

UNJSPF Secretariat
Pension Fraud Awareness, Reporting and Escalation Policy

A. Introduction

1. This policy complements the Fund’s Enterprise-wide Risk Management framework and should be read in conjunction with the Fund’s Enterprise-wide Risk Management Policy (“EWRM Policy”), as approved by the United Nations Joint Staff Pension Board (“Pension Board”) at its 59th session in 2012 and reported to the United Nations General Assembly in A/67/9 (paras 208 - 213)¹. Keeping in mind the mandate, goals and objectives of the Pension Fund, it is essential to develop a Fraud Awareness, Reporting and Escalation Policy concerning possible fraud in connection with the administration of UNJSPF benefit entitlements and payments. The primary objective of this policy is to promote awareness, prevent fraud, enhance the Fund’s internal controls and establish guidelines on reporting and escalation of fraud related concerns that facilitate UNJSPF secretariat staff members’ actions when fraud is suspected. UNJSPF has zero tolerance for fraud, which implies that all fraud concerns will be reported and investigated, and corrective actions taken when needed

B. Scope and application

2. The UNJSPF is committed to preventing, identifying and addressing all acts of fraud against the Fund in connection to the administration of UNJSPF benefit entitlements and payments (“pension fraud”) involving: i) UNJSPF participants and beneficiaries; ii) contractors, including independent contractors and external consultants; and iii) other external or internal parties.

3. In addition to the UNJSPF Enterprise-wide Risk Management Policy, this policy should be read in conjunction with the UN Staff Regulations and Rules and relevant Administrative issuances, including Staff Regulation 10.1 (a), Staff Rules 10.1 - 10.3, ST/AI/371, ST/AI/371/Amend.1 and ST/IC/2005/19. In case of conflict between UN Staff Regulations and Rules and UN Administrative issuances and this policy, the former shall prevail.

B. Definition of Fraud

4. *“Any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.”*²

¹ The UNJSPF Enterprise-wide Risk Management Policy is available in the Fund’s website www.unjspf.org. The enterprise-wide risk management policy defines the risk management framework and process adopted by the Fund.

² This definition is based on the harmonized definition currently in use by the United Nations and the Multilateral Development Banks, namely, the World Bank, the International Monetary Fund, the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development and the Inter-American Development Bank.

5. Based on this definition, fraud in the context of the UNJSPF entails any intentional misconduct that misleads, or attempts to mislead, the Fund to obtain a pension benefit, a financial benefit or other benefit or to avoid an obligation, and seeks to evade detection.

C. Pension fraud awareness

6. **Pension Fraud Awareness:** In addition to the functional responsibilities presented in the EWRM Policy, all staff members have a responsibility to ensure that the Fund's resources are used for valid and authorized purposes and in accordance with the Fund's Regulations, Rules and Pension Adjustment System. Senior managers³ and supervisors have added responsibility for establishing and maintaining proper internal controls to protect the UNJSPF resources from misuse. All staff members, particularly managers and supervisors, should be familiar with the risks and exposures in their areas of responsibility and be alert to any indications of pension fraud.

7. **Do not accuse or investigate independently.** A staff member who suspects a fraudulent activity should not accuse any individual directly or investigate the matter personally, or discuss the concern with anyone else than the channels outlined in this policy and in the attached Fraud Reporting and Investigation Decision Tree (Annex I).

D. Reporting of fraud related concerns

8. **Report the concern via the proper channels.** An employee who suspects fraudulent activity should report the concern promptly using the following channels as applicable:

8 (a) A staff member shall always report any fraud related concern that involves management or staff members of the Pension Fund, using the established UN procedures as promulgated in ST/IC/2005/19 (Section II) and The Roadmap (Section 2) published by the UN Ethics Office⁴ that detail the mechanisms that exist within the United Nations system for reporting suspected misconduct including suspected internal fraud as well as other mechanisms available to staff who may need advice when they are unsure of how they should proceed;

8 (b) A staff member who suspects a fraudulent activity shall report the concern promptly to his or her immediate supervisor who will then report the incident to the Unit/Section Chief or the Senior Manager, as the case may be, not later than the following day of the report, unless the concern involves the supervisor, Section/Unit Chief or the Senior Manager himself/herself. If UNJSPF management or staff is suspected of fraud, then the staff member must report the concern in accordance to paragraph 8 (a).

³ Senior Managers include the Heads of the following offices: Operations, Financial Services Section, Geneva Office, Information Management Systems Service, Executive Office and Risk Management and Legal Services Section.

⁴ <http://www.un.org/en/ethics/pdf/roadmap.pdf>

9. In accordance to the Standards of Conduct for the International Civil Service (“UN Code of Conduct”), all staff members have the duty to report any breach to organization’s regulations and rules through the official channels whose responsibility it is to take appropriate action, and to cooperate with related investigations. In accordance to the UN Code of Conduct, a staff member who reports a fraud related concern in good faith or who cooperates with any related investigation has the right to be protected against retaliation. Requests for confidentiality by staff members reporting a concern will be honored to the maximum extent possible.

E. Pension Fraud Fact Finding and Investigation

10. Initial Fact finding of suspected fraud. UNJSPF Senior Managers have responsibility for initiating the analysis of pension fraud related concerns. When determining how to proceed after receiving a report of a pension fraud related concern, the Senior Manager must first conduct an initial fact finding and gather and review all available related supporting information.

11. If the Senior Manager determines that the allegation of fraud is credible and has been able to obtain documented evidence, the Senior Manager shall promptly notify the CEO or the Deputy CEO.

12. UNJSPF senior management, including the CEO and the Deputy CEO as they case may be, shall determine the nature of any pension fraud investigation, including the involvement of other offices or entities (such legal, finance and information security staff, member organizations, external consultants, etc.), or an independent fact finder, if appropriate. He or she may recommend immediate protective action(s) such as suspension of the pension benefit payment. Any fraud related concern that involves management or staff members of the Pension Fund, will be investigated using the established UN procedures as promulgated in ST/IC/2005/19 (Section II) and The Roadmap (Section 2) published by the UN Ethics Office.

13. Document findings and corrective actions. Senior Managers must document in writing all steps taken during a pension fraud fact finding investigation using the format provided in Annex II, and seeking guidance or participation from other parties as appropriate. Senior Managers must retain documents relating to the fact finding investigation for ten years after it has been closed.

14. When a fact finding investigation finds that pension fraud has occurred, the Senior Manager must send the Risk Officer a written summary report that provides details of the nature and scale of the event, the breakdown in control that allowed it to occur, corrective actions and the steps taken to avoid recurrence.

15. Incorporate any needed additional/revised control procedures. After receiving a fraud report from a Senior Manager, the Risk Officer must conduct a root cause analysis of the fraud event and advise relevant Units on additional or revised control procedures as necessary. The risk of fraud shall be managed in accordance with UNJSPF Enterprise-wide Risk Management framework.

16. Maintain confidentiality. All parties involved in the reporting and/or investigation of pension fraud must treat all information as confidential. Concerns and/or investigation results will not be disclosed or discussed with anyone other than those with a legitimate need to know.

17. Report to the Pension Board. The Board of Auditors annual report to the Pension Board shall contain information on cases of fraud and presumptive fraud.

F. Responsibilities

18. Senior Managers are responsible for implementing and maintaining controls in their respective areas of responsibility to protect the Fund's resources from misuse. Senior managers play a key role in initiating the analysis of fraud related concerns. Senior Managers work with other offices or entities, as necessary, during the fact-finding investigation of fraud concerns.

19. All staff members must report any suspected fraud and are expected to cooperate fully with fraud-related investigations.

20. Risk Officer conducts root case analyses and provides advice on control measures to prevent and detect fraud. The Risk Officer will maintain this policy and provide advice and assistance to all staff members on the operation of the policy and on specific concerns, as necessary.

21. Office of Internal Oversight Services (OIOS) role in relation to fraud is set out in ST/IC/2005/19 and other UN administrative issuances, A/RES/59/287 and other relevant General Assembly resolutions concerning the OIOS, as well as in the Roadmap published by the UN Ethics Office.

Approved by:

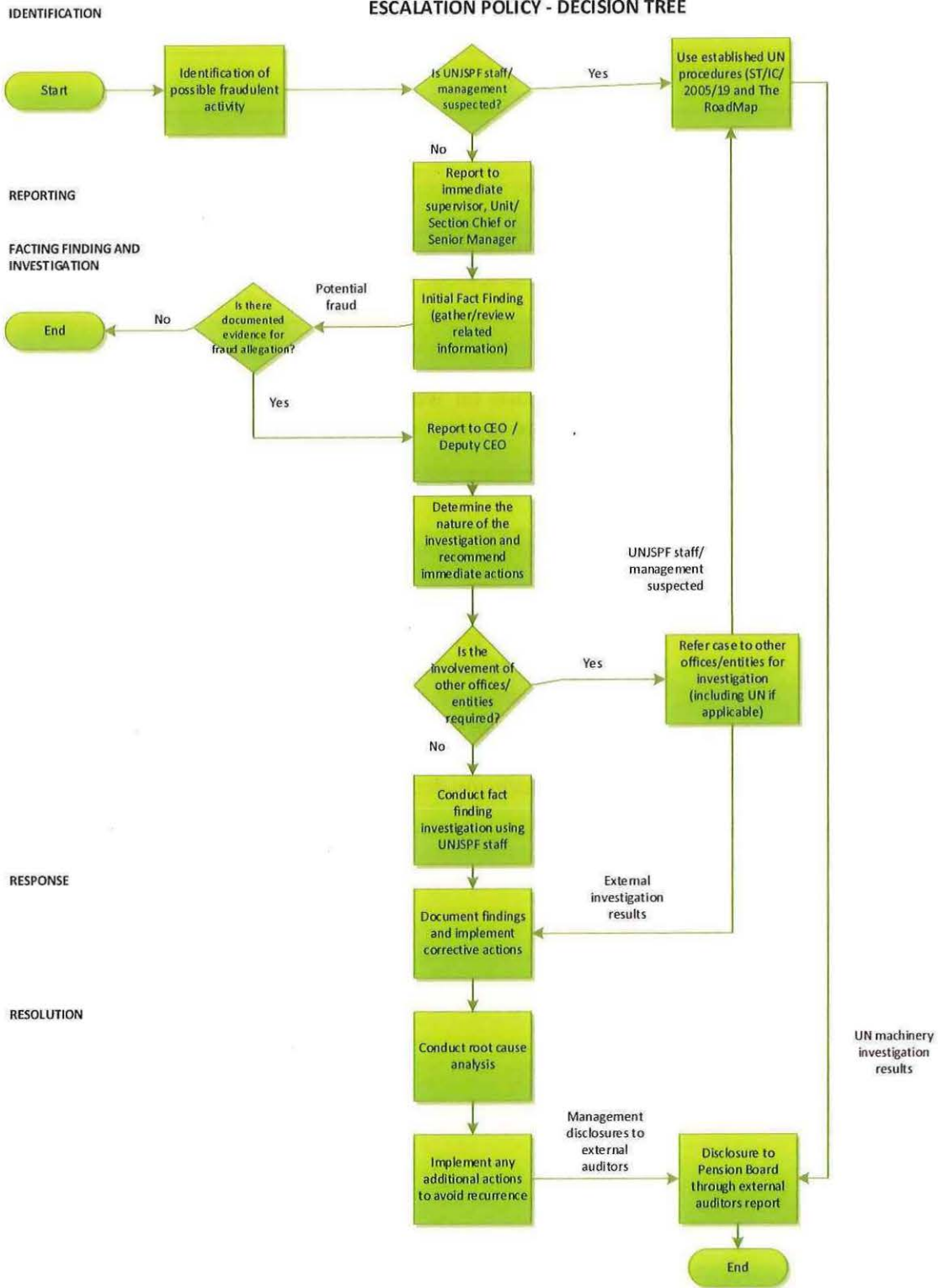


Sergio B. Arvizú, UNJSPF CEO

Date: New York, 24 April 2015

Annex I

UNJSPF SECRETARIAT FRAUD AWARENESS, REPORTING AND ESCALATION POLICY - DECISION TREE



Annex II
Sample Fraud Fact Finding Report

Name of the person reporting	
Date	
Background	State very succinctly why the report was prepared.
Executive Summary	Summarize actions performed, the process and outcome of the review.
Scope of the review	
<u>Approach</u>	Details on who performed the review, what documents were reviewed and individuals involved
Details of facts	Provide details of the case and the review
<u>Impact</u>	Describe if and how the incident affected the UNJPSF.
Recommendations	This section is optional since depending of the outcome of the review no further action might be needed. If applicable, this section will provide details on remedial measures or specific recommendations and what follow-up action is necessary or recommended.
Annexes	Attach any documents related to the case.