

Workshop: Fraud Awareness and Prevention Workshop for USAID Implementing Partners & sub-Grantees

Date: July 02, 2019

Venue: Mövenpick Hotel, Karachi

Guest Speakers: Mr. Mark Sorensen – Education Officer, USAID Pakistan; Mr. Saad Rashid – Executive Director TI-Pakistan; Mr. Jawad Aziz and Mr. Muhammad Riaz – Foreign Service National Investigators, USAID Office of Inspector General (OIG); Mr. Muhammad Saleem Ahmed – Director (Awareness and Prevention Wing), National Accountability Bureau (NAB), Karachi; Ms. Naila Khan – Auditor, USAID OIG; Mr. Kashif Ali – Director, TI Pakistan, Mr. David Clarke – Pakistan Director, USAID OIG.

Summary:

Transparency International Pakistan in collaboration with USAID/OIG successfully conducted a workshop on “Fraud Awareness and Prevention” for USAID Implementing Partners and sub-Grantees on July 02, 2019 at Mövenpick Hotel, Karachi.

The prime objective of the workshop focused on raising awareness and understanding regarding fraud and corruption amongst the implementing partners and sub-Grantees of USAID funded projects across Sindh, Pakistan. The workshop provided the participants an excellent avenue to directly discuss their concerns with the representatives of USAID OIG, NAB and TI-Pakistan. It enabled participants to develop fundamental understanding in identifying entry points for fraud and corruption, thereby urging practice of preventive measures to help address the relevant issues. Approximately 43 participants from number of organizations attended the workshop. The event was also broadcasted live on Anti-Fraud Hotline Social Media page.

After completing the registration process, the workshop commenced at 9:00 am with recitation of a passage from the Holy Quran. It was followed by a Welcome Note by Mr. Mark Sorensen, Education Officer, USAID Pakistan who warmly welcomed all the attendees for their participation and gave an overview outlining the salient objectives of the workshop. He explained that the key purpose of inviting the IP staff here is to underline the fact that the employees are our first line of defense against fraud prevention and being an employee, a person shares the same vision as their organization and any incidence of fraud puts that vision in jeopardy. He further elaborated how the Country Mission also strives to achieve a corruption-free society and works closely with public authorities to achieve this end. From an implementing partner’s perspective, the work of AFH serves as a diagnostic mechanism as it highlights weaknesses and lapses across the whole spectrum of their operations ranging from recruitment, procurement to implementation and monitoring that might go unnoticed otherwise. After the welcome note, Mr. Kashif Ali, Director TI-Pakistan, briefly addressed the audience regarding a breakout discussion session scheduled to be held later in second half of the workshop.

The workshop proceeded with a comprehensive presentation by Mr. Saad Rashid, Executive Director TI-Pakistan, on the functional aspects of Anti-Fraud Hotline project. He highlighted the objectives, setup and operations of the project in terms of its advertisement and complaint response mechanism. During his presentation, Mr. Saad Rashid informed the participants that Anti-Fraud Hotline has received more than 110,000 calls to date resulting in successful formulation of over 8,550 complaints since the inception of the project.

The next speaker Mr. Muhammad Riaz, Foreign Service National Investigator USAID OIG, who is also a certified fraud examiner, gave a presentation on 'OIG - Investigations Fraud Awareness Briefing'. He started off by explaining the role of OIG and its responsibilities. Then, he explained different types of investigations that OIG carries out which are categorized as criminal, civil and administrative. He also shed light on key subjects of Sexual misconduct, Workplace Harassment and Counter Trafficking in Persons by incorporating real case scenarios to help audience understand how to avoid as well as report such situations. The session also featured an interactive discussion exercise which engaged participants in charting out different types of COI (Conflict Of Interest) in consultation with respective group members.

Later on, Mr. Jawad Aziz, Foreign Service National Investigator USAID OIG, proceeded with his session by presenting a well-documented case of a fake reporting in a completed project to explain the discrepancies in operations and reporting. He went on to discuss key areas with high instances of fraud such as Procurement and Fake Invoicing at length followed by a Case Scenario exercise on best practices regarding invoicing procedures. The session was highly interactive as the participants shared their opinions specific to their project domains. Mr. Jawad also explained the key concept of Fraud Triangle and its 3 key components, i.e. i) Intent, ii) Opportunity & iii) Capability. He then elaborated how the presence of any two such factors can induce a person to commit a fraudulent act.

Mr. Kashif Ali, Director TI-Pakistan, thereafter delivered an interactive session and shared some common scenarios that Anti-Fraud Hotline comes across in the day-to-day implementation of different projects. He proceeded by explaining the 10-80-10 principle, a rule closely associated with human behavior and illustrates the likelihood of fraud occurrences. According to this rule, 10% of the people are ethical all the time and will NEVER commit fraud while 80% could behave unethically depending on the situation and might commit fraud given the right combination of capability, intent and opportunity. 10% of the people will pounce on opportunities and are actively trying to find a way to commit fraud. He further elaborated on the red flags that the implementing partners and sub grantees should look out for in order to identify corruption. It was followed by an exhaustive list of context-specific preventive measures which every organization must adapt in order to reduce instances of fraud and corruption in their respective projects. He also encouraged the audience to vigilantly report any incidence of corruption to Anti-Fraud Hotline at the earliest.

Mr. Muhammad Saleem Ahmed – Director (Awareness & Prevention Wing), National Accountability Bureau (NAB), provided a comprehensive overview of their institutional mandate, legal jurisdiction and operational methodology being implemented across Pakistan. He also shared an organizational structure of investigative team at NAB and their respective tasks. Moreover, he discussed a number of ongoing investigations and case studies to explain the significance of recent developments that have shaped the evolution of NAB and its mandate over the last decade.

In the second half of the session, Ms. Naila Khan - Auditor, USAID OIG presented a comprehensive outlook on how financial audits are conducted by USAID office. Ms. Naila explained the key differences between Financial Reviews and Financial Audit. It was followed by a comprehensive outlook of Internal Controls which comprises of i) Control Environment, ii) Risks Assessment, iii) Control Activities, iv) Information & Communications and v) Monitoring. Besides being highly informative, the session was an interactive one as well as she emphasized the importance of compliance with Green Book for every organization. Ms. Naila effectively maintained the attention of audience by engaging them in a case exercise towards the conclusion of her session.

Before the breakout discussion groups, Ms. Huma Ashar, Assistant Manager Project, Anti-Fraud Hotline gave a detailed presentation on Complaints Registration. She explained how different means of communications such as fax, email, website, SMS, WhatsApp etc are availed by complainants to register any complaint. The presentation was primarily designed to help the audience understand the complaint registration process through use of actual complaints anonymized for this presentation. The session concluded with a Complaint Filing exercise in which the participants were asked to fill a sample Initial Contact Form to familiarize them with the particulars required for filing an actual complaint.

Moving on, Mr. Shamail Adnan Khan, Analyst Anti-Fraud Hotline, conducted the breakout discussion session based on a selected Case Study pertaining to fraudulent documents. The participants were engaged in an exercise which focused on pointing out discrepancies in Request for Quotations and fake invoicing. An interactive discussion followed as the participants were given 20 minutes for group discussion. The session was quite informative as it provided the participants an opportunity to ask questions from relevant subject specialist moderators. The discussion session was highly interactive as the groups were diligent in pointing out the right answers.

A Q&A session was held at the end of the workshop which provided the implementing partners and sub-grantees an opportunity to share their concerns and to seek solution for the issues faced by them. Five representatives from USAID OIG, TI-Pakistan and NAB answered questions from the participants.

Towards the conclusion of the workshop, Mr. David Clarke, Pakistan Director USAID OIG conveyed his felicitations to everyone via Skype broadcast for their proactive participation. He urged the participants to avail maximum benefit of Anti-Fraud Hotline to report any kind of fraud and corruption they might come across. He also expressed his hope that the audience will apply the knowledge gained at the workshop to develop and institutionalize anti-corruption strategies to prevent fraud in their respective projects.