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Policies and Procedure **ANTI-FRAUD POLICY¹**

Article I **Purpose**

The purpose of this Anti-fraud policy is to protect the interest of SAMDHANA INSTITUTE (the "Organization") in protecting the depletion of its funds, assets and other resources. The Organization is committed to promoting honesty and integrity in all of the Organization's actions. This policy is intended to prevent or deal with fraudulent and corrupt practices than can seriously damage the Organization's reputation and diminish donor's trust in its ability to deliver results in an accountable and transparent manner.

The Organization will continually strive to ensure that (1) all its financial and administrative processes are carried out and reported honestly, accurately, transparently, and with accountability, and (2) all decisions are taken objectively and free of personal interest. Samdhana will not condone any behavior that falls short of these principles.

Article II **Scope and Application**

Samdhana has zero tolerance for fraud and corruption meaning that Samdhana personnel, implementing partners, and other contracting parties are not to engage in fraud or corruption. Everyone in the Organization has a responsibility as well as obligation to contribute to the management of fraud risk beginning from the Board of Directors, through to Fellows, Staff, Partners, Grantees, Consultants and Vendors or suppliers. The Organization expects all people and organizations to be honest and fair in their dealings with all parts of Samdhana.

The organization will investigate thoroughly any detected or reported case, disciplinary or lawful action pursued where appropriate and possible, and losses recovered by any lawful means. The Organization is committed to ensuring that opportunities for fraud are reduced to the lowest possible level of risk.

This policy is intended to supplement but not replace any applicable national laws wherever it is legally registered governing conflict of interest applicable to nonprofit or non-government organizations.


Article II **Definition**

1. Fraud and Corruption.

Fraud is defined as the deliberate, improper action that leads to financial or resources loss for an organization. The term fraud is used to describe offences such as, but not limited to, deception, bribery,

¹ This anti-fraud policy was reviewed by the Finance Committee during its meeting last 17 June 2017 and approved by the Samdhana Board last 18 June 2017.

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forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion. **Corruption** is the act of doing something with an intent to give an advantage inappropriate with official duties to obtain benefit, to harm or influence improperly the actions of another party.

Fraudulent actions may include but are not limited to: physical theft of cash or property and services of Samdhana; falsifying receipts or expense reporting; lying about the use of funds of Samdhana; misusing Samdhana's assets; abusing administrative or financial authority; such as misapplying the procurement process and colluding with vendors or bank employees to perpetuate fraud.

2. Bribery

Bribery is defined as the offering, promising, giving, accepting or soliciting of money, gift or other advantage as an inducement to do something that is illegal or a breach of trust in the course of carrying out an organization's activities.

3. Samdhana Personnel

For purposes of this policy, **Samdhana personnel** will refer to all members of the board, directors, heads or managers, staff, consultants, fellows, interns and volunteers of Samdhana Institute.

Article IV Preventing Fraud

1. Fraud Awareness and Prevention Training


Fraud awareness raising and training underpins fraud prevention and detection. Samdhana will ensure that all Samdhana Personnel are aware of their responsibilities for fraud control and ethical behavior. The Finance Unit together with the HR/Admin unit will undertake to include orientation on the Anti-Fraud policy for all Samdhana Personnel (existing and new). Similarly, the existence of an Anti-Fraud policy will be provided to the members of the board as part of their governance orientation. Samdhana Fellows especially when involved in particular financial transactions will be provided copies of the Anti-Fraud policy as well in addition to other relevant policies i.e. Conflict of Interest Policies.

Samdhana personnel, partners and third parties i.e. suppliers must be aware of their responsibility to prevent fraud and corruption.

2. Building fraud prevention into programme and project design

When developing a new programme or project, it is important to ensure that fraud risks are fully considered in the programme/project design and processes. This is especially important for high risk programmes/projects, such as those that are complex to operate in high risk environments. These programme/project risk logs shall be communicated to relevant stakeholders, including donors, implementing partners, and other responsible parties, together with the assessment of the extent to which risks can be mitigated. Where high risk of fraud has been identified within a programme or project, additional and specific assessment and mitigation actions may be identified and recommended as part of

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programme/project design.

Programme and project managers are responsible for ensuring that the risk of fraud and corruption is identified and actions identified to prevent/mitigate this from happening in the programme/project design phase. These fraud prevention and mitigation measures should be monitored for effectiveness over time and updated as needed.

3. Management of risk of fraud and corruption

Heads of programmes and units as well as programme or project managers shall identify and assess risks in their programme and project areas on a continuing basis. They will identify and apply mitigating measures taking into account the level of risk involved. Good risk management requires a sound balance of the following actions: assessment, mitigation, transfer or acceptance of risks.

Managers must be vigilant in monitoring risks of fraud and potential irregularities. Proactive steps will be taken to prevent fraudulent practices. Sometimes, inadequate knowledge and skills in financial management may lead partners to tolerate or accept fraudulent actions unintentionally. Samdhana will promote sound financial management practices amongst its partners and grantees. Financial management advise and trainings will be provided and conducted, respectively on a regular basis to help its partners and grantees. In addition, internal audit procedures will help identify potential fraudulent practices and allow for correction of such to prevent these practices from taking root in the partners' operations.

4. Internal Control System


A strong internal control system, where policies and procedures are enforced, internal controls are appropriately implemented, and Samdhana Personnel, partners and other third parties are informed about fraud and corruption and its consequence can curtail fraud and corruption. The finance unit of Samdhana will make sure that there is sufficient internal control in the execution of its financial policies, procedures and guidelines. Similarly, the management team of Samdhana will monitor implementation of other relevant policies and recommend new or updating of existing policies, based on results of risk assessments or lessons learned from reported fraudulent or corruption cases in the organization.

5. Integrity and other best practices

Integrity is a paramount consideration in the recruitment of staff, consultants, fellows, partners and other third party providers/suppliers. Samdhana will ensure that it investigates past performance of prospective staff, consultants, fellows, partners and other third party suppliers/providers to ensure that they meet standard behavior expected by the Organization. Looking into past track records or undertaking background checks should form part of its procedures and guidelines in selecting, hiring, contracting of any individual or third party.

Best practices in assessment, identification, reporting or preventing fraud and corruption will also be compiled by Samdhana for sharing with partners with a view to them learning from them.

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Article IV Reporting and Investigating Fraud Allegations

1. Reporting

Samdhana encourages and expects fellows, board members, staff, consultants and third parties working on our behalf to report incidents of reasonably suspected fraud, bribery and corruption in line with the information given in this document.

Samdhana may consider development of a “whistle blower” policy to complement this Anti-Fraud and Corruption policy. Concerns which should be reported include, but are not limited to, Samdhana Personnel committing or attempting to commit:

- Any dishonest or fraudulent act, such as:
- Forgery or alteration of documents or accounts.
- Misappropriation of funds, supplies and other assets,
- Impropriety in handling or reporting of money or financial transactions,
- Personal gain from an official position or enabling family members or others to do so,
- Disclosure of official activities or information for advantage,
- Attempt to achieve personal gain from third parties by virtue of official position or authority,
- Theft or misuse of property, facilities or services.

Third party actions which should be reported include:

- Being offered a bribe or inducement by a partner or supplier,
- Receiving fraudulent (i.e. intentionally inaccurate rather than erroneous) invoices from suppliers,
- Known instances of corruption, deception or misuse of supplier or partner,


2. Reporting Process

Depending on the circumstances of who is thought to be involved in the suspected fraud, Samdhana staff should report the suspected fraud to one of the following, in order of preference:

- The line manager, the head of programmes, project leader or Director
- The members of the Board of Samdhana and in particular the Finance Committee
- The head of the finance unit of Samdhana
- The head of HR/Admin of Samdhana
- If the line manager or head of programme or project lead is a potential suspect, then staff members should report it to the DED or the ED
- If the DED or ED is a potential suspect, then staff members should report this to the chair of the board or the treasurer or finance committee head.

All information provided will be treated confidentially. All reasonable allegations will be treated seriously and systematically and properly investigated. Allegations made anonymously or not, must be supported by documentary evidence or statements by witnesses for the investigation to proceed. Without such evidence, the investigation cannot take place.

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If an allegation is determined to have been made frivolously, in bad faith, maliciously, for personal gain or revenge, disciplinary action will be taken against the person making such an allegation.

3. Investigating Allegations of Fraud

A Fraud Response Plan or Procedure² will be developed by Samdhana to handle the investigations for allegations of Fraud. All allegations of fraud and corruption are taken seriously. The plan once approved will form part of this policy.

Upon receipt of an allegation, this will follow the Fraud Response Plan or Procedure within 15 days if sufficient.

4. Actions based on Allegations

The allegations, if substantiated by the investigation, may result in disciplinary and/or administrative or other appropriate actions by the Organization, depending on the case. The outcomes may be as follows;

- a) For staff members, disciplinary and/or administrative actions.
- b) For third party service providers or suppliers, non-renewal or termination of their contract or other action deemed necessary. Debarment from doing future business with Samdhana may also result from proven severe cases.
- c) For Samdhana Fellows, removal from the roster of Samdhana Fellows and ineligibility for future contracts.
- d) Referral to the national authorities for criminal investigation and prosecution.
- e) Recovery of financial loss and/or assets suffered by Samdhana, and to return funds and other resources i.e. equipment recovered to the respective funding source;
- f) Issuance of management letters to allow partners or business units concerned to take corrective measures and strengthen their own internal controls.
- g) Non-issuance of letters of recommendation or where appropriate legal actions for staff involved in very serious cases of fraud and corruption.

Article V Roles and Responsibilities


1. Executive Director and the Management Team

Executive Director has overall responsibility for the prudent management of the assets (financial or otherwise) of Samdhana Institute. He/she can delegate specific responsibilities to the management team or any staff of Samdhana Institute for that matter. The finance unit has key responsibility delegated from the ED for managing its finances following international accepted standards. The ED's responsibilities include:

- Undertaking regular review of the fraud risks associated with each of the key organizational strategies, goals and targets;
- Establishing an effective anti-fraud response plan, in proportion to the level of fraud risk identified;

² This Fraud Response Plan and Procedure should be developed within 3 months' time for review and finalization by the Samdhana Management Team and approval by the Finance Committee if needed.

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- The design of an effective control environment to prevent fraud;
- Establishing appropriate mechanisms for
 - reporting fraud risk issues
 - reporting significant incidents of fraud or attempted fraud to the Board of Directors.
- Making sure that the Samdhana Personnel are aware of the anti-fraud policy and know what their responsibilities are in relation to combating fraud;
- Ensuring that appropriate anti-fraud training is made available to Samdhana Personnel as required and needed; and
- Ensuring appropriate action is taken to minimize the risk of any frauds occurring.

2. Finance Staff

The Finance Staff is responsible for:

- Ensuring that an adequate system of internal controls exists within Samdhana Institute and that controls operate effectively;
- Preventing and detecting potential fraud as early as possible;
- Assessing the types of risk involved in the operations of Samdhana Institute;
- Reviewing the control systems of Samdhana Institute on a regular basis and recommending changes as needed and appropriate;
- Ensuring that the controls are being complied with and their systems continue to operate effectively;
- Implementing new controls to reduce the risk of similar fraud occurring where frauds have taken place; and
- Liaising with the auditors of Samdhana Institute and ensuring annual audit conditions include management review and recommendations to prevent fraud;

3. Samdhana Personnel


All Samdhana Personnel play a role in preserving the financial integrity of Samdhana Institute. Samdhana Personnel (staff, fellows, board and consultants or third party) are responsible for:

- Acting with propriety in the use of the resources of Samdhana Institute and the handling and use of funds, whether they involve cash, advances, receipts, payments or dealing with suppliers or service providers;
- Being alert to the possibility that unusual events or transactions could be indicators of fraud;
- Alerting their line manager or heads of units when they believe the opportunity for fraud exists e.g. poor procedures or lack of effective oversight;
- Reporting details immediately if they suspect that a fraud has been committed or see any suspicious acts or events; and
- Cooperating fully with whoever is conducting internal checks or reviews or fraud investigation

4. NGO Partners, Suppliers or Service Providers

All NGO Partners, Suppliers or service providers are subject to the anti-fraud policy. They will need to be informed of this policy amongst others and their compliance form part of the contract.

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**Article VI
Reporting Fraud**

The Organization encourages and expects Samdhana Personnel, Partners and other third parties working on our behalf to report incidents of suspected fraud, bribery and corruption in line with the information given in this policy.

Samdhana may develop a “whistle blower” policy and in which case this will be implemented to help facilitate reporting of suspected fraud and corruption cases. Anyone can report to the Executive Director or any member of the Board of Samdhana Institute a suspected fraud or corruption action.

**Article VII
Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for final decision making ensuring periodic reviews are conducted. Results of outside advisors are only recommendatory.
End of Conflict of Interest Policy

Submitted to and approved by the Samdhana Institute’s Board:

Signature:



Printed Name: Suraya Afiff

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