



Lagos State Employment Trust Fund


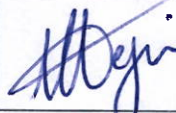

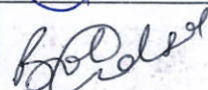
Whistle Blowing Policy

Version 2

March 2022

APPROVALS

This policy is amended or created after deliberation by the appropriate committee and upon recommendation to the Board and hereby signed:

S/N	Name	Position	Signature	Date
1	Jamiu Adekunle	Head, Internal Audit		29/10/2022
2	Teju Abisoye	Executive Secretary, LSETF		
3	Kofo Durosinmi-Etti	Chairman, Audit and Risk Committee		9/11/2022
4	Bola Adesola	Chairman, Board of Trustees		12/4/22

Effective Date: The contents of this policy was first drafted on first day of December 2016 and took effect thereon. This version was updated in March 2022 and can be amended from time to time at management's discretion. Additions, deletions, or modifications of policy, when approved, will be communicated to all stakeholders.

Version control

Remark	Date
Version 1	December 2016
Version 2	March 2022

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1.1 Policy Statement

Lagos State Employment Trust Fund ("the Fund") believes strongly in proactively preventing fraud and corruption as well as implementing effective controls to detect fraudulent activities and misconduct. To this extent, the Management and Board of Trustees have adopted a whistle blowing policy ("this Policy").

The Fund is committed to high standards of ethical, moral, and legal business conduct. Consequently, this Policy has been developed in line with best practice, which requires that organizations should have a whistle blowing policy in place that is transparent to all stakeholders.

The Fund has **zero tolerance** to the commission or concealment of fraudulent, illegal, and other unethical acts, including infraction of its business principles.

1.2 Applicability

This Policy applies to all employees, prospective employees, trustees, contractual workers, outsourced staff, vendors and service providers, beneficiaries, and other stakeholders of the Fund. The Policy is effective from the date it is signed by the Chairman, Board of Trustees of the Fund.

1.3 Purpose

Essentially, the purpose of this whistle blowing policy is:

- To create a work environment where employees, contract workers, outsourced staff, vendors and service providers, beneficiaries and other stakeholders are able to report concerns on misconduct, irregularities or malpractice, without fear of harassment and/or victimization.
- To ensure that all improper, unethical or inappropriate behavior are identified and challenged at all levels of the Fund;
- To ensure that all employees and other stakeholders report any instance of suspected fraud, misconduct or danger as soon as possible, with the

understanding that their concerns will be taken seriously, investigated as appropriate, and that their confidentiality will be respected and protected;

- To provide whistle blowers with guidance as to how to report their concerns;
- To reassure whistle blowers that they should be able to report genuine concerns without fear of reprisals, even if their concerns turn out to be erroneous. However, we strongly encourage all our stakeholders not to maliciously blow whistles, for the implementation of this Policy to be effective; and
- To help promote and develop a culture of openness, accountability, and integrity.

1.4 What is Whistleblowing?

1.4.1 Whistleblowing

Whistle blowing is the disclosure of any information which, in the reasonable belief of the person making the disclosure, relates to suspected misconduct, fraud or dangers at, and in the course of work for the Fund. These include but are not limited to:

Fraud

- Any type of intentional irregularities or mismanagement;
- Any activities that may constitute bribery or corruption in breach of any relevant laws;
- Misuse or theft of the Fund's assets and property;
- Forgery (use of fake certificates, false declaration of age, etc.); and
- Override of controls.

Misconduct

- Failure to comply with any legal, professional obligation or regulatory requirements;

- Breach of the Fund's Code of Business Conduct;
- Breach of any of the Fund's internal policies and procedures;
- Conduct that is likely to damage the Fund's reputation;
- Sexual or physical abuse and harassment;
- Abuse of office on the part of any member of staff or Trustee;
- Unauthorized disclosure of confidential information;
- Conflicts of interest;
- Misuse of the Fund's information systems and computer databases;
- The deliberate concealment of any malpractice; and
- Miscarriage of justice.

Health & Safety

- Health and safety risks including risks to the public as well as other employees; and
- Incidents or risks of pollution or environmental hazard.

1.4.2 Whistle blower

A whistle blower is a person who reports a genuine concern (examples of which are set out above in section 1.4.1) and who has reasonable grounds to believe that the disclosure is true. This Policy encourages employees and other stakeholders with genuine concerns relating to suspected fraud, misconduct or danger affecting any of the Fund's activities (a whistle blowing concern) to report it under this Policy.

1.5 Fraud and Misconduct

1.5.1 Fraud

Fraud refers to any intentional act committed to secure unlawful or unfair gain. It can occur internally or externally i.e., by employees or third parties, and can be perpetrated by an individual personally or through collusion with others. An act will be categorized as fraud if the act has the following characteristics:

- Intention to secure personal gain through illegal means;

- Direct or indirect benefit;
- Loss suffered by the victim;
- Attempt to conceal the act.

According to Association of Certified Fraud Examiners (ACFE), occupational fraud is classified as follows:

- Corruption;
- Asset Misappropriation; and
- Fraudulent Financial Statements.

Corruption

- Inappropriate relationships with third parties thereby causing conflict of interest.
- Bribery, where someone is influenced by payment or benefit in kind to provide advantage to another through his or her position.
- Giving or receiving kickbacks from vendors, beneficiaries, other service providers, among others.
- Illegal gratuities.

Asset Misappropriation

- Skimming (theft of cash that has not yet been recorded in the accounting system) and cash larceny (theft of money that has been recorded in the accounting system)
- False invoicing via shell companies, false invoicing via non-accomplice vendors and personal use of the Fund's money.
- Theft or willful destruction or loss of assets including data and intellectual property.
- Theft or misuse of non-cash assets, including supplies, fixed assets, etc.
- Disclosing confidential and/or proprietary information to third party without authorization.

Fraudulent Financial Statements

- Intentional misstatement or omission of material information in the Fund's financial reports.
- Timing differences fraud e.g., channel stuffing to meet targets
- Concealing liabilities and expenses
- Improper assets valuation
- Improper disclosures

Please note that these examples are not exhaustive and are not intended to be exhaustive.

1.5.2 Misconduct

Misconduct refers to any unethical or unlawful conduct in violation of the Fund's policies, procedures, or regulations.

1.6 Confidentiality

- Every effort must be made to treat the whistle blower's identity with appropriate regard for confidentiality. There shall be a dedicated Ethics Line hosted by an Independent Party;
- When a complaint is made through the Ethics Line, an incident report of the complaint would be sent to the appropriate management level personnel of the Fund within 24 hours or as soon as; and
- All concerns/complaints reported via Ethics Line (phone calls, emails, physical letters) will be sent confidentially and anonymously to appropriate recipients within the Fund.

1.7 Protection of Whistle blowers

- It is understandable that whistle blowers are sometimes worried about possible repercussions of whistle blowing. To this end, the Fund aims to encourage openness and will support members of staff and all stakeholders who report concerns under this Policy, even if they turn out to be erroneous;

- Members of staff and other stakeholders will not suffer any detrimental treatment as a result of reporting a concern. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavorable treatment connected with reporting a concern. If you believe that you have suffered any such treatment, you should report it formally to the Head, Internal Audit or directly to the Executive Secretary or the Chairman, Board Audit and Risk Committee or Chairman, Board of Trustees where you consider this more appropriate; and
- Members of staff and other stakeholders must not threaten or retaliate against whistle blowers in any way. In the event that such whistle blower is or feels victimized, the Fund shall be obligated to employ appropriate tools to offer redress to the whistle blower concerned following the necessary investigation of such victimization. Anyone involved in such conduct will be subject to disciplinary action which may lead to their summary dismissal.

1.8 Types of Whistle blowing

There are two (2) categories of whistle blowers namely:

- **Internal whistle blowers** – These are people within the employment of LSETF. Employees who are expected to report incidents of misconduct involving peer, supervisor/superior or top management staff to relevant reporting point.
- **External whistle blowers** – These are third parties to LSETF. They include beneficiaries, suppliers, service providers and other members of the public who report wrongdoings.

1.9 Reporting a Whistle blowing Concern

- Employees and other stakeholders are enjoined to report incidents of misconduct to the Fund in a confidential and anonymous manner through the internal reporting channels (i.e., Manager, Heads of Units, Head, Internal Audit and the Executive Secretary) and/or the Independent Ethics

Line Host. The independent ethics line host could be accessed on the Fund's website www.lsetf.ng;

- The earlier a concern is reported, the easier it is to take action. Delay may cause substantial losses to the Fund and reputational damages. Therefore, as soon as you become aware of a situation indicating fraud, misconduct or danger as described above, you should report the concern to your Manager, Head of Unit, Head of Internal Audit, Executive Secretary or make use of the independent ethics line;
- Reports against a Trustee (excluding the Executive Secretary) should be reported to the Chairman of the Board of Trustees and the Executive Secretary. Any concern(s) against the Executive Secretary should be reported to the Chairman of the Board of Trustees;
- Alternatively, you can report any concerns through the Independent Ethics Line Host, where applicable;
- Reported concerns may be difficult to investigate if whistle blowers do not provide sufficient information. It is therefore encouraged that all whistle blowers provide detailed information that will facilitate efficient and effective investigation. Such information should include, but are not limited to the following:
 - Nature of the incident;
 - People involved;
 - Date of incident;
 - Place of occurrence;
 - How the incident occurred; and
 - Any other useful information.

However, potential whistle blowers can go ahead to blow their whistles even if they do not have all the required information highlighted above.

1.10 Investigation and Outcome

- Once a concern has been reported (internally or through Ethics Line), the Head, Internal Audit or the recipients of the incident report will arrange to have an initial assessment carried out to determine whether the claim is credible and/or warrants further investigation. Where the claim is not made anonymously, the Fund will inform the whistle-blower of the outcome of its assessment, and the whistle-blower may be required to provide further information. In the event of an anonymous report, the person who made the allegation may be informed through the existing emails or telephone services;
- In some cases, the Fund may appoint an investigator(s) (who may be a member of staff with relevant experience, or an external investigator). The investigator(s) may make recommendations for change to enable the Fund to minimize the risk of future wrongdoings;
- For reports made through the Independent Ethics Line, if in the course of investigation, there is a need to obtain further information from the whistle-blower, the Fund will contact the Independent Ethics Line host who will subsequently request for the additional information from the whistle-blower. Upon receipt of this information, the Independent Ethics Line host will communicate same to the Fund;
- For reports made internally, the Fund will request for additional information directly from the whistle blower;
- The Head, Internal Audit or an independent external party will be charged with the responsibility of reviewing all reported cases and initiating appropriate action (except reports against him/her which should be sent to the Chairman of the Board Audit and Risk Committee or the Executive Secretary); and
- Where an allegation or report against a trustee or employee or other member of the Fund's staff is found to be valid, such person will be subject to disciplinary action. Such disciplinary action may include summary dismissal or other legal means necessary to protect the reputation of the

Fund, members of the Board of Trustees, employees, and other stakeholders of the Fund.

1.11 Notification

All Heads of Units are required to notify and communicate the existence of this Policy to all employees of their unit. New employees shall be informed of this Policy by the Human Resources Unit as part of their induction programme and a statement in this regard should be periodically submitted to the Head, Human Resources. This policy shall be available on the Fund's website as a "Read Only" document for all stakeholders to access. Regular bi-annual whistleblowing awareness sessions will be organized to continue to sensitize employees and other stakeholders on the benefits of using the whistleblowing platforms. Additionally, the whistle blowing policy will be promoted on our key social media platforms and all stakeholders will be encouraged to read the policy from the Fund's website.

1.12 Time Limit for Investigation

In line with the policy of the Fund, LSETF is committed to prompt resolution of all concerns or issues raised. Interim report of investigation shall be completed within 14 days of commencement of the investigation subject to availability of resources. In the event that the investigation of whistle blowing complaint was not concluded as defined above, the Head, Internal Audit shall keep the Executive Secretary and the Board Audit & Risk Committee abreast of progress.

1.13 Responsibility for this policy

- The Board of Trustees have overall responsibility for this Policy, and for reviewing the effectiveness of actions taken in response to concerns reported under this policy;
- The Head, Internal Audit will be responsible for investigating all complaints of dishonest behavior, fraud or misconduct and recommending actions in line with the Fund's sanctions grid. Certain investigations will be outsourced

to external professional service firm if there is a potential conflict of interest in conducting the investigations internally or it is more appropriate to outsource;

- All reported cases which have been verified including status of ongoing investigations, outcome of closed investigations, and remedial actions taken will be reported to the Board Audit & Risk Committee through the Head, Internal Audit; and
- This Policy will be reviewed by the Board Audit and Risk Committee every 2 years and/or when there is a new regulation affecting the content of the Policy to ensure that its provisions continue to meet its objectives, the Fund's legal obligations and to reflect leading best practices of governance. All amendments to the Policy will be approved by the Board of Trustees.