



VAAN MUHIL TRUST

ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY

Policy Statement

Vaan Muhil Trust has a 'zero tolerance' policy towards fraud, bribery and corruption. It will always seek to take disciplinary and /or legal action against those found to have perpetrated fraud

Vaan Muhil Trust is committed to developing an anti-fraud culture and keeping the opportunities for fraud, bribery and corruption to the absolute minimum

Vaan Muhil Trust will assess the risks of fraud, bribery and corruption, establish processes and controls to minimise these risks, and regularly review the effectiveness of its control systems.

Vaan Muhil Trust requires all staff to immediately report any incidents or suspicions of fraud, bribery or corruption to the Program Manager or the Project Director. The Organization will not penalize anyone for raising a concern in good faith.

Vaan Muhil Trust will take all reports of fraud, bribery and corruption seriously, and investigate proportionately and appropriately.

Purpose

- ❖ The purpose of this policy is to set out the Vaan Muhil Trust's stance on fraud, bribery and corruption and its approach to preventing, detecting, reporting and investigating fraud, bribery and corruption.

Scope

- ❖ This policy is applicable to, and must be followed by, all staff including consultants and contractors. Failure to comply could result in disciplinary action, including dismissal.
- ❖ Vaan Muhil requires all those receiving the Trust funds or representing the Organization, including its suppliers, grant recipients, partners, contractors and agents, to act in accordance with this policy.

Vaan Muhil Trust

- a) does not accept any level of fraud, bribery or corruption within the organisation or by any other individual or organisation receiving The Trust funds or representing the organization; and
- b) will always seek to take disciplinary and/or legal action against those found to have perpetrated, be involved in, or assisted with fraudulent or other improper activities in any of its operations.

- ❖ Vaan Muhil Trust requires all staff to act honestly and with integrity at all times and to safeguard the resources for which they are responsible.

Risk and internal control systems

- ❖ Vaan Muhil Trust will seek to assess the nature and extent of its exposure to the risks of internal and external fraud, bribery and corruption. It will regularly review these risks, using information on actual or suspected instances of fraud, bribery and corruption to inform its review.
- ❖ The organization will seek to put in place efficient and effective systems, procedures and internal controls to encourage an anti-fraud culture; prevent and detect fraud, bribery and corruption; and reduce the risks to an acceptable level.
- ❖ The organization will seek to equip its staff with the skills, knowledge and expertise to manage its fraud risk effectively. It will provide adequate training to make staff aware of the risks of fraud, bribery and corruption, and of their responsibilities in preventing, detecting, and reporting it.
- ❖ The organization will make all those receiving the Trust funds or representing the organization, including its suppliers, grant recipients, partners, contractors and agents aware of this policy.
- ❖ The organization will work with relevant stakeholders, including comparable organizations, relevant regulators and government organizations to tackle fraud.
- ❖ The organization will regularly review and evaluate the effectiveness of its systems, procedures and internal controls for managing the risk of fraud. It will do this through risk management and assurance processes and audit arrangements.

Reporting - internal

- ❖ All staff must immediately report any suspected or actual instances of fraud, bribery or corruption. This includes offers to pay bribes, solicitation of bribes and demands to make facilitation payments. Failure to report could result in disciplinary action.
- ❖ Reports should be made to the Program Manager or to the Director.
- ❖ The organization will not penalize anyone for raising a concern in good faith, even if it turns out to be unfounded. Any member of staff who harasses or victimizes someone for raising a concern in good faith will themselves be subject to disciplinary action.
- ❖ The organization will maintain a system for recording: all reports of actual or suspected fraud, bribery and corruption; the action taken; and the outcome of any

investigation. It will use this information to inform its review of the risks and the effectiveness of its controls.

Reporting – external

- ❖ The organization will fully meet its obligations to report fraud, bribery and corruption to third parties. The Fraud Response Plan sets out: the parties that suspected or actual fraud, bribery or corruption must be reported to; the nature and timing of the disclosure required; and who is responsible for making the report.

Investigation

- ❖ The organization will take all reports of actual or suspected fraud, bribery and corruption seriously, and investigate proportionately and appropriately as set out in this policy and the Fraud Response Plan.
- ❖ The Fraud Response Plan sets out responsibilities for investigating fraud, bribery and corruption, the procedures for investigating, action to be taken and external reporting.
- ❖ The organization will always seek to take disciplinary and/or legal action against those found to have perpetrated or assisted with fraudulent or other improper activities in any of its operations. For staff, this may include dismissal. It will also seek to recover any assets lost through fraud.

Specific risk mitigation measures

- ❖ To manage the exposure to bribery and corruption, all gifts and hospitality received by staff and given to Public Officials must be approved in line with the delegated authorities and recorded on the Gifts and Hospitality Register.
- ❖ Conflicts of interest are known to increase the risk of fraud. Therefore all staff who have an interest in an actual or potential supplier (whether personally, or through family members, close friends or associates) must report that conflict of interest to their manager.

Responsibilities

- ❖ **The Counter Fraud Team**, consisting of Program Manager, the Project Director and one of the Board Members, is responsible for recording all instances of actual or suspected fraud, bribery and corruption, ensuring that they are investigated proportionately and appropriately, and reported to external parties. They are also responsible for providing advice and training to staff on preventing, detecting and investigating fraud.

- ❖ **All staff** are responsible for complying with this policy.

Definitions

- ❖ **Fraud** is knowingly making an untrue or misleading representation with the intention of making a gain for oneself or another or causing a loss, or risk of loss, to another.
- ❖ **Bribery** is giving or offering someone a financial or other advantage to encourage that person to perform their functions or activities improperly, or to reward someone for having already done so.
- ❖ A **facilitation payment** is a type of bribe. An example is an unofficial payment or other advantage given to a public official to undertake or speed up the performance of their normal duties.
- ❖ **Corruption** is the misuse of entrusted power for personal gain. This would include dishonest or fraudulent behavior by those in positions of power, such as managers or government officials. It would include offering, giving and receiving bribes to influence the actions of someone in a position of power or influence, and the diversion of funds for private gain.
- ❖ A **conflict of interest** is where an individual has private interests that may or actually do influence the decisions that they make as an employee or representative of an organisation.

Examples of fraud relevant to the organization

Procurement fraud:

- Staff colluding with suppliers and ordering and paying for goods or services that are not required and / or have not been delivered, or are charged at an excessive rate.
- Staff or third parties creating false invoices, receipts, purchase orders or supplier identities in order to obtain payment for goods and services that have not been supplied.
- Staff awarding a contract, or preferential terms, to a supplier in return for payments, personal discounts, commission or other benefits; or awarding a contract to a relative or other connected party.
- Fraud by false representation. A representation is false if it is untrue or misleading, and the person making it knows that it is, or might be, untrue or misleading.
- Fraud by failing to disclose information.

- Fraud by abuse of position. This applies to those occupying a position in which they are expected to safeguard, or not to act against, the financial interests of another person.

Fraudulently altering documents or records:

- Grant recipients not spending grant funds on purposes intended, or keeping funds for personal use, and falsifying records to support false claims.
- Staff issuing false receipts to customers in order to keep the funds paid for personal use.
- Staff or third parties altering vendor payment details to divert supplier payments to own bank account.
- Staff fraudulently altering accounting records.

Expenses fraud:

- Staff claiming expenses or allowances to which they are not entitled, including by falsifying receipts.
- Staff using office items for personal expenses.
- Staff using Trust assets, such as mobile phones, for their own personal use.
- Staff or contractors falsifying travel and subsistence or other expense claims.

Fraud involving impersonation:

- Staff or third parties impersonating the organization in order to extract fees for a service.
- Staff or third parties submitting false applications from real or fictional individuals or organisation for grants.

Payroll fraud:

- Staff creating non-existent employees for directing payments.
- Staff or temporary staff making false or inflated claims for overtime or flexible working.
- Offer, promise or give a financial or other advantage to another person with the intention of inducing them to perform their functions improperly, or to reward them for having done so.
- Request, agree to receive or accept a financial or other advantage as the reward for an improper function or activity.

Examples of bribes relevant to the organization:

Advantages that could be offered as part of a bribe:

- Cash, vouchers or other cash equivalents, or a “fee”, Gifts
- Gifts.
- Hospitality or entertainment.
- The organization paying travel and accommodation costs to a third party where this is not standard business practice.
- Vaan Muhil staff receiving travel or accommodation free of charge from a supplier
- Favourable business terms.
- Discount of services, or providing services free of charge
- Provision of information that offers a business or personal advantage.