

## Annex 29. Investigation procedure in case of irregularities

The present procedure applies in the event of irregularities or activities that are against Profonampe's code of ethics. Cases of misuse of funds or the execution of the following irregular procedures may occur in resource management:

### 1. In resource usage:

a) Detection, the following can be detected

- i. In the surrender review procedure:
  - o Proof of payment adulterated, falsified, irregular, irregular expense support.
  - o Using resources for other purposes
- ii. In the toar procedure:
  - o Money subtraction
  - o The above points
- iii. In the recurrent audits
- iv. On field visits:
  - o Irregular use of funds
  - o Money subtraction
  - o Inappropriate behaviors
- v. By third party complaints, directly by Profonampe's party table or through Profonampe's website.

b) Research: The investigation process includes the following:

- i. The representative of the Audit Committee who receives a complaint, via WEB, must channel it to the Compliance Officer.
- ii. Form a commission of inquiry. The Compliance Officer shall make up the relevant committee.
- iii. The commission shall be responsible for:
  - Collect information (verify invoices issued from suppliers, market price verification, verify information from the Superintendency of Tax Administration, banks, local beneficiaries or actors and interviews in the work environment.
  - Prepare a record detailing the outcome of the visit, which records the findings or observations. The minutes are signed by the commission and those investigated.
  - Give a useful five-day period to those investigated to lift the observations.
  - The investigated(s) responds to the comments to the Commission.
- After the deadline and received the response of the investigated party, the Commission prepares a Report to the Compliance Officer indicating the conclusions and recommendations.
- iv. The Compliance Officer:
  - It verifies the magnitude of the lack under the approved administrative procedures and rules.
  - You can request clarification or ask for more information.
  - Coordinates with the Legal Advice, if necessary, on the legal faults and implications in order to take the corresponding actions.
- v. Legal Advice:
  - You will review the facts and verify the legal actions to be taken.
- vi. The Compliance Officer:
  - It prepares a Report to the Executive Directorate and Board of Directors, noting the wrongs committed, non-compliance with the rules and procedures, as well as the recommendations based on the Commission Report and Legal Advice. If an alleged offence is observed, it shall request the authorization of the Executive Directorate to hire a special audit for the general review of everything acted and to carry out an in-depth investigation process.
- vii. The Executive Directorate:
  - It will communicate to the executor's legal representative about the findings found, sending him the corresponding reports, informing, if necessary, the initiation of a special audit and requesting to take the appropriate administrative and legal actions.
  - The auditors shall submit an overview of everything acted and recommend to the Executive Directorate and/or Board of Directors the actions to be taken.
  - The report shall specify whether the faults are administrative or whether an intentional or fraudulent act has been committed to take civil or criminal proceedings for the recovery of funds.

c) Actions to be taken

- If the fault is committed by a worker of the institution, Profonanpe will take appropriate administrative, civil or criminal action.
- If the fault is committed by an Executor's worker, Profonanpe will send the Executor the Report of the Commission, the Compliance Officer and/or the Special Audit and shall request compensation for the funds misused, apart from the administrative, civil or legal actions that apply to the staff of his institution involved in the act of corruption.
- These actions could result in the suspension or termination of the Cooperation Agreement with the Executor.
- Profonanpe will report in parallel to the outcome of the above actions to the cooperating source.
- The Executive Directorate shall take appropriate administrative, civil or legal actions.

## **2. In procurement and procurement processes for goods, services, consultancies and works**

### **a) Detection**

- In internal control reviews and recurrent audits
  - Forged quotes
  - Ghost suppliers
  - Conflict of interest
  - For market price differences
- On field visits you can check the delivery of goods and execution of works and services and verify the existence and authenticity of suppliers.
- By third party complaints directly by Profonanpe party table or through Profonanpe's website.

### **b) Research: The investigation process includes the following:**

- Form a Commission of Inquiry by the Compliance Officer.
- The commission shall be responsible for:
  - Review of the files.
  - Make sure these are well-founded indications.
  - You can request clarification or ask for more information.
  - Verification of the formality of the supplier (in SUNAT, Public Records).
  - Legality of the process.
  - Verify the existence of the conflict of interest of the Technical Evaluation Committee.
  - Price check.
  - Preparation of the relevant Report indicating the findings found.
  - The Report is reached to the Compliance Officer.
- The Compliance Officer:
  - It verifies the magnitude of the lack under the approved administrative procedures and rules.
  - You can request clarification or ask for more information
  - Coordinates with the Legal Advice, if necessary, on the legal faults and implications in order to take the corresponding actions.
  - It sends the observations to those involved, giving a period of five days for the raising of observations.
- Legal Advice:
  - It will review the facts, verify and recommend the legal actions to be taken.
- The Compliance Officer:
  - It prepares a Report to the Executive Directorate, noting the offences committed, the non-compliance with the rules and procedures, if any, as well as the recommendations of the actions to be taken by Profonanpe based on the Report of the Commission, the special audit, where appropriate and the Legal Advice for the general review of everything acted.

### **c) Actions to be taken**

- If the fault is committed by a worker of the institution, Profonanpe will take appropriate administrative, civil or criminal action.
- If the fault is committed by an Executor's worker, Profonanpe shall send to the Executor the Report of the Commission, the Compliance Officer and/or the Special Audit and shall request compensation for the funds misused, outside of the appropriate administrative, civil or legal actions. These actions could result in the suspension or termination of the Cooperation Agreement with the Executor. Suppliers or contractors may also be disabled.
- Profonanpe will report in parallel to the outcome of the above actions to the cooperating source.
- The Executive Directorate shall take appropriate administrative, civil or legal actions

Note: If the fault has been committed by the Executive Director, the reports shall be reached to the External Auditor and the Board of Directors.

### **3. Reporting and Monitoring of complaints made and investigations carried out.**

- a) The Compliance Officer shall prepare the report on the outcome of the Investigation containing, inters inter-  
element:
  - i. A summary of the background by which irregularity and non-compliance with procedures and rules were detected.
  - ii. Main findings of the process.
  - iii. Rules, procedures, contractual conditions breached.
  - iv. Responsible for irregularity and non-compliance with processes.
  - v. Research results.
  - vi. Tests and findings made.
  - vii. Financial analysis of the affected budget.
  - viii. Analysis of relevant facts, information, and conclusions on economic damage and non-compliance with processes.
- b) In addition, the Compliance Officer will review the unfulfilled protocols, to verify whether or not there were weaknesses in compliance with them and, if necessary, formulate proposals to ensure and improve compliance with processes, controls and resource management capabilities of the institution in order to maintain good practices in the management and identification and elimination of factors that may lead to irregularity.
- c) The Compliance Officer shall propose, if necessary, training to the staff of the Executors in order to avoid irregularities in the implementation of the expenditure.
- d) The Compliance Officer will carry out the monitoring and monitoring of the investigatory processes initiated, the implementation of the recommendations and will be responsible for the submission of reports or statistical tables.
- e) The Compliance Officer shall periodically request from the Executor a report on the administrative, legal, implemented actions regarding irregularities reported or reported by Profonanpe.
- f) The Executive Directorate shall forward the report of the investigatory process to the cooperating source.
- g) At least once a year, the Compliance Officer shall submit to Profonanpe's Board of Directors a report on the status of the investigation processes open to that date, taking into account that the time limits of each process will depend on the specific circumstances of each case. The time of the investigation/process may be extended until the recommendations of the investigatory process report have been implemented. Such a report may contain:
  - Relation of cases of irregularities presented during that period, the investigation process, results and recommendations.
  - A report on the situational status or progress, of previously reported cases.
  - If necessary, a report indicating or recommending an action plan that has been adopted or requires adoption to improve processes in order to avoid other similar corruption cases.
- h) The Board of Directors:
  - i. It shall make any recommendations it deems necessary and verify the sanctions applied.
  - ii. It shall recommend, if necessary, the review of administrative procedures – financial or other in order to verify the effectiveness of the internal control system.
  - iii. You may choose or decide to disclose the exposed case, evaluating the discretion required as the case may be.
  - iv. It may propose working groups or meetings to discuss the results of investigations and other reports, with executive management, line management, financial administrative management and support units, as appropriate, and with stakeholders in order to analyze and improve institutional management.
  - v. It will periodically assess the operational effectiveness of on-the-fly investigatory procedures.
- i) The Office for Research and Development shall keep for a period of 10 years the documents or files relating to these processes, in order to investigate subsequent acts of fraud or corruption. It shall keep a register of the persons, consultants, suppliers and institutions involved in the act of corruption, so that they do not execute Profonanpe's resources during that period, nor may they be hired by Profonanpe for this same period.

Auditors should make an annual report (in conjunction with the annual audit report), which sets out their opinion on the anti-fraud and corruption measures and the results of the investigations that occurred during the year: It should also report on progress in the implementation of the recommendations made in each investigatory process