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Antenna Foundation Nepal (AFN)

2019

Fraud and Corruption Prevention Policy - 2019

July 2019

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1. Preamble

Antenna Foundation Nepal (AFN) is an organization that is accountable, transparent and ethical in its management and governance, and that retains the confidence and trust of its members, staff, and donors. Hence, to better manage the risks that the organization may face, the AFN has endorsed the Fraud and Corruption Prevention Policy 2019.

The Policy has been developed based on good practice of fraud risk control strategies and of fraud and anti-corruption response plans found in the public and not-for-profit sectors, and on the specific needs and requirements of AFN as a national organization.

- AFN complies with applicable laws of the countries in which it operates.
- AFN takes a zero-tolerance position with respect to fraud and corruption and prohibits corruption in any form, directly or indirectly. Zero tolerance means that AFN will investigate all allegations falling under the scope of this Policy and apply appropriate sanctions where the allegations are substantiated.
- AFN is committed to its donors, partners and vendors to adhering to the highest standards of probity and accountability in the use of its funding and takes a zero-tolerance stance with respect to cases of fraud and corruption by strengthening its governance, internal controls and risk management practices.
- AFN shall take all possible actions to protect from reprisals individuals who help reveal corrupt or fraudulent practices in AFN projects or grants and individuals, as well as individuals and entities subject to unfair or malicious allegations.

2. Aim and Objectives

The aim of this Policy is to safeguard the reputation and financial viability of AFN through improved management of fraud risk and prevention of corruption. The Policy sets out explicit steps to be taken in response to reported or suspected fraud or corruption, as well as organizational measures that will be taken to prevent or minimize such risks.

2.1 The objectives of this Policy are to:

- (i) Affirm and communicate AFN's formal adoption of a policy to prevent and combat fraud and corruption in its programs and operations;
- (ii) Describe the ongoing efforts and processes of AFN in this area;
- (iii) Outline the measures that AFN will be taking in implementing this Policy.

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3. Scope of Policy

This Policy applies to all staff members, directors, managers, coordinators, officers, associates of AFN or its affiliated entities, whether permanent, fixed-term or temporary including consultants and vendors. This Policy applies to AFN-implemented, funded programs and activities whether implemented directly by AFN or by an implementing partner agency or other grantees. AFN will continue to look to improve its internal controls, including controls inherent in or pertaining to its program/project activities, so as to ensure that it is effective in preventing, detecting and investigating, fraudulent and corrupt practices.

This Policy is an integral part of AFN's internal control policy framework and should be read and applied in conjunction with the AFN Code of Conduct, HR Policy and Admin and Finance Policy and Procedures. In addition, the definitions that appear in the glossary are to be interpreted within the context of this Policy.

4. Anti-Corruption Principles

Corruption can have internal or external causes. AFN prohibits all forms of corruption and in particular but not limited to the following.

4.1 Bribery and Facilitation Payments

AFN prohibits:

- The offering, promising and granting to any person or organization, including government agencies, officials, private companies and employees of private companies, of an undue advantage for one's own benefit or for the benefit of a third party.
- Accepting, demanding or expecting from any person or organization, including government agencies, officials, private companies and employees of private companies, an undue advantage for oneself or for a third party.
- Facilitation payments that are made to expedite bureaucratic procedures or other business arrangements that have been paid for but not delivered.

4.2 Gifts, Hospitality and Expenses

AFN recognizes that fostering good relationships with donor agencies, business partners and stakeholders is important to its continued success. The provision and receipt of modest gifts and entertainment, and the incurring of modest expenses, are acceptable in principle, provided that they are reasonable and transparent. The following should be considered as guidelines.

- I. AFN, any gifts received, should where possible be shared within AFN to avoid the perception that a staff member is directly benefiting.
- II. AFN permits the acceptance of hospitality provided that it does not imply a possible influence on the accomplishment or outcome of projects or business relationships. Staff members are required to use their good judgment before accepting a gift or hospitality. In the event of doubt, staff members should always seek approval from their supervisor.

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In the context of corruption, a gift is a material or financial benefit offered, given, solicited or received in the expectation of receiving a benefit in return. Gifts and hospitality may be used to facilitate corruption, or may give the appearance of corruption. Gifts may take the form of cash, presents, as well as political or charitable donations. Hospitality includes meals, hotels, flights, entertainment and sporting events. The local context of countries and hospitality/courtesy conventions where AFN is operating should be considered when applying this Policy.

4.3 Conflicts of Interest

Conflict of interest occurs when a Staff Member has a private interest that prejudices the integrity and unbiased execution of his/her duties. Private interests include any advantage to oneself or one's family, relatives, friends and persons or organizations with which one has or had business or political relations. Potential, actual or suspected conflict of interest should be disclosed by staff members to the Finance and Administrative Manager or using the reporting mechanisms as per this Policy.

5 Commitment to implement this Policy

To demonstrate AFN's commitment to a zero tolerance policy towards fraud and corruption the following steps have been taken:

- The Policy has been approved by the AFN Board.
- The Policy is an integral part of AFN's Employees Terms and Conditions.
- The Policy is embedded in AFN's operations.

The policy recognizes that everyone in AFN has a responsibility as well as an obligation to contribute to the management of fraud and corruption risk. Therefore, AFN has devised the following facets to underline its commitment and to ensure compliance with the Policy.

5.1 A Culture of Integrity and Ethics

The most persuasive and effective method of preventing fraud is the promotion of an ethical and transparent environment that encourages Staff at all levels to actively participate in protecting the organization's reputation and resources.

This involves:

- A clear statement of ethical values in AFN's Code of Conduct which all Staff Members have an obligation to comply with and promote with third parties, and which the organization applies and enforces consistently;
- Establishing, disseminating and enforcing this Policy, including sanctions for wrongdoing;
- Clarifying and addressing conflict of interest cases;
- Establishing and applying personnel policies that focus on the honesty and integrity of employment candidates and require background checks sufficient to the level and sensitivity of the position;

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5.5 Oversight Process

Independent reviews by external auditors, a statutory requirement under Nepal government's Law, Audit committee and procurement committee will examine the effectiveness of internal controls and review operations for evidence of fraud. The results of such reviews will be reported directly to the EC, and an update on the agreed action plan will be provided to the following EC meeting.

6 Reporting Fraud or Corruption Cases

6.1 Decision Making Structure

The Finance and Administrative Manager (FAM) has been delegated overall responsibility for the organizational response in the case of a reported or suspected fraud. The EC will be informed of all developments related to fraud/corruption cases and will be involved when there is a need to escalate the process, for example by involving the police. Care should be taken to ensure that those involved in overseeing fraud response do not have managerial responsibilities in the area(s) affected.

6.2 Reporting Allegations of Fraud process

AFN Staff Members' Responsibility

Staff members should conduct themselves with integrity and appropriately in the use of AFN resources. They should be aware of the potential for corruption or fraud, and should report any reasonably suspected fraud or corruption.

If Staff Members become aware of a suspected fraud or corruption they should take note in writing of any pertinent details, including what was said or done by whom, the date, the time, the location and the names of the individual(s) involved.

AFN Board Responsibility

If informed of fraud/corruption, EC should listen carefully and, with respect to staff, ensure that every report is treated seriously and sensitively, and give every allegation a fair hearing. Board should obtain as much documentation and information as possible regarding the alleged fraud, including any notes or evidence, and they should reassure Staff Members that the information they provide will be treated as confidential and they will be protected and will not suffer any reprisal for having reported allegations made in good faith.

6.3 Internal Reporting

AFN Staff Members should report any suspected fraud to their line manager or directly to the EC by email, telephone or face-to-face, in order of preference. All reasonable allegations will be treated seriously and systematically, and will be properly investigated.

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7. **Disciplinary Action**

Where an investigation reveals that a AFN Staff Member has committed fraud, the EC will pursue disciplinary or legal action. Disciplinary action for fraud or corruption, unless prevented by country's legal restrictions, will result in immediate termination of employment and for Partners immediate termination or suspension of the contract.

8. **Follow-up Actions**

Following a case of corruption or fraud, the EC will ensure that all staff affected during the process and outcome of the investigation should also be a follow-up with the individual(s) who reported the initial suspicion of fraud, to provide assurance that their claims have been taken seriously.

9. **Related Policies for Further Guidance**

The AFN Fraud and Corruption Prevention Policy is to be incorporated by reference into all instruments regulating the employment, contractual or institutional relationship between AFN and natural or legal persons, and is to be read and applied in conjunction and consistent with the following resources:

- > AFN Code of Conduct;
- > AFN HR Policy
- > AFN Whistleblowing Policy
- > AFN Child Protection Policy
- > AFN Employees Terms and Conditions
- > AFN Admin and Finance Policy

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Annex - 1 Glossary

Allegation - A statement or accusation by a person that an act of fraud has or may have been committed. This does not require evidence of the offence or identification of suspects, but there must be some stated basis for the accusation.

Conflict of interest - A situation in which the impartiality of an employee in discharging his/her duties could be called into question because of the potential, perceived or actual improper and impermissible influence of personal considerations, financial or other.

External fraud - Fraud committed by an external party, for example the employees of a partner or supplier.

Fraud - Any action intended to deceive another party in order to: improperly obtain a financial advantage or other benefit; avoid an obligation; or cause loss to another party. This involves being deliberately dishonest, misleading, engaging in deceitful behavior, or acting under false pretenses.

Corruption - Offering, giving, receiving or soliciting, directly or indirectly, anything of value to improperly influence the actions of another party. Corruption can take the form of active and passive bribery, facilitation payments, material or intangible benefits, undue advantages or acceptance of gifts, donations, nepotism, misappropriation of funds for personal AFN, or coercion.

Immediate dismissal - The immediate termination of employment subject to labor laws. The misconduct has to be so serious that according to all circumstances and the rules of good faith, continuation of the employment cannot be requested.

Internal control - A process, effected by the governing body, management and other employees, designed to provide reasonable assurance that risks are managed so as to ensure the achievement of the organization's objectives.

Internal fraud - Fraud committed directly by AFN Staff Member.

Investigation - A search for or collation of evidence connecting or tending to connect a person or body with conduct that infringes any applicable laws or AFN policies, procedures and guidelines.

Partner - An individual, an organization, corporation or other entity to which AFN grants monies or with which AFN has a contractual relationship.

Risk assessment - A process that analyses the risks, including fraud risks that may prejudice or prevent achievement of organizational objectives, and that determines whether those risks are to be prevented, mitigated, transferred or accepted.

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Staff Member - For purposes of this Policy, all individuals who are a party to a contract of employment or consultancy with AFN, including interns and volunteers, and individuals seconded by other organizations, as well as AFN Board Members are subject to this Policy regardless of where they are located.

Whistleblower - A whistleblower is a person who raises a concern about or reveals misconduct such as fraud occurring in a workplace or in the organization. At potential personal risk, they "blow the whistle" on workplace wrongdoing. Due to the risk of reprisal, organizations need have a process in place to ensure that whistleblowers are protected from unfair reprisal and receive support.

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