

## Overview of Fraud Prevention Procedures

### Purpose of Document

This document provides an overview of procedures in place to prevent, detect, and mitigate fraud in the conduct of all New Incentives - All Babies Are Equal Initiative (herein referred to as “NI-ABAE”) activities.

Comprehensive fraud detection and prevention is of paramount importance at NI-ABAE due to the nature of its core program activity, which is providing cash transfers to eligible participants based on vaccination uptake. NI-ABAE maintains in-depth procedures to prevent, identify, and treat prospective fraud. This includes employee, beneficiary, and partner fraud.

NI-ABAE identifies low-income caregivers in communities with low immunization rates. Each caregiver-infant pair can be thought of as a program beneficiary or participant. One caregiver can register/enroll multiple infants, including infants for whom they are not the primary caregiver. The program gives each program participant the following cash transfers after verification that required immunizations were received. Required immunizations are defined based on the official routine immunization schedule in Nigeria.

### Overview of Cash Disbursement Schedule

Cash Transfer	Approximate Age of Infant*	Vaccinations Received**	Diseases Protected Against	Amount of Cash Transfer (NGN)
1	Immediately after birth	BCG, HepB, OPV 0	Tuberculosis, Hepatitis B, Polio	₦1,000
2	6 Weeks	OPV 1, Penta 1, PCV 1	Polio, Diphtheria, Pertussis or Whooping Cough, Tetanus, Haemophilus Influenzae Type B, Hepatitis B, Pneumonia, Otitis Media	₦1,000
3	10 Weeks	OPV 2, Penta 2, PCV 2	Polio, Diphtheria, Pertussis or Whooping Cough, Tetanus, Haemophilus Influenzae Type B, Hepatitis B, Pneumonia, Otitis Media	₦1,000
4	14 Weeks	OPV 3, Penta 3, PCV 3	Polio, Diphtheria, Pertussis or Whooping Cough, Tetanus, Haemophilus Influenzae Type B, Hepatitis B, Pneumonia, Otitis Media	₦1,000
5	9 Months	Measles 1, Yellow Fever	Measles, Yellow Fever	₦1,000
6	15 Months	Measles 2	Measles	₦1,000

\*The infant’s caregiver is the cash transfer recipient.

\*\*Vaccinations are verified in order to determine caregiver/infant eligibility for the cash transfer disbursement.

NI-ABAE does the following:

1. Recruits and trains employees located in areas near program clinics
2. Assigns employees to travel to clinics every immunization day
3. Reviews child immunization records to determine eligibility for getting registered and enrolling in the cash transfer program; infants without a previous BCG scar or Child Health Card (indicative of no prior immunization history) are registered to deter fraud and duplicate enrollments
4. Verifies administered vaccinations prior to payout of cash transfers; caregivers who meet the criteria for the associated cash transfer disbursement are given their conditional cash transfer by NI-ABAE employees

Frequently asked questions: Who do program beneficiaries receive cash from? How do employees get cash to disburse? How does the organization know whether employees safeguard the cash? How does the organization know employees distribute the cash to the right program beneficiaries? How does the organization know who the right program beneficiaries are?

The organization has several internal controls to address these questions and minimize the risk of internal and external fraud.

### **Organizational Structure**

The NI-ABAE organizational chart can be found [here](#). New Incentives and All Babies Are Equal Initiative have common governance and management. All program operations and activities conducted by All Babies Are Equal Initiative are controlled and supervised by New Incentives.

New Incentives has an Audit Committee and a Finance Committee; both committees have distinct, non-overlapping membership.

Field Officers are responsible for carrying out the cash transfer disbursements, as well as verifying eligibility and immunization status. All expenditures incurred by Field Officers are reviewed by an Expense Reviewer from the Console Unit following strict routine procedures, which if needed, are reviewed by a Manager. Program audits are also conducted by Auditors who are part of the Audit and Investigations Unit.

### **Key Risks**

Most employees in Nigeria do not have sufficient cash flow to pay for expenses from their pocket and wait for reimbursement. They require cash advances to pay for expenses. New Incentives has developed systems to maintain the equivalent of electronic petty funds for each All Babies Are Equal Initiative employee. Each employee opens a dedicated work bank account to use only for authorized NI-ABAE transactions. The account is opened in the name of the employee so that the employee is responsible for managing the account. Some employees carry high cash balances at any given time in order to fund expansion activities, logistics, training and meeting expenses, and support upcoming disbursement sessions.

In addition, all conditional cash transfers must be disbursed as physical cash because of limited banking and mobile money services. Distributing funds electronically would not match the needs of the program's target population, which are low-income women who live in rural areas without access to telecommunication services, banking services, and reliable electricity.

New Incentives has developed robust expense monitoring systems to address key risks. Data is reviewed on a daily basis to determine the extent to which expense policies and cash transfer disbursement procedures are followed.

**Table of Key Risks**

Risk Area	Risk	Risk Level	Risk Mitigation Procedure
Expenses	Managers are involved in expense collusion and/or embezzlement	High	Expense Approvals, Financial Report Reviews, Cost Model Approvals, Field Auditor and Manager Supervision Visits
Expenses	Expenses are falsified	High	Expense Approvals
Expenses	Balances of office money accounts are diverted to support personal needs	Low	Weekly Expense Reports, Field Expense Reconciliation, Bank Statement Reviews
Expenses	Expenses are overstated for personal gain	Moderate	Expense Approvals, Airtime Approvals, Vendor Spot Checks
Cash Transfer Disbursements	Enrolled caregivers and infants are falsified resulting in fake enrollments	High	Cash Transfer Disbursement Reviews, Disbursement Session Reviews, Bi-hourly Monitoring, Field Auditor and Manager Supervision Visits
Cash Transfer Disbursements	Subsequent visits by enrolled caregivers and infants are falsified resulting in fake disbursements	High	Cash Transfer Disbursement Reviews, Disbursement Session Reviews, Infant History Reviews
Cash Transfer Disbursements	The same infant is enrolled multiple times	High	Biometric Reviews, Disbursement Session Reviews
Cash Transfer Disbursements	Cash transfer disbursements are falsified	High	Before and After Disbursement Session Reports

## Summary of Risk Level Assessment

High - This type of fraud has a low probability of prevention based on current procedures, though the probability of detection is moderate or high. The potential financial impact can vary.

Moderate - This type of fraud has a high probability of prevention and detection based on current procedures. The potential financial impact can vary.

Low - This type of fraud has a high probability of prevention and detection based on current procedures. The potential financial impact is low.

## Summary of Fraud Prevention Procedures

The following table summarizes key fraud prevention and risk mitigation procedures. These procedures form the basis of internal controls in place to prevent, identify, and mitigate prospective fraud.

Broadly, the procedures can be grouped into four categories:

- Expense approvals and data reviews
- Independent data reviews and system triggers
- Biometrics reviews and manual verification
- Field audits and manager supervision visits

**Table of Key Fraud Prevention and Risk Mitigation Procedures**

Procedure	Description
Expense Approvals	<ul style="list-style-type: none"> <li>- Every ABAE employee must submit 100% of expenses using a custom New Incentives Field Expense app called myDay</li> <li>- Work Plans are submitted prior to an expenditure being incurred such that the purpose and amount of the expenditure is pre-approved</li> <li>- All field expenditure goes through an independent team of reviewers for approval</li> <li>- All expenses and receipts submitted by ABAE employees are reviewed to assess fidelity with organizational policies</li> <li>- Field expense metadata, travel logs, activity photos, and location are reviewed during expense approvals for verification purposes</li> </ul>
Weekly Expense Reports	<ul style="list-style-type: none"> <li>- At the end of each week, all ABAE employees report the balance of their Work Bank Account and submit a photo of both the Work Bank Account balance and any Cash on Hand</li> <li>- Submitted photos are reviewed and Cash on Hand is counted by an independent reviewer</li> </ul>
Before and After Disbursement Session Reports	<ul style="list-style-type: none"> <li>- All disbursement staff report their Cash on Hand before each Disbursement Day and after Disbursement Day (daily differences between Cash on Hand before and after the Disbursement Day are reconciled against the total cash disbursed to caregivers by employee)</li> <li>- Each report contains an After Clinic Visit photo so that independent reviewers can count the employee's Cash on Hand to cross-check the figures reported by the employee</li> </ul>

	<ul style="list-style-type: none"> <li>- Transactional data, including the amount of cash disbursed and photo evidence of recipient holding the cash disbursement, are compared to expense reports</li> <li>- Independent reviewers review transactional data and associated photos to count the amount of cash displayed; the sum of cash disbursed from individual photos is used to calculate the total amount disbursed by an employee per Disbursement Day</li> </ul>
Cash Management Reconciliation	<ul style="list-style-type: none"> <li>- All ABAE employees sign a contract that defines stringent organizational policies regarding handling cash during onboarding</li> <li>- New Incentives triangulates four data points during a process called Cash Management; any differences between the Base Figure, the amount of cash disbursed charged to the organization, and other figures (referred to as Cash Management Discrepancies) indicate misreported cash disbursements and/or prospective employee fraud</li> </ul>
Field Expense Reconciliation	<ul style="list-style-type: none"> <li>- Work Bank Accounts are reconciled on a weekly basis and compared to system tracking of funds transferred and approved expenditure</li> <li>- All adjustments made during Expense Approvals and Field Expense Reconciliation are logged</li> </ul>
Financial Report Reviews	<ul style="list-style-type: none"> <li>- Financial reports are issued on a regular basis to the Board Treasurer</li> </ul>
Cost Model Approvals	<ul style="list-style-type: none"> <li>- All modifications to the cost model underlying the organization's budget are reviewed and approved by the Board Treasurer</li> </ul>
Bank Statement Reviews	<ul style="list-style-type: none"> <li>- Bank statements for Work Bank Accounts are collected and reviewed to identify possible personal transactions</li> <li>- Bank statements for Work Bank Accounts are reviewed against balances reported in Weekly Expense Reports to assess possible deviations and manipulation of bank account support submitted</li> </ul>
Vendor Spot Checks	<ul style="list-style-type: none"> <li>- Vendors are randomly selected based on a defined sampling methodology and called by a member of the Audit and Investigations Unit to confirm the accuracy of reported expenditure</li> </ul>
Cash Transfer Disbursement Reviews	<ul style="list-style-type: none"> <li>- Every cash transfer disbursement is reviewed against cash transfer disbursement policies and protocols</li> <li>- All deviations from protocols are logged as errors and systematically reviewed</li> </ul>
Disbursement Session Reviews	<ul style="list-style-type: none"> <li>- All caregivers from a Disbursement Day are reviewed in one listing to assess potential duplicate enrollments and duplicate disbursements</li> <li>- The background setting of photos from all disbursements from a Disbursement Day are reviewed in one listing to assess deviations and abnormalities that could signify off-site and/or fake disbursements</li> <li>- Location and timestamp data from photos submitted during cash transfer disbursements are reviewed to identify abnormalities</li> </ul>
Biometric Reviews	<ul style="list-style-type: none"> <li>- A biometrics algorithm compares the face biometrics of the caregiver accompanying the infant of each disbursement session to assess potential duplicate enrollments and duplicate disbursements; flagged matches are manually reviewed</li> <li>- The caregiver accompanying the infant at the point of enrollment is compared to caregivers within a 20km radius to assess whether the same caregiver has been</li> </ul>

	enrolled more than once with the same infant
Infant History Reviews	- The receiving infant of each cash transfer disbursement is reviewed to assess whether the infant returning is the same infant as the infant who was enrolled
Field Auditor and Manager Supervision Visits	- At least 5% of Disbursement Days receive visits by an independent unit of Field Auditors who submit an audit report, ~98% are unannounced - At least 5% of Disbursement Days receive visits by Field Managers who submit a supervision report, ~92% are unannounced
Bi-hourly Monitoring	- Employee takes photos at least once every 2 hours, these are reviewed by an independent unit at the point of expense approval to authenticate the location and setting of disbursements to prevent fake disbursements - Clinics not meeting this requirement are marked as Fail and multiple instances of this can lead to the clinics being paused and/or investigation visits
Airtime Approvals	- All requests for airtime (phone and internet credit) are reviewed and authorized to ensure that misuse of credits for personal calls and the internet is minimized - Airtime thresholds are set for employees individually based on expected usage and requirements - All requests are reviewed against expectations and averages, and supervisors are asked to justify special requests
Hotline and Anonymous Feedback Form	- Two in-country hotlines are managed whereby caregivers, stakeholders, or staff can confidentially report concerns or complaints - An anonymous feedback form is available for staff to report concerns or complaints

All prospective fraud cases are documented and investigated by New Incentives. New Incentives terminates all staff who commit fraud and maintains strict policies to prevent fraud and safeguard assets. Review of protocol compliance and resulting breaches can be triggers for potential fraud and further investigation.