

CONFLICT
OF
INTEREST POLICY, DEALING WITH
FRAUD AND IRREGULARITIES POLICY
& ANTI BRIBERY POLICY

Of

RAHAT

Address:

Line Gulbasti, Khankah Road,
Po & Distt. Kishanganj, India_rahata@yahoo.co.in,



RAHAT aims to ensure high ethical standards and maintenance of integrity of our work and allocation of resources. The principles of transparency and disclosure are essential to achieving these objectives. RAHAT in its Executive committee Meeting held on RAHAT on 26. March 2016 and approved 3 policies for RAHAT namely - the Conflict of Interest Policy, Dealing "With Fraud & Irregularities Policy & Anti-Bribery Policy W.E.F. 1st April 2016. These policies are described below one by one.

CONFLICT OF INTEREST POLICY

By disclosing relevant personal, occupational, or financial connections or interests, RAHAT will ensure that conflicts of interest are identified and resolved, thereby preserving the objectivity and credibility of its programmes and decision-making processes.

Disclosure Process

1. All Staff and Member/Board Members must disclose any potential or real conflict of interest, as described below, by completing and submitting a Declaration of Interests Form within a month of joining RAHAT and thereafter on an annual basis.
2. However, the obligation to disclose is on-going Staff members, Member/Secretary must inform RAHAT of any conflict of interest that arises during their period.
3. Failure to disclose a potential conflict of interest would constitute a policy violation.
4. Any potential conflict of interest for Staff members will be referred to an objective body within RAHAT.
5. The objective body will assess the declaration and determine whether there is a real or potential conflict of interest, and subsequently what actions or steps need to be taken to reduce or remove such conflict.
6. The objective body where relevant will communicate with the organisation on any real, potential or perceived conflicts of interest and will hold records of these for future reference.

Defining a Conflict of Interest

A conflict of interest refers to situations in which personal, occupational, or financial considerations, either direct or indirect, may affect, or could appear to others to affect, the objectivity or fairness of Staff members or Board Members participating in a RAHAT Mactivity. A conflict of interest may be real, potential, or perceived in nature.

- ❖ A real conflict of interest arises where a Staff member or Board Member has a financial or other personal interest that may compromise their work with RAHAT. An example of this could be where a staff member is related to an existing or potential supplier.
- ❖ A potential conflict of interest incorporates the concept of foresee ability; when a Staff member or Board Member can foresee that a private or personal interest may someday be sufficient to influence their work with RAHAT, but has not yet arisen (for example, an identified future commitment). An example of this could be where a Staff member is planning to take on additional paid work outside the organization.
- ❖ Staff members and Board Members are required to declare interests (such as personal, family or financial connections) even if they do not feel there is a real or potential conflict. Open transparency and declaration helps the organization manage any perceived conflicts of interest – i.e. where others (external partners, donors, other staff etc.) may perceive that there being a potential conflict.



Examples

As a guide only (and not an exhaustive list) real, potential or perceived conflicts of interest could include:

- ❖ Staff member has close family connection within the organization (i.e. with another Staff member).
- ❖ Staff or Board Member is related to an existing or future/potential supplier.
- ❖ Staff or Board Member is undertaking paid work outside the organization or has business interests or investments that could be perceived as a conflict of interest.
- ❖ Staff or Board Member is undertaking consultancy work in same field/sector
- ❖ Staff or Board Member knows an external candidate that they are interviewing for a position within RAHAT

If in doubt Staff members and Board Members should declare their situation on the Declaration of Interests Form and there's a sample in the appendix.

Determining a Conflict of Interest

Any potential conflict of interest for Staff members will be referred to an objective body within RAHAT is a guide this body will consider the following when assessing whether a conflict of interest does in fact exist:

- ❖ Would our partners or donors be concerned about this conflict of interest?
- ❖ Internally does this impact on our ability to remain consistent with our policies and procedures?
- ❖ Could this impact negatively on our reputation externally?
- ❖ Could this impact negatively on the positioning of youth-led development?
- ❖ Is there a conflict with our values?
- ❖ Could this potential conflict lead to (or be perceived by others to lead to) financial fraud, financial policy violation or compromised value for money?

The objective body will set out both recommendations and required actions needed to either:

- a. Remove the conflict of interest completely; or
- b. Ensure that there is transparent communication with other Staff/partners to remove any perceptions that may arise out of a conflict of interest



FRAUD AND IRREGULARITIES POLICY

- ❖ RAHAT upholds a zero-tolerance policy on fraud.

Definition of Fraud

Fraud is defined as the National & International distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for personal gain.

Examples of Fraud

The following list is not intended to be exhaustive but gives examples of matters which are likely to be classed as fraudulent:

- ❖ Claiming for services not performed, e.g. overtime payments.
- ❖ Travel claims, e.g. false journeys claimed, expenditure inflated.
- ❖ Expense claims, e.g. excessive/inappropriate expenses claimed.
- ❖ Petty Cash, e.g. vouchers/receipts submitted but no expenditure incurred.
- ❖ Selecting friends or relatives for procurement or business partnerships without proper procedures and protocols being followed.
- ❖ Misappropriation of income.

Fraud is an offense that will result in immediate dismissal. It should be noted that RAHAT will use all means possible to recuperate funds and notify partner NGOs of an individual's fraudulent activity.

Other irregularities

These include unauthorized activities for private gain e.g. "borrowing" from petty cash, personal use of vehicles, abuse of telephones and other equipment.

Reporting Protocol

All Staff

- ❖ All Staff are responsible for raising concerns about any suspected fraud and irregularities.
- ❖ Normally concerns should be raised immediately to the Performance Manager verbally, then following in writing.
- ❖ The procedure of reporting begins at Performance Manager level.
- ❖ It is recognised, however, that there may be circumstances where Staff may have to contact another member of Staff other than the Performance Manager.
- ❖ In such circumstances staff should contact the next senior level of Staff, for example a Senior Manager & Secretary of RAHAT.

All Managers

- ❖ All managers are responsible for following up any concerns raised by their Staff to the RAHAT.
- ❖ If the fraud or irregularity involves a Secretary of RAHAT should be contacted and also, on the advice of the Board member where applicable.



- ❖ RAHAT should inform the Secretary on immediate suspicion of any financial fraudulent activities.

Protection of Staff

RAHAT will at all times protect its Staff members from any negative personal consequences arising from the reporting, in good faith, of any fraud and irregularities. To the extent possible, without negative impact on the course of the investigation, the source of reported information will be kept confidential and limited in circulation.

Matters Which Do Not Require Reporting

Generally, genuine errors which are picked up as a result of existing controls before a payment is made do not require reporting. Where, however, this is a persistent problem, e.g. recurrent misinterpretation of policies/procedures, these matters should be reported in order that consideration can be given to changing the wording of those policies/procedures to provide greater clarity.

ANTI-BRIBERY POLICY

RAHAT adopts a zero-tolerance approach to incidences where Staff, Volunteers, partners, agents or contractors are involved in bribery or corruption and seeks to work with organisations having a similar approach. RAHAT recognises that it works in some very challenging, insecure environments and would not expect its Staff to risk life, limb or freedom to uphold this policy.

Indian Laws

The anti-bribery legislations in force in India are the Prevention of Corruption Act, 1988 and the Indian Penal Code, 1860 which expressly prohibit and penalise the acceptance, facilitation and giving of any illegal gratification in respect of official act of a public servant.

Definitions

Bribery is defined as the offering, promising, giving, accepting or soliciting of money, a gift or other advantage as an inducement to do something that is illegal or a breach of trust in the course of carrying out an organization's activities.

- ❖ Examples of bribery may include:
 - ❖ Offering a gift (e.g. excessive hospitality) to a donor organization in return for approval of a grant application.
 - ❖ A potential supplier offering money or a gift in order to influence a tendering process.
 - ❖ Offering payment to a government official in order to speed up or complete a process.
 - ❖ A job applicant offering to pay you to increase his/her chance of being offer employment.

- ❖ **Facilitation Payments**

Facilitation payments are payments which induce officials to perform routine functions they are otherwise obligated to perform. Facilitation payments still constitute bribes and are unacceptable under this. Facilitation payments do not include legally required administrative fees and legitimate fast-track services.



❖ **Gifts and hospitality**

These can range from small gifts (such as diaries) to expensive hospitality (tickets for/invitations to major events, holidays etc.). Hospitality or promotional expenditure which is proportionate and reasonable to demonstrating the work of RAHAT or reflecting good relations is unlikely to qualify as a bribe. However, extravagant gifts and hospitality may be used to disguise bribes that are intended to induce improper behavior (e.g. to fix the outcome of a tendering process).

Similarly, where employees of RAHAT are offered gifts or hospitality that seems excessive, they should be aware that this may constitute a bribe or at least present a conflict of interests. No gift or hospitality that is blatantly excessive should be accepted, and senior management should be notified of any gift received.

The principle that hospitality and gifts should be proportional, that is, of negligible value, should be adhered to in all circumstances. This is appropriate not only in the context of this **anti-bribery policy**, but also in respect of the efficient and effective use of organizational resources.

Responsibilities

RAHAT expects all individuals across the organization to take a proactive role in improving the organization's anti-bribery policy and practice.

❖ **Members & Board Members**

Executive Committee Members will provide leadership, resources and active support for the implementation of this policy. They are responsible for ensuring that this policy and any associated policies are fit for purpose and complied with.

Secretary

The Secretary is responsible for proper implementation of the policy. He/she is also responsible, along with the other authorized person for ensuring all appropriate information is supplied to internal and external auditors, and that any recommendations of the auditors in relation to fraud, corruption or bribery are followed up.

❖ **Human Resources**

Human Resources is responsible for ensuring that the spirit of this policy is incorporated into all aspects of RAHAT people management including recruitment, promotion, training, performance evaluation, remuneration and reward – and that these policies are continually improved in consultation with Staff.

❖ **Finance**

Finance is responsible for ensuring that the spirit of this policy is incorporated into all aspects of RAHAT finance management including accounting for gifts, Staff expenses and donations – and that these policies are continually improved in consultation with staff.

❖ **Fundraising**



The Fundraising Unit and RAHAT are responsible for ensuring that the spirit of this policy is incorporated into all aspects of RAHAT fundraising activities and relationships with donor-organizations.

❖ **Staff and Volunteers**

Individuals are responsible for not giving or receiving bribes and challenging instances where bribery may occur. They are also responsible for reporting all bribery that they are aware of via the procedures laid out in this policy.

Where individuals fail to meet this responsibility disciplinary action will be taken, up to and including dismissal, with the usual recourse to processes of appeal available.

Volunteers are responsible for ensuring the appropriate use of all RAHAT funds issued to them, be they allowances or funds issued for events/programmes, as well as the appropriate use of their own funds while volunteering with RAHAT . They will also be required to sign and adhere to the RAHAT Code of Conduct Personal Policy. Should volunteers fail to meet their responsibilities under this policy, they will be asked to leave the programme immediately.

All Staff and Volunteers are responsible for adhering to the standards of recording financial transactions required by the Finance Policies.

Prevention

❖ **Top level commitment**

RAHAT is committed to tackling bribery at the highest level.

The action that will be taken with regard to those found to be engaging in bribery is articulated in personal policy, under the disciplinary procedures.

❖ **Risk assessment**

It is the responsibility of the Secretary of the organization, Finance and Administration authority to consider the risks of specific programmes, partnerships/donor-relationships/grants and supplier relationships in relation to bribery and corruption.

❖ **Due diligence**

❖ **Recruitment**

RAHAT recognizes that good anti-bribery practice starts from the outset of employing an individual. It therefore requires all Staff to sign the personal policy which sets out appropriate Staff behaviors and disciplinary procedures. In addition, a thorough programme of Staff communication and training is provided.

❖ **Working with Service Suppliers and in Partnerships**

RAHAT is liable under the Indian Bribery Act of Prevention of Corruption Act ("PC Act") 1988, if a person "associated" with it, either in a Country Programme or the Indian Bribery Act another, intending to obtain or retain business/grants/donations or an operational or business advantage for RAHAT .

RAHAT requires all individuals engaging suppliers of services and working with partners of behalf of RAHAT to ensure that:



- ❖ Service suppliers and partners are selected through a transparent and competitive selection process.
- ❖ Due diligence is carried out on partners before entering into contracts.
- ❖ All partners and suppliers are, where practicable, briefed on RAHAT anti-bribery policy and their own responsibilities in respect of it.
- ❖ Contractual agreements explicitly prohibit the giving or receiving of bribes on behalf of RAHAT.
- ❖ **Charitable and political donations**
A political contribution is a donation made to a politician, a political party or a political campaign. Charities are not permitted to make political donations and therefore political donations are not permitted on behalf of RAHAT.

Staff should ensure that any donation received or made by RAHAT is not an incentive to conduct its business improperly. All donations must be approved in line with RAHAT procedures.

Communication

All Staff and suppliers must understand and comply with RAHAT anti-bribery policy. To ensure that this is communicated, RAHAT will:

- ❖ Brief all Staff and Volunteers on RAHAT anti-bribery policy, as part of the organization's induction as a minimum.
- ❖ Requires all Staff to read and acknowledge through signature this policy upon commencing employment with RAHAT.
- ❖ Train all Staff annually on the Finance Policies and Procedures outlines in this manual requires the RAHAT Board to approve this policy and any changes made to it.

Reporting Protocol

- ❖ **What Staff should do if they are offered or asked for a bribe**
Individuals should reject demands for or offers of bribes and RAHAT anti-bribery stance should be made clear.

The only circumstance where payment might not necessarily be avoided is when health and security is seriously at risk. Manager's concerned officers should plan their operations and have security procedures to reduce the risk of payments being requested under compulsion.

- ❖ **Where bribery is suspected or where it occurs**
To enable proper investigation, Staff should record the details of any bribery or requested or attempted bribery, as soon as possible after the event. Any instances of actual or potential bribery should be reported to the RAHAT through Secretary.

Monitoring and Review

This policy will be reviewed annually or after a significant change in operations or a significant incident. This will be in consultation with RAHAT Staff.



Mitigating and Executive Incidents of Fraud

Introduction

Board members and directors have an obligation, and often a legal duty, to demonstrate that they have operated in the best interests of RAHAT. This includes taking appropriate steps to protect against fraud.

What constitutes appropriate action will depend on the context and circumstances. It is important that any actions taken are consistent with policy and proportionate to the incident.

Responding to instances of fraud

RAHAT has taken steps to mitigate the risk of fraud by creating a strong control environment and a culture built on values. Even with these measures in place however, the complexity and nature of our work makes it likely that some fraudulent activity, either within or outside of the organisation is likely to occur.

Each incident will be different and the way that we respond will depend upon the context and specific circumstances. There are however three overarching core principles that inform the way that we respond to any incident. These principles are.

- ❖ **Zero Tolerance Policy:** RAHAT operates a zero tolerance policy in relation to fraud and bribery. Any Staff member found to have committed such an offence will have their contract of employment terminated.
- ❖ **Learning from Experience:** It is crucial that RAHAT learns from incidents of fraud and makes any necessary changes to strengthen processes and prevent reoccurrence. All incidents must be reported to the RAHAT.
- ❖ **Commitment to Transparency:** RAHAT is committed to openness and transparency. RAHAT will never hide incidents from Staff, Board members, donors or regulatory bodies. RAHAT will communicate incidents with sensitivity and will share any steps that it has taken to mitigate against future such incidents.

Outside of these core principles the Secretary has some flexibility in how to respond, depending upon the nature of the incident and the context. The table below outlines the possible steps that the Secretary may take in response to an incident.

Best Practice Response to a Fraud

Report the fraud

- ❖ Any Staff member with knowledge of a suspected or confirmed fraud should report it to their line manager. If this is not appropriate then they can directly report to the Secretary.
- ❖ Line managers should escalate the report to the Secretary. In extreme situation, the Secretary can discuss with the Executive Committee for further direction.
- ❖ All cases of fraudulent activity must be reported.

Responding to a confirmed fraud

- ❖ RAHAT operates a zero tolerance policy regarding fraud.



- ❖ Where a fraud is confirmed and evidence is irrefutable and the Staff member dismissed in line with Personnel Policy of RAHAT.

Executive communication

- ❖ All relevant Staff should be informed of the fraud and the resulting action.
- ❖ RAHAT operates a culture of openness and transparency. Any confirmed instances of fraud should be reported to the relevant donor. The Secretary should seek guidance from the Manger for Investments and Partnerships in how best to approach this.
- ❖ In some instances there may be a requirement to report the incident to regulatory bodies. Guidance can be sought from the RAHAT on how to approach this.

Dealing with a loss of funds

- ❖ The Executive Committee in consultation with Secretary should consider the financial impact of the incident and if necessary adjust plans and forecasts accordingly.
- ❖ In some circumstances it may be possible to recoup any loss through the bank or by taking legal action.



Secretary
RAHAT

