



## **KABALEGA FOUNDATION FRAUD AND RISK PREVENTION POLICY 2020**

### **1. PREAMBLE**

Kabalega Foundation fraud prevention & risk policy is established to facilitate the development of controls which will aid in the detection and prevention of fraud against the organisation. It is the intent of the organisation to promote consistent organizational behaviour by providing guidelines and assigning responsibility for the development of controls and conduct of investigations. In order to oversee the best practices of organization Governance Fraud Prevention & Detection Policy has been framed.

### **2. POLICY OBJECTIVES:**

The "Fraud Prevention Policy" has been framed to provide a system for detection and prevention of fraud, reporting of any fraud that is detected or suspected and fair dealing of matters pertaining to fraud. The policy will ensure and provide for the following:-

- To ensure that management is aware of its responsibilities for detection and prevention of fraud and for establishing procedures for preventing fraud and/or detecting fraud when it occurs.
- To provide a clear guidance to management including all employees and others dealing with Company forbidding them from involvement in any fraudulent activity and the action to be taken by them where they suspect any fraudulent activity.
- The bidders for the sub-contractors/suppliers/consultancy, if cancel or submit false documents will also be dealt with through this policy.
- To conduct investigations into fraudulent activities.
- To provide assurances that any and all suspected fraudulent activity will be fully investigated . Genuine informant to be protected for any harassment that may be inflicted on them.
- In case any informant is providing wrong information to harass and create unwarranted problem for any employee, such employee needs to be protected to boost the morale and appropriate disciplinary action to be initiated against the informant for providing wrong information as per the applicable conduct rules and in case of outsiders (other than employees) appropriate administrative or legal action is to be taken.

### **3. SCOPE OF POLICY :**

The policy applies to any fraud, or suspected` fraud involving employees of the organisation (all employees full time, including the management of organisation or employees appointed on adhoc/temporary/contract basis) as well as representatives of vendors, suppliers, contractors, consultants, service providers or any outside agency (ies) doing any type of work with the organisation directly or indirectly involved in unlawful / illegal or beyond the approved principles and procedures of the organisation.

### **4. DEFINITION OF FRAUD :**

"Fraud" is a willful act intentionally committed by an individual(s) - by deception, suppression, cheating or any other fraudulent or any other illegal means, thereby, causing wrongful gain(self or any other individual(s) and wrongful loss to other(s). Many a times such acts are undertaken

with a view to deceive/mislead others leading them to do or prohibiting them from doing a bonafide act or take bonafide decision which is not based on material facts."

#### **5. ACTIONS CONSTITUTING FRAUD :**

While fraudulent activity could have a very wide range of coverage, the following are some of the act(s) which constitute fraud. The list given below is only illustrative and not exhaustive:-

- Forgery or alteration of any document or account belonging to the organisation
- Forgery or alteration of cheque, bank draft or any other financial instrument etc.
- Misappropriation of funds, securities, supplies or others assets by fraudulent means etc.
- Falsifying records such as pay-rolls, removing the documents from files and /or replacing it by a fraudulent note etc.
- Willful suppression of facts/deception in matters of appointment, placements, submission of reports, tender committee recommendations etc. as a result of which a wrongful gain(s) is made to one and wrongful loss(s) is caused to the others.
- Submitting false/forged documents by the tenderers/ vendors/ suppliers/ consultants/ while submitting their offer for subcontracting.
- Utilizing organisation funds for personal purposes.
- Authorizing or receiving payments for goods not supplied or services not rendered.
- Destruction, disposition, removal of records or any other assets of the organisation with an ulterior motive to manipulate and misrepresent the facts so as to create suspicion/ suppression/ cheating as a result of which objective assessment/decision would not be arrived at.
- Any other act that falls under the gamut of fraudulent activity.
- Coercion in doing any act beyond the principle, procedures, practices of the organisation leading to disruption in normal activities having direct or indirect bearing in business activities.

#### **6. REPORTING OF FRAUD :**

- Any employee(full time, or employees appointed on adhoc/ temporary/ contract basis), representative of vendors, suppliers, contractors, consultants, service providers or any other agency(ies) doing any type of business with Company as soon as he / she comes to know of any fraud or suspected fraud or any other fraudulent activity must report such incident(s). Such reporting shall be made to the designated Nodal Officer(s), nominated in Corporate Office. The reporting of the fraud normally should be in writing. In case the reporter is not willing to furnish a written statement of fraud but is in a position to give sequential and specific transaction of fraud/suspected fraud, then the officer receiving the information/Nodal Officer should record such details in writing as narrated by the reporter and also maintain the details about the identity of the official /employee / other person reporting such incident. Reports can be made in confidence and the person to whom the fraud or suspected fraud has been reported must maintain the confidentiality with respect to the reporter and such matter should under no circumstances be discussed with any unauthorized person.
- All reports of fraud or suspected fraud shall be handled with utmost speed and shall be coordinated by Nodal Officer(s) to be nominated, failing which it may lose significance and cause loss and damage to the organisation.
- Officer receiving input about any suspected fraud/nodal officer(s) shall ensure that all relevant records documents and other evidence is being immediately taken into custody and being protected from being tampered with, destroyed or removed by suspected offenders of fraud or by any other official under his influence.

**7. BASELESS / MALICIOUS ALLEGATION:**

- If it appears to the Nodal Officer that a complaint has no basis or it is not a matter to be pursued under this Policy, it may be dismissed at that stage and the decision documented.
- Malicious allegation by the Complainant/reporter may result in disciplinary action against him/her.

**8. INVESTIGATION PROCEDURE :**

- The Nodal Officer will be nominated by the Corporate Office of the organisation.
- The "Nodal Officer" shall, refer the details of the Fraud/suspected fraud to the Executive Director for further appropriate investigation and needful action.
- This input would be in addition to the intelligence, information and investigation of cases of fraud being investigated by the Vigilance Department of their own as part of their day to day functioning.
- After completion of the investigation, due & appropriate action, which could include administrative action, disciplinary action, civil or criminal action, Banning Business or Black listing of the vendors/contractors/suppliers/or closure of the matter if it is proved that fraud is not committed etc. depending upon the outcome of the investigation shall be undertaken.
- Vigilance Department shall apprise "Nodal Officer" of the results of the investigation undertaken by them.

**9. RESPONSIBILITY FOR FRAUD PREVENTION :**

- Every employee(full time, adhoc, temporary, contract, trainees under probation), representative of vendors, suppliers, contractors, consultants, service providers or any other agency(ies) doing any type of business with the Company, is expected and shall be responsible to ensure that there is no fraudulent act being committed in their areas of responsibility/control. As soon as it is learnt that a fraud or suspected fraud has taken or is likely to take place they should immediately apprise the same to the concerned authority as per the procedure.
- All controlling officers shall share the responsibility of prevention and detection of fraud and for implementing the Fraud Prevention Policy of the Company. It is the responsibility of all controlling officers to ensure that there are mechanisms in place within their area of control to:-
  - i) Familiarise each employee with the types of improprieties that might occur in their area.
  - ii) Educate employees about fraud prevention and detection.
  - iii) Create a culture whereby employees are encouraged to report any fraud or suspected fraud which comes to their knowledge, without any fear of victimization.

iv) Promote employee awareness of ethical principles subscribed to by the organisation as per the prevailing policy. Due amendments shall be made in the general conditions of contracts wherein all bidders/ service providers/ vendors/ consultants etc. shall be required that they would adhere to the Fraud Prevention Policy of organisation. These conditions shall form part of documents both at the time of submission of bid and agreement of execution of contract.

**10. ADMINISTRATION AND REVIEW OF THE POLICY :**

The Chairperson & Executive Director of the organisation shall be responsible for the administration, interpretation, application and revision of this policy of the organisation

Signed:



Date: 04/01/2020

Executive Chairperson