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## **DRFN POLICY ON SUSPECTED MISCONDUCT**

**Extract from Paragraph 5: Policy on suspected misconduct,  
pp. 11-14 of the document Annexure 7\_Financial Management Policy**

### **Introduction**

This policy communicates the actions to be taken for suspected misconduct committed, encountered, or observed by employees and volunteers.

Like all organisations, DRFN faces many risks associated with fraud, abuse, and other forms of misconduct. The impact of these acts (collectively referred to as misconduct throughout this policy) may include but are not limited to:

- a) Financial losses and liabilities.
- b) Loss of current and future revenue/funds.
- c) Negative publicity and damage to DRFN's public image and reputation.
- d) Loss of employees and difficulty in attracting new personnel.
- e) Deterioration of employee morale.
- f) Harm to relationships with clients, suppliers, bankers, partners, donor agencies and subcontractors.
- g) Litigation and related costs of investigations, etc.

DRFN is committed to establishing and maintaining a work environment of the highest ethical standards. Achievement of this goal requires the co-operation and assistance of every employee and volunteer at all levels of DRFN.

### **Definitions**

For purposes of this policy, misconduct includes, but is not limited to:

- a) Actions that violate DRFN's Code of Conduct (and any underlying policies) or any of the accounting and financial policies included in this manual.
- b) Fraud (see below).
- c) Forgery or alteration of cheques, bank drafts, documents or other records, including electronic records.
- d) Destruction, alteration, mutilation, or concealment of any document or record with the intent to obstruct or influence an investigation, or potential investigation, carried out by DRFN in connection with this policy.
- e) Disclosure to any external party of proprietary information or confidential personal information obtained in connection with employment with or service to DRFN.
- f) Unauthorised personal or other inappropriate non-business use of equipment, assets, services, personnel or other resources.
- g) Acts that violate Namibian laws or regulations.

- h) Accepting or seeking anything of material value from contractors, suppliers, or persons providing goods or services to DRFN.
- i) Impropriety of the handling or reporting of money in financial transactions.
- j) Failure to report known instances of misconduct in accordance with the reporting responsibilities described herein, including tolerance by supervisory employees of misconduct of subordinates.

Fraud is further defined to include, but not be limited to:

- a) Theft, embezzlement, or other misappropriation of assets, including assets of or intended for DRFN, as well as those of our volunteers, clients, subcontractors, suppliers, and others with whom DRFN has a business relationship.
- b) Intentional misstatements in DRFN's records, including intentional misstatements of accounting records or financial statements.
- c) Authorizing or receiving payment for goods not received or services not performed.
- d) Authorizing or receiving payments for hours not worked.
- e) Forgery or alteration of documents, including but not limited to cheques, timesheets, contracts, purchase orders, receiving reports.

DRFN prohibits each of the preceding acts of misconduct on the part of employees, officers, executives, volunteers and others responsible for carrying out DRFN's activities.

### **Reporting Responsibilities**

Every employee, officer, and volunteer is responsible for immediately reporting suspected misconduct to their supervisor, the Finance Manager, or the Director. When supervisors have received a report of suspected misconduct, they must immediately report such acts to their supervisor, the Finance Manager, the Director or any senior manager.

### **Whistleblower Protection**

In the case of misconduct by an employee of DRFN, disciplinary procedures may be followed, and these could result in reprisal. A "reporting individual" is one who, in good faith, reported a suspected act of misconduct in accordance with this policy, or provided to a law enforcement officer any truthful information relating to the commission or possible commission of a criminal offense.

### **Investigative Responsibilities**

Due to the sensitive nature of suspected misconduct, supervisors and managers should not, under any circumstances, perform any investigative procedures. The Finance Manager has the primary responsibility for investigating suspected misconduct involving employees below the Director level. The Finance Manager shall provide a summary of all investigative work.

The Board of Trustees has the primary responsibility for investigating suspected misconduct involving any Director, as well as any board member. The board may request the assistance of the Finance Manager in any such investigation. Investigation into suspected misconduct will be performed without regard to the suspected individual's position, length of service, or relationship with DRFN.

In fulfilling its investigative responsibilities, the board and the Finance Manager shall have the authority to seek the advice and/or contract for the services of outside firms, including but not limited to law firms, chartered Financial Manager firms, forensic investigators, etc.

Members of the investigative team, as authorised by the Board or Finance Manager, as may be applicable, shall have free and unrestricted access to all DRFN records and premises, whether owned or rented, at all times. They shall also have the authority to examine, copy and remove all or any portion of the contents (in paper or electronic form) of filing cabinets, storage facilities, desks, credenzas and computers without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of an investigation into suspected misconduct or related follow-up procedures.

The existence, the status or results of investigations into suspected misconduct shall not be disclosed or discussed with any individual other than those with a legitimate need to know in order to perform their duties and fulfil their responsibilities effectively.

### **Disciplinary Action**

Based on the results of investigations into allegations of misconduct, disciplinary action may be taken against violators. Disciplinary action shall be co-ordinated with appropriate representatives from the Human Resources Department. The seriousness of misconduct will be considered in determining appropriate disciplinary action, which may include:

- a) Reprimand
- b) Probation
- c) Suspension
- d) Demotion
- e) Termination
- f) Reimbursement of losses or damages
- g) Referral for criminal prosecution

This listing of possible disciplinary actions is for information purposes only and does not bind DRFN to follow any particular action.

### **Confidentiality**

The Board and the Finance Manager treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Finance Manager or the Board immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see Reporting Procedures section above).

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct, and to protect DRFN from potential civil liability.

An employee who discovers or suspects fraudulent activity may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be directed to the Director or Board of Trustees. No information concerning the status of an investigation will be given out. The proper response to any inquiry is "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

The reporting individual should be informed of the following:

- a. Do not contact the suspected individual in an effort to determine facts or demand restitution.
- b. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the DRFN legal counsel.

**Disclosure to Outside Parties**

Allegations of and information related to allegations of suspected misconduct shall not be disclosed to third parties except under the provisions described in this policy, such as disclosure to outside investigators hired by DRFN to aid in an investigation. However, all known frauds involving the Director or members of the Board of Trustees, as well as all material frauds involving employees below the senior management level, shall be disclosed by the Finance Manager to DRFN's external auditors.