

Attachment 1

FRAUDULENCE & WHISTLEBLOWING POLICY



Population Services & Training Center (PSTC)

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FRAUDULENCE & WHISTLEBLOWING POLICY

Introduction

Population Services and Training Center (PSTC) Governing Body (GB) Members, General Members and employees hold positions of trust and should conduct respective activities accordingly. All those members must avoid activities that would compromise the general confidence of the organization. PSTC should demonstrate sensitivity in identifying potential interest, whether of a financial, personal, or professional nature relevant to the organization.

PSTC should follow the organizational policies that comply the country's existing laws and accordingly adopts this Fraudulence and Whistleblowing policy.

Purpose

The purpose of Fraudulence and Whistleblowing policy is to provide a common understanding of the function, role and processes of violation of organization system and ensure continuity in preserving a culture of good governance. The policy helps to provide a mechanism for early warning system detection over a possible violations that may occur and to reduce the risk of the violation in the facet of finance, operation, legal, occupational safety, and reputation.

Fraudulence and Whistleblowing policy clearly guides on the steps that one needs to follow if his/her supervisor or any one from senior management is involved in the fraudulent activity.

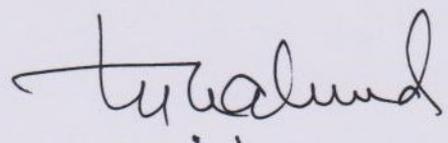
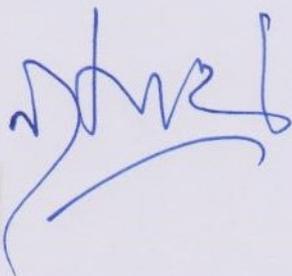
Objectives

PSTC introduces this policy to -

1. Increase awareness of what type of behavior is considered fraudulent;
2. Clear understanding of the actions which an individual needs to take if s/he suspects fraud;
3. Act in good faith; and
4. Have reasonable grounds for believing the information provided is truthful.

Importance

- PSTC established this policy to encompass all employees and other parties, as appropriate.
- Presence of this policy aids in detection and prevention of fraud against the organization.
- Employees of the organization should be regularly informed on this policy with other approved policies through workshop/training.
- Ensure proper fraud reporting channel throughout the organization.



Definition

What is fraud?

Fraud is deliberate deception to secure unfair or unlawful gain, or to deprive a victim of a legal right. The purpose of fraud may be monetary gain or other benefits.

Fraudulence might be happened both externally and internally.

Externally:

- Dishonest vendors, contractors, grantees, consultants, etc.
- Unknown sources (e.g. hackers)

Internally:

- Dishonest employees, temporary staff members, volunteers, etc.

Examples:

- Forgery, alteration or falsifying any financial document (cheque, bank draft, invoices etc.)
- Undisclosed conflict of interest
- Theft, disappearance or destruction of any asset
- Authorizing or receiving payments for goods not received or services not performed
- Impropriety in the handling or reporting of money or financial transactions
- Receiving kickbacks / Soliciting bribes
- Falsifying time sheets, payroll or travel, entertainment related expenses
- Using project funds to pay personal expenses
- Disclosing confidential and proprietary information to outside parties

What is whistleblowing?

A whistleblower is a person who exposes any kind of information or activity that is deemed illegal, unethical, or not correct within an organization that is either private or public. Those who become whistleblowers can choose to bring information or allegations to surface either internally or externally.

Externally:

A whistleblower can bring allegations to light by contacting a third party outside the organization. S/he can reach out to the media, government, law enforcement, or those who are concerned. Whistleblowers also face stiff reprisal/retaliation from those who are accused or alleged of wrongdoing.

Internally:

A whistleblower can bring his/her accusations to the attention of other people within the accused organization.

Examples:

- Individual harm, public trust damage, threat of organizational security.

- Knowingly and willfully communicates, furnishes, transmits, or otherwise makes available to an unauthorized person, or publishes, or uses in any manner prejudicial to the safety or interest of the organization.

Behaviors to be considered as Fraud and Whistleblowing

- Taking vacation, but reporting that time as worked on timesheet
- Falsifying travel receipts and requesting to get reimbursed for them
- Utilizing project vehicle to run personal errands, and not reimbursing the project for it
- Reporting falsified deliverables to the donor
- Providing details to one of the vendors about the other quotes which were already collected from similar vendors
- Disclosing proposal strategy to one of the competitors
- Accepting free personal vehicle service from the vendor because they fix all the vehicles for the office
- Taking the office fan home and utilizing it in your house instead of the office
- Using your friend's business to provide office related supplies, and collecting money in return
- Buying supplies for personal use, but charging to the project
- Making a false claim because you do not get along with a particular individual
- NGOs charging unallowable costs to the donor
- Asking for a kickback for doing business with the particular vendor

Person Involved

Any Governing Body member, General member, SMT member, employee who has a direct or indirect interest with PSTC, or whose family member (spouse, children etc.) or significant other has such interest?

Dos/Don'ts

Dos:

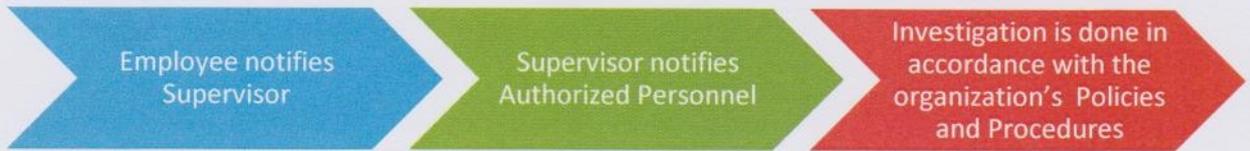
- Report immediately if s/he observes suspicious fraudulent behavior
- Provide as much detail as possible

Don'ts:

- Attempt to personally conduct investigations or interviews /interrogations
- Do not utilize this for personal gripes that should be handled through established personnel procedures

Process of determine fraud and whistleblower

The steps that one needs to follow if his/her supervisor or any one from senior management is involved in the fraudulent and whistleblowing activities. Communicate through the established independent hotlines for providing fraud reports maintaining confidentiality.



How to report Fraud and whistleblowing?

- Over email
- In person
- Over the phone or Skype etc.
- Using websites, face book inbox, twitter, if any
- Letter/written form

Minimum Information to report

- Names of the individual/s involved
- Location where the activity took place
- Date/ time and frequency of fraudulent activity
- Detail description of fraudulent activity
- Any relevant supporting documents

Pro-active anti-Fraud and anti-whistleblowing mechanism

- Segregation of duties
- Authority matrix is fully enforced
- Financial and non-financial reconciliations performed regularly
- Continuous review of financial reports and transactions at the headquarters and projects/clinics
- Management reviews
- Surprise checks completed regularly
- Internal field level audits

Relevant information applicable for Fraud and Whistleblowing

The relevant staff member will be provided clear information about violation of policies of the organization. The staff member should be given clear conception how and which policy was violated by him/her including the policy name and the detail clause of that policy with enough explanation. Corrective measure should be conducted by the organization to correct the problem.

Castigation

Alleged person(s) under Fraud and Whistleblowing policy may be undergone an investigation process. The investigation committee will be formed consisting of at least three members. Based on the reports and evidences submitted by the committee the alleged person(s) will be rewarded by any punishment following the HR manual of PSTC. The staff member(s) should provide the opportunity to prove him/her innocent before applying the punishment.

If necessary, donors' policy will also be considered before applying any punishment to the staff members.

End