

Doctors For You Anti-Fraud & Corruption Policy	
TITLE	Doctors For You policy on Fraud and corrupt practices
DOCUMENT LANGUAGE	English
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APPLICABILITY	Applies to all activities and operations of DFY and DFY funded programs or projects
IS PART OF	DFY HR & partnership contract Guidelines
REVIEW	In Annual meetings of Doctors For You or in specific circumstances



DFY Approach towards Fraud and Corrupt Practices

- The Biggest Fraud is to cheat oneself
- Rather fail with honor than succeed by Fraud.
- Fraudulent activities in the end secures repentance and shame for its companions.

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1. Introduction

The DFY policy on fraud and other corrupt practices is an important part of DFY's corporate governance, establishing the framework for preventing, identifying, reporting and effectively dealing with fraud and other forms of corruption. It is in line with the DFY Accountability System, adopted by the Executive Board to support ethical values and standards, increase transparency and proper stewardship of resources, as well as to clarify and align all relevant activities.

Any fraud in DFY's operations depletes funds and other resources intended for supporting DFY's mission. Thus, as in other organizations, fraud can undermine its effective functioning and divert scarce and valuable resources from its mission. Moreover, fraudulent and corrupt behavior can seriously damage DFY's reputation and diminish donors' trust in its ability to deliver results in an accountable and transparent manner. All DFY personnel are the stewards of the resources entrusted to the organization. Hence, they are accountable for their proper, effective and efficient use for achieving the intended outcomes of DFY's programmes and projects.

2. Definition of fraud in Indian Jurisdiction

The definition of fraud varies among countries and jurisdictions. DFY is an Indian organization and Section 17 of the Indian Contract Act, 1872 defines that "Fraud" means and include any of the following acts committed by a party to a contract, or with his connivance, or by his agents, with intent to deceive another party thereto his agent, or to induce him to enter into a contract.

- the suggestion as a fact, of that which is not true,
- by one who does not believe it to be true;

- the active concealment of a fact by one having knowledge or belief of the fact;
- a promise made without any intention of performing it;
- any other act fitted to deceive;
- Any such act or omission as the law specially declares to be fraudulent.

Indian Penal Code, 1860 Section 25 of IPC defines "Fraudulently" as: A person is said to do a thing fraudulently if he does that thing with intent to defraud but not otherwise.

According to Indian Law, the types of fraud are 1) Fraudulent Financial Statements; 2) Employee Fraud 3) Vendor Fraud 4) Customer Fraud 5) Investment Scams 6) Bankruptcy Frauds 7) Miscellaneous.

In simple terms, fraud is any act or omission that intentionally misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation. Corrupt practices are generally understood as the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party. In this Policy, fraud is defined in a broader sense and includes, but is not limited to, theft, embezzlement, forgery and corrupt practices. Examples of fraud include the following, which is not an exhaustive list:

- Forging documents, preparing false entries in DFY systems or making false statements to obtain a financial or other benefit to which a person is not entitled;
- Offering or receiving something of value to improperly influence a procurement process;
- Asking for or receiving money for providing information to a vendor in the procurement of goods and services;
- Asking for or receiving personal reward or other private gain in return for showing favor to a candidate in a recruitment process;
- The misuse or theft of a password for the unauthorized access to IT systems;
- Collusion or other anti-competitive scheme between suppliers during a tender process;
- Stealing or misappropriating DFY assets.

3. Scope and application

DFY is committed to preventing, identifying and addressing all acts of fraud against DFY, whether committed by DFY staff members or other personnel or by third parties. DFY has zero tolerance for fraud, meaning that all incidents of fraud are to be reported and will be investigated in accordance with established investigation guidelines. To this effect, DFY is committed to raising awareness of fraud risks, implementing controls aimed at preventing fraud, and establishing and maintaining procedures applicable to the detection of fraud and the enforcement of this Policy.

This Policy applies to all activities and operations of DFY, including any project funded by DFY, any project implemented by DFY, and any implementing partner. The Policy aims to prevent and detect fraud Involving DFY staff members and its personnel, including but not limited to consultants, service contract holders (SCs), individual contractors (ICs) , interns, and volunteers; and Perpetrated against DFY by contractors, suppliers of goods and services, implementing partners, or other third parties.

4. Roles and Responsibilities

All DFY staff members and personnel have critical roles and responsibilities in ensuring that fraud is prevented, detected and dealt with promptly. They should not only safeguard resources entrusted to DFY for supporting its objectives but also protect its reputation. Working together, they contribute to a coherent and complementary institutional framework for effectively enforcing their obligations and cultivating an organizational culture that does not tolerate fraud, malfeasance and other forms of corruption. Accordingly, the following parties are accountable for the following activities:

The Administrator : As the custodian of DFY's Anti-fraud Policy, the Administrator or a designate approves the Policy and its subsequent revisions.

Managers: They should act as role models and are required to take active steps to prevent and detect fraud, misappropriation and other irregularities through compliance with relevant corporate policies and procedures.

Individual staff members: Each staff member must realize that fraud, whatever its extent and form, is contrary to the standards of conduct expected of DFY employees. Fraud constitutes serious misconduct for which a staff member may be summarily dismissed. Other personnel may also be terminated where involvement in fraud is established. In addition, the evidence may be referred to national authorities for criminal prosecution of those involved.

Contractors: Individual independent contractors, as well as employees of companies doing business with DFY are obligated not only to interact honestly in the provision of services for DFY but also to report allegations of fraud to DFY. Upon proof that contractors have engaged in fraud or theft that has caused a financial loss to the organization, DFY will seek restitution for any such loss. DFY may also report appropriate cases to national authorities for investigation and criminal prosecution.

Investigation authorities: Authorities responsible for investigation of such matters will consider fraud and corruption as risk factors. These authorities will also provide 'lessons learned' from audits and investigations as relevant to the further development of DFY's risk management framework.

5. Fraud preventive measures

5.1. Fraud awareness communication and training:

To ensure that managers and staff members are aware of their responsibilities regarding preventing fraud and corruption, a plan for communication, dissemination and awareness-building of this Policy is critical to ensure its integration into DFY's processes and procedures. In this regard, managing units should reiterate the duty of all staff members

to report acts of fraud and other corruption, as required by HR rules and regulations of the organization. Fraud communication and awareness programmes may involve:

- References to the Anti-fraud policy in public information material, online resources, information and guidelines available through the intranet and DFY's external webpage;
- Training and education components on how to comply with the Policy in relevant training programmes with an emphasis on induction material.

5.2. Management of the risk of fraud and corruption

The risk of fraud shall be managed in accordance with the Enterprise Risk Management framework. Managers – in consultation with all staff members, other personnel and, where appropriate, third parties engaged in DFY's operations should identify and assess the risk of fraud in their programme or project areas. Such an assessment should, first, include systematically identifying areas most susceptible to potential fraud and developing appropriate strategies such as internal controls, assurance procedures, programme checks or transparency measures. Then managing units should develop or reengineer processes or IT configurations to better prevent and detect fraud as well as escalate risks to relevant stakeholders. In addition, managing authorities should be vigilant in monitoring for irregularities and encourage staff to report them.

5.3. Preventing conflicts of interest

A 'conflict of interest' occurs when a staff member's private interests -- such as outside professional relationships or personal financial assets -- interfere with the proper performance of his or her duties as a DFY official. A conflict of interest can be: Actual (private interests interfere with official responsibilities), Apparent (there may be a reasonable perception that private interests interfere with official responsibilities), or Potential (private interests may interfere with official responsibilities). As a social service oriented organization, it is important to preserve the independence and impartiality of staff members' official decision-making at all times. Conflict situations do not necessarily imply corruption, wrongdoing or inappropriate activities. However, if they

are not identified and managed appropriately, such situations can compromise (or be perceived as compromising) professional integrity or flag a potential fraud situation.

Staff members should avoid situations where they seem to benefit, directly or indirectly, or allow a third party to inappropriately benefit from the decisions they make. Staff members having fiduciary responsibilities -- as managers or procurement or investment professionals -- are required to formally disclose private interests through the annual financial disclosure exercise.

5.4. Integrity as a key criterion in selection procedures

It is important to recognize integrity as a key component, in its own right, of the recruitment and promotion of DFY staff members. Therefore, placing emphasis on integrity as a selection criterion will enable organization's capacity to prevent fraud and other corrupt practices. Recruiting managers should ensure that specific interview assessment tools for integrity, background, and academic checks are employed.

5.5. Standards or code of conduct

DFY's staff members must be guided by standards of conduct that are prescribed in the HR guidelines and the Staff Regulations and Rules of DFY. The observance of such standards of conduct not only prevents fraud but encourages staff members to aspire to the highest standards of professional behavior.

6. Reporting fraud and corruption

6.1. Promoting an anti-fraud and anti-corruption culture

Doctors For You promote a positive and friendly environment and attracts staff who are willing to contribute to the organization in constructive manner. Along with that, each individual or organization associated with DFY has the obligation to report on information pointing to fraud involving DFY staff members or affecting DFY funds and assets. Other persons having such information are strongly encouraged to report incidences or the details that should be included in a report of fraud or in order for investigations to be successful.

6.2. Reporting Mechanism

The complaints in these matters should be directed to the HR head of the organization and this complains should be as specific as possible. To the extent possible, they should include details such as:

- The type of alleged wrongdoing;
- Where and when these events occurred;
- Who is involved and who has knowledge about the matters being reported;
- How the individual, organization or company committed the alleged wrongdoing;

Why the matter is being reported. Further, information or evidence (for example, documents) that are important for a proper assessment should be included with the report or sent as soon as possible.

6.3. Confidentiality & Policy against retaliation

All investigations are undertaken by DFY authorities on a confidential basis and investigation participants (witnesses and subjects) are strictly informed to maintain the confidentiality in the course of the investigation. Investigation reports and specific details of investigations are shared on a strictly ‘need to know’ basis.

Requests for confidentiality by persons making a complaint (whistleblower) will be honored to the extent possible within the legitimate needs of the investigation. Disclosure

of the name of whistleblower shall never be disclosed without their permission on completion of Investigation.

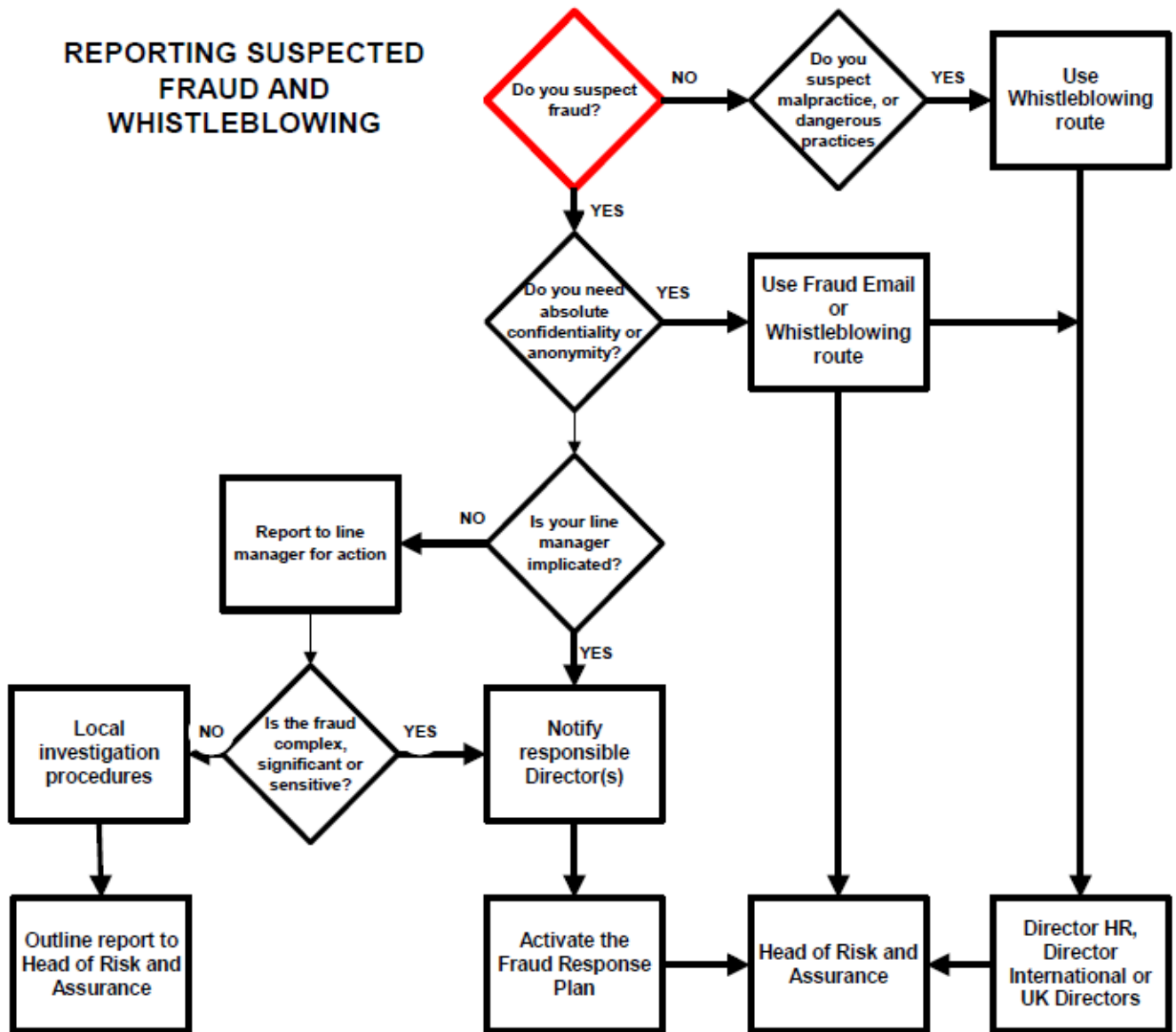
6.4. Anonymous reports

Individuals wishing to protect their identity may report anonymously. However, it can be more difficult to assess and investigate anonymous allegations. Therefore, individuals wishing to make a report are encouraged to provide their contact details. DFY will treat information received sensitively, and will limit disclosure of identifying information of the reporting individual to the maximum degree possible. This can be discussed on a case-specific basis with DFY authorities at the time of reporting.

7. Investigation of Allegations

All allegations of fraud are reviewed by the senior officials of DFY. In addition, DFY undertake proactive investigations in high risk areas that are susceptible to fraud and corruption. DFY will often request further information to enable a proper assessment. Where a matter is appropriate for an DFY officials investigation, the case will be assigned to an investigator who will conduct an objective investigation of all available facts. This will include the collection and review of all relevant documents, interviews of people who can provide information, and an interview with those alleged to be involved in fraud.

Sample of flow chart for Fraud Reporting in DFY



*Adopted from British Red Cross

**Whistleblowers can directly report to any of Board Members or Head / Director HR or President of DFY

8. Related Documents

- a) Contract and procurement policy
- b) Financial Manual
- c) HR Guidelines
- d) IT Policy
- e) Reporting Format

Appendix

1. Fraud Register

The Fraud Register contains the following headings:

1. Case number – DFY/.....001 (Write Project site name in the blank space e.g DFY/J&K003)
2. Date of reporting
3. Location of incident(s)
4. Nature of alleged incident
5. Key persons involved
6. Time period over which the incident(s) occurred
7. Value (estimated or actual) associated
8. References to documentary and other evidence sought or acquired
9. Control weaknesses identified
10. Recommendations for improvement / further action identified
11. Responsibilities and time frames for action

2. Warning signs for fraud

There are warning signs that can indicate a fraud may be taking place, these can include:

- Staff under stress without a high workload
- Reluctance to take annual leave
- Being first to arrive in the morning and last to leave in the evening
- Refusal of promotion
- Unexplained wealth

- Sudden change of lifestyle
- Suppliers/ contractors who insist on only dealing with one staff member
- A risk taker or rule breaker
- Disgruntled at work / not supportive of organizations mission

Fraud Indicators can include

- Staff exhibiting unusual behaviour
- Missing key documents (invoices/ contracts)
- Inadequate or no segregation of duties
- Documentation which is photocopied or missing key information
- Missing expenditure vouchers
- Excessive variations to budgets / contracts
- Bank and ledger reconciliations not regularly preformed and cannot be balanced
- Numerous adjustments or exceptions
- Overdue pay or expense advances

- Duplicate payments
- Ghost employees on payroll
- Large payments to individuals
- Crisis management coupled with a pressured work environment
- Lowest tenders or quotes passed over without adequate explanation
- Single vendors
- Climate of fear / low staff morale
- Consistent failure to implement key controls
- Management frequently overriding controls

3. Examples of controls to prevent and detect fraud

1. Thorough recruitment procedures
2. Physical security of assets
3. Clear organisation of responsibilities and reporting lines
4. Adequate staffing levels
5. Supervision and checking of output

6. Separation of duties to ensure that key functions and controls are not performed by the same member of staff
7. Rotation of staff
8. Random spot checks by managers
9. Complete and secure audit trails
10. Performance monitoring by management
11. Budgetary and other financial reports
12. Reviews by independent bodies such as audit

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