



The Movement for Community-led Development US Financial Integrity Policy

Adopted by the Board January 6, 2024

Statement

The Movement for Community-led Development US (MCLD US) states our emphasis on honesty, integrity, fairness and respect for all our people and their activities. At The Movement for Community-led Development US, we are committed to building relationships based on trust, and we are resolute to enhance and sustain our performance and reputation. MCLD US is committed to the highest legal and ethical standards.

The Movement for Community-led Development US recognizes that fraud, bribery and corruption put at risk the mission of the organization.

The Movement for Community-led Development US has zero tolerance for fraud, bribery, corruption and other forms of financial misconduct in its operations.

Scope

There are two groups in policy scope:

A “MCLD US Affiliated Person” is anyone officially affiliated with MCLD US: this term refers to all full-time and part-time staff members, board members, volunteers and/or interns under direct supervision of staff, and any other person who is officially contracted to represent MCLD US.

MCLD US Affiliated Persons are expected to comply with the principles and requirements specified in this policy.

MCLD US enforces this policy and monitors how it is applied to and respected by MCLD US Affiliated Persons. MCLD US will take disciplinary action in respect of all cases of material and intentional non-compliance with this policy by MCLD US Affiliated Persons, and such action may ultimately result in termination of employment, contract or other forms of official affiliation.

A “MCLD US Associated Person” is anyone who, while not officially affiliated with MCLD US, is associated or perceived to be associated with MCLD, such as member and partner organizations, vendors, consultants, independent contractors and subcontractors and funders.

MCLD Associated Persons are expected to act in accordance with the principles and requirements specified in this policy. To the extent possible, MCLD monitors how this policy is respected by MCLD Associated Persons. MCLD will take action in respect of all cases of material and intentional non-compliance with this policy by MCLD Associated Persons, and such action could result in termination of partnership agreements, or other forms of association.

Key Terms

Fraud. Any act or omission that intentionally misleads, or attempts to mislead, another party in order to obtain a financial or other benefit or to avoid an obligation.

Bribery. Giving, paying, promising, offering, or authorizing the payment of anything of value to any party to influence any person or entity to behave improperly.

Corruption. The use or abuse of one's authority or position for improper gain.

All such behavior is unacceptable and is hereafter referred to as financial misconduct. Examples of such misconduct include, but are not limited to, those detailed in Annex 1.

Accountability

The ED, MCLD US or Board Chair are accountable for reviewing and complying with this policy, or recommending changes to the Board.

Local Compliance

MCLD US recognizes that laws and regulatory requirements may differ among countries, and that MCLD National Associations must comply with all laws and regulations in the countries where they operate. MCLD US must ensure compliance with any local financial conduct laws that go beyond MCLD US's policies, and, when needed, may develop additional local policies in consultation with the relevant National Associations to meet those local requirements.

Funder Compliance

MCLD US recognizes that requirements may differ among funders as well. MCLD US must ensure compliance with all funder requirements and is responsible for providing or ensuring adequate funding to ensure successful implementation of any such additional requirements.

Agreements among MCLD US and other entities may include clauses on specific requirements that exceed what is taken up in this policy if called for by funder requirements. Any such clauses must be approved by the Board Chair prior to MCLD US negotiating or accepting the additional funder conditions.

Approach

This policy is organized into six sections:

Prevention. Proactive efforts to prevent financial misconduct from occurring

Monitoring. Procedures for detecting and reporting any incidents of financial misconduct that do occur.

Investigation. Steps involved in fully understanding the facts of a reported incident.

Discipline. The consequences of proven misconduct.

Communication. Appropriately informing internal and external parties.

Learning. Steps to learn from experience and continuously improve policies and procedures.

Prevention

Awareness

This policy comes under the umbrella of MCLD US's Code of Conduct (available online at www.MCLD.org/policies) which is a set of guiding standards and principles that all MCLD US Affiliated Persons must adhere to in practice and in spirit in all their decisions, procedures, actions and interactions. All MCLD US Affiliated Persons are required to attest to the Code of Conduct and its associated policies (including this one) upon joining MCLD US and annually thereafter by signing a copy of the Code. Signed copies of the Code of Conduct are kept on record by the MCLD entity through which the MCLD Affiliated Person is connected to MCLD US.

Copies of the Code of Conduct and this policy, as updated from time to time, are available on MCLD US's website at www.MCLD.org/policies. In addition, copies will be distributed to MCLD US Associated Persons in circumstances of heightened risk.

Screening

During the recruitment process MCLD US must conduct screening of prospective MCLD US Affiliated Persons, appropriate for the country in which they work and proportionate to the position, which may include reference and/or background checks. Criminal background checks must be completed for new hires of MCLD US staff serving in Finance roles.

Training

All MCLD US staff with internal control responsibilities (e.g. legal, compliance, risk management, finance, procurement or internal audit) must attend training on financial integrity at the onset of their employment and a refresher annually. Such training must emphasize that staff must be alert to financial misconduct risks in their area of responsibility and that they must take reasonable steps to verify the accuracy of information in documents that they create or approve. If there is any reason to believe that a document that they are signing, distributing or reviewing contains inaccuracies, MCLD US Affiliated Persons have an obligation to correct it or report it, including going above their manager to the ED or Board, if necessary. MCLD US staff with internal control responsibilities must also receive additional training associated with detecting, preventing, reporting, investigating and addressing financial misconduct at the onset of employment and on an annual basis.

Risk Assessments

MCLD US conducts annual organizational, and project-level risk assessments. National Association coordinators receiving grants through MCLD US are accountable for these assessments and must identify risks and ensure that mitigation procedures designed to reduce the risk of financial misconduct are proportionate to the level of risk identified.

These risk assessments must identify events that can increase the likelihood of financial misconduct. For high risk situations such as the events identified below, additional checks must be conducted, and all relevant MCLD US Affiliated Persons must be advised to be on high alert and aware of the increased opportunity for acts of financial misconduct.

Finance Manuals

MCLD US must maintain a Finance Manual which follows the minimum standards consistent with national practice and funder requirements.

Monitoring

The Executive Director is responsible for monitoring compliance with this policy.

Whistleblower Protection

MCLD US Affiliated Persons must immediately report any witnessed, suspected or alleged financial misconduct, to either the Executive Director or the Board. MCLD's Whistleblower Policy (to be finalized) will protect MCLD US Affiliated and MCLD US Associated Persons from adverse consequences of reporting incidents in good faith.

Reporting

Any detected or suspected financial misconduct must be reported immediately to an appropriate manager. This can be formal or informal, in writing or verbal -- the key requirement is that it occurs immediately. In most cases, the person with information should contact their direct supervisor. However, if they do not feel comfortable reporting it to their supervisor or are not satisfied with the response, they may report it to any manager they are comfortable speaking with and/or go directly to the ED. Any person receiving a report must bring it to the attention of an appropriate manager, until it is received by the manager who has sufficient authority to manage the investigation (see next section). The ED must bring it to the notice of the Board.

Investigation

All suspected misconduct must be investigated promptly. This includes informal as well as formal reports of misconduct.

Investigator

If the alleged incident occurred in an MCLD National Association, the relevant Country Coordinator is responsible for the investigation, together with the MCLD US ED. If there is any allegation that the Country Coordinator is involved or if the incident occurred in MCLD US, the MCLD US ED and relevant National Association Board chair are responsible for the investigation. If the ED is alleged to be involved in the incident, then the MCLD US Board Chair must conduct the investigation. If the MCLD US Board Chair is implicated, the matter must be referred to the Treasurer.

Depending on the seriousness and complexity of the allegation, the investigation may be handled internally or referred to an outside expert.

All electronic records of investigations, internal or external, must be kept on files owned by MCLD US.

Process

The initial response to any allegation must be to take the report seriously. Those who receive a complaint must not assume it is only a rumor or overlook the potential seriousness of the matter

If the safety of a whistleblower or other witnesses is a concern, all reasonable precautions must be taken immediately

The Investigator may review relevant documents including electronic communications and must take steps to obtain and preserve those documents

The Investigator may interview parties involved, including relevant witnesses

Confidentiality

During the investigation, the confidentiality of the complainant, the accused, and any witnesses, and each of their statements and records must be protected to the fullest extent practicable and appropriate under the circumstances. MCLD US cannot promise absolute confidentiality but will conduct the investigation on a need-to-know basis. If the investigation confirms that financial misconduct has occurred, there is no guarantee of confidentiality for the responsible party/ies.

Discipline

Disciplinary action will be taken against any MCLD US Affiliated Person and appropriate action must be taken in respect of any MCLD US Associated Person found to have:

- Engaged in conduct that has violated this policy
- Failed to report a financial misconduct concern
- Intentionally made a false allegation
- Obstructed an investigation

Disciplinary action may include, but is not limited to:

- Termination of all relations including employment, contractual or partnership agreements
- Reporting to authorities if it is suspected that a crime has been committed
- Action to recover any funds or assets where feasible
- Pursuing legal action if necessary and as appropriate
- Training, remediation, and/or other action plans
- Communication

Board

The Chair of MCLD US will accept or delegate responsibility for a point of contact for this policy.

Whistleblower

MCLD US will inform the complainant, if known, of its determination as to whether MCLD US policy was violated. However, MCLD US generally does not disclose the nature of any disciplinary action that may have been taken because discipline is a confidential matter between MCLD US and the individual subject to such action. Discipline may take many forms, and those who raise concerns should not assume that disciplinary measures have not been implemented simply because MCLD US does not publicize such measures.

Learning

In a spirit of continuous improvement, when serious financial misconduct occurs, the MCLD US Board in partnership with MCLD US ED, will review this policy, as well as the finance manual and other relevant procedures, to evaluate and, where appropriate, strengthen the effectiveness of the policy.

The Board will review this policy on an annual basis.

Annex: Examples of Covered Misconduct

Misconduct includes, but is not limited to, the following:

- Abuse of a Position of Trust. The improper use of one's position within The Movement for Community-led Development US or a connected organization to materially benefit oneself or any other party (e.g., intentionally providing confidential material – such as the contents of a tender process – to a third party).
- Bank or Check Fraud. The dishonest manipulation of any banking system or record (e.g., a check, bank statement, or electronic transfer).
- Brand Fraud. The use of The Movement for Community-led Development US's name, branding, or documentation for unauthorized or illegitimate ends.
- Corruption of Government Officials. Giving gifts to Government Officials in violation of applicable laws and/or gifts and ethics rules or making payments that are not required by law to Government Officials or to another person at the request of the Government Official. This includes so-called "Facilitation Payments."
- Embezzlement. The misuse of funds, property, resources, or other assets that belong to The Movement for Community-led Development US or a connected organization or individual for personal gain.
- Expenses Fraud. The dishonest use of the expenses system to pay money or other benefits to which the recipient is not entitled or the falsification of expense reimbursement reports.
- Facilitation Payments. A payment used to expediate the performance of a routine or necessary action to which the payer has a legal or other entitlement.
- False Accounting. The deliberate entry of false or misleading information into any form of accounting or financial record or the deliberate omission of relevant information, including maintaining "off-book" accounts.
- Forgery or Falsification of Documents. The dishonest creation, alteration, signing, or use of all or any part of a document, including without limitation contracts, reports, or other records.
- Paying or Receiving Kickbacks. Payments improperly made to an individual by a supplier or vendor, usually in exchange for unduly providing a business advantage or benefit to the supplier or vendor.
- Money Laundering. The concealment of illegally obtained money.
- Nepotism or Patronage. The improper use of one's employment to favor or materially benefit friends, relatives or other associates, without appropriate consent of disinterested parties.
- Payroll Fraud. The manipulation of the payroll system to make unauthorized payments to oneself or another.
- Procurement Fraud. Any dishonest, deceptive or improper behavior relating to procurement or tendering process, (e.g., falsely creating bids or quotes, sharing confidential procurement-related information with third parties, paying for product that does not meet the description of the product The Movement for Community-led Development US contracted to purchase, or agreeing to requests for false invoices).
- Supply Chain Fraud. The misdirection or theft of goods, forging of stock records, or creation of fictitious companies through which to channel payments.
- Tax or Duty Evasion. The avoidance of paying a tax or other duty that one is aware should be paid.
- Theft. The taking of anything of value that belongs to another.
- Undisclosed Conflicts of Interest. Failing to disclose accurate and complete information about personal or financial interests, commitments, or loyalties that relate to one's duties at The Movement for Community-led Development or otherwise violating MCLD's Conflict of Interest Policy.