



KBM CARE

SERVING THE UNSERVED

ZERO TOLERANCE FRAUD POLICY



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WHO THIS POLICY APPLIES TO;

Covered individuals and organizations include:

- Staff, Interns, volunteers, and other KBM CARE representatives
- Sub-awardees, partners, vendors, suppliers, consultants and others with whom we provide assets in exchange for services or products (collectively “Partners”)

Related Documents

KBM Care Foundation (KBM CARE): **“Big 8 Policies”** (Code of Ethics & Business Conduct, Compliance with Law, Regulations and Standards, Financial Transactions/Records and Reports, Gifts and Gratuities, Conflicts of Interest, Beneficiary Safety and Protection, Confidential and Proprietary Information, and Reporting a Possible Violation); Document Retention; and Investigative Tool Kit.

If working in/visiting KBM CARE country offices: KBM CARE’s versions of the same (which are controlling for KBM CARE employees).

Policy Statement

We have a zero-tolerance policy concerning fraud committed or attempted by all individuals and organizations covered by this policy.

Reasons for this policy:

KBM Care Foundation is committed to the highest standards of corporate governance, fiduciary duty, responsibility, and ethical behavior. Fraud can undermine the viability of our organization, compromise the delivery of our services, breach the trust we have among our stakeholders, and diminish our impact on children. KBM CARE treats an attempted act of fraud as seriously as an accomplished act.

KBM CARE Foundation will therefore take all practicable steps to:

- Maintain this policy and an appropriate management framework that supports compliance with relevant regulations, laws, and our zero-tolerance approach.
- Raise awareness of the policy and provide appropriate staff training.
- Investigate allegations and incidents of fraud and, where fraud is deemed to have occurred, to take all appropriate actions, including legal or KBM CARE proceedings if appropriate, against those individuals or organizations covered by this policy.
- Comply with regulatory and other legal and donor requirements including reporting, and all steps as appropriate to recover financial losses.

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- Review systems and procedures to prevent similar frauds, and to ensure our commitment to integrity and accountability.

Definitions

For purposes of this policy, “Fraud” includes the following dishonest behavior:

- a) **Fraud:** any dishonest act by an individual or group characterized by a deliberate intention to conceal or falsely represent, resulting in an actual or potential loss to KBM CARE Foundation or a third party, whether or not for personal gain. Examples of fraud include: false invoicing, bribery, payroll or fraud, diversion of assets, forgery and money laundering.
- b) **Theft:** dishonestly taking or appropriating any item of property that belongs to another. Procurement framework.

RULES AND PROCEDURES FOR ASURING COMPLIANCE

1) Prevention and Awareness

All KBM CARE staff, interns, volunteers, and representatives covered by this policy must:

- ⇒ Read and comply with this Policy. Failure to comply with this Policy will be treated as a serious matter and may result in KBM CARE or legal measures being taken.
- ⇒ Behave honestly while carrying out KBM CARE's work.
- ⇒ Take training and awareness classes, as requested, and familiarize themselves with related KBM CARE (and, where applicable, KBM CARE) policies. All KBM CARE staff must undertake an initial fraud training as part of the new employee orientation, and/or within the first three months following the promulgation of this policy, and must take refresher training consistent with our Code of Conduct and Business Ethics requirements.
- ⇒ Avoid situations that may lead to their behavior being misinterpreted as dishonest. You should consider the following actions, depending on the circumstances: undertaking a risk assessment of new projects, reviewing contracts to ensure appropriate contractual clauses are incorporated (e.g. the ability to terminate for breaching this Policy), creating segregation of duties in program design.
- ⇒ Ensure that you follow all appropriate KBM CARE policies and procedures to minimize the chance of dishonest behavior occurring. This is important where KBM CARE policies and procedures are created specifically to minimize fraud or unethical or illegal conduct. (See above for relevant policies).
- ⇒ Declare to their supervisor any possible conflict of interest that might leave them open to a suspicion of fraud or corruption (for example, a friend or family member working for a supplier).

Managers at all levels are responsible for ensuring those reporting to them are made aware of and understand this Policy and are given training on the Policy.

Staff in positions of particular fiduciary responsibilities (e.g., legal, finance, procurement, internal audit) shall take training associated with detecting, preventing, reporting, investigating, and addressing fraud relating to these particular areas, as requested.

See below for Rules and Procedures applying to Partners.

2) Reporting

KBM CARE staff, interns, volunteers, and representatives covered by this policy must:

- a) Immediately report any suspicion of fraud in whatever form, even if it does not directly affect KBM CARE, to their direct supervisor. If you feel you cannot raise the concern with your direct supervisor for any reason, you should contact the senior manager of your team or

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department. Failure to report a reasonable suspicion of fraud in accordance with this Policy will be treated as a serious issue and may result in KBM CARE measures being taken.

Any manager who receives a report under this policy must forward the report to the Compliance Officer at hotline@kbmcare.org.

The General Counsel, and in his/her absence, the Chief Financial Officer, is responsible for reporting matters to regulators, the auditors, the board/board Audit Committee, and the police on behalf of KBM CARE Foundation, as appropriate.

Please note that when traveling or working overseas in KBM CARE offices, you may also be required to report to KBM CARE. However, you must also report any incidents or suspicions to KBM CARE as soon as possible.

See below for Rules and Procedures applying to Partners.

3) Investigation

KBM CARE staff, interns, volunteers, and representatives covered by this policy must:

- a) Cooperate with any investigation by KBM CARE.
- b) Preserve all records relating to any alleged fraud.

In addition, managers and senior staff must ensure that no employee suffers in any way as a result of reporting a concern in good faith following the Resolving Employee Grievances and Reporting Possible Agency Policy Violations or Other Misconduct Policy.

See below for Rules and Procedures applying to Partners.

4) Accountability

KBM CARE Management must:

- a) Take corrective actions, including KBM CARE, legal, or other appropriate actions, in light of any findings of fraud, concerning relevant individuals (including those who committed fraud and/or anyone who knew of such fraud but failed to act).
- b) Take steps following any incidents of fraud to review controls and protocols to identify and address any gaps or weaknesses.

5) Sub-awardees, partners, vendors, suppliers, consultants, and others with whom we provide assets in exchange for services or products

KBM CARE's Partners (i.e. Sub-awardees, partners, vendors, suppliers, consultants, and others with whom we provide assets in exchange for services or products) must:

- a) Not commit fraud or otherwise behave in a dishonest or corrupt manner while carrying out work on behalf of or in connection with KBM CARE.
- b) Act in accordance with the spirit of this Policy.
- c) Immediately report any suspicion of fraud, corruption, or dishonesty in whatever form relating to its work with KBM CARE to their KBM CARE key contact. Alternatively,

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reports may be made directly to KBM CARE' Compliance Officer at hotline@kbmcare.org.

- d) Preserve records required for an investigation.
- e) Ensure that their employees and sub-contractors comply with this Policy.
- f) Agree to fully and timely reimburse KBM CARE for all liabilities, losses, costs, penalties, charges or other amounts incurred by KBM CARE due to a violation or breach by a Partner of this Policy.
- g) All agreements with Partners (as defined above) must include this Policy as an addendum and must include a provision in which the Partner agrees to comply with this Policy.