

8. FRAUD AND CORRUPTION RISK MITIGATION TEMPLATE

| Programmatic Phase | Risk | Mitigation |
|---------------------------|---|---|
| Assessment/ Targeting | <p>Fraud: Inaccurate information that leads to inappropriate prioritisation</p> <p>Political Corruption: Government officials direct agencies to the “most affected areas” within their constituencies</p> | <ul style="list-style-type: none"> • Clear targeting criteria • Use of different teams to target, distribute, and verify • Independent assessments by NGOs to verify government-provided lists and assessment information |
| Beneficiary Selection | <p>Fraud: Registration of individuals for reasons other than selection criteria</p> <ul style="list-style-type: none"> – “Ghost beneficiaries” – Registration of friends and family of staff <p>Exploitation: Inappropriate demands in exchange for registration (i.e. registration fees)</p> | <ul style="list-style-type: none"> • Organised beneficiary selection process that is structured to include checks and balances • Verification of beneficiary lists • Monitoring and evaluation conducted by independent, non-project staff • Community sensitisation on how beneficiaries are selected and that registration is free |
| Finance | <p>Delays in wire transfer to earn interest by staff at financial institution</p> <p>Unsolicited payments from transfer company, local partner, or financial institutions</p> <p>Corruption: Theft of project cash at any point before cash is received by beneficiaries</p> | <ul style="list-style-type: none"> • Ensure standardised timing for transfers • Scrutiny of extended or inconsistent transfer times • Strong internal controls and separation of responsibilities within the finance unit • Random, unannounced spot checks of financial records • Scrutiny of gaps in records or computer “crashes” in which data is lost |
| Operations – Logistics | <p>Bribes or unsolicited payments related to the sourcing of cash transfer mechanisms (i.e. in return for preferential treatment for one cell phone company versus another)</p> | <ul style="list-style-type: none"> • Ensure that procurement procedures are adhered to for financial institution or transfer company |
| Monitoring and Evaluation | <p>Fraud: Deliberate falsification of documents or manipulation of M&E processes to prevent the detection of fraud in the programme</p> <p>Fraud: Failure to implement SOPs on M&E to prevent the detection of fraud in the programme</p> | <ul style="list-style-type: none"> • Separation of M&E responsibilities from implementation staff • Close, on-going relationship with community to ensure that concerns come to the attention of NGO staff • Complaint mechanism in place, such as complaint boxes or a hotline, to provide a safe, anonymous way for the community to communicate with NGO management |

Source: Cross, T. and Johnston A. (2011) *Cash Transfer Programming In Urban Emergencies. A Toolkit For Practitioners*. CaLP.