



Zabarang Kalyan Samity Policy Cover Sheet

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Counter-Fraud & Anti-Corruption Policy



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1. Introduction:

Zabarang is committed for protecting the donor fund to which it has been entrusted and to uphold the highest standards of financial policy and accountability. The minimization of losses to fraud and corruption is essential for ensuring that donor funds are used for community level intended development purpose. Our donors as well as stakeholders expect ZABARANG to conduct its affairs with integrity, honesty and openness and demand the highest standards of conduct from those working with ZABARANG.

ZABARANG is determined to maintain its reputation, which will not tolerate fraud and corruption or abuse of position for personal gain.

This policy outlines the commitment of ZABARANG to create an anti-fraud and anti-corruption culture and maintaining high ethical standards in the administration of organization resources.

The policy is based on a series of comprehensive and inter-related procedures, designed to prevent, detect and deter fraud and to take effective action against any attempted or actual fraudulent act affecting ZABARANG. This policy also satisfies the legislative requirements of having effective arrangements for tackling fraud and confirms with professional guidance laid down by the Institute of Chartered Accountants of Bangladesh (ICAB) in their Code of Practice for Audit in Bangladesh.

The purpose of this policy statement is to set out for ZABARANG the main principles for encountering fraud and corruption. We, the employees of ZABARANG play role in counter-fraud initiatives. This includes providing a corporate framework within which counter-fraud arrangements will flourish, and anti-fraud culture across ZABARANG will be developed. This employee initiative provides a sound defense against internal and external abuse of ZABARANG fund.

2. Relevant Definitions

2.1 Fraud

Fraud is the intentional alteration of financial information or other records by persons internal or external to the organization, which is carried out to conceal the misappropriation of assets or otherwise to gain illicit advantage. Fraud covers a range of practices including:

- False representation
- Hiding information

2.2 Corruption

Corruption is the offering, giving, soliciting or acceptance of an inducement or reward which may improperly influence the action of any person. Corruption, associated with other unethical behaviors, covers a range of practices including:

- Conflict of Interest
- Fraudulent Commission
- Undeclared Gift
- Bribery
- Misappropriation of Fund
- Abuse of Authority
- Undeclared Nepotism and favoritism

2.3 Scope:

This policy outlines the approach of ZABARANG for dealing with the threat of fraud and corruption, both internally and externally. It applies to all parties work for ZABARANG which includes:

- Procurement Providers
- Contractor
- Consultants
- Suppliers
- Partner NGOs/CBOs
- ZABARANG Employees
- All other relevant parties

2.4 Where relevant, ZABARANG will include appropriate clauses in its contracts with partner NGOs, vendors, suppliers and all other third parties about the consequences of fraud and corruption. Evidence of such acts is most likely to lead to a termination of the particular contract and may lead to disciplinary measures.

2.5 In respect of employees, ZABARANG disciplinary rules are such that fraud and corruption are considered to be gross misconduct and if proven, would normally result in dismissal.

2.6 Nevertheless, ZABARANG cannot be solely responsible for preventing and fighting against fraud and corruption within its operational ambit. With regard to its activities, ZABARANG takes adapted measures in keeping with its due importance and means, giving priority to the personal safety and security of its employees.

2.7 Furthermore, in its effort to fight against fraud and corruption, ZABARANG is careful not to encourage a general environment of suspicion and mistrust amongst persons work with ZABARANG.

3 Culture against Fraud and Corruption:

ZABARANG constitution, mission and strategy, as well as its operating rules and internal control procedures, reinforced by this anti-fraud and anti-corruption policy are the main interference documents for ZABARANG.

Responsibility for an anti-fraud culture is a joint duty of all those involve in giving direction, determining policy, management and employees. ZABARANG strategy is directed against fraud and corruption whether it is attempted against ZABARANG from outside or from within own workforce of ZABARANG.

ZABARANG expects that employees and management at all level will lead by example in ensuring adherence to legal requirements, standing orders, and financial regulations, codes of conducts, procedures and practices.

2.1 Involvement of All

ZABARANG management at all levels, upholds management practices which reduce to the greatest possible extent the opportunities to commit acts of fraud and corruption. They are specifically responsible for identifying the type and level of risk to which our activities and resources are exposed. They also have managerial responsibilities for internal control.

They are advised on this matter by the different support services specialized in this areas. Policy cooperation recognizes the involvement of all the sections and team within the organization who are notably responsible for:

- Carrying out risk evaluation and internal control
- Implementation and management of programs and support services.
- Coordination and enforcement of different fraud and corruption prevention measures.
- Management of risk monitoring tools and of incidents relating to cases of fraud and corruption.
- Measures to support, guide and ensure personnel take on board the issues relating to fraud and corruption control within the framework set out by ZABARANG.

2.2 Employee Screening:

3.2.1 ZABARANG recognizes that a key preventive measure is to take effective steps at the recruitment stage to establish staff level honesty and integrity as far as possible.

3.2.2 Recruitment and selection policy of ZABARANG contains appropriate safeguards such as taking up written references and verifying qualifications held.

- 3.2.3 Criminal records will be taken into account where the conviction is relevant.
- 3.2.4 After starting at ZABARANG, employees are brought to their manager's attention any new criminal convictions.

2.3 Expectation from Employees:

- 3.3.1 Employees will act with integrity, honesty and propriety in all their dealings as an ZABARANG representative and lead by example.
- 3.3.2 Carry out their duties to the best of their ability for the interest of ZABARANG and not to take advantage of any situation for personal gain, for themselves, members of their family or friends.
- 3.3.3 Take the risk of both internal and external fraud seriously and to follow systems and procedures designed to prevent or detect fraudulent activity.
- 3.3.4 Secure all passwords, information, documents, money, equipment etc. in employees' control which can be stolen or used to perform fraud.

As part of this culture, ZABARANG will provide clear routes by which concerns can be raised by both employees and management.

- 3.3.5 Senior management is expected to deal swiftly and firmly with those who defraud ZABARANG and who are corrupt.
- 3.3.6 ZABARANG, including members and senior management should be robust in dealing with financial malpractice.
- 3.3.7 ZABARANG has in place both the internal and external audit which reviews the activities including reports of any significant investigations and the management response to those recommendations.

2.4 Internal Audit.

ZABARANG hires an internal audit team who carry out reviews of the adequacy of controls in systems to prevent fraud, amongst other risk, and report on control weakness found. They also test aspects of governance culture that are being relied on to prevent and detect fraud.

2.5 External Audit.

Part of external auditor's statutory duties is to ensure that ZABARANG has adequate arrangements in place for the prevention and detection of fraud and corruption. Complaints of fraud and corruption can be taken directly to external auditor.

4 ZABARANG programmatic approach against fraud and corruption:

ZABARANG adopts a programmatic approach for preventing and fighting fraud and corruption, based on an analysis which considers:

- The risk specifics to each of its partner NGOs.
- The risks inherent in each function exercised by its employees.
- The risk related to each sector of activity in its intervention settings.

To monitor the risk of fraud and corruption, ZABARANG uses internal tools and mechanisms.

2.1 Partner NGO's Periodical Risk Assessment

At partner NGO level, periodical risk assessment following a prescribed checklist enables ZABARANG to place the main focus of its anti- fraud action on partner NGOs exposed to ascertain level of risks. Priorities are then determined according to level of risk, size of budget and value of resources invested per NGO, program and activity.

2.2 Financial Monitoring to Partner NGOs

ZABARANG conducts regular intensive financial monitoring visit to partner NGOs and formally report to management. If any misappropriation is observed, disciplinary action is taken by ZABARANG management considering the gravity of observation.

2.3 Partnership Management

ZABARANG takes all the necessary information, risk management, support and monitoring measures called for by this policy in its relation with its operational partners within the framework of partnership agreement and partnership management policy.

2.4 Application of Best Practices

ZABARANG assumes its responsibility as a non-governmental organization engaged in development activities and applies best practices to control fraud and corruption considering its changing modes and techniques. ZABARANG is-

- Concerned by the professional ethics in NGO sector.
- Working continuously to ensure that best practices are applied to its operation and activities.

5 Raising Concerns

Although this document specifically refers to fraud and corruption, it equally apply to all financial malpractices. This includes a wide range of irregularities that are financial. It includes, for example, the criminal acts of theft of property which include all assets and cash; false accounting; obtaining by deception; pecuniary advantage by deception; computer abuse and computer crime. It also includes bribery.

- 2.1 Employees of ZABARANG are an important element in ZABARANG's stance on fraud and corruption, and they are positively encouraged and expected to raise any concerns that they may have on these issues where they are associated with activities of ZABARANG.
- 2.2 Employees should normally raise concerns through their immediate manager, however it is recognized that they may feel inhibited in certain circumstances. In this case, employees should contact with higher management, director- Finance & Administration and Executive Director.
- 2.3 ZABARANG gives a guidance on how to raise concerns and give supports and safeguards to those who raise concerns.
- 2.4 Concerns will be treated in confidence, properly investigated and dealt with fairly. All concerns of fraud and corruption will be investigated.
- 2.5 This is, of course, a need to ensure that any investigation process is not misused, therefore, any internal abuse, such as raising malicious or vexatious allegations, may be dealt with as a disciplinary matter.
- 2.6 Disciplinary action against fraud and corruption will be taken as per ZABARANG **Steps towards Irregularities** policy.

6 The Responsible Officer

2.1 Responsible Officer-Director Finance & Admin.

Director-Finance and Admin is nominated as Responsible Officer. He has responsibility for anti-corruption policy and strategy. He is responsible to ensure that ZABARANG has adequate control system and measures in place to enable the prevention and detection of incurrance and fraud. This counter-fraud and anti-corruption policy statement and strategy helps towards discharging part of this responsibility. He is responsible to maintain an adequate and effective system of internal audit of ZABARANG's accounting records and control system. He has the statutory rights of access to documents, records, information and explanations if he considers necessary for that purpose.

2.2 Role of SMT

This policy will be coordinated, monitored, assessed and updated at SMT as delegated by Executive Board.

SMT holds responsibility:

- To take over responsibility for the maintenance and operation of this policy.
- To maintain records of financial malpractice, including concerns and allegations received; matters raising from audits; investigations and evidence; and the investigation results.
- To report as necessary to ZABARANG Executive Board.