Policy Summary

Anti-Fraud Policy

Friends Affected & Infected Together in Hand (FAITH) — Lalitpur, Nepal
Adopted October 2019

POLICY COMMITMENT

FAITH takes a no-tolerance approach to fraud and upholds all applicable anti-fraud laws in the jurisdictions in which it operates, safeguarding its reputation and financial viability through improved management of risk.

No	**2**	**5**	**Oct 2019**
Tolerance approach to fraud, internal or external	Broad fraud categories: internal and external	Financial control measures against fraud	Policy adopted

About this Policy

Undetected or unmanaged fraud can significantly damage an organization's financial health, image, and reputation — from mild disruption to widespread job losses or organizational collapse. This Anti-Fraud Policy sets out FAITH's stance on fraud and the responsibilities for its prevention and detection, safeguarding FAITH's reputation and financial viability through improved risk management.

FAITH undertakes due diligence on its employees, partners, grant recipients, and associates, and takes reasonable steps to ensure they apply all applicable anti-fraud laws.

Scope

- All those working for or under the control of FAITH — employees, directors, project staff, interns, and volunteers.
- Both internal fraud (committed by executive board, employees, interns, or volunteers) and external fraud (committed by any other party).
- All financial and non-financial systems and controls FAITH relies on to prevent fraud.

Key Definitions

- **Fraud —** any action or intentional omission involving deception that enables someone to receive direct or indirect benefit, financial or non-financial, at the expense of FAITH or others involved with it.
- **Internal fraud —** fraud committed by persons inside FAITH, split into asset misappropriations (e.g. cash receipts, payroll, or expense schemes) and fraudulent financial reporting (e.g. false financial statements or misclassified donations).
- **External fraud —** fraud committed against FAITH by any entity or individual outside the executive board, employees, interns, and volunteers.
- **Risk assessment —** a process that analyses risks, including fraud risks, and determines whether they should be prevented, mitigated, transferred, or accepted.
- **Fraud prevention —** strategies designed to proactively reduce or eliminate internal and external fraud.
- **Immediate dismissal —** cessation of employment immediately upon notice, without separation benefits, on the basis of a breach of the employee's contract terms.

Duties: Prevention, Detection, Investigation and Action Plan

Duty Area	What it Covers
Compliance	The Executive Body communicates and circulates this Policy along with FAITH's Code of Conduct to internal members, embedding organizational work ethics that prevent fraud from the outset.
Assessing Fraud Risks	FAITH proactively reduces fraud opportunities by identifying and measuring existing and potential fraud risks across the organization.
Identifying and Measuring Risks	The Executive Director identifies and measures existing and potential fraud; the Disinterested Committee investigates risks reported through the Whistleblower Policy or by external parties.
Investigation and Reporting	The Executive Director and Disinterested Committee report detailed findings — including the person liable, degree of risk, and interview outcomes — to the Governing Board.
Action Plan	The Governing Board decides and enforces disciplinary action against the person found liable for fraud, based on the investigation's findings.

Action Plan for Confirmed Fraud

Once a fraud finding is confirmed, the Governing Board takes charge of penalizing the person liable. Disciplinary action may include, but is not limited to:

- Making the defaulter liable for the equivalent amount of fraud
- Penalizing the defaulter twice the amount of the fraud
- Immediate dismissal from the organizational post
- Imprisonment
- A combination of the above

Financial Controls Against Fraud

To prevent potential fraud, the Governing Board maintains financial and non-financial systems and controls, including but not limited to:

- Timely financial audit of the financial statements by an external auditor
- On-time verification of invoices and bills
- Authorization of financial records by higher authority
- Proper communication and coordination among organizational departments and field offices
- Assurance that fund use complies with the objective of the grant

Communication and Consultation

The Governing Board ensures appropriate stakeholders, internal and external, are consulted and informed about existing and potential fraud, and takes responsibility for raising awareness across the organization through proper communication of the Policy and responsibilities.

Where FAITH needs additional assistance in identifying or managing fraud, external experts and consultants may be engaged.

Monitoring and Control

FAITH is responsible for the timely monitoring and evaluation of potential fraud, including the timely appointment of an external party (the Disinterested Committee) to verify organizational effectiveness. Financial information and records are cross-checked and reconciled regularly to prevent and detect fraud in a timely manner.