



Conflict of Interest and Fraud Policy

Operations Enfants du Cambodge (OEC)

Conflict of interest and Fraud Policy

References:

- By-law of OEC dated 03 November 2008
- Code of Ethical Principles and Conduct dated 12 January 2009
- Statute of Staff Association entered in consideration on 11 February 2009
- Cambodian labor law, 1999
- Code of Criminal Procedure of the Kingdom of Cambodia, 2008

1- Purpose

The purpose of this conflict of interest and fraud policy is to strengthen the rule of law, transparency, and accountability in the organization and to provide guidance in identifying and handling potential and actual conflicts of interest involving the organization. The organization employees are obligated to avoid and disclose ethical, legal, financial, or other conflicts of interest involving the organization, and remove themselves from a position of decision-making authority with respect to any conflict/fraud situation involving the organization.

2- Definition “Conflict of Interest”

A conflict of interest in NGO is a situation in which someone in leading or decision making position, has competing professional or personal interests. Such competing interests can make it difficult to fulfill his or her duties impartially. A conflict of interest exists even if no unethical or improper act results from it. A conflict of interest can create an appearance of impropriety that can undermine confidence in the person, profession, or organization. A conflict of interests can also arise when anyone has two duties which conflict. For example, an employee might have a duty to faithfully perform their work well as purchasing manager, and might also have a familial duty to their sibling who happens to be tendering for the sale of widgets to the manager's employer. In this case the employee has a conflict of interests.

In certain relationships, individuals or the general public place their trust and confidence in someone to act in their best interests. When an individual has the responsibility to represent another person, whether as administrator, executor, a clash between professional obligations and personal interests arises if the individual tries to perform that duty while at the same time trying to achieve personal gain.

3- Covered persons

This policy applies to the Operations Enfants du Cambodge's board director members, management committee members, executive director, program coordinator, program and project managers, assistant-project managers, field officers, admin manager, and financial manager. Each Covered Person shall be required to acknowledge, not less than annually, that he or she has read and is in compliance with this policy. A Covered Person may not use his or her position with respect to OEC, or confidential organization information obtained by him or her relating to OEC, in order to achieve a financial or other benefit for himself or herself or for a third person, including another nonprofit or charitable organization. A Covered Person must act in good faith and in a manner such Covered Person reasonably believe to be in or not opposed to the best interests of OEC or, in the case of an employee benefit plan, the best interests of the participants or beneficiaries of said plan, as the case may be, and, with respect to any Proceeding which is criminal in nature, having had no reasonable cause to believe such Covered Person's conduct was unlawful.

4- Duty to disclosure

- (a) In connection with any proposed transaction, contract, arrangement, policy, program or other matter being considered by OEC, a Covered Person shall promptly disclose the existence of any Potential Direct Conflict that may give rise to a Conflict of Interest with respect to the proposed transaction, contract, arrangement, policy, program or other matter. Such disclosure shall be made to the management committee, in writing, all relevant facts relating to the Potential Direct Conflict. When in doubt, Interested Persons shall disclose matters as Potential Direct Conflicts.
- (b) Potential Perceived Conflicts can be seriously damaging to the multi-stakeholder community's confidence in OEC. A Covered Person shall promptly disclose the existence of any Potential Perceived Conflict, which shall be treated as equivalent to a Potential Direct Conflict until such time as the doubt is removed and the matter is determined after investigation of all the relevant facts in accordance with this Conflict of Interest Policy. When in doubt, Interested Persons shall disclose matters as Potential Perceived Conflicts and disclose all relevant facts relating to the Potential Perceived Conflict to the management committee.
- (c) If any Covered Person has reason to believe that another Covered Person has a Potential Conflict, the Covered Person with such belief shall inform the management committee, including disclosing all relevant facts relating thereto.
- (d) The Interested Person shall provide the management committee with an updated Statement at the time any disclosure is made. The disclosure to the management committee of a Potential Conflict shall be made promptly.

5- Procedures for Addressing a Conflict of Interest

- (a) If the permanent secretariat (PS) in charge of watchdog or management committee (MT) members determines that a Conflict of Interest exists, the Conflicted Person may make a presentation to the MT members regarding the Conflict of Interest. After any such presentation, subject to MT, the Conflicted Person shall leave the meeting and shall not be present during any discussion of the Conflict of Interest.
- (b) The Chair of the MT or a majority of the MT members, shall, if appropriate, appoint the chief of PS or committee to investigate alternatives or modifications, as applicable, to the proposed transaction, contract, arrangement, policy, program or other matter. If the Conflicted Person is the Executive Director or MT member, the findings shall be reported to Board of Directors at the special Board meeting and prior to the Disinterested Director approving or adopting, as applicable, the transaction, contract, arrangement, policy, program or other matter giving rise to such Conflict of Interest.
- (c) After investigating the proposed transaction, contract, arrangement, policy, program or other matter, the MT members with participation of the PS shall determine whether OEC can obtain with reasonable efforts a more advantageous transaction, contract, arrangement, policy, program or other matter in a manner that would not give rise to or would alleviate or mitigate a Conflict of Interest. If the Conflicted Person is the Executive Director or MT member, such determination shall be reported to the Board of Directors at the extra-Board meeting and prior to the Executive Director approving or adopting, as applicable, the transaction, contract, arrangement, policy, program or other matter giving rise to such Conflict of Interest.
- (d) If a more advantageous transaction, contract, arrangement, policy, program or other matter is not reasonably available to OEC under circumstances not producing a Conflict of Interest, or the transaction, contract, arrangement, policy, program or other matter cannot be modified to alleviate or mitigate a Conflict of Interest, the MT, and where the Conflicted Person is the Executive Director or MT member, the full MT with THE chief of PS shall determine by a majority vote of the applicable Disinterested members, whether the transaction, contract, arrangement, policy, program or other matter creating the Conflict of Interest is in OEC's best interest, for its own benefit, and whether it is fair and reasonable

to OEC. In conformity with those determinations, the disinterested members of the Committee or MT members, as applicable, shall make its decision as to whether OEC should enter into the transaction, contract or arrangement or approve the policy, program or other matter.

6- Violation of the Conflicts of Interest Policy

- (a) If the members of Management Committee have reasonable cause to believe that a Covered person has failed to disclose a Potential Conflict, the Management Committee shall inform the Covered Person, and initiate the procedures described in Section 4.
- (b) If the members of Management Committee determine that the Executive Director or anyone of Management Committee members internationally failed to disclose a Potential Conflict, the full Management Committee shall make recommendations to the Board of Directors for corrective action. The Board of Directors shall view the Management Committee's recommendation and shall take corrective action as they deem appropriate, including, but limited to, removal of the non-disclosing Director or Management Committee member in accordance with OEC's Bylaws and applicable law.

7- Fraud

Fraud is all misleading, bribery, cheating, corruption, conspiracy, concealment, and other hidden truths.

a) Responsibility for action

1. The manager of Operations Enfants du Cambodge is responsible for identifying the main risks faced by the organization to ensure the appropriate procedures and systems for use in the organization. In cases where fraud occurs, the monitoring system must be monitored to settle and file a complaint on the basis of the penalties that have been incurred and the procedures must determine the response of Operations Enfants du Cambodge to find out if there is any suspicion or actual misdemeanor
2. The manager is responsible for the day-to-day management of the organization, so the monitoring system is developed and improved to respond to the organization's fraudulent incidents.
3. All managers are responsible and ensure that all staff of the organization fully understand the conflict of interest and fraud policies and comply properly.
4. For the managers of operation field (financial and administrative) of the organization, it is responsible for developing, implementing, and maintaining the system of detection and detecting fraudulent activity. This systematic implementation is confirmed by internal control and audit, and is also the responsibility of the Management Committee to record case reports of suspected fraud or fraud.
5. All OEC staff must comply honestly and immediately report any irregularities that have occurred.

b) Procedures for reporting doubts and fraud

6. Any employee who is suspicious of the actions of a colleague or others suspected of having made a planned or planned fraud must not give information to the suspicious person because such action can affect the results of the investigation. The employee must provide details to his or her direct manager or to any senior management within the organization. In the case that the employee is concerned that he / she cannot discuss with his / her manager, the employee must contact any management committee member of the organization. Members of the management committee who received a report on the suspected fraud must conduct a meeting to find the truth and approach to resolution.

C) Procedures for responses to doubts and fraud

7. The Management Committee shall be responsible for determining the nature and form of investigation into the suspicion.
8. The investigation must be conducted to determine the extent of fraud to identify offenders and participants.
9. The investigation must also understand the gaps in the working system and the internal control that could lead to fraudulent occurrence, or because of non-compliance with the labor system.
10. Failure of the systematic work developed is evidence of negligence in the management of the work and, if serious negligence, the manager must consider and take appropriate action.

e) Penalty

All OEC staff, which has committed the seven crimes as stated in item 8, on the management of finance in the OEC's Code of Ethical Principles and Conduct, shall be punished as the following level:

1. The Management Committee shall have the duty to receive examination and take measures.
2. \$ 50.00 of fraud or stealing down, and at the first time, the Chairperson of Management Committee and Executive Director provide offender with direct and verbal advice and with a written contract to end the mistake.
3. Fraud or theft, valued at fifty-one to two hundred dollars (US\$51-200), the Chairperson of Management Committee and the Executive Director invited the offender to make a written warning, giving him/her the explanation and pledging to make a final mistake. The offender must be deprived of power in the financial management proceedings. In case of error, continue to involve the above seven errors, and terminate the job.
4. Any fraud and theft of more than \$ 200 (> \$ 200) to terminate the work of the organization with publicity and other institutions.

f) Prohibition

- All activities related to trafficking, human trafficking, drug trafficking, weapons and terrorism are strictly prohibited.
- The OECA's price / service quote with any shop owner or place associated with trafficking, trafficking of drugs and terrorism is strictly prohibited.

- If any employee of the OEC is involved in the prohibited acts above, the employee will be liable under the law.

Principles that violate the content of this principle shall be abrogated. The principle must also be in accordance with the budget plan and agreement of OEC's donors.

The policy is made in two languages (both in Khmer and English), which are of equal value and valid from the date of signature.

Prepared by Management Committee
Battambang, 29 August 2017
Chairman of the Management Committee

Dos Roeungdeth



Seen and approved
Battambang, 30 August 2017
Chairperson of the Board of Directors,

Nhek Sakun

CC:

- All OEC staff
For "**Information/Execution**"
- Admin/Archive