsified timesheets	YKS liable to meet costs  Poor morale	Staff awareness training					Finance Manager
<b>7.0</b>	<b>Property and other physical assets</b>								
<b>7.1</b>	Theft or misappropriation of Program assets	Lack of security  Lack of management scrutiny/ oversight  Lack of awareness of staff	YKS liable to meet costs  Delays in work progress  Reduction in reimbursable budget	Regular audit of assets register  Insurance policies for all assets  Use of security guards at night	3	3	M	A	YKS Director /
<b>7.2</b>	False claims against YKS insurance policy	Lack of oversight	Increased premiums  Excluded from future coverage	Review and approval of claim forms	2	3	M	A	YKS Director
<b>7.3</b>	Inappropriate use of vehicles	Lack of management oversight  Poor internal controls  Staff unaware of policies on vehicle use	Insurance may not cover in the event of an accident  Poor reputation	Policy on vehicle use in POM  Delegated Coordinator monitors use of vehicle	2	2	M	A	YKS Director /

### **Annex 3. YKS Values and Code of Conduct**

#### **(1) YKS Values are as follows:**

- a) YKS is apolitical, performing its functions in an impartial and professional manner;
- b) YKS is a public service in which employment decisions are based on merit;
- c) YKS provides a workplace that is free from discrimination and recognises and utilises the diversity of the Indonesian community it serves;
- d) YKS has the highest ethical standards;
- e) YKS is openly accountable for its actions, within the framework of Ministerial responsibility to the Government, the Parliament and the Indonesian public;
- f) YKS is responsive to the Government in providing frank, honest, comprehensive, accurate and timely advice and in implementing the Government's policies and programs;
- g) YKS delivers services fairly, effectively, impartially and courteously to the Indonesian public and is sensitive to the diversity of the Indonesian public;
- h) YKS has leadership of the highest quality;
- i) YKS establishes workplace relations that value communication, consultation, co-operation and input from employees on matters that affect their workplace;
- j) YKS provides a fair, flexible, safe and rewarding workplace;
- k) YKS focuses on achieving results and managing performance;
- l) YKS promotes equity in employment;
- m) YKS provides a reasonable opportunity to all eligible members of the community to apply for YKS employment;
- n) YKS is a career-based service to enhance the effectiveness and cohesion of Indonesian's democratic system of government; and
- o) YKS provides a fair system of review of decisions taken in respect of YKS employees.

#### **(2) For the purposes of paragraph (1)(b), a decision relating to engagement or promotion is based on merit if:**

- a) an assessment is made of the relative suitability of the candidates for the duties, using a competitive selection process; and
- b) the assessment is based on the relationship between the candidates' work-related qualities and the work-related qualities genuinely required for the duties; and
- c) the assessment focuses on the relative capacity of the candidates to achieve outcomes related to the duties; and
- d) the assessment is the primary consideration in making the decision.

## **SECTION 13 YKS Code of Conduct**

1. An YKS employee must behave honestly and with integrity in the course of YKS employment.
2. An YKS employee must act with care and diligence in the course of YKS employment.
3. An YKS employee, when acting in the course of YKS employment, must treat everyone with respect and courtesy, and without harassment.
4. An YKS employee, when acting in the course of YKS employment, must comply with all applicable Indonesian laws. For this purpose, Indonesian law means:
  - a) any Act (including this Act), or any instrument made under an Act; or
  - b) any law of a State or Territory, including any instrument made under such a law.
5. An YKS employee must comply with any lawful and reasonable direction given by someone in the employee's Agency who has authority to give the direction.
6. An YKS employee must maintain appropriate confidentiality about dealings that the employee has with any Minister or Minister's member of staff.
7. An YKS employee must disclose, and take reasonable steps to avoid, any conflict of interest (real or apparent) in connection with YKS employment.
8. An YKS employee must use resources in a proper manner.
9. An YKS employee must not provide false or misleading information in response to a request for information that is made for official purposes in connection with the employee's YKS employment.
10. An YKS employee must not make improper use of:
  - (a) inside information; or
  - (b) the employee's duties, status, power or authority; in order to gain, or seek to gain, a benefit or advantage for the employee or for any other person.
11. An YKS employee must at all times behave in a way that upholds YKS Values and the integrity and good reputation of YKS.
12. An YKS employee on duty overseas must at all times behave in a way that upholds the good reputation of Indonesia.
13. An YKS employee must comply with any other conduct requirement that is prescribed by the regulations.

**Annex 4. YKS Fraud Report**

YKS will report alleged, suspected or detected fraud to donor in writing within five (5) business days of becoming aware of the alleged, suspected or detected fraud.

<b>Details Required</b>	<b>To be Completed by Contact Officer</b>
Name of Project	
Name of personnel / sub-contractors involved	
The allegation(s), including a chronological account of the facts giving rise to the allegation(s)	
Name(s) of suspected offender(s) (where known)	
Details of witnesses	
Relevant documents	
References to any relevant legislation	
YKS Contact officer	
Other relevant information (e.g., political sensitivities, any other party or agency that has been informed, involved or that can assist with investigations)	
Current status of any inquiries commenced by the Contractor	
Date of this report	

