

**OFFICE OF THE PANDEMIC UNEMPLOYMENT ASSISTANCE**  
**ANTI-FRAUD POLICY**

**Background:**

This anti-fraud policy is established to facilitate the development of controls that will aid in detection and prevention of fraud against the Office of Pandemic Unemployment Assistance (OPUA).

It is the intent of OPUA's Integrity Unit to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and the conduct of investigations.

**Scope of the Policy:**

The policy applied to any irregularity or suspected irregularity involving employees such as administrative officers, finance officers, program managers and administrators, integrity officers, vendors, outside agencies doing business with OPUA and claimants/beneficiaries of the PUA grant funds.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the OPUA.

**Policy:**

The Integrity Unit is responsible for the detection, prevention and investigation of fraud, misappropriations, and other irregularities. *Fraud* is defined as the intentional, false representation, or concealment of material fact for the purpose of inducing another to act upon it to his injury.

The OPUA management team is also responsible to be on the look-out for fraud and should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indication of errors and irregularities. (Management Team consists of the Secretary, Administrator, Program Manager, Field Managers and the Integrity Manager)

Any irregularity that is detected or suspected must be reported immediately to the Integrity Manager, who coordinated all investigations within OPUA and report it to the Secretary of Department of DOFA and other affected areas, both internal and external.

**Code of Conduct:**

All members of the OPUA are expected to comply with all of the principles set out in this Code of Conduct. In the course of their employment, staff will:

- At all times, act with the utmost integrity;
- Carry out all of their duties in an honest, integrity and transparent manner
- Conduct their work in an ethical and impartial manner;
- Conduct their work without fear of favors or in an equal and fair way;
- Be accountable and take responsibility for all of their actions;
- Conscientiously carry out all of their duties;
- Maintain confidentiality;
- Be fair, courteous and treat other people with respect;
- Use their authority and powers wisely, fairly and in the interests of justice;
- Act impartially and disclose any possible conflicts of interest;

- Comply with the National laws and regulations of the FSM;
- Use the resources of OPUA and the FSM National Government in a proper manner;
- Behave in a way that reflects well on the OPUA/ Department of Finance and Administration/FSM National Government;
- Act as a positive role model in promoting good governance in the FSM

**Actions Constituting Fraud that is prohibited:** (11FSMC CH.2 & Ch.5)

The terms defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to, the following:

Employees should NOT:

1. Any dishonest or fraudulent act
2. Misappropriation of funds, supplies or other assets
3. Impropriety in the handling or reporting of money or financial transactions
4. Disclosing confidential and proprietary information to outside parties
5. Accepting or seeking anything of material value from claimants, vendors, or persons providing services, materials to the OPUA
6. Destruction, removal, or inappropriate use of records, furniture, fixtures, or equipment

Employees Should:

7. Avoid conflict of interest in fact and appearance
8. Be impartial and avoid preferential treatment
9. Don't misuse or misappropriate company funds or property
10. Any similar or related irregularities

**Investigation Responsibilities:**

The Integrity Unit has the primary responsibility for the investigation of all suspected fraudulent acts as defined in this policy. If the investigation substantiates that fraudulent activities have occurred, the Integrity Unit will issue reports to appropriate designated authorities i.e. Secretary of DOFA, PUA Administrator

Decision to refer the matter to prosecution rests on management and Secretary of DOFA in conjunction with senior management, as will final decision on the disposition of the case.

**Confidentiality:**

The Integrity Unit treats all information received confidential unless to assist Management in improvement of the program operations. Any employee who suspects dishonest or fraudulent activity within OPUA or with claimants will notify the Integrity Unit.

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 the OPUA from potential civil liability.

**Authorizing for Investigating Suspected Fraud:**

Members of the Integrity Unit will have:

- Free and unrestricted access to DOFA OPUA records and premises, whether owned or rented
- The authority to investigate rests with the Secretary of DOFA.

**Reporting Procedure:**

Great care must be taken in the investigation of suspected irregularities or fraud so as to avoid mistaken accusation or altering suspected individuals.

An employee who discovers or suspect fraudulent activity will contact the Integrity Unit immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his attorney or representative or any other inquirer should be directed to the Integrity Unit or the FSM Secretary of Finance and Administration.

**Termination:**

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the designated Supervisor(s) and Management before action is taken. The Integrity Unit does not have the authority to terminate employees. The decision to terminate an employee is made by the employee’s management.

Should the Integrity Unit believe the management decision inappropriate for the facts presented, the facts will be presented to upper level management for a decision.

**Administration:**

The Secretary of Department of Finance and Administration, PUA Administrator, Program Manager and the Integrity Manager are responsible for the administration, revision, interpretation, and application of this policy. This policy will be reviewed and revised as needed.

Prepared by: /s/ Sophia Pretrick, CFE  
Integrity Manager, Office of the Pandemic Unemployment Assistance

7/12/21

Approved by: /s/ Eugene Amor,  
Secretary, Department of Finance & Administration

7/12/21

## GLOSSARY

1. **Investigation**- A systematic review or inquiry to obtain facts in a given situation.
2. **Prevention**- An action of stopping something from occurring, minimizing the risk of fraud.
3. **Detection**- The act of identifying or discovering something hidden.
4. **Irregularities**- the state being irregular or not within normal state, i.e. improper
5. **Fraud**- A deliberate act with the intention of obtaining an unauthorized benefit, either for oneself or for the institution, but using deception.
6. **Integrity**- Soundness of moral principle and character, as shown by one person dealing with other in the making and performance of their duties , i.e. honesty, trustworthy, responsible, hardworking, etc.
7. **Defalcation**- Refers to an act committed by employees or professionals who are in charge of handling money or government resources. This entails theft, misuse, or misappropriation of money or funds help by a trustee or employee.
8. **Misappropriation**- The unauthorized, improper and unlawful use of funds or other property for the purposes other than that for which intended.
9. **False Representation**- Someone knowingly and willfully makes a false statement or misleading statement for the purpose of obtaining benefit.
10. **Conflict of Interest**- involves individual's personal interest (family, financial, friendship) could compromise his/her judgement, decisions, or actions in a workplace.
11. **Transparent**- Openness, accountability and communication.
12. **Anything of Material Value**- Whether something constitutes a thing of value depends on the subjective perception of the intended recipient, i.e. cash, loads, gift certificates, jewelry, luxury items, leisure travel, etc.
13. **Civil Liability**- Potential responsibility for payment of damages or court lawsuit
14. **Impartiality**- Favoring neither, disinterested, treating all alike, unbiased, fair and just.

(Black-law dictionary, ACFE definition, dictionary.law.com)