



Mukti Foundation
মুক্তি ফাউন্ডেশন

Anti-Corruption and Fraud Prevention Policy



Message from Executive Director



Greetings! In my capacity as the Executive Director of Mukti Foundation, located in Tala, Satkhira, I extend a warm invitation to go through the Code of Conduct policy for your knowledge and practice.

Since our establishment in 1996, Mukti Foundation has remained steadfast in its commitment to addressing social injustices, particularly those stemming from class, caste, creed, and gender discrimination. Over the past 23 years, we have expanded our programs to encompass a diverse range of issues and have extended our footprint across various geographical areas.

Our focus is on assisting socially disadvantaged women who lack access to essential healthcare and face economic vulnerability. Moreover, these women and their children often endure violations of their legal, human, and democratic rights, perpetuating the cycle of poverty and contributing to the degradation of urban environments, notably in unhygienic slum areas.

As we endeavor to fulfill our mission, Mukti Foundation places significant emphasis on accountability, primarily to the beneficiaries we serve. Additionally, we are dedicated to upholding the principles outlined in our constitution, ensuring accountability to our General Committee.

I extend my sincere gratitude to Malteser International for their generous funding of the “Towards Greater Effectiveness and Timeliness in Humanitarian Emergency Response”, (ToGETHER) project. As part of the ToGETHER project, the review of the Anti-corruption and Fraud Prevention Policy of Mukti Foundation has been undertaken to strengthen organization’s accountability system.

The project aims to mitigate the impact of disasters on local populations through localized, effective, rapid, and accountable humanitarian assistance. It also strives to foster equal and complementary partnerships between local/national NGOs and international NGOs, ultimately strengthening the leading role of local/national NGOs in the humanitarian system.

Let us collaborate to transcend organizational boundaries and address humanitarian challenges effectively, delivering meaningful impact and value to those we serve.

Warm regards,

Gobinda Kumer Ghosh
Executive Director
Mukti Foundation, Tala, Satkhira

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Background:

Rooted in a profound commitment to transparency, integrity, and accountability, Mukti Foundation recognizes the critical importance of upholding ethical standards and combatting corruption and fraud in all facets of its operations since 1996. Founded upon the principles of **social justice, equality, and human rights**, the organization acknowledges that corruption and fraudulent practices undermine the very fabric of society, perpetuating inequality, stifling development, and eroding trust in institutions.

In alignment with its mission to establish a non-exploitative, environmentally sound, surplus, and rights-based community, Mukti Foundation prioritizes the implementation of robust anti-corruption and fraud prevention measures. These measures are integral to fostering an environment conducive to sustainable socio-economic and environmental development, wherein the rights and dignity of all individuals are upheld and protected.

Mukti Foundation's Anti-Corruption and Fraud Prevention Policy serves as a comprehensive framework designed to safeguard the organization's resources, maintain the trust of its stakeholders, and ensure the effective realization of its mission and goals. Grounded in principles of accountability, transparency, and good governance, the policy outlines clear guidelines and procedures aimed at preventing, detecting, and addressing instances of corruption and fraud within the organization.

Policy Statement:

This Anti-corruption and Fraud Prevention delineates Mukti Foundation's strategy for averting and managing instances of fraud and corruption, along with the investigative procedures to be pursued upon suspicion of fraudulent or corrupt activities. Mukti Foundation is steadfast in its commitment to uphold the **highest ethical standards, transparency, and accountability** to its internal and external stakeholders, including donors, beneficiaries, vulnerability, partners, vendors and the communities it serves.

Mukti Foundation acknowledges that its assets encompass not only its physical and financial resources but also its reputation and the trust bestowed upon it by stakeholders. The organization is resolutely committed to maintaining integrity and accountability in all its endeavors. Embracing best practices in risk management, Mukti Foundation recognizes the importance of robust internal prevention mechanisms and controls at all levels of its operations, including its headquarters and field offices. Understanding the diverse risk environments in which it operates, Mukti Foundation tailors its prevention mechanisms to suit the specific challenges present in different contexts.

Key components of the Anti-Corruption and Fraud Prevention Policy include:

Zero-Tolerance Approach: Mukti Foundation unequivocally condemns all forms of corruption and fraud and adopts a zero-tolerance stance towards such practices. This commitment is communicated throughout the organization, emphasizing that unethical behavior will not be tolerated under any circumstances.

Compliance with Laws and Regulations: The policy underscores the importance of adhering to relevant laws, regulations, and ethical standards governing anti-corruption and fraud prevention.

Employees and stakeholders are expected to familiarize themselves with these requirements and conduct themselves in accordance with the highest ethical principles.

Clear Reporting Mechanisms: Mukti Foundation establishes clear channels for reporting suspected instances of corruption or fraud. Employees, volunteers, beneficiaries, and other stakeholders are encouraged to raise concerns or report misconduct through designated reporting mechanisms, ensuring confidentiality and protection from retaliation.

Proactive Risk Assessment: The organization conducts regular risk assessments to identify potential vulnerabilities to corruption and fraud. Based on these assessments, appropriate mitigation strategies are implemented to strengthen internal controls and reduce the risk of misconduct.

Training and Awareness: Mukti Foundation provides comprehensive training and awareness programs to equip employees and stakeholders with the knowledge and skills necessary to recognize, prevent, and address corruption and fraud. These initiatives foster a culture of integrity and accountability throughout the organization.

Investigations and Remedial Actions: In the event of suspected corruption or fraud, Mukti Foundation promptly initiates thorough investigations following established procedures. Upon substantiation of allegations, appropriate disciplinary measures are taken against perpetrators, and remedial actions are implemented to prevent recurrence and mitigate harm.

Section 1: Definition of Fraud and Corruption

Fraud:

Fraud refers to any deliberate act aimed at deceiving another party with the intention of gaining an unfair financial advantage or other benefits, evading responsibilities, or inflicting harm on the other party. It encompasses engaging in dishonesty, misleading actions, deceitful behavior, or operating under false pretenses.

Fraud covers a range of practices including:

- False representation
- Hiding information

Corruption:

Corruption is the practice of providing, offering, receiving, or requesting something valuable, whether directly or indirectly, in order to improperly influence the decisions or actions of another individual or group. It can take on many different forms, such as-

- Active or passive bribery
- Facilitation payments
- Giving material or intangible benefits
- Accepting unfair advantages or gifts
- Undeclared Nepotism and favoritism
- Misappropriation of funds for personal profit or resorting to coercion.

SECTION 2. ELEMENTS OF FRAUD AND CORRUPTION

In combating fraud and corruption, it is imperative to understand the underlying elements that contribute to such acts. Generally, there are three key elements that facilitate fraud and corruption, each of which requires targeted measures for prevention:

Perceived Opportunity:

Often, individuals resort to fraudulent or corrupt practices when they perceive a gap in controls, allowing them to act without fear of detection or repercussion. Addressing perceived opportunity involves implementing robust controls and procedures, such as securing funds in safes, conducting regular reconciliations, enforcing clear disciplinary measures, and ensuring proper authorization protocols are in place. By removing the perceived opportunity, the likelihood of fraudulent or corrupt behavior is significantly reduced.

Motive:

Motivation behind fraudulent or corrupt acts can vary widely, encompassing financial pressures, personal financial struggles, gambling addiction, desire to maintain a certain lifestyle, resentment towards the organization, emotional distress, among other factors. Addressing motives requires proactive measures, including employee support programs, fostering an open-door policy for complaints, and ensuring fair treatment and compensation practices within the organization.

Rationalization:

Rationalization involves justifying fraudulent or corrupt behavior, often despite knowing its ethical or legal implications. This justification may stem from beliefs that no harm will be caused, the act is justified due to owed entitlements, it's a common practice, it serves a greater good, or the funds will be repaid eventually. Addressing rationalization involves raising awareness of the organization's Code of Conduct, highlighting the adverse effects of fraud and corruption on the organization and its beneficiaries, providing fraud prevention training, conducting regular performance evaluations, and promoting a culture of fairness and integrity among employees.

Through this policy, Mukti Foundation endeavors to address all three elements comprehensively within its policies and procedures. Additionally, to aid in the identification and prevention of fraudulent and corrupt acts, the following appendices are provided:

Appendix 1: A non-exhaustive list of potential fraudulent and corrupt practices.

Appendix 2: A non-exhaustive list of indicators that may signal potential exposure to fraudulent and corrupt practices.

Appendix 3: A selection of good management practices aimed at limiting exposure to fraud and corruption.

By integrating these elements and resources into its framework, Mukti Foundation aims to create a robust anti-fraud and anti-corruption culture, ensuring the effective safeguarding of resources and upholding the highest standards of integrity and accountability.

Section 3: Scope and Target Audience

This policy applies to **all individuals associated with Mukti Foundation, including employees, volunteers, contractors, consultants, and partners, and program participants.** It encompasses all activities and operations undertaken by the organization, both internally and externally.

Mukti Foundation (MF) is committed to ensuring that all stakeholders, including employees, volunteers, partner organizations, and relevant parties, are fully informed about its anti-fraud and anti-corruption policies and procedures. In cases where potential fraudulent or corrupt activities involving MF members are reported, MF will conduct prompt and transparent investigations. If such allegations implicate external parties, including partner NGOs or suppliers, MF will ensure their notification and cooperation in the investigation process. Additionally, MF expects its members to take responsibility for addressing any allegations concerning themselves in alignment with the organization's Integrity Policy, thereby contributing to a culture of trust and ethical conduct within MF and its wider network.

Section 4: Roles and Responsibilities in Anti-Corruption and Fraud Prevention

INTERNAL CONTROL

At Mukti Foundation (MF), the implementation of internal control mechanisms to prevent and detect fraudulent and corrupt practices involves several stakeholders:

Senior Management Team (SMT):

The Executive Director and their senior management team are responsible for ensuring the dissemination, implementation, and adherence to the anti-fraud and anti-corruption policy throughout MF.

The SMT holds the following responsibilities:

- Taking responsibility for the maintenance and operation of this policy.
- Maintaining records of financial malpractice, including concerns and allegations received, matters arising from audits, investigations and evidence, and the investigation results.
- Reporting to the Mukti Foundation Executive Board as necessary.

Personnel:

All personnel of Mukti Foundation are required to:

- Read this policy thoroughly and should have clear understanding on this.
- Adhere to this policy without exception.
- Familiarize themselves with the potential risks of fraud and corruption within their respective areas of operation.
- Proactively identify and promptly report any suspicions of fraudulent or corrupt practices through the designated channels as outlined in Mukti Foundation's Code of Conduct.

- Personnel who fail to report or hide any suspicions of fraudulent or corrupt practices may be held accountable for indirectly tolerating or condoning improper activities.

Managers:

All managers at Mukti Foundation are responsible for:

- Establishing robust processes to identify and evaluate potential risks associated with fraud and corruption within their respective domains.
- Implementing measures to mitigate and prevent the occurrence of fraud and corruption.
- Promoting awareness among personnel regarding the importance of adhering to this policy.
- Ensuring that this policy is communicated to contractors or suppliers and incorporated into any relevant contractual agreements.

Managers who fail to fulfill these responsibilities or who condone improper activities may face accountability measures.

Human Resources Department:

The Head of Human Resources will ensure that fraud and corruption prevention and control is incorporated in key human resource activities including:

- Recruitment and selection processes for Personnel, including the use of criminal background
- checks if necessary; verification of facts and documentation supporting applications for employment and volunteer placement; verification of employment history with the International Federation at headquarters and field level and with Members; and reference checks;
- Induction programme for new Personnel; and
- Personnel's development and training programs.

The Head of Human Resources with the support of executive body of the Foundation will advise the to ensure that suspected allegations of fraud and corruption are fully investigated and sanctioned, and that such investigation procedures and disciplinary actions are fair, equitable and in accordance with the legal obligations of the organization.

Finance and Logistics Department:

The Head of Finance and Logistics supports the Executive Body in enhancing fraud and corruption prevention mechanisms, internal controls, and provides guidance on prevention and control measures.

The body will ensure that crucial aspects of fraud and corruption prevention and control are integrated into its operations, including:

- Acquiring accurate information regarding the business profile of contractors or suppliers.

- Conducting thorough due diligence to verify that contractors or suppliers have not been involved in any fraudulent or corrupt practices and are not currently engaging in such activities.
- Promptly reporting any practices that are, or are reasonably suspected of being, contrary to Mukti Foundation's anti-fraud and anti-corruption policy.
- Taking immediate action to cease any dealings with parties acting in a manner contradictory to the policy.

The Head of Finance and Logistics, supported by Mukti Foundation Management, will ensure that contractual agreements with contractors and suppliers explicitly prohibit fraudulent and corrupt practices in accordance with the organization's policy.

Executive Board:

MF's governing bodies, such as Executive Committee and Audit Body, oversee the implementation and adherence to the anti-fraud and anti-corruption policy.

EXTERNAL CONTROL

External Auditors:

In accordance with Mukti Foundation's financial regulations, external auditors will provide external oversight for the organization. While the external auditor's primary responsibility is not to detect fraud, if any instances of fraud are uncovered during their audit procedures, they are obligated to report them to the Director and/or his/her designees.

Cooperating Partners, Contractors, and Suppliers:

All cooperating partners, contractors, and suppliers engaged with Mukti Foundation will be required to adhere to contractual agreements that include the following provisions:

- Grant access to specified records related to Mukti Foundation as required.
- Affirm that they have not been involved in, and will not engage in, any fraudulent or corrupt practices during their engagement with the organization.

Section 5: Handling of Allegations

Raising Concerns

While this document primarily addresses fraud and corruption, it equally applies to all forms of financial malpractices, encompassing a wide range of irregularities. This includes criminal acts such as theft of property (including assets and cash), false accounting, obtaining pecuniary advantage by deception, computer abuse, computer crime, and bribery.

Employees of MF are integral to the organization's stance on fraud and corruption. They are actively encouraged and expected to raise any concerns they may have regarding these issues related to MF activities.

Reporting Process:

Employees should normally raise concerns through their immediate manager. However, it is recognized that they may feel inhibited in certain circumstances. In such cases, employees should contact higher management, including the Director of Finance & Administration and the Executive Director.

Concerns raised will be treated confidentially, properly investigated, and dealt with fairly. All concerns of fraud and corruption will be thoroughly investigated.

The Responsible Officer: Responsible, Finance & Administration

The Responsible of Finance and Administration is appointed as the Responsible Officer. They have the responsibility for the anti-corruption policy and strategy, ensuring the implementation of adequate control systems and measures to prevent and detect irregularities. The Responsible Officer oversees the maintenance of an effective system of internal audit of MF's accounting records and control systems and has statutory rights of access to relevant documents, records, information, and explanations as necessary.

Confidentiality of Information and Identity Protection

Members, Personnel, cooperating partners, contractors, and suppliers who report suspicions of fraud or corruption in good faith shall maintain strict confidentiality. They should refrain from discussing the matter with anyone other than the designated recipient of the report, except if the report was initially misdirected or as otherwise instructed.

Mukti Foundation will take all necessary measures to ensure the confidentiality of reported information. Only authorized individuals and investigators will have access to this information. The identity of individuals reporting suspicions of fraud or corruption will be protected, and measures will be implemented to safeguard them from retaliation. Reports may be made anonymously if there is a reasonable fear of adverse consequences.

Security of Data

To safeguard all documentation related to alleged fraud or corruption, immediate action will be taken to prevent theft, alteration, or destruction. This may include relocating documentation and electronic data storage media to a secure location, restricting access to these materials, preventing suspected

individuals from accessing them during the investigation, and seeking expert advice on handling electronic documentation.

Investigation

Mukti Foundation will promptly and thoroughly investigate suspected instances of fraud and corruption in accordance with its established standards and policies. Investigations will be conducted impartially, fairly, and with due diligence, following the guidelines outlined in the organization's investigative procedures and relevant policies.

Whistle blowers Protection

In cases where fraud or corruption is substantiated, appropriate disciplinary action will be taken against Personnel involved, adhering to Mukti Foundation's Code of Conduct and Staff Regulations. The organization maintains a zero-tolerance policy towards retaliation against whistleblowers or individuals cooperating in investigations.

In order to ensure complete protection of the whistleblower, the organization is committed to the following measures:

- The organization will not disclose the name of the whistleblower under any circumstances, unless explicit approval is obtained from the whistleblower. During discussions or investigations, the organization will not engage in any actions that may defame or harass the whistleblower.
- If it is determined that a complaint is false, fabricated, or intentionally registered, appropriate administrative action will be taken against the whistleblower in accordance with the HR policy manual.

Recovery Measures

Mukti Foundation reserves the right to pursue all available means, including legal action, to recover losses resulting from fraudulent or corrupt activities. In instances involving cooperating partners, contractors, or suppliers, appropriate recovery measures will be undertaken in alignment with Mukti Foundation's policies and contractual agreements.

Key Do(s) and Don't(s)

Hospitalities and Gifts

- Providing hospitalities and gifts to anyone or to any organizations or receiving hospitalities and gifts from anyone or from any organizations with a pure and honest intention will not be come under this policy. The following activities will not be treated corruption:
- Receiving or providing gifts to anyone or to any organization with the approval of the supervisor, but giving or receiving cash money will not get exemption.
- The foundation prohibits the offering or accepting gifts which exceed **BDT 5000** in value
- Receiving or providing certificates or gifts for attending any meeting, training, seminar etc.

Prohibited Activities

- Engaging in any transaction, offering gifts or hospitality, or making commitments that may result in receiving immoral or illegal personal benefits.
- Accepting gifts, services, or any form of compensation in exchange for providing illegal facilities or services.
- Accepting cash or gifts from vendors or individuals/organizations with whom the company has a financial relationship.
- Granting special privileges to colleagues in exchange for bribes, cash, or gifts.
- Engaging in any activities that violate this policy.

Collection and Preservation of Information

- Properly collect and preserve all transaction information and documentation, bills, and vouchers.
- Preserve information regarding gifts received from external sources.
- Ensure the preservation of all accounts, bill vouchers, and information related to professional communication.

Reducing risks of corruption/bribery

- Any employee or any stakeholder can report instances of corruption to management.
- In the event that any situation conducive to corruption arises, if any opportunity for corruption presents itself, or if there are any suspicions of corruption, MF staff or stakeholders are encouraged to reach out directly to management.
- Various communication channels such as email, telephone, or any other means of communication can be utilized to contact MF.
- The MF Complaint Response Mechanism Policy and the Right to Information Policy are in place to facilitate the effective implementation of this policy.

Appendix 1: Potential Fraudulent and Corrupt Practices

- **Misappropriation of Funds:** Unauthorized use or theft of Mukti Foundation's financial resources for personal gain.
- **False Documentation:** Creation or alteration of records, invoices, or financial documents to conceal fraudulent activities.
- **Embezzlement:** Diverting funds or assets entrusted to Mukti Foundation for personal use or unauthorized purposes.
- **Conflict of Interest:** Engaging in activities where personal interests conflict with the interests of Mukti Foundation, leading to biased decision-making.
- **Bribery and Kickbacks:** Offering, soliciting, or accepting bribes, kickbacks, or other improper inducements to gain advantages or favors.
- **Ghost Employees:** Fictitious or non-existent employees added to the payroll to fraudulently obtain salaries or benefits.
- **Procurement Fraud:** Manipulating procurement processes, such as bid rigging, to secure contracts unfairly.
- **Misuse of Resources:** Unauthorized use of Mukti Foundation's assets, facilities, or resources for personal benefit.
- **Accounting Fraud:** Manipulating financial records or statements to misrepresent Mukti Foundation's financial position.
- **Cybercrime:** Unauthorized access, theft, or manipulation of electronic data or systems for fraudulent purposes.

Appendix 2: Indicators of Fraud and Corruption Exposure

- **Unexplained Discrepancies:** Discrepancies between financial records and actual transactions, unaccounted for funds, or irregularities in accounting entries.
- **Unusual Behavior:** Sudden changes in lifestyle, extravagant spending, or unexplained wealth accumulation by employees or stakeholders.
- **Lack of Transparency:** Resistance to providing information or documentation, secretive behavior, or failure to cooperate with audits or investigations.
- **Inadequate Controls:** Weak internal controls, lack of segregation of duties, or absence of oversight mechanisms that could enable fraudulent activities.
- **Excessive Pressure:** Excessive pressure to meet targets or deadlines, unrealistic financial goals, or undue influence from external parties.
- **Conflicting Interests:** Instances where individuals or entities involved in Mukti Foundation's activities have undisclosed conflicts of interest.
- **Disregard for Policies:** Violations of Mukti Foundation's policies, procedures, or ethical standards without reasonable justification.
- **Anonymous Tips or Whistleblower Reports:** Receipt of anonymous tips or whistleblower reports alleging fraudulent or corrupt activities within the organization.

Appendix 3: Management Practices to Limit Fraud and Corruption Exposure

- Zero-Tolerance Policy: Maintain a zero-tolerance policy towards fraud and corruption, with clear consequences for violations, including disciplinary action and legal prosecution if necessary.
- Clear Policies and Procedures: Establish comprehensive policies and procedures outlining expectations, standards, and protocols for financial management and ethical conduct.
- Regular Training and Awareness Programs: Conduct regular training sessions and awareness programs for employees, volunteers, and stakeholders on fraud prevention, detection, and reporting.
- Internal Controls and Oversight: Implement robust internal controls, segregation of duties, and oversight mechanisms to detect and prevent fraudulent activities.
- Whistleblower Protection: Establish mechanisms to protect whistleblowers from retaliation and ensure confidentiality for individuals reporting suspicions of fraud or corruption.
- Transparent Procurement Practices: Adhere to transparent and competitive procurement processes, with clear documentation and accountability at every stage.
- Code of Conduct Enforcement: Enforce Mukti Foundation's Code of Conduct consistently and impartially, holding individuals accountable for ethical lapses or misconduct.
- Regular Audits and Reviews: Conduct regular internal and external audits, reviews, and evaluations to assess compliance with policies and identify areas of vulnerability to fraud or corruption.

Approval:

Reference Policies and Documents, that are associated with this policy-

- Anti-Money Laundering Policy
- Code of Conduct
- Whistleblower Policy
- HR Policy

Date of Approval of the Policy:

Approved By: (Names and Positions with Signatures)