



New Consultancy and Relief Organization

7/1/2021

Anti-Fraud and Anti- Corruption (AFAC) Policy



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Anti-fraud and anti-corruption policy

1. Foreword

This Anti-fraud and anti-corruption policy is developed with a view to bring harmonization in the NCRO activities.

The manual is aimed at regulating internal day to day affairs of NCRO and is not purported to address legal or other issues outside organization. For issues outside organization, reference to laws and regulations issued by government authorities should be made.

Besides implementation of this manual, any law and regulation applicable to NCRO must be properly complied with and this is the responsibility of top management to ensure that nothing is being done in violation of government laws and regulations applicable to NCRO.

This manual shall come into force w.e.f the date (1 July 2021) when Board of Directors NCRO approves the updates of this manual. Scope of this manual extends to all finance and admin activities. It includes all financial as well as administrative aspects of activities of NCRO. All the staff members are responsible to make themselves familiar with its contents and for proper implementation of the same. Failure to comply with these regulations will be met with appropriate actions

The manual includes policies and procedures, while different standard formats are put as appendixes.

As the Board of Directors approves this manual, any future changes should also be approved by Board of Directors before incorporating in this manual.

This manual should be reviewed regularly to see if any updates are lagging or if any procedures should be changed.

NCRO Director





2. Introduction

New Consultancy and Relief Organization (NCRO) is committed to operating and implementing its activities lawfully, ethically, and with integrity.

As part of this commitment, anyone working for or with NCRO must accept that all forms of bribery and corruption are unacceptable and will not be tolerated.

NCRO must ensure that none of our employees, nor any third party acting on our behalf, acts in a fraud and corrupt manner when dealing with any other party or individual.

This Anti-fraud and anti-corruption policy sets out policies and rules to prevent acts of fraud and corruption in NCRO. It provides guidance on the standards of behavior to which all NCRO staff and (partners) must adhere.

It is evident that most of these policies reflect what both common sense is and good practices and that NCRO is familiar with a transparent working practice already.

This policy however is designed to help staff members to identify a variety of activities that constitute bribery and corruption.

It is also intended to provide staff with help and guidance if staff are unsure whether a situation that arises constitutes a case of corruption or bribery and, if so, to provide further guidance on what actions these staff members should take.

I. Anti-corruption policy

I.1 Purpose

The purpose of this policy is to:

- a. Set out NCRO's responsibilities, and the responsibilities of those working for us or associated with us, in observing and upholding our position on bribery and corruption; and
- b. Provide information and guidance to those working for us on how to recognize and deal with bribery and corruption issues.

It is important that staff members read, understand and act in accordance with this policy.

I.2 Policy Statement

- 2.1. It is NCRO's policy to conduct all of our businesses and activities in an honest and ethical manner. NCRO takes a zero-tolerance approach to bribery and corruption and is committed to act professionally, fairly and with integrity in all its relationships and business dealings wherever it operates and to implement and enforce effective rules and procedures to counter bribery by all means.



- 2.2. Bribery and corruption are punishable for individuals involved by three up to ten years imprisonment, (Anti Administrative Corruption Strategy, Chapter four, Article 15, and Part two) and if NCRO is found to have taken part in corruption NCRO could face an unlimited fine and face irreparable damage to our reputation. NCRO therefore take our legal responsibilities very seriously.
- 2.3. NCRO is committed to the following steps:
- a. Implementing the anti-bribery and corruption policy;
 - b. Undertaking a risk assessment exercise, which will be subject to on-going review;
 - c. Undertaking trainings for all staff especially managerial level positions;
- 2.4. In this policy, third party means any individual or organization that come into contact with NCRO staff during their course of work, and includes actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians and political parties.

I.3 Who Is Covered By The Policy?

This policy applies to all staff members working at all levels and grades, including senior managers, officers, directors, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff, home workers, casual workers and agency staff, volunteers, interns, agents, sponsors, or any other person associated with NCRO, or any of NCRO subsidiaries or their employees, wherever located (collectively referred to as **workers** in this policy).

I.4 What is corruption?

- The abuse of public resources or public power for personal gain.
- Dishonesty and illegal behavior by people in positions of authority or power.
- The abuse of entrusted power for private gain.

By its nature corruption can be difficult to detect as it usually involves two or more people entering into a secret agreement. The agreement can be to pay a financial inducement to a public official for securing favor of some description in return.

Ingenious methods of making the payments are used by those involved, including moving the money through a number of offshore companies (which, on the face of it, have nothing to do with the intended recipient) registered in various jurisdictions.

It is possible that in our day to day life or in our working environment NCRO have or will come across questionable practices; things that, given a staff knowledge and experience, just



do not seem to add up. This may not necessarily mean that corruption is present but it may be something that a staff wishes to bring to the attention of a staff manager.

I.5 Types of corruption:

The common types of corruption according to the United Nations Convention against Corruption (UNCAC) are patronage, cronyism, conflict of interest, bribery, abuse of power, nepotism, favoritism, embezzlement, forging documents, concealment, etc.

The Afghanistan Anti-corruption Law and NCRO identify the following types of corruption those are listed as:

- 5.1. Bribery
- 5.2. Embezzlement
- 5.3. Stealing of documents
- 5.4. Unauthorized destruction of official records
- 5.5. Exceeding the limits of legal scope of authority
- 5.6. Misusing of duty power
- 5.7. Impeding the implementation of justice
- 5.8. Using government facilities and official work hours for personal affairs
- 5.9. Refusing to perform duty without legal justification
- 5.10. Concealing the truth
- 5.11. Illegal increase in assets
- 5.12. Forgery of documents
- 5.13. Misrepresentation of authority (falsely representing to have certain official authority to grant or deny government approval)
- 5.14. Receiving any kind of gifts in order to perform or refrain from performing official actions
- 5.15. Delaying the execution of assigned duties
- 5.16. Violating the code of ethics of the related office
- 5.17. Involving ethnic, regional, religious, partisan, gender and personal issues in performing entrusted duties
- 5.18. Acting or refusing to act in violation of the Anti-administrative corruption Strategy

I.6 What is Bribery?

Bribery involves the following:



- When a financial or other advantages is offered, given or promised to another person with the intention to induce or reward them or another person to perform their responsibilities or duties improperly (it does not have to be the person to whom the bribe is offered that acts improperly); or
- When a financial or other advantage is requested, agreed to be received or accepted by another person with the intention of inducing or rewarding them or another person to perform their responsibilities or duties inappropriately (it does not have to be the person who receives the bribe that acts improperly).

Bribery in any form is considered illegal act it does not matter whether the bribe is:

- Given or received directly or through a third party (such as someone acting on Integrity Watch's behalf, for example an agent, distributor, supplier, joint venture partner or other intermediary); or
- For the benefit of the recipient or some other person.

Bribes can take many forms, for example:

- Money (or cash equivalent such as shares);
- Unreasonable gifts, entertainment or hospitality;
- Kickbacks;
- Unwarranted rebates or excessive commission (e.g. to sales agents or marketing agents);
- Unwarranted allowances or expenses;
- "Facilitation" payments made to perform their normal job more quickly and/or priorities a particular customer;
- Political/charitable contribution;
- Uncompensated use of company services or facilities; or
- Anything else of value;

I.7 Potential risk scenarios: Red flags

If a staff encounters any of these scenarios while working for NCRO Afghanistan, a staff must report them promptly to his or her line manager or to the Executive Director:

- Become aware that a third party engages in, or has been accused of engaging in, improper business practices;
- Learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a "special relationship" with a staff



stakeholders such as; government officials, other NGOs working in the same area of interest, donors and service providers;

- A third party insists on receiving a commission or fee payment before committing to sign up to a contract with us, or carrying out a government function or process for us;
- A third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- A third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
- A third party requests an unexpected additional fee or commission to "facilitate" a service;
- A third party demands entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- A third party requests that a staff provide employment or some other advantage to a friend or relative;
- A staff receive an invoice from a third party that appears to be non-standard or customized;
- A third party refuses to put terms agreed in writing;
- A staff notice that NCRO have been invoiced for a commission or fee payment that appears large given the service stated to have been provided;
- A staff are offered an unusually generous gift or offered lavish hospitality by a third party;
- A staff are asked to give hospitality at which a staff are requested not to attend;
- A staff are offered hospitality at which the giver is not going to be in attendance;
- A staff is asked to give hospitality to persons who are not associated with the organization (for example family members) or are offered hospitality which extends to persons beyond our business (for example family members).

I.8 What is not acceptable?

In addition to the above it is not acceptable for a staff (or someone on a staff behalf) to:

- Give, promise to give, or offer, a payment, gift or hospitality with the intention of influencing, inducing or rewarding improper performance.
- Give, promise to give, or offer, a payment, gift or hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure (where the payment is not a legitimate payment pursuant to local written law).



- Accept payment from a third party that a staff know or suspect is offered with the expectation that it will obtain a business advantage for them which will be obtained through improper performance by a staff or us.
- Accept a gift or hospitality from a third party if a staff know or suspect that what it is offered or provided is intended for influencing improper performance by us in return.
- Threaten or retaliate against another Worker who has refused to commit a bribery offence or who has raised concerns under this policy; or
- Engage in any activity that might lead to a breach of this policy.

I.9 Facilitation payments

- NCRO do not make, and will not accept, facilitation payments or "kickbacks" of any kind.
- Facilitation payments are typically small, unofficial payments made to secure or expedite a routine government action by a government official. They are not commonly paid, but are common in some other jurisdictions in which NCRO operate.
- If a staff is asked to make a payment on our behalf, a staff should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. A staff should always ask for a receipt which details the reason for the payment.
- If a staff has any suspicions, concerns or queries regarding a payment, a staff should raise these with the Compliance Manager.
- Any such incidents should be reported to the Executive Director at the first available opportunity.
- Kickbacks are typically payments made in return for a business favor or advantage. All employees must avoid any activity that might lead to, or suggest, that a facilitation payment or kickback will be made or accepted by us.

I.10 Staff responsibilities

- A staff must ensure that a staff read, understand and comply with this policy at all times.
- A staff must be open about gifts and hospitality given or received and a staff must disclose these to a staff manager in advance (where it is possible to do so or as soon as possible afterwards).
- The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for NCRO Afghanistan. All NCRO staffs are required to avoid any activity that might lead to, or suggest, a breach of this policy.



- A staff must notify his or her manager or the Executive Director as soon as possible if a staff believe or suspect that a conflict with this policy has occurred, or may occur in the future. For example, if a customer or potential customer offers a staff something to gain a business advantage from us, or indicates to a staff that a gift or payment is required to secure their business.
- Any employee who breaches this policy may face disciplinary action, which could result in dismissal for gross misconduct.
- NCRO reserves the right to terminate the contractual relationship and demand compensation with other staff if they breach this policy.

I.11 How to report suspicious or corrupt activities

In case a staff witness to any form of corruption inside NCRO or outside NCRO that affects NCRO's mission, a staff should immediately inform a staff line manager by any communication means available such as; phone call, an SMS and/or email with a copy to the Executive Director and to Human Resources providing a summary of the incident and providing any evidence which can facilitate NCRO's further investigation of the matter.

I.12 Whistleblower protection

Whistleblowers are those who report any types of corruption as mentioned above. NCRO ensures that such person's identities will remain confidential and encouraging them further to raise any instance of potential corruption.

Any type of misconduct should be reported to the NCRO Compliance through email: complaint@ncro-afg.org or her contact number.

I.13 Investigation of corruption

Any case of corruption will be seriously investigated but the Disciplinary Committee and/ or another committee convened by the Executive Director. The matter in question will be investigated, a detailed report will be prepared and actions will be taken based on the available evidences.

I.14 Override

This policy takes priority over any other rules or policies of NCRO, past or future, in regard to corruption or bribery.

I.15 Why Corruption is harm

- Results in illegal activities, underground economy, and encourages organized crime
- Creates inefficient society: limits innovation and encourages inefficiency
- Results in loss of trust in the organization, justice, and public services
- Is unfair and harms those without power



- Results in a loss of values and morality

NCRO measures to minimize or prevent corruption Commitment to organization values are as follows:

- Policies and procedures / this policy
- Controls and segregation of financial activities
- Transparency performance financial and managerial
- Building trust
- Keeping aware of corruption activities
- Code of conducts
- Code of ethics
- Obeying by-law
- Monitoring activities
- Refusing to pay bribe
- Asking for receipt in return of payment

I.16 Definitions

I.16.1 Bribery:

Bribery is giving or receiving something of value to influence a transaction.

I.16.2 Illegal gratuity:

Giving or receiving something of value after a transaction is completed, in acknowledgment of some influence over the transaction.

I.16.3 Extortion:

Demanding a sum of money (or goods) with a threat of harm (physical or business) if demands are not met.

I.16.4 Conflict of interest:

Where an employee has an economic or personal interest in a transaction.

I.16.5 Kickback:

A portion of the value of the contract demanded as a bribe by an official for securing the contract.



I.16.6 Corporate espionage:

Theft of trade secrets, theft of intellectual property, or copyright piracy.

I.16.7 Commission/fee:

Used by a company or individual to obtain the services of an agent/agency for assistance in securing a commercial contract.

I.17 Pledge

All the staff member of NCRO has to read the policy and sign the pledge that is provided to them in three languages, they are also bounded to implement and agree on subsequent version of this policy.

References:

1. <http://www.sfo.gov.uk/bribery--corruption/what-is-corruption.aspx>
2. http://www.ucl.ac.uk/finance/finance_docs/finance_regs/anti-corruption-and-bribery-policy.pdf
3. Law on overseeing the implementation of Anti Administrative corruption strategy



II. Anti-Fraud Policy

II.1 Policy Objectives

The objective of this policy is to establish guidelines for fraud prevention and to promote awareness that fraudulent acts against New Consultancy and Relief Organization will not be tolerated.

This will be achieved by educating staff about their responsibilities, and obligations and creating awareness about ethical conduct.

The cost of fraud corruption is both pecuniary and non-pecuniary including but not limited to:

- Financial loss
- Waste of resources, including management time
- Loss of corporate reputation
- Loss of community confidence
- Impact on employee morale and subsequent effects on productivity.

II.2 Policy Scope

This policy applies to fraudulent conduct by staff, volunteers, contractors and customers.

II.3 Policy Statement

Principles

New Consultancy and Relief Organization maintains a zero tolerance attitude towards fraud and is committed to preventing fraud at its origin. NCRO believes that an emphasis on prevention and detection is the best way to deal with fraud.

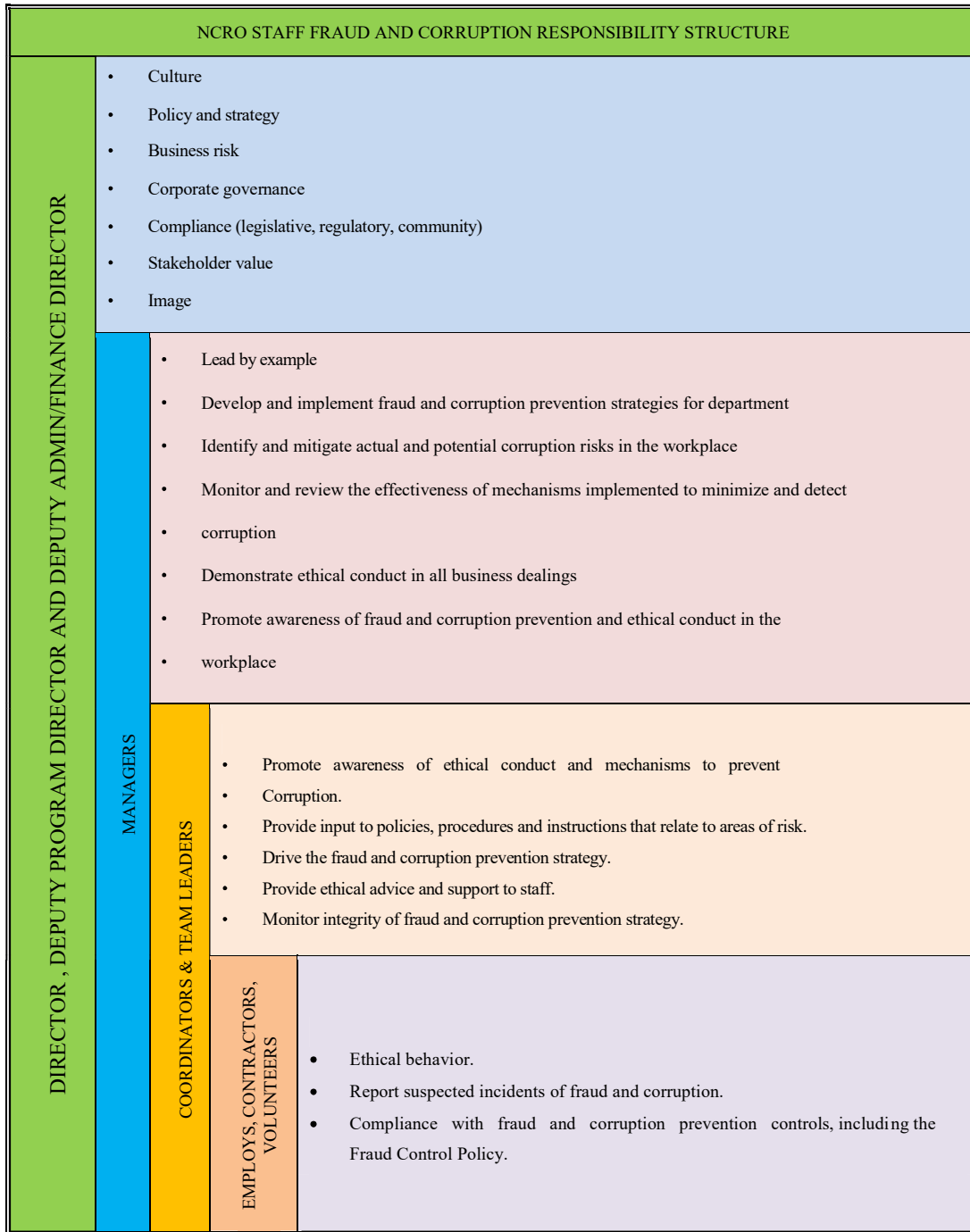
The underlying drive of NCRO's policy on Fraud Control is to encourage the public and staff to understand that fraudulent acts against NCRO are unacceptable and may constitute a criminal offence that could lead to prosecution.

Any effective fraud prevention strategy must recognize that prompt action needs to be taken when fraud is reported or detected, both to bring the fraud to an end and to discourage others who may be inclined to engage in similar conduct.

This policy is designed to protect public funds and assets; protect the integrity, security and reputation of NCRO and its staff; and maintain a high level of service to the community.

The three (3) elements of NCRO's policy are:

1. Prevention of loss through fraud by the implementation of fraud prevention procedures
2. Commitment to a policy of detection, investigation and prosecution of individual cases of fraud, and
3. A culture that encourages staff to report fraud if they discover it.



II.4 Fraud Prevention

NCRO’s fraud prevention strategy involves:

II.4.1 Organizational Integrity and Leadership

NCRO recognizes that the most effective form of fraud prevention is the establishment of an organizational culture that rejects fraudulent conduct. Commitment from NCRO



and Managers is essential in establishing a behavior model for all staff, volunteers and contractors.

NCRO will establish and maintain a fraud-resistant culture by:

- a. Employing Managers and Supervisors who are positive role models and display ethical behavior.
- b. Adopting and enforcing policies that emphasize ethical behavior.
- c. Issuing clear standards and procedures to encourage the minimization and deterrence of fraud.
- d. Ensuring Managers and Supervisors are accountable not only for their own actions but also for the actions of those they supervise.
- e. Including relevant clauses in employment contracts and performance agreements.
- f. Including relevant elements in NCRO's core competencies.
- g. Providing an environment where staffs feel comfortable to report any fraud they become aware of.

II.4.2 Employee Awareness

- a. Employees will be made aware of NCRO's Fraud Control Policy and ethical conduct expectations through: The inclusion of awareness training in NCRO's ethical principles, Code of Conduct, Fraud Control Policy and Internal Reporting System for Disclosures Policy during induction training for new employees by Managers/Coordinators and Human Resources
- b. Refresher training for all employees conducted by Corporate Services when the Code of Conduct has been amended
- c. The inclusion of relevant fraud prevention policies in NCRO's staff contracts.

II.4.3 Customer and Community Awareness

Fraud is often uncovered as a result of complaints from customers or members of the public. As such, it is important that the community understands fraud, and why it is important to report it. In order to increase community awareness and encourage the reporting of corrupt conduct, the following actions will be taken by NCRO:

- a. The inclusion of NCRO's Code of Conduct on NCRO's website
- b. The distribution of plain English brochures explaining what customers' rights are and how to make a complaint
- c. Provide feedback to all persons who report suspected corrupt conduct on the action that has been taken.

II.4.4 Risk Assessment

Assessing the risk of fraudulent conduct is a major step towards preventing its occurrence. Accordingly, an annual risk assessment review will be conducted by NCRO's internal audit committee, with the assistance of an internal auditor, and a report will be submitted to the NCRO Director.



II.4.5 Ongoing Review of Policies and Procedures

Apart from continuing to develop policies to address unforeseen ethical or corruption problems that may arise, there will be an ongoing program of reviewing all policies. In particular, NCRO will review the following policies and procedures every three (3) years:

- a. Code of Conduct
- b. Fraud Control Policy
- c. Public Interest Disclosures Internal Reporting Policy
- d. Procurement Policy.

II.4.6 Security

One of the major strategies in fraud prevention is to limit the opportunities for fraud. In this respect, there will be annual reviews of cash handling, collection of cash, securing of cash and valuable equipment conducted by NCRO's Managers, procurement committee, in conjunction with the Finance division.

II.4.7 Fraud Detection

Detecting fraud depends upon constant monitoring of operations and the encouragement of reporting by employees and the public. The following strategies will be utilized:

II.4.8 Encouraging Disclosures

NCRO recognizes that most fraud is detected by employees of NCRO, and to a lesser extent, by members of the public. NCRO will encourage the reporting of fraudulent conduct by:

- a. The inclusion of fraud detection and internal reporting training in induction procedures for new employees by Managers/Coordinators and Human Resources.
- b. Advertising methods by which members of the public can report instances of fraudulent conduct that they may become aware of on the New Consultancy and Relief Organization website
- c. The Public Officer providing feedback to people who report suspected fraud on the action that has been taken.

II.4.9 Internal Audit Committee

The internal audit committee will:

- a. Have the responsibility to oversee NCRO's fraud prevention measures
- b. Meet bi-monthly to review progress on the implementation and operation of fraud prevention procedures



- c. Monitor the implementation of recommendations from NCRO's internal and external auditors
- d. Report to NCRO annually on issues raised and actions taken during the preceding year.

II.4.10 Internal Auditing

- a. NCRO will utilize an internal auditor to identify risk areas and to detect any problems with NCRO procedures that may lead to fraud occurring
- b. The internal auditor will visit the NCRO bi-monthly and provide reports to the General Manager and the internal audit committee.

II.4.11 Fraud Investigation

NCRO continues to maintain a zero tolerance stance and recognizes that it may not always be successful in its efforts to prevent fraud. It will therefore investigate all reported instances of fraud thoroughly. Depending upon the circumstances of the fraud, an internal investigation may be undertaken or the matter may be referred to an external body such as police.

II.4.12 Internal Reporting

Internal reporting and the process is covered by NCRO's Public Interest Disclosures Internal Reporting Policy.

II.4.13 External Complaint

Complaints regarding corrupt conduct received from the general public are covered by NCRO's Management.

II.4.14 Fraud Correction

Once a fraudulent act has been identified and investigated, strategies will be implemented by NCRO, the NCRO Director and program manager to ensure that the act will not be repeated. These may include:

- a. Disciplinary action and/or dismissal of employees or volunteers involved in fraudulent conduct
- b. Termination of contractors
- c. Review and alteration of operating procedures
- d. Additional training for employees or volunteers
- e. Making other employees aware of the situation in general terms in order to discourage similar conduct in the future
- f. Improvements in physical security.

II.4.15 Non Compliance with This Policy

Failure to comply with the terms of this policy may result in disciplinary procedures, and/or dismissal for employees and volunteers, suspension of operation and termination



of contractors.

II.4.16 Review

This policy shall be reviewed every three (3) years to ensure that it meets the requirements of legislation and the needs of NCRO.