

# Anti-Fraud, Anti-Bribery & Anti-Corruption Policy

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## RISDA-Bangladesh

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## 1. Policy Statement:

RISDA-Bangladesh (“the Organization”) is committed to the practice of responsible organizational behaviours and to complying with all relevant Bangladeshi laws, regulations and donors’ requirements which govern the conduct of its operations as a national NGO in Bangladesh.

The Organization is fully committed to instilling a strong accountable and transparent organizational culture in compliance with anti-fraud, anti-bribery and anti-corruption legislations including, but not limited to, Bangladesh’s Anti-Corruption Commission (ACC) Act, 2004 and Foreign Donations (Voluntary Activities) Regulation Act, 2016 with a view to ensuring that no bribes or other corrupt payments, inducements or similar are made, offered, sought or obtained by the Organization staff and anyone working on the Organization’s behalf.

## 2. Purpose:

This document sets out the policy and procedures of the Organization against fraud, bribery and corruption related to Bangladesh work, together with the steps that must be taken where any of these practices is suspected or discovered. The Organization commits to deterring, preventing, detecting and responding to any and all types of fraud, bribery, and corruption.

So, the purpose of the policy is to prevent fraud, bribery and corruption in the Organization’s operational practices in Bangladesh in consistence with the integrity of uncompromising adherence to ethics and values stated in the Organization’s mission and vision.

The Organization will continually strive to ensure that all its financial and administrative processes are carried out and reported honestly, accurately, transparently and accountably and that all decisions are taken objectively and free of personal interest. The Organization will not condone any behavior that falls short of these principles. The Organization for establishing its ‘transparent and accountable image’ as an NGO, will deal promptly, firmly and fairly with suspicions and allegations of fraud or corrupt practices.

So, the purpose of the policy also includes developing an organizational culture that cherishes the attainment of the fullest human potentials in the Organization and that ensures the fullest realization of development and emergency works dedicated to the people living in the territory of Bangladesh.

## 3. Definitions of Terms- ‘Fraud’, ‘Bribery’ and ‘Corruption’:

**3.1 Fraud:** Fraud is a civil or criminal deceptive action to illegally or unethically gain something that may have been impossible with established rules and regulations. Fraud is of different types such as procurement fraud, supply chain fraud, etc.

**3.2 Bribery:** Bribery is defined as the giving or promising of a financial or another advantage to another party where that advantage is intended to induce the other party to perform a function improperly, to reward them for the same, or where the acceptance of that advantage is in itself improper conduct.

**3.3 Corruption:** Corruption is fraudulent conduct that happened in the form of dishonesty or criminal offense by a person or organization entrusted with authority. Corruption is practiced to gain illegitimate benefits or gain.

**Forms/Dimensions of Fraud, Bribery and Corruption:** The followings, but not limited to, are the conducts constituting fraud, bribery and corruption. The Organization explicitly denounces

and prohibits the practice of fraud, bribery and corruption in any of the forms mentioned below by the Organization staff and other entities engaged with the Organization:

**3.A Facilitation Payment/Receiving or Paying 'Grease':** A facilitation payment is defined as a small payment made to officials in order to ensure or speed up the performance of routine or necessary functions. Facilitation payments constitute bribes.

**3.B Abuse of Entrusted Power/Abuse of Position:** Abuse of position is defined as the misuse of power/trust bestowed upon a person for the best interest of the organization. But the entrusted person can exploit the trust for personal interests or the interests of others.

**3.C Hospitality and Gifts:** Hospitality and Gifts can be seen as a legitimate part of conducting business but should be provided only in compliance with the Organization's Hospitality and Gift Policy.

Hospitality and Gifts can, when excessive, constitute a bribe and/or a conflict of interest. Care and due diligence should be exercised at all times when giving or receiving any form of gift or hospitality in the operations of the Organization. The following general principles apply:

- Gifts and hospitality may neither be given nor received as rewards, inducements or encouragement for preferential treatment or inappropriate or dishonest conduct.
- Neither gifts nor hospitality should be actively sought or encouraged from any party, nor should the impression be given that the award of any business, custom, contract or similar will be in any way conditional on gifts or hospitality.
- Gifts and hospitality to or from relevant parties should be generally avoided at the time of contracts being tendered or awarded.
- The value of all gifts and hospitality, whether given or received, should be proportionate to the matter to which they relate and should not be unusually high or generous when compared to prevailing practices in the Organization.
- All gifts and hospitality whether given or received must be recorded in the Hospitality and Gifts Register

**3. D. Theft:** Theft is dishonestly acquiring, using or disposing of physical or intellectual property, customer data belonging to the Organization or to individual members of the Organization with the intent to deprive the Organization of it. Theft happens if the Organization's permission or consent is not taken.

**3. E. Online or Cyber Attack:** Cyber Attack is defined as the assault to disable the Organization's computer-and other device-based internet network and destroy /steal data and information through unauthorized access.

**3. F. Misuse of Equipment/Materials:** Misuse of equipment is deliberately misusing materials or equipment belonging to the Organization;

**3. G. Nepotism/Cronyism/Patronage/Favouritism:** Nepotism refers to providing a job or favor in the form of distribution of resources and positions to a family member or friend or associate by a person with having official authority even though she/he may lack deserving qualifications.

**3. H. False Accounting:** False Accounting is giving deliberately untrue financial information through changing, defacing or destroying records to exaggerate the assets or understate the liabilities.

**3. I. Ghost Payment (Phantom):** Payment made against non-existent staff's salary, benefits and contractor or supplier's false invoice etc.

3. J. **Collusion:** Collusion refers to deceitful agreement or cooperation secret and non-competitive in nature, between parties (individuals/organizations etc.) to gain an unlawful advantage.

3. K **Paying/Receiving Kickback:** Kickback is a fraudulent practice in which commission is given to a service provider in the exchange for service rendered. In Kickback, one party extorts bribes from the other (vendor or supplier). Paying or receiving a kickback means giving or having a bribe.

3. L **Embezzlement:** Embezzlement refers to the misappropriation of an organization's funds, property or resources in the care of a person in the office.

3. M **Conflicts of Interest:** Conflicts of Interest is an employee's inability to disclose his own information regarding family & friends, financial interests, or social factors which (inability) forces his/her judgment, decisions or actions to compromise in the workplace.

3. N. **Falsification of Document/ Forgery:** Falsification of Document means false making, altering or imitating documents such as reports, contracts or other records for use.

3. O. **False Representation of Material Fact/Concealment of Material Fact:** False Representation is a dishonest representation about material fact/information that misleads a person or entity. This type of misrepresenting fact/information is exercised with the intent of making a gain or to cause a loss.

3. P. **Cheque Fraud:** Cheque Fraud refers to the manipulation and distortion of bank documents such as cheques, bank statements, etc.

3. Q. **Expense Fraud:** Expense Fraud occurs when employees knowingly claim inaccurate and excessive reimbursements. Fraud includes claiming bills for an unattended trip, over-claiming against the allowed amount, claiming for items not purchased, claiming separate auto mileage bills against a single trip, claiming exaggerated mileage total, claiming bills for non-reimbursable expenses etc.

3. R. **Brand Fraud:** Brand Fraud includes unauthorized or illegal use of representative features of the Organization such as name, logo, image, motto, reputation, etc in fraudulent and corrupt practices.

3. S. **Payroll Fraud:** Payroll Fraud is the manipulation of payment system by an employee (who receives false payment) or an employer (who withholds payment of rightfully earned wages).

3.T **Invoice Fraud:** Invoice Fraud includes i) invoice by the third party: submitting false invoice by a fraudster instead of a real vendor, ii) invoice for labor mischarging: submitting invoice having false information on staff and hours spent by a vendor, iii) invoice for inferior product/services: submitting invoice attempting to supply low-quality products/services by vendor, iv) invoice for duplicate payment: submitting invoice twice and ending up by making payment twice, v) internal invoice fraud: invoice fraud is exercised by internal staff.

3.U **Procurement Fraud:** Procurement Fraud includes overpricing goods, paying money to the purchaser by the supplier/vendor (known as Kickback), approval of unqualified supplier/vendor for Kickback, fake company's participation in the tender process, submitting a fraudulent invoice, bid-rigging by vendors/suppliers, etc.

3. V. **Supply Chain Fraud:** Supply Chain Fraud includes failure to meet supply deadlines of goods, supply of low-quality/counterfeit goods, theft of goods, producing false documents of goods & bills, forging of stock records etc.

3. W. **Tax Evasion:** Tax Evasion is an illegal, deliberate and purposeful attempt to evade the competent state authorities-imposed tax a person or an organization is entitled to pay.

3. X. **Extortion:** Extortion is obtaining benefits, especially money attained through the use of violence, threats, intimidation or pressure.

#### 4. Due Diligence and Risk:

The Organization and other entities involved in any activities,-will allocate sufficient time and effort to inquire into the following cases to minimize the risks of fraud, bribery and corruption in response to the compliance with the policy. The following issues should be considered with care in any and all transactions, dealings with officials, and other business matters concerning third parties:

- Territorial risks, particularly the prevalence of bribery and corruption in a particular country;
- Cross-border payments;
- Requests for cash payment, payment through intermediaries or other unusual methods of payment;
- Activities requiring the Organization and / or any associated party to obtain permits or other forms of official authorisation;
- Transactions involving the import or export of goods and
- Giving or receiving gifts. The Organization's Gift Policy will be followed.

#### 5. Compliance with Laws and Regulations:

This policy is set out to comply with the relevant Bangladeshi laws related to fraud, bribery and corruption. This policy complies in particular with the Anti-Corruption Commission (ACC) Act, 2004 and the Foreign Donations (Voluntary Activities) Regulation Act, 2016. The Organization is committed to adhering to the donors' requirements in relation to prevention of fraud, bribery and corruption in program and project implementation in Bangladesh.

#### 6. Scope of the Policy:

6.1 This Policy applies to all employees, volunteers, agents, contractors, subcontractors, consultants, business partners and any other parties (including individuals, partnerships and corporate bodies) associated with the Organization.

6.2 It is the responsibility of all of the above-mentioned parties to ensure that fraud, bribery and corruption are prevented, detected and reported and all such reports should be made in accordance with the Organization's Whistleblowing Policy or as otherwise stated in this Policy, as appropriate.

6.2 No party described in 6.1 may:

- give or promise any financial or other advantage to another party (or use a third party to do the same) on the Organization's behalf where that advantage is intended to induce the other party to perform a particular function improperly, to reward them for the same, or where the acceptance of that advantage will in itself constitute improper conduct;
- request or agree to receive any financial or other advantage from another party where that advantage is intended to induce the improper performance of a particular function, where the acceptance of that advantage will in it constitute improper conduct, or where the recipient intends to act improperly in anticipation of such an advantage.

## 7. The Organization's Responsibility towards Compliance with the Policy:

The Organization is committed to upholding the spirit of the policy through the implementation of the following steps of awareness & sensitization, prevention, reporting, responding as well as consequences of the breach of the policy:

### 7.1 Awareness and Sensitization:

The Organization must create awareness regarding fraud, bribery, corruption, and other corrupt practices for its staffs and other entities engaged by the following means of-

- **Creating Access to the Related Policies:** All staff and partner organizations must get copies of the policies to read intensively and certify in writing the understanding of the policies with commitment to upholding compliance aspects.
- **Providing Training on the Related Policies:** Staff and partner organizations must attend training courses/sessions on the related policies.

### 7.2 Prevention:

The Organization's priority is to prevent the incidences of wrongdoings and dishonest behaviours rather than responding to those after happening. To prevent corrupt practices, the Organization must undertake the following actions at organizational level and individual level:

#### **Organizational Response to Preventive Actions:**

**Establishing Effective Control System:** The pre-requisite for preventing wrongdoings and fraudulent behaviours at organizational level, is well-establish internal control system. The control system must comprise of the following settings and mechanisms in the Organization:

**Risk Assessment at Multiple Levels:** The management team will assess and identify potential fraud, bribery and corruption risks and articulate those risks in an annual risk assessment system. A team of experts from departments of Programs, Accounts & Audit, Human Resource Management & Development (HRMD), will help the management team to articulate the potential risk factors in the risk assessment system.

**Internal Audit setting:** The Organization will respond to the corrupt and fraudulent practices through an internal Audit Section equipped with an experienced team of auditors, tools and logistics. The Audit Section will execute periodic audit works followed by presentations of findings and recommendations to the management team.

**Monitoring, Evaluation, Accountability and Learning (MEAL) setting in Management Information System (MIS):** The Organization will activate a responsive MEAL setting in the MIS for being informed of the ongoing activities.

**Periodic Compliance Review:** A quarterly compliance review report will be produced before the Executive Director to take corrective measures in relation to corrupt practices.

**Coordination and Communication:** To keep the compliance mechanism fully operational and result-oriented, coordination and communication among departments are the most important area to be satisfied. All level staff will have access to communication channels regarding wrongdoings and fraudulent practices followed by protection for information disclosure.

**Running by Example/Good Practice:** The management team at any level must lead by example. Any good practice in the system must be documented, communicated and replicated. The example-setters and the wrong-doers must be notified of the procedures and opportunities for

reporting wrongdoings and dishonest behaviors through the established Whistle-blowing Policy and awarded and punished respectively. The culture of honesty and integrity practiced by the management team at any level can set an example for the workforce. This policy itself can guide the management to respond to corrupt and fraudulent practices.

**Separation of Duties:** The Organization must ensure segregation of duties through a well-thought Job Description so that key functions are not vested in one hand. In addition, back-logs should not be allowed.

#### **Individual Response to Preventive Actions:**

**Being Vigilant:** Guided by awareness of merits and demerits, individual staff will avoid fraud, bribery and corruption mentioned in no. 3.

**Responding to the Fraudulent Practices:** Guided by sensitization, Individual staff will be ready to respond to the illicit practices.

### **7.3 Reporting:**

The reporting of any suspicion of unwanted incident(s) has multiple dimensions. Those dimensions are mentioned below:

- Every employee must report any suspicious misconduct covered by this policy to the immediate Supervisor.
- If an employee has any sort of fear of retribution, s/he must report the suspected misconduct to the Senior Manager of the own department/sector.
- If his/her intelligence suggests, an employee can report the suspected misconduct to Executive Director, at info@risda.org.bd.

**Channel-up of the Report of Suspicious Misconduct:** In general, the report will follow a gradual pathway (from Employee to immediate Supervisor to Senior Manager of the team or department to Executive Director. But, employees, due to any reason, can reach any entity by passing anyone in the hierarchy.

**Inherent Features of the Reporting:** The reporting will possess the following aspects:

- **No Delay:** The report will be sent promptly to the responsible person(s).
- **The detail in Nature:** The report will retain all relevant information available.
- **Value-guided:** The incumbent employee will not undertake unethical human traits of vengeance, partiality or biasness. S/he will be guided by conscience, relevant organizational policies and values. The report will be **factual**.
- **Mode of Communication:** The incumbent employee can use any mode of communication-- in-person conversion, telephonic conversion, e-mail communication.
- **No Failure:** An employee being informed of any suspicion of illicit practice, will undoubtedly report. If s/he do not report consciously, s/he is bound to face consequences.
- **Full Cooperation:** The employee will be ready to extend full cooperation in investigation of the reported incident.



- **Confidentiality:** If asked, the employee must have a guaranty of being unanimous to save her/him from possible harm perceived.
- **Protection of the Employee (Whistle-blower Protection):** The Organization will take all possible measures to protect the employee who is to blow the whistle to alert the management about suspicion of fraudulent and corrupt practices. His/her concerns of retribution including punishment or harassment will be addressed with sufficient care. The report will be dealt with confidentially if the employee requests. If information disclosure of the whistle-blower requires, protection of the incumbent will be ensured to the full extent. The Organization forbids any retaliatory actions against the whistle-blower.

#### 7.4 Responding:

The management will respond promptly to the reported incidents of fraud, bribery or corruption to ensure the best interest of the Organization. The response will include the following steps:

**Investigation of the Allegation:** The investigation team comprising members from Program Division, Finance Division, MEAL Division, investigate the case of suspicion with promptness. The management can alter the formation of investigation team upon consensus.

**Documentation:** The team will document the investigative procedures, processes and findings. The documentation will be in writing. The report will include recommendations for prevention of such incidents in the future.

**Sharing with the Management:** The report will be submitted to the ED to take appropriate remedial actions.

**Remedial Actions by the Management:** The management team under supervision of ED, will undertake corrective actions in response to case of fraud, bribe or corruption. The actions will be prompt and appropriate. The SMT will monitor the implementation of the actions.

**Communicating the Stakeholders:** The Executive Director will circulate the findings unearthed and actions taken to the staff for information. On the other hand, donor and/or relevant government departments will be informed of as well.

**Consequences of the Breach of the Policy:** The breacher of the provisions of the policy will face the consequences mentioned below:

- The person involved in fraud, bribery and corruption will face serious criminal, civil consequences along with dismissal from the job. The Organization can disclose his/her misdeeds to the donors, government regulators and others.
- The person informed of the corrupt practices but prefers not to disclose to the competent authorities, will face suspension from the job until the completion of the investigation. S/he may also face legal action based on the weight of the offense.

#### 8. Exceptional Approval:

The Organization does refuse to grant any exceptional approval to any action contrary to rules, procedures and actions mentioned in the policy as it (the Organization) has 'Zero Tolerance' to any fraudulent and corrupt practices. But the unexpected situation can show the need of exceptional approval. If any exceptional situation occurs, an employee can ask for approval to exceptional actions. The approval solely depends on the upholding of the best interest of the Organization and the merit of the action.