



MASHAL

ANTI- FRAUD AND CORRUPTION POLICY

20-C, Patliputra Colony,
P.O.Patliputra
Dt.Patna
Bihar

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1. Introduction

Any act of fraud and corruption in Mashal's activities depleted funds, assets and other resources necessary to fulfil Mashal's mandate. Fraudulent and corrupt practices can also seriously damage Mashal's reputation and diminish donor's trust in its ability to deliver results in an accountable and transparent manner. Furthermore, it may affect staff and personnel effectiveness, motivation and morale and impact on the Organization's ability to attract and retain a talented work force.

2. Scope and Application

Mashal has zero tolerance for fraud and corruption, meaning that Mashal staff members, non-staff personnel, vendors, implementing units and responsible parties are not to engage in fraud or corruption.

All incidents of fraud and corruption are to be reported and will be assessed and as appropriate investigated by the designated team at Mashal Head Office. Mashal will pursue rigorously disciplinary and other actions against perpetrators of fraud.

Mashal is committed to preventing, identifying and addressing all acts of fraud and corruption against Mashal, through raising awareness of fraud risks, implementing controls aimed at preventing and detecting fraud and corruption and enforcing this policy.

This policy applies to all activities and operations of Mashal, including projects and programmes funded and implemented by Mashal. This policy aims to prevent, detect and address acts of fraud and corruption involving:

- Staff members holding a letter of appointment from Mashal;
- Non-staff personnel, including Service Contract holders, Individual Contractors
- Volunteers assigned to Mashal and interns (collectively, "non-staff personnel");
- Vendors, including actual or potential contractors of civil works and suppliers of goods and services (collectively, "vendors"); and
- Implementing partners and responsible parties engaged/contracted by Mashal
- funded project ("implementing partners" and "responsible parties", respectively).

3. Definition of fraud and corruption

The definition of fraud and corruption varies among countries and jurisdictions, and the term is commonly used to describe a wide variety of dishonest practices. The following definitions shall apply in the context of this Policy:

Fraud is a knowing misrepresentation of the truth or a concealment of a material fact to induce another to act to his or her detriment.

Corruption is the act of doing something with an intent to give an advantage inappropriate with official duties to obtain a benefit, to harm or to influence improperly the actions of another party.

Actions taken to instigate, aid, abet, attempt, conspire or cooperate in a fraudulent or corrupt act, also constitute fraud or corruption.

Examples of fraud and corruption include, but are not limited to, the following actions:

Forging documents, preparing false entries in Mashal systems or making false statements to obtain a financial or other benefit for oneself or another/others;

Collusion or other anti-competitive scheme between suppliers during a procurement process;

Providing information in relation to a medical insurance claim or another entitlement that the claimant knows to be false;

Forging the signature of a Mashal staff member or forging a document purporting to be from Mashal to induce a party outside Mashal to act;

Using another's IT identity or password, or creating false identities/passwords, without consent or authority to manipulate UNDP processes or cause the approval or denial of actions;

Accepting hospitality such as meals or entertainment from a vendor;

Failing to disclose a financial or familial interest in a business or outside party while participating in the award/management of a contract to the benefit of that business or outside party;

Processing the cost of personal travel as part of an official travel;

Making misrepresentations, including educational credentials or professional qualifications, on a personal history form in the context of a job application; and

Falsifying documents, making false statements, preparing false entries in Mashal systems or other deceptive acts to the detriment of those someone seeks to disfavour, or to discredit a person, programme or the Organization.

4. Fraud prevention measures

4.1 Fraud awareness

Staff members, non-staff personnel, vendors, implementing partners and responsible parties must be aware of their responsibility to prevent fraud and corruption. In this regard, Directors and Coordinators of Mashal are to raise awareness of this Policy, and reiterate the duty of all staff members to report instances of fraud and corruption, as required by the Staff Rules and the Mashal Legal Framework. Managers are also required to make non-staff personnel, vendors, implementing partners and responsible parties contracted/engaged by their respective offices aware of this Policy.

4.2 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 or operate in highrisk environments. These programme/project risk logs shall be communicated to relevant stakeholders, including donors, implementing partners and responsible parties, together with an assessment of the extent to which risks can be mitigated.

Programme and Project Managers are responsible for ensuring that the risk of fraud and corruption is identified during the programme/project design phase. They are to consider how easily fraudulent acts might occur and be replicated in the day-to-day operations. They are also to evaluate their impact, and the effectiveness of the measures taken to mitigate risks, including systemic monitoring actions. Informed decisions can then be made on additional mitigating actions.

4.3 Management of the risk of fraud and corruption

Directors and Coordinators shall identify and assess the risks in their programme or project areas, including the risk of fraud and corruption, and apply mitigating measures, taking due account of the level of risk involved. Because it is impossible to eliminate all risks, good risk management requires a sound balance of the following aspects: assessment, mitigation, transfer or acceptance of risks. These risks shall be communicated to relevant stakeholders, together with an assessment of the extent to which risks can be mitigated.

Directors and Coordinators shall be vigilant in monitoring irregularities and the risk of fraud. Proactive investigations aim to identify and control an existing (but yet unidentified) risk of fraud or financial irregularity.

4.4 Fraud risk assessment

Where a high risk of fraud has been identified within the general risk assessment of programmes/projects, an additional and specific fraud risk assessment may be necessary. This in-depth assessment should be used to better identify fraud risks and develop effective measures that address these high risks. The aim is to help management to identify and evaluate areas of the programme/project that are most susceptible to fraud, and prioritise where Mashal should focus its resources for fraud prevention and mitigation.

These fraud prevention and mitigation measures should be monitored for effectiveness over time, and the fraud risk assessment process may be repeated periodically utilising lessons learned, especially for longer-duration programmes/projects or where material changes are made to the design of the programme/project during its implementation.

4.5 Internal control system

A strong internal control system, where policies and procedures are enforced, internal controls are appropriately implemented, and staff members, non-staff personnel, vendors, implementing partners and responsible parties are informed about fraud and corruption and its consequences, can curtail fraud and corruption

Where Mashal has identified and assessed the risk of fraud and corruption, these risks can be managed by establishing practices and controls to mitigate the risks, by accepting the risks — but monitoring actual exposure — or by designing ongoing or specific fraud evaluation procedures to

deal with individual fraud risks.

4.6 Integrity and other best practices

Best practices with respect to knowing staff members, non-staff personnel, vendors, implementing partners and responsible parties, must be followed by UNDP staff, especially business unit managers and other hiring/contracting officials.

Integrity is a paramount consideration in the recruitment of staff members and the contracting of non-staff personnel. In this context, Mashal shall ensure that the Organization is recruiting/contracting individuals that meet the standards of conduct expected of staff members and non-staff personnel. This can be achieved, for instance, by using specific interview assessment tools for integrity, professional experience and academic checks.

Mashal requires all of its vendors to be qualified, as well as be eligible. Mashal shall not award a contract to any vendor, including NGOs or CSOs (as are a responsible party, implementing partner or as a vendor), that has been debarred by Mashal or any other agency, fund or programme. Awarding a contract to an ineligible vendor may only occur when a vendor has been rehabilitated or when Mashal considers that a waiver or exception should be granted in consideration of the specific circumstances surrounding the procurement action.

4.7 Application and adherence to standards and codes of conduct

Standards and codes of conduct have been established for staff members and non-staff personnel. In addition, contracts issued to non-staff personnel and vendors stipulate requirements with respect to such non-staff personnel's and vendors' actions in the context of their contractual relationship with Mashal. The observance of such standards of conduct and contractual obligations deters fraud and encourages the highest standards of professional behaviour.

Mashal staff members must be guided by the standards of conduct prescribed in the Code of Conduct for the staff. Managers must ensure that all staff members take the mandatory training on the Code of Conduct and PSEA Policy. Similarly vendors, as well as NGOs and CSOs participating in a procurement process, accept to abide by the Code of Conduct. They are required to actively ensure that their management processes and business operations align with Mashal's principles, including, but not limited to its standards of ethical conduct regarding fraud and corruption, conflict of interest, gifts and hospitality, and post-employment restrictions. They are required to report any instances of wrongdoing.

5. Roles and responsibilities

5.1. Board Members

- Ensuring that reasonable steps are taken to prevent fraud and corruption of Mashal's funds and that proper, robust financial controls and procedures suitable for Mashal's activity are in place;
- Ensuring that Mashal directors and Coordinators act responsibly and in the interests of Mashal when dealing with suspected financial abuse, and that anti-fraud and corruption work is quality-assured;
- Authorising, reviewing and monitoring the implementation of the Mashal's Anti-Fraud and Corruption Strategy.
- Ensuring adequate resources are allocated to tackle the risk of fraud and corruption.

- Ensuring reporting to authorities is done as required.

5.2 Chief Executive

- Act with integrity, in line with the policy and Anti-Fraud and Corruption strategy and maintain the right tone at the top that will foster an anti-corruption culture.
- Ensure the effective control and reduction of the risk of fraud and corrupt practices across the organisation as dictated by the Board.
- Delegate the day-to-day management of this Policy and associated procedures to line management.
- Liaise with external entities such as government, media and industry bodies as required.
- Allocate adequate resources to implement the requirements of the policy
- Promote this policy and the Anti-Corruption strategy

5.3 Unit Directors and Coordinators

- Act with integrity, in line with the policy and anti-fraud and corruption strategy and maintain the right tone at the top that will foster an anti-fraud and corruption culture.
- Ensuring that fraud and corruption risks are included within departmental or divisional strategic risk management;
- Ensuring that proportionate and adequate measures to mitigate the risk are applied to the work of their division, unit or department including new projects or procedures;
- Driving the implementation of the Anti-Fraud and Corruption Strategy in their Division, Region, Country and assisting and facilitating Anti-Corruption work.
- Facilitating an effective response to incidents in line with the agreed response principles.
- Ensuring implementation of a management action plan post incident

All Mashal staff members and non-staff personnel have critical roles and responsibilities in ensuring that fraud is prevented, detected and dealt with promptly. They are responsible for safeguarding resources entrusted to Mashal and for upholding and protecting its reputation. Similarly, all vendors, implementing partners and responsible parties shall be held to the highest ethical standards, and should report to Mashal any acts of fraud and corruption.

5.4 Staff Members and Non-staff Personnel

Staff members and non-staff personnel must understand their roles and responsibilities, and how their job functions and procedures are designed to manage fraud risks, and how non-compliance may create an opportunity for fraud to occur or go undetected. Staff members have the obligation to complete all mandatory trainings, and to keep themselves informed of new policies, and report immediately any evidence of practices that indicate fraud or corruption may have occurred. Fraud and corruption, if committed by a staff member, constitutes misconduct for which a disciplinary measure may be imposed, including dismissal. Similarly, fraud and corruption by non-staff personnel is not tolerated in accordance with Mashal's zero tolerance policy. Contracts must be terminated where non-staff personnel's involvement in proscribed practices is established. In both instances, the allegations of fraud and corruption may be referred to national authorities for criminal investigation and prosecution of those involved.

Additionally, Directors and Coordinators are expected to act as role models and through their actions and behaviours set the tone for the rest of the Organization. They should foster a culture of zero

tolerance for fraud and corruption, and ensure that any practices not aligned with this Policy are dealt with expeditiously. They are required to go beyond compliance with relevant corporate policies and procedures and to take proactive steps to prevent and identify potential fraud and corruption. In particular, Directors and Coordinators are expected to:

Perform risk assessments to identify potential fraud risks to which their assets, programmes, activities, and interests are exposed;

- Perform risk assessments to identify potential fraud risks to which their assets, programmes, activities, and interests are exposed;
- Assess the identified risks, select risk-avoidance options, design and implement cost effective prevention, mitigation and control measures;
- Establish/implement measures to prevent the recurrence of fraud;
- Monitor and supervise the performance, working methods and outputs of their staff to ensure that staff is conducting themselves in ways that meet the most ethical and professional standards; and
- Seek guidance where necessary from the Head Office.

5.5 Vendors

Actual and potential Mashal vendors and their employees, personnel and agents, have the duty to interact honestly and with integrity in the provision of goods and services to Mashal, and to report immediately allegations of fraud and corruption to Mashal. Vendors shall be encouraged to establish robust policies and procedures to combat fraud and corrupt practices, and are to cooperate with Mashal auditors and investigators.

When allegations concerning possible involvement in fraud or corruption are deemed substantiated, Mashal shall take any administrative actions available to it, and shall seek to recover fully any financial loss. In addition, Mashal may terminate contracts, and may refer appropriate cases to national authorities for criminal investigation and prosecution, when applicable.

5.6 Office of Audit and Investigations

OAI will consider fraud and corruption red flags and risk factors in audit planning and reporting, consistent with applicable auditing standards. Proactive investigations may also be initiated by OAI, without awaiting the receipt of allegations.

6. Reporting fraud

Anyone with information regarding fraud or other corrupt practices against Mashal or involving staff, non-staff personnel, vendors, implementing partners and responsible parties, is strongly encouraged to report this information through email, telephonically or by post.

Email id is: mashalpatna@gmail.com and postal mail can be addressed to: The Director, Mashal, 20-C, Patliputra Colony, P.O. Patliputra Colony, Patna, Bihar, India.

6.1 Details that should be included in a report of fraud

In order for investigations to be successful, complaints should be as specific as possible. To the extent possible, they should include details such as:

- The type of alleged wrongdoing;
- When, where and how the wrongdoing occurred; and
- Who was involved and may have knowledge of the matters being reported.

Relevant documents or other evidence should be included with the report or provided as soon as possible. However, the absence of any of the above details does not prevent from investigating

allegations of fraud or corruption.

6.2 Confidentiality

Requests for confidentiality by persons making a complaint will be honoured to the extent possible within the legitimate needs of the investigation. All investigations undertaken by Mashal are confidential. Information will only be disclosed as required by the legitimate needs of the investigation. Investigation reports are confidential. Until decisions are final, the identity of the vendors or implementing partners involved is kept confidential within Mashal. Senior Managers may, at their discretion, share general aspects of a case with other agencies, funds and programmes on an as-needed basis.

6.3 Anonymous reports

Individuals wishing to protect their identity may report fraud anonymously. For anonymous reports, a report number and code are used to allow the individual making a complaint to follow up and to check if the assessing officer has requested further information.

6.4 Protection against retaliation (“Whistleblower” protection)

Mashal does not tolerate any form of retaliation against whistleblowers, i.e. an individual holding a Mashal assignment/contract that has reported allegations of wrongdoing or cooperated with a duly authorized audit or investigation. For more information on protection against retaliation, please refer to the Whistleblower Policy of Mashal.

7. Investigation of allegations

All allegations of fraud and corruption are taken seriously. Upon receipt of an allegation, the investigation team will assess the case and if it determines that there is sufficient ground to warrant an investigation, it will conduct an investigation. In addition, Mashal may undertake proactive investigations in high risk areas that are susceptible to fraud and corruption. Investigation team will also coordinate with other fraud investigation and enforcement offices, as appropriate, to ensure the effective investigation of fraud involving external parties, parties for whom investigation team does not have the authority to investigate, or for investigations involving more than one organization.

8. Action based on investigations

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

- a) For staff members, disciplinary and/or administrative actions;
- b) For Service Contract holders and Individual Contractors, non-renewal or termination of their contract or other action as deemed necessary. Cases involving Individual Contractors may also be referred to the VRC;
- c) For vendors, NGOs and CSOs, termination of the contract and debarment from doing business with Mashal or other sanctions;
- d) Referral to the national authorities of a member state for criminal investigation and prosecution;

