

In the name of Allah, the Most Gracious, the Most Merciful

**Amiri Resolution No. (7) of 2022**

**Concerning**

**The Adoption of the Anti-Fraud Manual for the Government of Ajman**

We, Ammar bin Humaid Al Nuaimi, Crown Prince of the Emirate of Ajman

Having reviewed Amiri Decree No. (11) of 2011 issuing the Financial Law of the Government of Ajman and its executive regulations,

And Amiri Decree No. (15) of 2012 concerning the Department of Finance in Ajman and its amendments,

And Amiri Decree No. (5) of 2017 concerning the Financial Audit Authority in Ajman,

And Amiri Decree No. (2) of 2018 concerning the Legislation Committee in the Emirate of Ajman,

And based on the approval of the Legislation Committee,

We have issued the following resolution:

**Article (1)**

**Adoption of the Anti-Fraud Manual**

The Anti-Fraud Manual for the Government of Ajman, attached to this Resolution, is hereby adopted.

**Article (2)**

**Scope of Application**

The provisions of the Anti-Fraud Manual for the Government of Ajman, adopted pursuant to this Resolution, shall apply to government entities whose budgets are within the general budget of the Government, government entities that have budgets independent of the general budget of the Government, and companies wholly owned by the Government.

## **Article (3)**

### **Executive Resolutions**

The Chairman of the Department of Finance in Ajman shall issue, whenever necessary, the executive resolutions, circulars, manuals, forms, and instructions required for the implementation of the provisions of the Anti-Fraud Manual adopted pursuant to this Resolution.

## **Article (4)**

### **Entry into Force and Publication**

This Resolution shall come into force from the date of its issuance and shall be published in the Official Gazette.

Issued by us on this day, Monday, the 8th of Shawwal 1443 Hijri, corresponding to the 9th of May 2022 Gregorian.

Ammar bin Humaid Al Nuaimi

Crown Prince of the Emirate of Ajman

### **Anti-Fraud Manual for the Government of Ajman**

First Edition

March 2022

### **Manual Contents**

Manual Contents

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## First: Definitions

Term	Definition
The Emirate	The Emirate of Ajman.
The Government	The Government of Ajman.
The Crown Prince	The Crown Prince of the Emirate.
The Government Entity	Government departments, authorities, institutions, councils, centers, and agencies.
Government Companies	Companies wholly and directly owned by the Government or Government Entities.
The Entity	The entity concerned with the application of the Manual.
The Department	The Department of Finance in Ajman.
Senior Management	The highest administrative authority present in the entity concerned with the application of the Manual.
Executive Management	The Director-General, Executive Director, or any persons directly reporting to them or their equivalent in the entity concerned with the application of the Manual, and it is responsible for implementing policies and procedures to achieve strategic objectives.
Internal Audit Unit	The organizational unit responsible for the internal audit activity in the Entity, which reports to the Senior Management.

Term	Definition
Head of the Internal Audit Unit	The highest official in the organizational unit concerned with internal audit according to the Entity's organizational structure.
The Employee	Any natural person occupying a position within the concerned Entity, regardless of the nature of their work or job title.
The Manual	The Anti-Fraud Manual.
Policies	The rules and provisions contained in this Manual.
Procedures	The detailed practical steps to be applied to implement the Policies.
Fraud	An act by an employee, whether alone or with others, whether as a principal actor or by assisting or participating with others, in violation of their job duties or by committing any act prohibited to them, or by violating any applicable laws, resolutions, or employment regulations, including exploiting their position or assigned tasks, with the aim of achieving an illicit benefit, whether for themselves or for others, and whether this benefit was realized or not.
Violations Committee	The administrative violations committee formed in the Entity or its equivalent, which is concerned with looking into any job-related violation attributed to an employee.
Authorities and Delegation Rules Resolution	A resolution issued to define financial and administrative authorities and their delegation rules.

## **2.1 Introduction**

The Manual represents a general framework and a fundamental pillar for the optimal application of the corporate governance system for combating fraud within the Entity. It aims to enhance the control environment in these entities by developing an effective and integrated system to combat various forms of fraud, enabling them to identify its risks, how to confront them, and deal with them effectively to ensure commitment to integrity and transparency, protect their interests, and ensure business continuity. This Manual includes documentation of policies and procedures related to combating fraud in accordance with leading practices.

## **2.2 Objectives of the Manual**

The Manual aims to achieve the following:

- Enhancing transparency and integrity.
- Applying best practices related to combating fraud and financial and administrative corruption in all its forms.
- Defining and clarifying the roles and responsibilities of the parties involved in combating fraud.
- Protecting assets by reducing fraud operations.
- Strengthening the role of the anti-fraud process as a key element in the corporate governance system.
- Increasing employees' awareness of following mechanisms to prevent, detect, and deal with fraud when it occurs or is suspected.

## **2.3 Scope of Application of the Manual**

This Manual applies to:

1. Government Entities.
2. Government Companies.
3. Any other entity specified by the Crown Prince.

## **2.4 Implementation of the Manual's Provisions**

The Executive Management of each concerned Entity shall be responsible for verifying its application and establishing the necessary procedures for its implementation.

## **2.5 Interpretation of the Manual**

The Department is responsible for interpreting the provisions of the Manual and responding to any inquiries about it.

## **2.6 Updating the Manual**

2.6.1. The Department shall review and update the provisions and procedures of this Manual annually or whenever necessary. The update procedures shall be carried out after obtaining the views of the concerned entities in the Emirate and submitting the proposed amendments to the Crown Prince for issuance under an Amiri Resolution.

2.6.2. Any entity covered by the scope of this Manual's provisions may submit a written request to the Department to update the Manual, whether the update relates to amending its existing provisions or introducing new ones. The Department shall study the update request, prepare the appropriate recommendation, and submit the proposed amendments to the Crown Prince for issuance under an Amiri Resolution.

2.6.3. After a resolution is issued approving the update of the Manual, the Department must ensure the following:

- All updates are incorporated into the Manual.
- The entities concerned with applying the provisions of this Manual are notified of the updates made to it.

## **Third: Fraud**

### **3.1 Forms of Fraud**

The term 'fraud' includes activities that harm public funds and public property and any illegal act that could affect the misuse or mismanagement of public funds in the Entity. Examples of fraud include:

- Embezzlement of public funds.
- Tampering with accounts, or wrongfully destroying or deleting records.
- Accepting bribes, such as gifts or any other benefits, for personal gain.

- Exploiting one's job position or assigned tasks for personal or others' benefit.
- Using the Entity's assets for personal gain.
- Wrongfully destroying or deleting records.
- Unauthorized disclosure of the Entity's information for personal gain.

### **3.2 Fraud Operations**

Fraud operations cause significant and direct negative damage and effects on the funds of the concerned entities and on the quality of services they provide, in addition to affecting the Entity's reputation, which negatively impacts its ability to achieve its objectives. Therefore, the Entity should ensure that its employees act in accordance with the rules of professional conduct and internal policies, with the aim of protecting its funds and assets, maintaining its integrity, securing its affairs, and protecting its reputation and the reputation of its employees.

Entities work to reduce fraud attempts by following these steps:

1. Whistleblowing Culture: Spreading a culture of reporting and responsibility within the Entity, empowering employees with various appropriate communication and reporting channels, and ensuring that sensitive information is handled appropriately and confidentially.
2. Segregation of Duties: Ensuring the separation of duties between regulatory and operational roles and responsibilities.
3. Control Measures: Establishing the necessary control measures to ensure the proper use of financial resources and to monitor disbursement operations.
4. Investigations and Procedures Related to Fraud Cases: Conducting appropriate investigations when fraud cases occur and taking suitable disciplinary or legal action against the perpetrators.
5. Root Causes: Identifying the root causes for the commission of discovered fraud cases and developing appropriate control measures to mitigate them in the future.

Fraud operations may occur in various areas of work within the Entity and by various stakeholders associated with the Entity, including but not limited to:

- Entity employees.

- Suppliers of goods and services to the Entity.
- Any other person who has a relationship with the Entity.

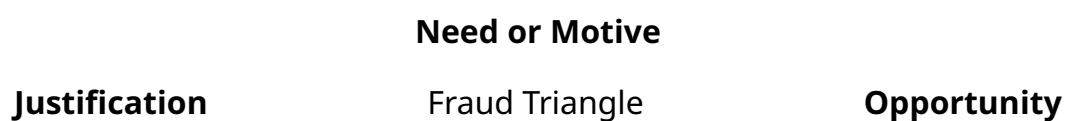
### 3.3 Motives for Fraud

In order to minimize fraud incidents as much as possible, the Entity must analyze the causes of fraud operations and attempt to establish the necessary control measures.

The fraud triangle has been known for many years and is considered the best way to explain why fraud occurs. It clarifies the incentives associated with the occurrence of fraud, which are as follows:

- **Need or Motive:** These are the motives and pressures, whether financial, psychological, or other pressures that lead to committing fraudulent acts. Examples of such pressures include the inability to meet financial obligations, the need to increase revenue or achieve productivity targets at work, an excessive desire to improve one's financial and social status, or other motives.
- **Justification:** This is the personal justification for committing dishonest acts, such as believing it is an entitled right, that the embezzled funds are a loan that will be repaid later, that the money is needed for urgent personal family matters, or dissatisfaction with the employer for paying a low salary compared to what they believe they deserve.
- **Opportunity:** These are the circumstances that give a person the ability to carry out fraudulent acts without being detected, represented, for example, by the misuse of a job position and the trust granted to achieve personal goals. This usually results from weak control measures and procedures.

Considering the three main factors for fraud occurrence (according to Donald Cressey's theory) can help the Entity understand the causes and take appropriate measures to mitigate them.





## 4.1 Elements of the Anti-Fraud Framework

The anti-fraud framework is a fundamental pillar of the Entity's corporate governance. The following is an illustrative diagram of the anti-fraud framework:

The following is a clarification of the main elements of anti-fraud:

Main Element	Sub-Element	Description
Main Pillars	Senior Leadership	Senior Leadership, represented by the Head or Director-General of the Entity or their equivalent, is responsible for ensuring the existence of an efficient, sufficient, and effective mechanism for dealing with fraud incidents. The leadership adopts a clear direction for combating fraud and corruption in all its forms and provides full support to the Entity's departments in this context. This is achieved through a commitment to corporate integrity, honesty, and ethical behavior, which positively reflects on the performance of the Entity's employees.
	Corporate Culture	<p>Entities must work to continuously promote and spread an anti-fraud culture through the following:</p> <ul style="list-style-type: none"><li>• Clearly defining ethical values within the approved code of professional conduct and ethics in the Government of Ajman, which all Entity employees commit to and comply with.</li><li>• Developing and disseminating a clear anti-fraud policy, including imposing appropriate penalties on perpetrators of fraud.</li><li>• Enhancing employees' awareness of fraud cases and providing appropriate</li></ul>

Main Element	Sub-Element	Description
Enablers		training courses for employees on anti-fraud strategies.
	Policies and Legislation	The preparation of necessary policies and legislation to combat fraud, with clarity on the tasks and responsibilities of different parties, contributes to the effectiveness of the anti-fraud process. Following up on the application of these policies and legislation is essential to ensure the achievement of the desired objectives.
	Governance Practices	The existence of a corporate governance framework within the Entity that includes all governance elements such as internal audit, compliance, enterprise risk management, and performance management contributes to reducing fraud incidents.
Anti-Fraud Practices	Proactive Periodic Activities	Proactive activities to combat fraudulent practices include, but are not limited to: identifying and assessing potential fraud scenarios, understanding all control measures related to mitigating fraud risks, evaluating these controls in terms of adequacy and effectiveness, and proposing new controls—whether preventive controls to mitigate these risks or detective controls to uncover risks—or recommendations to improve existing controls if required. Control measures may also be periodically evaluated for adequacy and effectiveness.
	Reactive Activities	<ul style="list-style-type: none"> <li>• Providing awareness workshops for employees regarding anti-fraud is</li> </ul>

Main Element	Sub-Element	Description
		<p>essential to raise awareness through education and training programs as part of a comprehensive risk management strategy. Special attention should be given to managers and employees working in high-risk areas, such as procurement and invoice payment, and those who have a role in preventing and detecting fraud, such as human resources and employees responsible for investigations.</p> <p>Reactive anti-fraud activities include the following:</p> <ul style="list-style-type: none"> <li>• <b>Fraud Detection Activities:</b> Fraud detection activities should include the use of analytical and other procedures to highlight anomalies, and following specified reporting mechanisms to communicate suspected fraudulent acts. Key elements of a comprehensive system for fraud detection, reporting, cause analysis, and risk assessment.</li> <li>• <b>Fraud Response Activities:</b> Fraud response activities are a formal way to define the arrangements in place to deal with detected or suspected fraud cases. Their purpose is to provide procedures that allow for the collection and comparison of evidence in a way that facilitates informed decision-making, while ensuring that the evidence collected will be admissible in any civil or criminal proceedings.</li> </ul>

Main Element	Sub-Element	Description
		<ul style="list-style-type: none"> <li>• Monitoring and Reporting: After monitoring fraud cases, periodic reports must be submitted to Senior Management, in addition to identifying deficiencies in the relevant control measures and providing proposals and improvements that would reduce the mentioned fraud cases.</li> </ul>

## 4.2 Parties Responsible for the Anti-Fraud Framework

There are multiple roles and responsibilities involved in combating fraud within the Entity, which include the following:

Party	Tasks and Responsibilities Related to Anti-Fraud
Senior Management	<ul style="list-style-type: none"> <li>• Reviewing reports submitted by competent organizational units (such as Internal Audit and Enterprise Risk Management) related to fraud risks and relevant control measures, and providing guidance as necessary to ensure effective control measures are in place.</li> <li>• Establishing effective reporting mechanisms and systems that enable the receipt of accurate information from employees and relevant organizational units regarding potential fraud cases.</li> <li>• Providing organizational units with all appropriate resources to implement the Manual and achieve its objectives.</li> </ul>

Party	Tasks and Responsibilities Related to Anti-Fraud
Executive Management	<ul style="list-style-type: none"> <li>• Ensuring the effectiveness of the anti-fraud process in the Entity by promoting an anti-fraud culture, as well as ensuring that necessary corrective actions are taken for all fraud cases immediately upon discovery.</li> <li>• Making appropriate and effective decisions and actions regarding the recommendations and observations of the Violations Committee in fraud cases.</li> </ul>
Managers of Organizational Units	<ul style="list-style-type: none"> <li>• Promoting the principles of transparency, honesty, corporate integrity, and ethical behavior among employees in the organizational units.</li> <li>• Actively participating in identifying and assessing fraud scenarios by providing the concerned organizational units (Internal Audit and Enterprise Risk Management) with potential fraud risks specific to their departments, operations, stakeholders, and external parties, while clarifying the proposed internal controls to mitigate those risks.</li> <li>• Cooperating with the Violations Committee during investigations when requested to do so.</li> </ul>
Violations Committee	<ul style="list-style-type: none"> <li>• Conducting investigations into violations and fraud cases and submitting its findings to Senior Management and Executive Management, in accordance with its competencies stipulated in the effective legislation and regulations.</li> </ul>

Party	Tasks and Responsibilities Related to Anti-Fraud
Internal Audit Unit	<ul style="list-style-type: none"> <li>• Defining and documenting the necessary work procedures for conducting investigations in detected cases.</li> <li>• Verifying that a periodic assessment of fraud risks and the effectiveness and adequacy of related control measures is conducted, and informing the concerned organizational units of potential fraud risks and relevant recommendations regarding improving control measures to mitigate those risks.</li> <li>• Assessing the adequacy and effectiveness of the internal control measures designed to mitigate fraud.</li> <li>• Taking into consideration the results of the fraud risk assessment when developing the annual internal audit plan.</li> <li>• Submitting periodic reports to Senior Management regarding the actions taken to combat fraud, as well as the effectiveness of the Manual's implementation.</li> <li>• Ensuring that the internal audit team has the necessary knowledge and expertise to enable them to conduct the fraud risk assessment process effectively.</li> <li>• Providing support to the organizational unit concerned with enterprise risk management regarding the identification and assessment of fraud risks and scenarios, if required.</li> <li>• Receiving whistleblowing reports directly or through the various channels of the reporting system.</li> <li>• Studying whistleblowing reports and evaluating the evidence provided.</li> </ul>

Party	Tasks and Responsibilities Related to Anti-Fraud
Entity Employees	<ul style="list-style-type: none"> <li>• If there is evidence confirming the possibility of fraud in the reported or detected cases, the Head of Internal Audit shall submit a preliminary report with all case details to Senior Management for necessary guidance, with a copy to Executive Management.</li> <li>• Ensuring they have an appropriate understanding of anti-fraud processes and activities.</li> <li>• Having a good understanding of their duties as well as the rules of professional conduct regarding compliance with control measures designed to detect or mitigate fraud operations.</li> <li>• Informing the Head of the Internal Audit Unit of fraud risks in the various activities within the Entity.</li> <li>• Reporting cases suspected of involving fraud according to the policies and procedures specified in the Manual.</li> <li>• Cooperating with investigators, if requested by the Violations Committee.</li> </ul>

### **Fifth: Anti-Fraud Tools and Enablers**

The following are the main elements that contribute to the anti-fraud process in entities:

Fraud Scenario Assessment

Rules of Professional Conduct

Awareness of Fraud Risks and How to Deal with Them

Conflict of Interest Policy

Mechanism for Reporting Violations and Protecting Whistleblowers

Delegation of Authority Matrix

The table below explains the details associated with each of the main elements that contribute to the anti-fraud process:

No.	Element	Details
1	Rules of Professional Conduct	The existence of a professional conduct document within entities represents the fundamental basis for improving the control environment in the Entity, as it reflects on employee behavior and effectively supports anti-fraud efforts. The document on principles of professional conduct and public service ethics aims to promote and develop a corporate culture that encourages commitment to professional conduct rules among employees and enhances transparency and integrity in employees' dealings with each other and with other external parties.



No.	Element	Details
2	Conflict of Interest Policy	<ul style="list-style-type: none"> <li>• Entities should develop a clear policy regarding conflicts of interest, which strengthens control measures in the entities and prevents cases of conflict of interest. This is done by regulating potential conflicts of interest for board members, executive management, employees, and other related parties as required.</li> <li>• All Entity employees shall pledge to disclose any cases of conflict between the employee's personal interest and the Entity's interest. This pledge must be renewed annually to ensure any changes are documented and necessary action is taken.</li> </ul>
3	Authorities and Delegation Rules Manual	<p>The preparation of a manual for financial and administrative authorities and their delegation rules is a fundamental control measure, as it leads to the definition of financial and administrative responsibilities and authorities for job occupants authorized to approve decisions and transactions in the entities. This enhances the governance of the flow of official transactions in the entities and reduces the risks of fraud and deceit. Also, during the preparation of the authority matrix, the separation of regulatory and operational authorities must be taken into account.</p>
4	Screening of Candidates for Appointment	<p>Entities must conduct background checks on candidates for appointment in the Entity, such as requesting security clearance and a</p>

No.	Element	Details
5	Fraud Scenario Assessment	<p>certificate of criminal status, with the aim of reducing the likelihood of hiring individuals with previous records of unprofessional behavior or who may have been involved in past fraud or job-related violations.</p> <ul style="list-style-type: none"> <li>• Fraud scenario assessment is an ongoing and periodic process for managing fraud risk, taking into account the ways in which fraud can occur in the Entity, both internally and externally. In addition to identifying fraud risks, the fraud scenario assessment process helps to identify existing controls and recommend additional control measures related to each fraud risk, if required.</li> <li>• The fraud scenario assessment process may be integrated with the enterprise risk management process or may be conducted as a standalone practice. However, it should, at a minimum, include the identification of the risk/ scenario, the likelihood of occurrence, the expected impact, and a response plan.</li> <li>• During the process, the assessment team must identify potential fraud scenarios, which describe the mechanism or sequence of actions by which fraud might occur.</li> </ul>
6	Awareness of Fraud Risks and How to Deal with Them	<p>The Entity must ensure that awareness sessions are held periodically for all Entity employees to raise awareness of various fraud</p>

No.	Element	Details
		<p>risks. Training courses may also be conducted aimed at:</p> <ul style="list-style-type: none"> <li>• Promoting ethical behavior.</li> <li>• Encouraging compliance with the Entity's rules of conduct.</li> <li>• Clarifying employees' obligations under laws and regulations regarding anti-fraud.</li> <li>• Alerting employees to the possibility of fraud occurring in their workplaces and helping them identify any actual or potential fraud risks.</li> </ul>
7	Mechanism for Reporting Violations and Protecting Whistleblowers	<p>The Entity must establish a mechanism for reporting any illegal or unethical practices by providing a safe, confidential, and effective means to help them allay any concerns they may have when reporting such violations.</p> <p>While developing work procedures for the various organizational units in the Entity, the necessary control measures to mitigate fraud risks must be established. Control measures may include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Rotating employees in positions with fraud risks and ensuring they take regular annual leave.</li> <li>• Periodically reviewing access authorities to the electronic systems used in the Entity and their access logs.</li> <li>• Generating periodic reports from electronic systems for any operations not carried out according to the granted procedures and authorities.</li> </ul>
8	Control Measures	

No.	Element	Details
		<ul style="list-style-type: none"> <li>• Verifying that the accounts of resigned employees on electronic systems are deactivated immediately after they leave the Entity.</li> <li>• Independent periodic reconciliation of accounts, such as bank accounts.</li> <li>• Periodically verifying the accuracy of supplier and customer account balances.</li> <li>• Procedures that ensure the integrity and transparency of tender and procurement processes.</li> <li>• Procedures related to the safeguarding and protection of assets and the process of retiring assets from accounting records.</li> <li>• Procedures for analyzing budget variances, identifying the reasons for the differences, and submitting related reports.</li> <li>• Conducting surprise audits.</li> </ul>

## Sixth: Anti-Fraud Policies

### 6.1. General Policies to Reduce Fraud

6.1.1. All employees of the entity must sign a declaration stating that they have read and fully understood the rules of professional conduct, in addition to signing "conflict of interest" declarations. The conflict of interest declaration must also be signed annually.

6.1.2. Taking into account the applicable legislation, the entity must prepare a manual of authorities and their delegation rules and have it approved by the authorized approving authority in the entity, to include financial and administrative authorities for various job titles in the entity. It must also be updated periodically if required.

6.1.3. Entities must ensure the separation of financial and administrative authorities, as well as a clear separation of tasks and responsibilities, and ensure that policy and procedure manuals are aligned with the authorities stated in the matrix. This is to reduce the risks of potential fraudulent activity or collusion, and it also reduces the risks of granting inappropriate approvals, in addition to enhancing accountability among employees regarding their areas of responsibility.

6.1.4. The Human Resources Unit must vet candidates for appointment to reduce the likelihood of hiring individuals with prior records of unprofessional behavior or involvement in fraud or violations. This may be done through the following:

- Requesting a criminal record certificate from the competent authority.
- Contacting the employee's previous employers. (For example, the two most recent employers may be contacted).
- Verifying the attestation of qualifications through accredited sources in the country.

6.1.5. The Director of the Internal Audit Unit, in coordination with the directors of the organizational units in the entity, shall periodically conduct a fraud risk and scenario assessment for all activities and processes, identifying and evaluating current controls in terms of adequacy and effectiveness, in addition to developing the necessary remediation plans to mitigate those risks in coordination with all concerned parties in the entity.

6.1.6. Develop and periodically update fraud risk registers and their related controls to reflect any changes, such as the identification of new risks or updates to relevant controls.

6.1.7. The Internal Audit Unit in the entity manages the process of assessing potential fraud scenarios in coordination with all relevant parties in the entity. The responsibility for implementing remediation plans lies with the directors of the organizational units.

6.1.8. When preparing the annual internal audit plan, the Internal Audit Unit must consider the results of the potential fraud scenario assessment process to ensure that all activities with potential fraud risks are included in the plan to examine the adequacy and effectiveness of the relevant controls.

6.1.9. If new fraud risks are discovered, the Internal Audit Unit must update the plan to take these risks into account.

6.1.10. Fraud risks must be taken into account when designing a new system.

6.1.11. The Internal Audit Unit must assess the efficiency, adequacy, and effectiveness of internal controls to reduce the occurrence of fraudulent practices that could be committed by either internal or external parties, in addition to periodically reporting on the status of controls to senior management, with any proposed recommendations in this regard.

6.1.12. The Internal Audit Unit shall conduct periodic (annual or semi-annual) anti-fraud awareness workshops for all employees of the entity, and for new employees upon starting their work at the entity, in coordination with the Human Resources Unit.

## **6.2. Fraud Detection Policies**

### **6.2.1. Whistleblowing System for Fraud Detection**

- All entities must establish a dedicated email for reporting fraud cases. The government entity may establish a hotline for the same purpose, with coordination between the Internal Audit Unit and the relevant organizational unit in the entity in this regard.
- Any person, whether an employee, customer, or supplier, can report violations or cases of fraud or the potential for fraud through the channels designated by the entity for these purposes.
- All received reports must be treated with strict confidentiality by the entity in accordance with the provisions of the regulations, rules, and policies governing this.
- The Director of the Internal Audit Unit shall manage the system for reporting violations and fraud cases, in a manner that ensures a record of reported cases and the results of actions taken on each is maintained.
- The decision to initiate investigation procedures is approved by senior management based on the study and recommendation of the Director of the Internal Audit Unit, after obtaining all relevant information and evidence.

- Employees of the entity must use any of the following methods to report violations or fraud cases:
  - Reporting to the Director of the Internal Audit Unit (Direct Reporting):  
Complaints and reports can be submitted directly to the Director of the Internal Audit Unit and documented in writing through an official letter or email.
  - Reporting via the Dedicated Email:  
Reporting violations or fraud cases by sending an email to the email address designated for the violation and fraud reporting system.
  - Reporting via the Hotline:  
Reporting violations or fraud cases through the hotline for the violation reporting system.
- Reporters must ensure that all relevant facts, documents, and information are documented during the reporting process to support the competent authorities in taking the necessary actions to initiate an investigation.
- The identity of reporters must not be disclosed and must be kept confidential. However, it is preferable for reporters to provide personal contact details to assist in any investigation that may need to be conducted later.
- The identity of the reporter and the information received may be disclosed in the following two cases:
  - If the reporter provides written consent for their identity to be disclosed.
  - If required by the provisions of applicable legislation.
- Every effort is made to ensure confidentiality by employees handling the reports.

### **6.2.2. Protection of Whistleblowers**

- The entity is committed to not harming any person who reports a potential violation in good faith, believing it to be a true claim, even if no evidence of the claim is proven.
- If the whistleblower is required to testify before a competent judicial authority investigating the violation, the entity where the fraud occurred must provide the whistleblower with the necessary legal

advice. Any other employee called to testify shall be treated in the same manner as the whistleblower.

- The entity is committed to providing the necessary guarantees for employees to report fraud cases to the Director of the Internal Audit Unit or through the whistleblowing system, without fear of being subjected to any kind of harm, threat, discrimination, or retaliation by the reported entity or any of its employees.
- Whistleblowers who are harmed for reporting a fraudulent violation have the right to file a complaint with the Director of the Internal Audit Unit, executive management, or senior management.
- The entity may prepare and disseminate a whistleblower protection policy, provided it is consistent with and does not contradict what is stated in this guide.

### **6.2.3. Data Analytics for Fraud Detection:**

- When preparing the annual internal audit plan based on the results of the risk assessment, the Internal Audit Unit must consider fraud risks and related controls, ensuring that activities with fraud risks classified as high are included in the plan.
- To achieve effectiveness and efficiency in detecting potential fraud cases, the Internal Audit Unit must conduct analysis of financial and operational data.
- The data analysis cycle includes the following stages:

#### **a. Understanding and Assessment:**

- A good and comprehensive understanding of the entity's business and its nature must be obtained, which will help in identifying weaknesses or areas where potential fraud may exist within the systems and processes.
- Brainstorming sessions should be conducted among the team to gather the expertise and ideas of team members to identify risk areas and fraud indicators (Red Flags).

#### **b. Conducting Data Analysis:**

- Based on the previously identified fraud indicators (Red Flags), the type of data that needs to be obtained and analyzed to achieve the



desired audit objectives is determined, using specialized software for this purpose.

- The scope of the audit plan should be expanded to review and investigate suspicious or unusual items. Most suspicious cases may be false positives and can be explained after further investigation.
- If actual cases are identified and verified, automated procedures and processes, such as continuous monitoring, can be implemented to resolve the issue immediately and to reduce the risk of its recurrence in the future.

c. Auditing and Verification:

- Once fraud cases are identified, technology may be able to assist in identifying or extracting additional fraudulent transactions of the same type. The result of the review or verification determines the additional actions necessary to be implemented or included in automated control procedures.
- The Director of the Internal Audit Unit must ensure that the internal audit team possesses data analysis skills, in addition to the availability of the necessary software to perform the data analysis process in a manner appropriate to the volume of the entity's operations, if required.
- In the absence of a fraud assessment or if the assessment is incomplete and does not cover all operations in the entity, the Director of the Internal Audit Unit, in this case, conducts data analysis tests according to best practices or by seeking the assistance of specialized experts.

#### **6.2.4. Preliminary Report on Fraud Cases**

- The Director of the Internal Audit Unit, based on the results of analyzing the reports and related data and documents submitted, must prepare a preliminary report that includes the analysis results and a recommendation on whether to initiate an investigation into the reported incident.

- The Director of the Internal Audit Unit must refer the preliminary assessment report to senior management to make one of the following two decisions:
  - Close the investigation due to the incorrectness of the reported person committing the incident in question or due to insufficient evidence.
  - Conduct the necessary investigations regarding the reported incident.
- Senior management must inform the Financial Audit Authority of any incident that may be suspected of involving a case of fraud constituting a financial violation, to initiate the necessary investigation procedures by the Authority, in parallel with the internal investigation, with the need to provide the Authority with all relevant documents and information.
- In cases of fraud related to electronic systems and information technology, the services of specialized individuals or companies must be obtained to ensure the accuracy of evidence collection and to reach accurate and reliable results.
- The Financial Audit Authority must be informed of all measures taken to investigate fraud cases, in addition to the decisions and corrective actions taken by the entity, even if the decision was to close the case, following the entity's decision in this regard.

### 6.3. Policy for Handling Fraud Cases

The mechanism for handling fraud cases includes the following:

01 Formation of the Violations Committee	02 Investigation Procedures	03 Documenting and Reporting Investigation Findings	04 Making the Final Decision and Taking Corrective Actions
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#	Procedure	Details
1		<ul style="list-style-type: none"> <li>• In cases where a decision to investigate has been made, a Violations Committee is formed</li> </ul>

#	Procedure	Details
	Formation of the Violations Committee	<p>to carry out the investigation tasks in accordance with the provisions of the relevant regulations.</p> <ul style="list-style-type: none"> <li>• The executive management must verify the independence of the members of the formed Violations Committee from the processes and individuals concerned with the investigation.</li> <li>• The Director of the Internal Audit Department must provide appropriate recommendations and guidance regarding the level of knowledge, skills, and qualifications required of the committee members to conduct the investigation with the desired efficiency and effectiveness, which varies depending on the fraud case under investigation.</li> <li>• In cases that require technical expertise and qualifications not available among the entity's employees, the entity may seek the assistance of investigators and consultants from outside the entity to participate in the investigation procedures or to provide an opinion after obtaining approval from the senior management of the concerned entity.</li> </ul>
2	Investigation Procedures	<p>The following steps are followed to conduct investigations into violations and fraud cases:</p> <p>1.1. Preparing the Investigation Plan</p> <p>An investigation plan must be prepared by the investigation committee, to include the following:</p> <ul style="list-style-type: none"> <li>• The facts that must be present to prove the validity of the claim.</li> <li>• The time frame required to complete the investigation.</li> <li>• The evidence to be obtained during the investigation.</li> </ul>

#	Procedure	Details
		<ul style="list-style-type: none"> <li>• The sources of evidence that will be verified.</li> <li>• Identifying the individuals to be interviewed as part of the investigations.</li> </ul> <p>1.2. Gathering Evidence</p> <p>The focus is usually on evidence from internal sources within the entity as well as external evidence. The type of evidence collected depends on the nature of the claim, as it may include, for example, contracts, human resources data, payment data, bank records, building entry and exit logs, and surveillance camera recordings. The need to review employee email correspondence and electronically issued documents should also be considered. All evidence accessed must be documented in a way that facilitates its review and future reference, ensuring the evidence is arranged in a logical sequence.</p> <p>1.3. Conducting Interviews</p> <p>Interviews aim to gather facts and include the following steps:</p> <ul style="list-style-type: none"> <li>• Identifying the individuals to be interviewed, including those suspected of committing any violations or fraud, as well as potential witnesses.</li> <li>• Preparing an interview plan and the questions to be asked of the interviewees.</li> <li>• Determining what will be presented to the interviewees and when it will be presented during the interview.</li> <li>• Determining how the information will be recorded, including audio recording if necessary, documenting the interview minutes, and whether they should be signed by the interviewee.</li> </ul>

#	Procedure	Details
3	Documenting and Reporting Investigation Findings	<p>After completing all investigations and reviewing the evidence accessed, a report on the investigation findings must be prepared and submitted to the senior management and the Audit and Risk Committee of the entity, if one exists, in accordance with their competencies, to make appropriate decisions. The report should include the following elements:</p> <ul style="list-style-type: none"> <li>• Details of the allegation.</li> <li>• The steps taken from the beginning of the investigations, in addition to the evidence obtained and the source of each, in chronological order.</li> <li>• Minutes of interviews and meetings held.</li> <li>• Any information obtained and its impact on the course of the investigation.</li> <li>• Challenges encountered, such as individuals who were not interviewed, or information that the committee was unable to access.</li> <li>• Determining the investigation findings and whether the allegation has been proven true or not.</li> <li>• A list of individuals involved in the violation or fraud case, with the necessity of documenting the act and time.</li> </ul>
4	Making the Final Decision and Taking Corrective Actions	<p>After the Violations Committee submits a report explaining its recommendations on the fraud incident to senior management, the matter is handled as follows:</p> <ul style="list-style-type: none"> <li>✓ Close the investigation if there is insufficient evidence of fraud.</li> <li>✓ Handle the case if it constitutes an administrative violation according to the</li> </ul>

#	Procedure	Details
		<p>penalties stated in the entity's human resources regulations.</p> <ul style="list-style-type: none"> <li>✓ Notify the Financial Audit Authority with an official letter, attaching the final reports on the investigations conducted if it was a financial violation.</li> <li>✓ Notify the Public Prosecution if the attributed act constitutes a criminal offense.</li> </ul> <p>The Violations Committee must identify the weaknesses in the controls that led to the cases of violation or fraud, with recommendations that would reduce such cases in the future.</p> <p>All documents collected and issued during the process of handling fraud cases must be kept in the fraud register for a period of no less than five years within the entity for reference when needed.</p>

## 6.4. Monitoring, Continuous Evaluation, and Reporting Policies

This section includes policies related to monitoring, continuous evaluation, and reporting processes to ensure the continued application of the fraud manual in the entity:

### 6.4.1. Updating Fraud Risk Registers

- The Director of the Internal Audit Unit must ensure that the organizational units in the entity update the fraud risk registers periodically (semi-annually or annually) or in case of substantial changes to processes or services, in addition to reporting critical fraud risks and developing corrective plans to deal with them immediately.
- If the fraud risk registers are not updated periodically by the organizational units, the Director of the Internal Audit Unit must inform senior management of this.

- The Director of the Internal Audit Unit must review the inputs to the fraud risk registers and verify the adequacy of the information contained in those registers and the relevant controls, in addition to the plans for addressing those risks.

#### **6.4.2. Periodic Review of Policy and Procedure Manuals**

- The organizational units in the entity must work on reviewing and updating policies and procedures to strengthen controls to reduce the likelihood of future fraud cases, in coordination with the competent authorities to obtain the necessary approvals.

#### **6.4.3. Root Cause Analysis of Fraud Cases**

- The entity's Audit and Risk Committee (or the Director of the Internal Audit Unit if there is no audit and risk committee) analyzes the root causes of the fraud cases that were discovered, takes into account the lessons learned, and proposes controls to prevent their occurrence in the future. The executive departments are responsible for implementing these controls after obtaining the necessary approvals according to the approved authority matrix in the entity.

#### **6.4.4. Issuing Periodic Reports**

The Director of the Internal Audit Department must submit a summary report on fraud operations to the entity's senior management on a semi-annual basis. The report should contain the following information:

- A summary of the cases reported through the whistleblowing system.
- Completed investigations and cases that are still under investigation.
- The extent of cooperation of departments in updating fraud risk registers and implementing controls to mitigate those risks.
- A list of awareness workshops on fraud that have been conducted.
- The extent of application of control tools related to fraud scenarios.
- Any recommendations that would reduce fraud risks at the entity level.

## Seventh: Anti-Fraud Procedures

### 7.1. Procedures to Reduce Fraud Operations

#### 7.1.1. Procedures for Fraud Scenario Assessment Process

No.	Procedure Description	Responsibility	Outputs
1	Prepare policies and procedures for the fraud scenario assessment process, clarifying relevant tasks, responsibilities, and time frames	Director of the Internal Audit Unit	Draft policies and procedures for fraud scenario assessment
2	Review policies and procedures for the fraud scenario assessment process, discuss any proposals with the Director of the Internal Audit Unit, then submit them to senior management for approval after the required amendments are made by the Director of the Internal Audit Unit	Executive Management	Draft policies and procedures for the fraud scenario assessment process
3	Approve policies and procedures for the fraud scenario assessment process and circulate them to all relevant organizational units in the entity	Senior Management	Approved policies and procedures for the fraud scenario assessment process
4	Conduct the fraud scenario assessment process by	Director of the Internal Audit Unit	



No.	Procedure Description	Responsibility	Outputs
	holding workshops with all directors of organizational units to identify potential fraud risks and all scenarios, in addition to identifying relevant controls	in coordination with the directors of the organizational units in the entity	Workshops / Meeting minutes
5	Analyze the fraud risks identified in the fraud scenario assessment stage and fill out the fraud risk registers, including all information related to the risks such as process name, risk category, description of applied controls to mitigate the risk, then present the results of the assessment process and the fraud risk registers to the directors of organizational units for discussion and approval.	Director of the Internal Audit Unit in coordination with the directors of the organizational units in the entity	Fraud Risk Registers
6	Provide advice to the directors of organizational units on any new proposed controls to mitigate fraud risks to the maximum extent possible or to monitor potential fraud risks.	Director of the Internal Audit Unit	Proposed controls
7	In coordination with the organizational units, develop appropriate controls to mitigate or	Director of the Internal Audit Unit in coordination with the directors	Controls to mitigate fraud risks

No.	Procedure Description	Responsibility	Outputs
	monitor previously identified fraud risks, in addition to the mechanism for implementing these controls and the time frames for implementation with the responsibility for their implementation.	of the organizational units in the entity	
8	Review the controls developed by the directors of organizational units to mitigate fraud risks and discuss any additional proposals with the department directors to reach the final proposal.	Director of the Internal Audit Unit	Controls to mitigate fraud risks
9	Submit a report to senior management and executive management including a list of all fraud risks identified during the fraud scenario assessment process, with the relevant controls, in addition to all remediation and mitigation plans for those risks.	Director of the Internal Audit Unit	Summary report on the results of the fraud scenario assessment
10	Approve the steps required to mitigate these risks.	Senior Management	Approved report and proposed steps

## 7.2. Fraud Detection

### 7.2.1. Fraud Reporting Process Procedures

No.	Procedure Description	Responsibility	Outputs
1	Report any fraud operations or violations through the reporting channels available in the entity and previously announced.	Whistleblowers	Reports received from various channels
2	Study the submitted cases with supporting evidence and documents and conduct a preliminary assessment of these reports and the attached evidence.	Director of the Internal Audit Unit	--
3	Submit a report with appropriate recommendations to senior management, to decide whether to conduct an investigation.	Director of the Internal Audit Unit	Report on the case
4	Review the case details and decide either to initiate investigation procedures or to close the case based on the available information and evidence.	Senior Management	Decision to investigate or close
5	If the decision is made to close the case, the reports log is updated with the decision.	Director of the Internal Audit Unit	Updated reports log
6	If the decision is made to initiate investigation procedures, all documents	Senior Management	Referral/ Notification decision

No.	Procedure Description	Responsibility	Outputs
	and reports related to the potential fraud case are referred to the Violations Committee, and the Financial Audit Authority is notified if it constitutes a financial violation.		

### 7.3. Handling Fraud

#### 7.3.1. Procedures for Forming the Violations Committee and Conducting Investigations

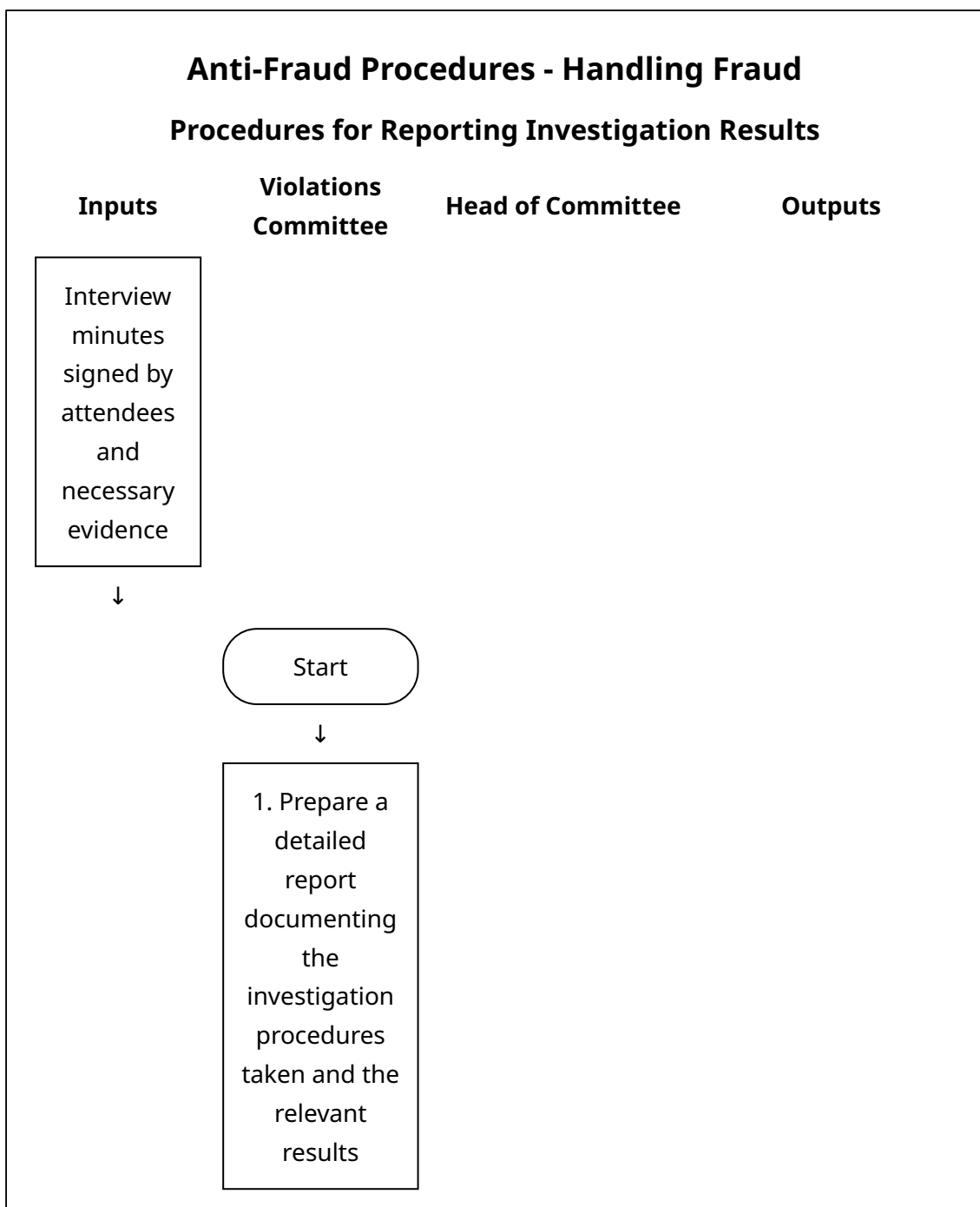
No.	Procedure Description	Responsibility	Outputs
1	The committee is formed in accordance with applicable laws and legislation.	Executive Management	Formation Decision
2	Receive the referral decision and all documents and reports related to the potential fraud incident and send an internal memo to the members of the Violations Committee with the date of the committee's meeting and a summary of the incident.	Violations Committee Rapporteur	Internal Memo
3	Ensure a sufficient, comprehensive, and unified understanding of the case and begin the investigation procedures. If there is a need to contract with experts or	Violations Committee	Committee meeting minutes

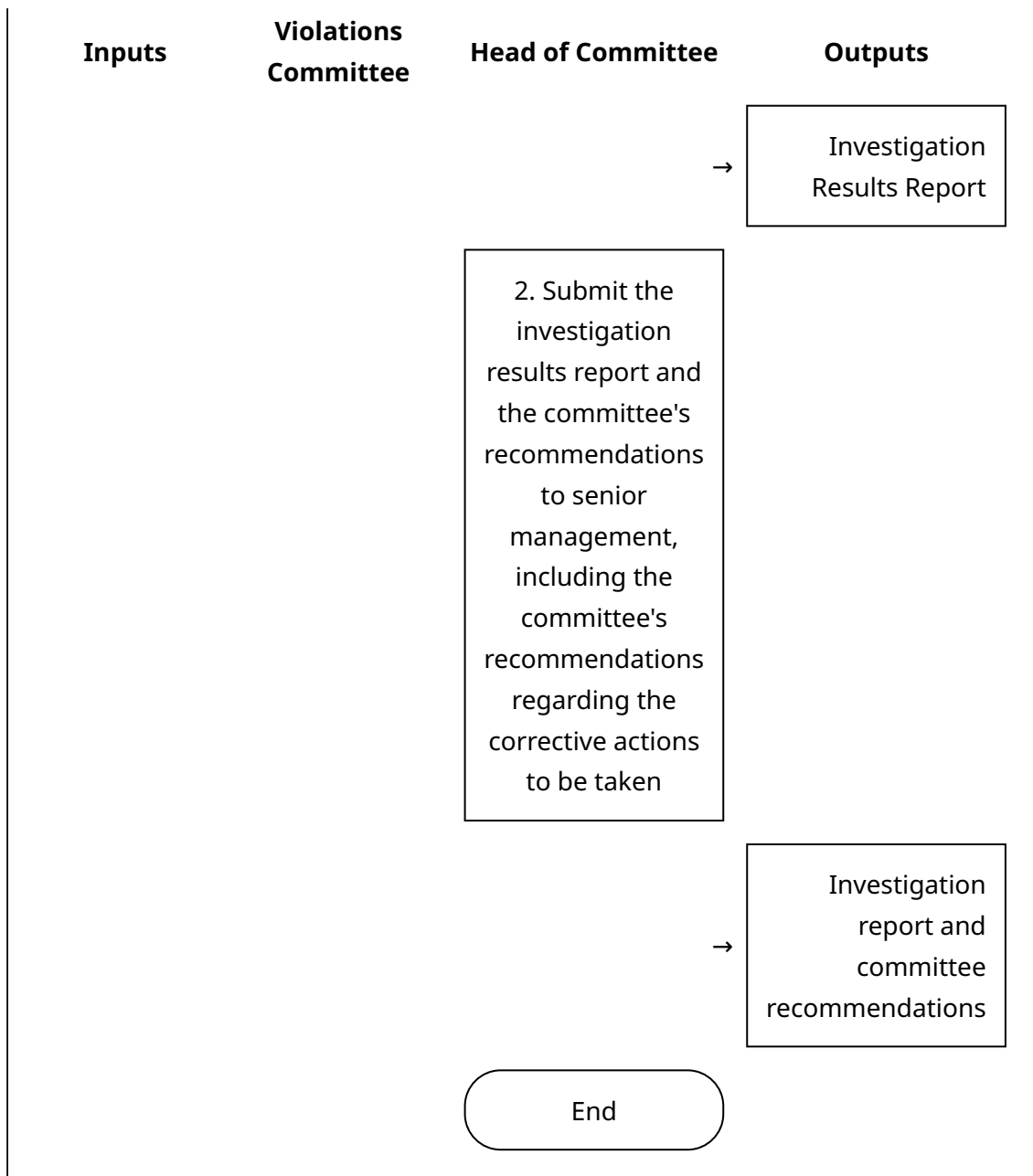
No.	Procedure Description	Responsibility	Outputs
	consultants, the appropriate action is taken for contracting according to the applicable regulations.		
4	Identify and collect additional and necessary evidence to support the course of the investigations.	Violations Committee	Additional evidence
5	Determine the time and date of attendance for the individuals to be investigated (suspects or witnesses).	Violations Committee	List of individuals required for investigation
6	Prepare the questions to be asked, specifying how the information will be recorded.	Violations Committee	List of questions
7	Conduct interviews to hear the statements of the predetermined individuals, whether suspects or witnesses, and obtain their signatures on the investigation minutes.	Violations Committee	Interview minutes signed by attendees

### 7.3.2. Procedures for Reporting Investigation Results

No.	Procedure Description	Responsibility	Outputs
1	Preparing a detailed report documenting the investigation procedures taken and the relevant results.	Violations Committee	Investigation Results Report
2			

No.	Procedure Description	Responsibility	Outputs
	Submitting the investigation results report and the committee's recommendations to senior management, including the committee's recommendations regarding the corrective actions to be taken.	Head of the Violations Committee	Investigation Results Report





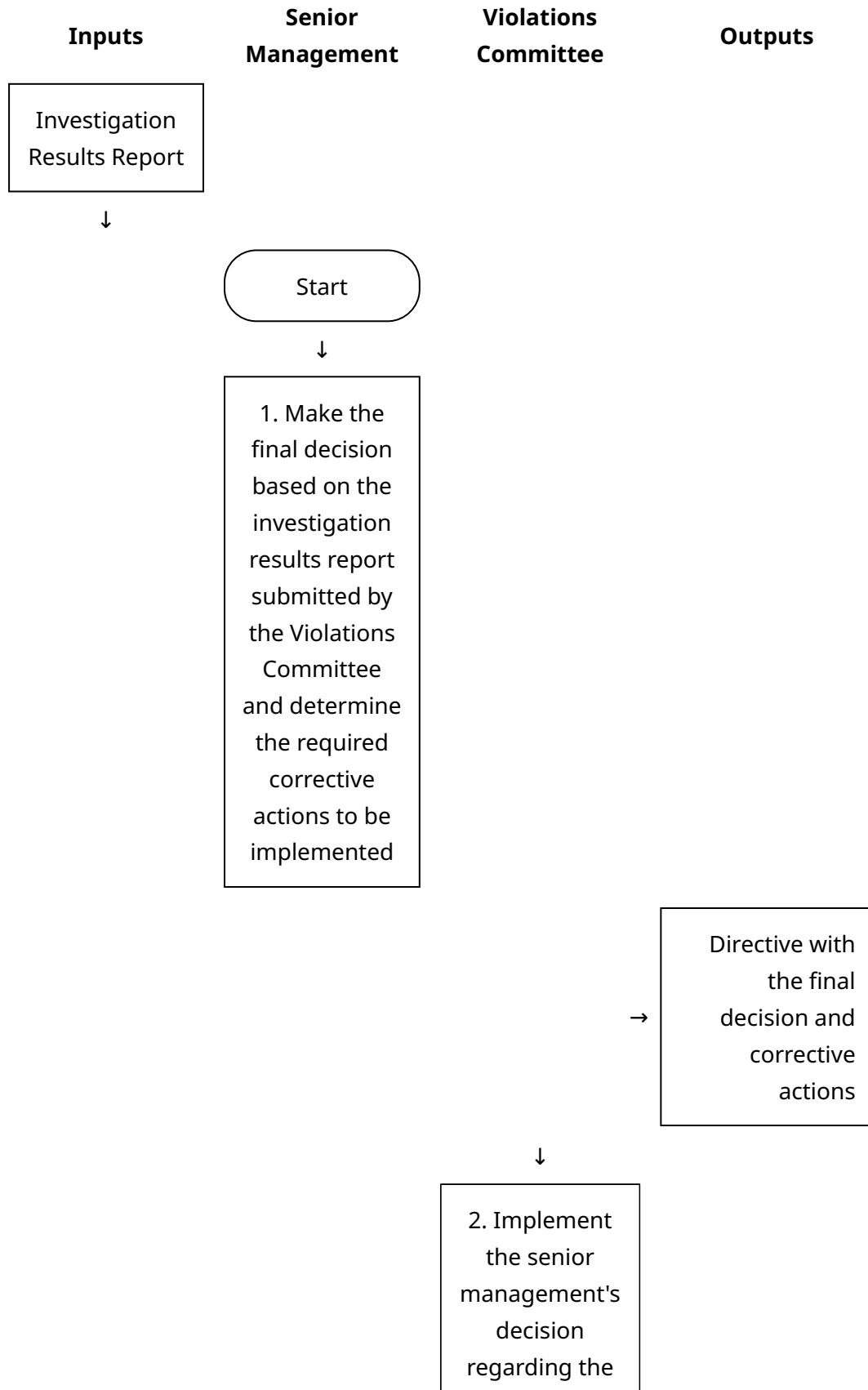
### 7.3.3. Procedures for the Final Decision-Making Process and Corrective Actions

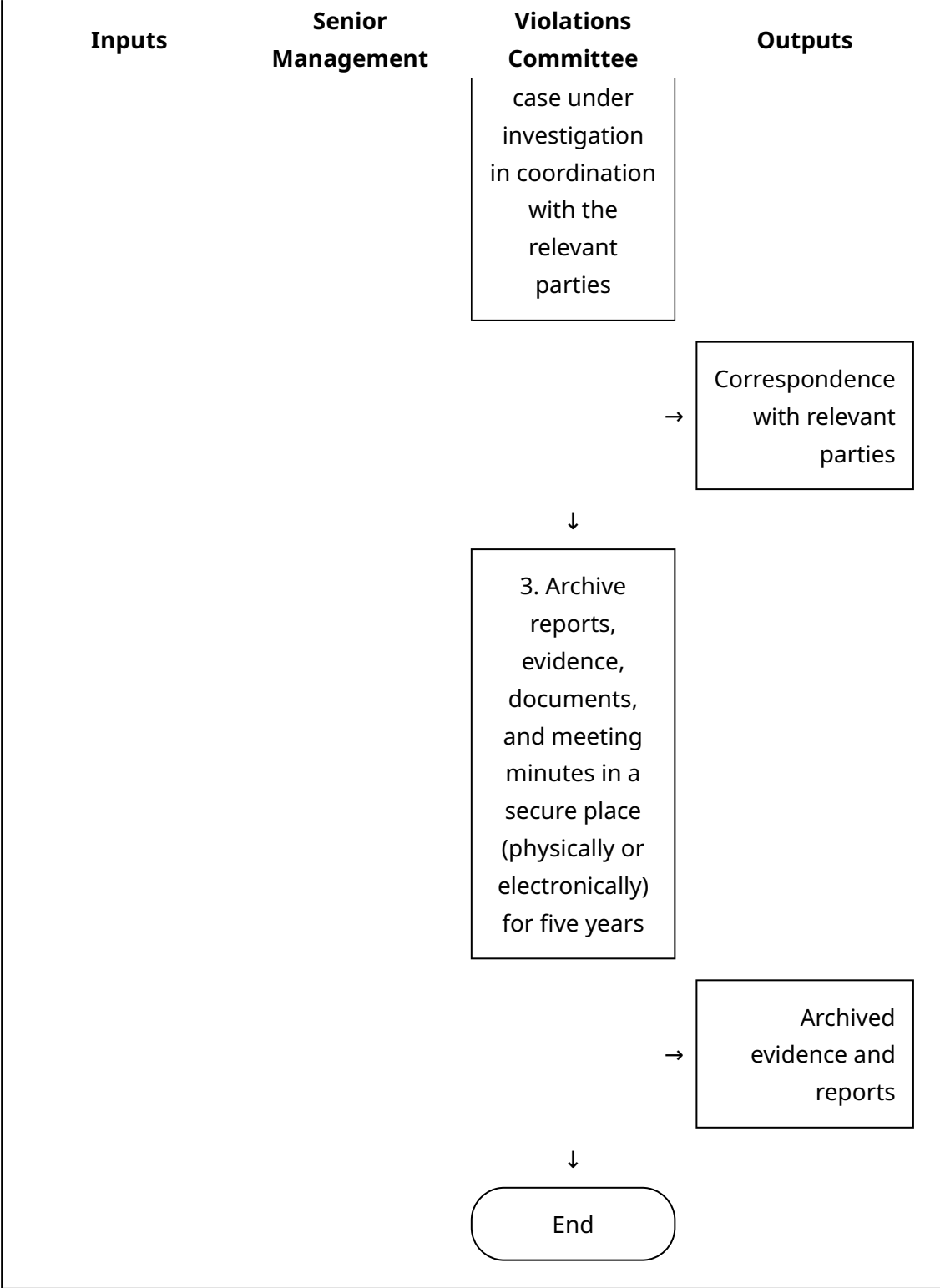
No.	Procedure Description	Responsibility	Outputs
1	Making the final decision based on the investigation results report submitted by the Violations Committee and determining the required corrective actions, in addition to any additional measures such as enhancing the entity's internal control systems.	Senior Management	Directive with the final decision and corrective actions
2	Implementing the senior management's decision regarding the investigation's outcome according to the case classification (dismissal, imposing a penalty, or referral to the Public Prosecution).	Human Resources Unit / Legal Affairs Unit / Violations Committee	Correspondence with relevant parties
3	Archiving reports, evidence, documents, and meeting minutes in a secure location (physically or electronically) for at least five years, so they can be accessed when needed by authorized personnel.	Violations Committee Rapporteur	Archived evidence and reports



## Anti-Fraud Procedures - Handling Fraud





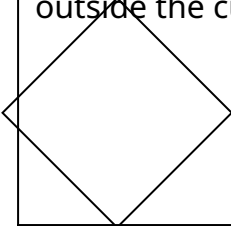
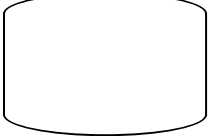
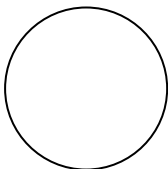
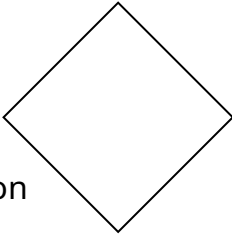
### Procedures for the Final Decision-Making Process and Corrective Actions





## Eighth: Appendices

### Appendix (1): Workflow Map Symbols

Shapes	
Manual Activity 	Electronic/Semi-electronic Activity 
Start / End 	Input / Output (Document) 
Reference to a process/procedure outside the current procedure 	Input / Output (Database) 
Reference to a process/procedure within the current procedure 	Decision 
Connector line to clarify the inputs and outputs of each respective step - - - -	Connector line to link and determine the flow of steps →

## Appendix (2): Violation Reporting Form

Please provide the following information regarding any misconduct, violation, attempted fraud, or any breach of law or regulations that has resulted in a negative impact.

<b>Reporter's Information</b> (This section may be left blank if the reporter does not wish to disclose their identity)	
Name	
Job Title	
Department	
Phone Number	
Email	

<b>Information of the Fraud Perpetrator / Suspect</b>	
Name	
Job Title	
Department	

<b>Witness Information</b> (if any)	
Name	
Job Title	
Department	
Phone Number	
Email	

Details of the Potential Fraud Incident	
Nature and type of the fraud incident	
Date of the fraud incident	
Location of the fraud incident	
Data and documents proving the commission of the fraud incident	
Names of other persons involved (or suspected) in the commission of the fraud incident	
Any other information or details	

Please attach any documents or data (if available)	
Date of Submission:	Signature: