RESILIENCE RESEARCH SOLUTION
Kamonyi, southern, Rwanda
info@resilienceresearch.rw
Phone: 0732725170
PO.BOX 004 Kigali

FINANCIAL FRAUD POLICY

Purpose

The purpose of this policy is to establish guidelines for preventing, detecting, and responding to financial fraud within Resilience Research Solution (RRS). It defines financial fraud, outlines preventive measures, and provides a structured framework for reporting, investigating, and mitigating fraudulent activities. As a research organization handling sensitive financial data, grants, and sponsorships, we are committed to maintaining the highest ethical standards of transparency and accountability. This policy ensures compliance with legal regulations while protecting the company's assets, reputation, and stakeholders.

Scope

This policy applies to all employees (All full-time, part-time, and temporary employees), Board members and executives, researchers, consultants, contractors, and any individuals or entities engaged in financial transactions with RRS.

Definition of Financial Fraud

Financial fraud is a broad term encompassing a diverse range of unlawful activities aimed at obtaining financial resources or assets through deception. From relatively simple schemes to highly complex and sophisticated operations, financial fraud often involves dishonest individuals or organized criminal groups exploiting vulnerabilities within the financial system for personal gain.

Financial fraud comes in many forms like embezzlement, insurance scams, ransomware attacks, identity theft, and mortgage fraud. Federal and state governments have created laws to curb these crimes. Penalties range from civil fines to criminal prosecution.

The “fraud triangle” explains why people commit fraud through three elements: financial pressure (like a money crisis), a chance (such as weak security systems), and justification of the fraudulent act. Financial fraud includes, but is not limited to:

- **Misappropriation of Funds**: Unauthorized use, theft, or diversion of company or grant funds. A misappropriation of funds refers to a person's deliberate and illegal use of another person's money. This may be for the individual's own personal use, or for some other unauthorized purpose. In a nutshell, a person who is responsible for managing another person's money and then uses that money for himself or for something the other person would not approve of, may be guilty of this type of theft.
- **Falsification of Records**: Altering financial reports, timesheets, invoices, or expense claims. It means the submission or filing of inaccurate, misleading, or incorrect payment information on certified payrolls, fringe benefit reporting forms, or other documentation required by this chapter for construction work performed on a public works construction project when the form submitted has been attested to or certified to be true and correct by the contractor or the contractor's designated representative.
- **Grant & Funding Fraud**: Misrepresentation of research expenses, fake participants, or misuse of research funds.
- **Procurement Fraud**: Manipulation of vendor selection, kickbacks, or over-invoicing.
- **Bribery & Corruption**: Accepting or offering bribes to influence financial or research-related decisions.
- **Conflict of Interest**: Engaging in financial transactions that benefit an employee or related party without disclosure.

4. Fraud Prevention Measures at RRS

These are the most important measures that RRS take to detect and prevent financial fraud:

- Monitor accounts and transactions with up-to-the-minute alerts
- Implement strong authentication protocols and security measures
- Conduct regular security audits and risk assessments
- Establish strict internal controls and documentation

- Train employees to prevent and spot fraud
- Use advanced encryption to store sensitive data
- Set up multi-factor authentication for all accounts

Strong authentication protocols will defend our systems against unauthorized access. RRS use multi-factor authentication mechanisms. Regular security audits help spot weak points before fraudsters can exploit them. Employee training is a vital part of preventing fraud. RRS employees become great assets to our organization's security when they know how to spot phishing attempts and social engineering tactics. Research shows fewer fraud incidents happen in organizations that provide detailed training programs. To ensure financial integrity, the following measures at RRS will be enforced:

5. Fraud Detection, Reporting & Investigation Procedures at RRS

RRS is committed to fulfilling financial obligations in strict compliance with best practices. We prioritize transparency and accountability in all financial operations, maintaining accurate and detailed financial records that are regularly audited to ensure integrity and compliance.

Particular attention is given to management of funds, especially for grant-funded research projects, to maximize impact and maintain the trust of our partners and stakeholders. RRS team oversee all financial activities, ensuring adherence to best practices in financial management and reporting. However, we are also sceptical on fraud management which is explained below.

Red Flags of fraud at RRS

Red flags for potential financial misconduct include unexplained discrepancies in financial records, employees bypassing established approval protocols, and sudden lifestyle changes that are inconsistent with an individual's salary. These warning signs may indicate fraudulent activity, such as embezzlement, unauthorized transactions, or conflicts of interest, and should prompt further investigation to ensure compliance and accountability.

Reporting Mechanism at RRS

To report suspected fraud, employees must first notify the Chief Executive Officer via info@resilienceresearch.rw , with assurances of protection against retaliation for good-faith disclosures. If anonymity is preferred, reports may alternatively be submitted through the dedicated whistleblower email received upon request. Upon receipt, the Compliance Team will launch a formal investigation within 48 hours to assess the allegations.

Investigation Process at RRS

The investigation process begins with a preliminary review to gather evidence, including emails, transaction logs, and witness statements, followed by confidential interviews with involved parties. If necessary, a forensic audit will be conducted with external auditors. Upon confirmation of fraud, appropriate resolution measures such as disciplinary action or legal proceedings will be implemented. Throughout this process, the Human Resources Department will review all allegations, and strict confidentiality will be maintained to protect all parties involved.

Consequences of Financial Fraud at RRS

In cases where financial fraud is attributed to RRS staff or grant agency personnel, one or more of the following actions will be taken:

Internal Disciplinary Actions: Including suspension or termination of employment or contracts.

Legal Actions: Civil or criminal proceedings if fraud involves significant financial loss.

Financial Recovery: Efforts will be made to recover misused funds.

Loss of Funding: Fraud involving research grants may result in loss of funding or reporting to funding agencies.

Policy Review & Updates

This policy will be reviewed bi-annually and updated to align with evolving financial regulations and research compliance requirements.
Effective Date: April 2025

Review Date: April 2027

Appendices

- **Appendix A:** Fraud Reporting Form
- **Appendix B:** Contact Details for Compliance Team
- **Appendix C:** Relevant Legal Statutes

Approval Signatures:

- NDAGIJIMANA Florien, Chief Executive Officer
- Chief Financial Officer

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