

# Anti-Fraud and Anti-Corruption Policy

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## 1. Version Control

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### Policy Formulation:

<b>Policy Category:</b>	Governance
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<b>Policy Approved by:</b>	Governing Board
<b>Policy Approval date:</b>	1 Oct 2020
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<b>Policy Version:</b>	1.0
<b>Policy Owner:</b>	Office of the Director General

### Policy Amendments:

Date	Version	Changes made by	Changes approved by	Description of change

The Institute reserves the right to amend, suspend or rescind this policy at any time. While, the Institute has made best efforts to define detailed procedures for implementation of this policy, there may be occasions when certain matters are not addressed or there may be lack of clarity in the procedures. Such difficulties or lack of clarity will be resolved in line with the broad intent of the policy, by the Director General or Governing Board Chair (on case to case basis). The Institute may also establish further rules and procedures, from time to time, to give effect to the intent of this policy and further the objective of good corporate governance.

## 2. Introduction

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ICRISAT (“Institute”) recognizes that fraudulent and corrupt practices can adversely impact its reputation and diminish donors’ trust in its ability to deliver results in an accountable and transparent manner. The Institute has formulated the Anti-Fraud and Anti-Corruption Policy (“Policy”) which outlines the principles for prevention, detection, mitigation and investigation of fraudulent activities (including corruption). This Policy and the Fraud Management Framework captured therein is part of the Institute’s overarching Ethics Framework.

### 2.1. Objective

The objectives of this Policy are listed below:

- i. To reinforce the Institute’s “Zero-Tolerance” approach to fraud and corruption, as part of which it will not accept any dishonest or fraudulent act committed by internal and external stakeholders
- ii. To outline a fraud management framework which is in line with the ethical principles laid down by the Institute and also recognizes the principle of proportionality and reflects the nature, scale and complexity of the operations at the Institute and the fraud risks to which it is exposed
- iii. To demonstrate the Institute’s commitment to acting professionally, fairly and with integrity across its third-party dealings and relationships
- iv. To provide guidance with respect to prevention, detection, mitigation and investigation of fraudulent activities
- v. To set the foundation for development of preventive and detective control measures at an Institute level for effective fraud management

### 2.2. Scope & Applicability

- a) This policy is applicable to all the members of ICRISAT’s workforce
- b) This policy also extends to all other stakeholders of ICRISAT including suppliers, project partners, donors engaging directly or indirectly with ICRISAT
- c) This Policy is applicable to all activities and operations of the Institute, including projects implemented by the Institute as well as funded and supported by the Institute
- d) This Policy extends across all of the Institute’s third-party dealings and relationships and in all countries and territories in which the Institute operates
- e) Any fraud related to research (like fabrication/falsification of data, plagiarism, improper authorship, etc.) are not included under the scope of this Policy and shall be covered in the “Policy for Ethics in Research”

### 2.3. Roles & Responsibilities

- a) **Governing Board:** The Governing Board shall be responsible for providing oversight over compliance to this Policy and the fraud management framework of the Institute.
- b) **Ethics Committee:** It shall be responsible for implementation and monitoring of this Policy and fraud management framework, including but not limited to, periodic review of the effectiveness of the fraud reporting mechanism.
- c) **Internal Stakeholders:** Internal stakeholders (ICRISAT workforce members) are responsible for following:

- i. They should be aware of the compliance requirements under this policy, to contribute to minimizing and managing potential fraud risks.
  - ii. They should report any actual or suspected activity or practice related to any form of fraud covered under this Policy.
  - iii. To ensure all external stakeholders that engage with the Institute are made aware of this Policy and its requirements.
- d) External Stakeholders:** External stakeholders (suppliers, project partners, donors, engaging directly or indirectly with ICRISAT) are responsible for following:
- i. They should ensure compliance with this Policy subject to the Policy document being notified to them
  - ii. They should report immediately any allegations of fraud to the Institute.
  - iii. They should cooperate with the Institute’s internal or outsourced auditors and/or investigators, when deemed necessary in the event of a fraud investigation at the Institute.
- e) Risk Management Committee:** The Risk Management Committee is an internal committee under the Institute’s Risk Management Framework. It shall be responsible for ensuring fraud risk vulnerabilities (including bribery and corruption related risks) are taken into consideration as part of risk management activities at the Institute.
- f) Internal Audit Unit (IAU):** The IAU shall be responsible for facilitating the identification of fraud risks and providing recommendations on preventive and detective controls for these as part of the internal audit reviews conducted by it.

#### **2.4. Exception to the policy**

Any exception to this Policy shall require an approval from the Director General of the Institute and a post facto ratification shall also be obtained from the Governing Board at the next Board meeting. Any exceptions involving the Director General shall be approved by the Governing Board. The Policy Owner shall be informed of these exceptions and a record shall be maintained for monitoring purposes.

#### **2.5. Frequency of Review**

This policy shall be reviewed by the Policy Owner at least once in every 24 month period from the implementation date or from the date of last review or as directed by the Policy Council.

### 3. Policy Statement

This Policy has been established for prevention, detection, mitigation and investigation of fraudulent activities and associated fraud risks at the Institute. The Institute classifies fraud under three broad categories: Corruption, Asset Misappropriation and Financial Statement Fraud. Each of these encompass various forms of fraudulent activities which may include, but are not limited to, the following:

Corruption	Asset Misappropriation	Financial Statement Fraud
<ol style="list-style-type: none"> <li>1. Bribery including kickbacks</li> <li>2. Collusion or anti-competitive schemes with vendors/ partners</li> <li>3. Illegal gratuities</li> <li>4. Economic extortion</li> </ol>	<ol style="list-style-type: none"> <li>1. Theft of funds (cash/ bank)</li> <li>2. Money laundering</li> <li>3. Fraudulent disbursements</li> <li>4. Misuse or unauthorized use of ICRISAT's assets</li> </ol>	<ol style="list-style-type: none"> <li>1. Net worth/ net income overstatement</li> <li>2. Net worth/ net income understatement</li> </ol>

Through this policy ICRISAT defines and implements a Fraud Management Framework. This framework shall refer the best available fraud management principles and be guided by the following fraud risk management principles issued by COSO:

- a) Establish and communicate a framework that demonstrates the expectations of the Governing Board and senior management and their commitment to high integrity and ethical values regarding managing fraud;
- b) Perform comprehensive fraud risk assessment to identify specific fraud schemes and risks, assess their likelihood and significance, evaluate existing fraud control activities, and implement actions to mitigate residual fraud risks;
- c) Select, develop, and deploy preventive and detective fraud control activities to mitigate the risk of fraud events occurring or not being detected in a timely manner;
- d) Establish a communication process to obtain information about potential fraud and corruption, and deploy a coordinated approach to investigation and corrective action to address appropriately and in a timely manner;
- e) Select, develop, and perform ongoing evaluations to ascertain whether each of these principles of fraud risk management is present and functioning and communicates the framework deficiencies in a timely manner to parties responsible for taking corrective action, including senior management and the Governing Board.

In accordance with these principles, ICRISAT's Fraud Risk Management Framework shall consist the components depicted in the figure below:



### 3.1. Commitment to combat fraud

- a) The Institute is committed to uphold highest standards of governance that are open, transparent, fair and objective, and demonstrate ICRISAT's commitment to operate in a manner intended to encourage honesty and integrity amongst its workforce and external stakeholders.
- b) The Institute has a zero-tolerance approach to fraudulent activities and is committed to act fairly and with integrity across all its activities including third-party dealings and relationships.
- c) ICRISAT will avoid acts which might reflect adversely upon the integrity and reputation of the Institute.
- d) ICRISAT strives to observe respective national laws, regulations and international standards relevant to countering fraud and corruption including bribery, in the territories of its operation.

### 3.2. Fraud Risk Assessment

- a) The institute should conduct an annual fraud risk assessment covering at a minimum exposure related to the following:
  - i. Segregation of duties and management of sensitive access rights for software applications / IT systems at ICRISAT
  - ii. Payroll disbursements
  - iii. Conflict of interest in institutional financial activities including procurement and investment related decisions
  - iv. Employee hiring decisions
  - v. Employee benefits and expense reimbursements

- b) It should identify specific tools, methods, sources for gathering information about fraud risks, including data on potential fraud scenarios and trends from monitoring and detection activities as well as internal/external audit observations
- c) It should also assess the likelihood and impact of the fraud risks identified as part of the fraud risk assessment
- d) It should maintain a fraud risk register capturing potential fraud scenarios as well as their impact and likelihood

### **3.3. Specific Control Activities**

The Institute should design and implement specific control activities to mitigate assessed fraud risks. This can be a combination of preventive and detective measures. Some principles which may be used to design and implement these control activities include, but are not limited to the following:

- a) Determining fraud risk responses and documenting control measures aligned with processes and systems at the Institute;
- b) Identifying specific control activities to prevent and detect fraud across processes/ functions/ ICRISAT locations;
- c) Developing action plans outlining how the Institute will respond to any identified instances of frauds; and
- d) Establishing a collaborative relationship with stakeholders ensuring effective implementation of the fraud management framework.

Control activities at the Institute should at a minimum, include the following:

#### **3.3.1. Establishing an awareness culture**

Internal and external stakeholders must be made aware of their responsibility to prevent fraud. Trainings and awareness programs should be conducted jointly by Human Resource Unit and Corporate Services in consultation with the Ethics Committee and the Risk Management Committee.

#### **3.3.2. Building preventive mechanisms into programs and projects**

In case of high value projects/programs that are relatively complex in nature or entail work in geographies which are rated high in corruption by global indices such as the Corruption Perceptions Index (CPI) and the Global Corruption Index (GCI) or other relevant indices ICRISAT Senior Management should ensure that fraud risks are identified prior to initiating the implementation and control measures are put into place to prevent and detect fraud.

#### **3.3.3. Procurement and contracts**

Members of ICRISAT's workforce involved in procurement related decisions such as vendor selection and payout processing shall:

- i. Ensure that contractual agreements with any external stakeholder bears a reference to this Policy;
- ii. For procurement identified as 'high value' under the applicable procurement policies and procedures of the Institute, ask for a declaration that the external stakeholder was/is not engaged in, and shall not engage in any fraudulent practice including corruption or bribery; and

- iii. Promptly report as per reporting procedure mentioned in this Policy about any practice that is, or is reasonably suspected of being, contrary to this Policy.

Any external stakeholder entering into any contractual arrangement with the Institute, shall be required to:

- i. Allow the Institute to access Institute-specific records; and
- ii. Represent that it was/is not, and shall not, engage in, any fraudulent practice.

The Institute should ensure that its external stakeholders are eligible to provide goods or services to the Institute. The Institute shall not award a contract, sub-grant or project to any external stakeholder, which has been debarred by the Institute, Government or any other international agency, and a declaration for the same should be taken from external stakeholder.

#### **3.3.4. Internal control system**

A strong internal control system can contribute significantly to curtail the risk of fraud. ICRISAT should institutionalize robust internal controls through adequate policies, procedures and guidelines, best-in-class preventive and detective controls and making internal and external stakeholders aware of the fraud management framework of the Institute.

#### **3.3.5. Internal Audit**

The Internal Audit Unit of the Institute should provide an additional oversight to the Institute's Governing Board. Although its primary responsibility is not prevention or detection of fraud, the Internal Audit must report any cases of fraud or misappropriation of Institute's funds or other assets, identified during the course of their audits, thereby contributing to meeting the objectives of this policy. Internal Audit Units should also adopt reasonable procedures to identify whether any risks and exposures exist across the processes/areas under review that could lead to fraud and flag these to the DG and where deemed appropriate, the Ethics Committee for further action. The Internal Audit Unit will also keep the Governing Board updated of fraud risks and frauds detected as part of its assurance reports.

#### **3.3.6. External Audit**

The Institute's appointed External Auditor provides oversight over the management of financial statement frauds at the Institute. Independent analysis of the Institute's financial statements by the External Auditor contributes to the achievement of the objectives of this Policy.

#### **3.3.7. Compliance with local laws on Anti-bribery and Anti-corruption**

The Institute shall strive to observe local Anti-bribery and Anti-corruption laws of the countries in which it operates.

### **3.4. Reporting of Fraud**

- a) Through this Policy, the Institute aims at promptly detecting and reporting fraudulent activities.

- b) Members of the ICRISAT's workforce are strongly encouraged to report any actual or suspected act, activity or practice related to any form of fraud covered under this policy.
- c) Under the "Whistle Blowing and Protection from Retaliation Policy" and "Concern Resolution Procedure" the Institute has established a reporting system wherein any violation or potential violation of this Policy can be raised.

### **3.5. Investigation for allegation and actions**

#### **3.5.1. Investigation for allegation**

- a) All allegations of fraud shall be taken seriously by the Institute.
- b) Upon receipt of an allegation or complaint the investigation shall be conducted as per the Institute's "Concern Resolution Procedure".
- c) Any false allegation or hoax complaint with ulterior motive or with malicious intent (malicious reporting) shall be grounds to initiate disciplinary action as per the Institute's policies and/ or any other appropriate administrative/ legal action.
- d) An individual who has reported allegations of wrongdoing or cooperated with a duly authorized audit or investigation shall have the right to protection against retaliation as per Institute's "Whistle blowing and Protection from Retaliation Policy".

#### **3.5.2. Action based on investigation**

The allegations of violation of this Policy, if substantiated by the investigation, may result in disciplinary and/ or administrative/ legal actions or other actions taken by the Institute, depending upon the case. The investigation-based action may include, but is not limited to, the following:

- a) For members of the ICRISAT workforce: disciplinary and/ or administrative/ legal actions as per applicable policies of the Institute
- b) For vendors and project partners: termination of the contract and debarment from engaging with the Institute or other sanctions;
- c) Referral to the national authorities for criminal investigation and prosecution;
- d) Recovery of financial loss suffered by the Institute, and to return funds recovered to the respective funding sources;
- e) Issuance of letters to allow internal units or external entity/ organization concerned to take necessary action, corrective measures and strengthen internal controls; and
- f) Any other action by the Institute's Board and/ or Senior Management as deemed appropriate.

### **3.6. Evaluation and Monitoring**

- a) The Institute should monitor and evaluate the effectiveness of preventive activities, including fraud risk assessments, as well as controls to detect fraud and response efforts in the event of a fraud.
- b) It should evaluate the outcomes of any fraud investigations and leverage the outcomes to enhance resilience and improvise on the existing fraud risk management activities and internal control mechanism at the Institute.

### 3.7. Reporting

The Institute should prepare a report on the fraud investigation and disciplinary or other actions taken in response to any fraud including preventive measures being implemented to address the root cause of the fraud. This report should be presented to the Board by the DG or a member of the Senior Management, as deemed appropriate by the Board.

## 4. Appendix

### 4.1. Key Terms

Term	Definition
<b>Bribe</b>	A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or institutional or personal advantage.
<b>Corruption</b>	Any act or attempt thereof, of offering, giving, receiving, soliciting or doing, directly or indirectly with an intent to give or to obtain inappropriate advantage or benefit, to harm or to influence improperly the actions of another party. Corrupt practices include receiving and/or soliciting (directly or indirectly) gifts and hospitality, meals, travel, entertainment, cash or cash equivalents, fees, commissions, services, other favor in violation of relevant section/s mentioned in the Conflict of Interest Policy of ICRISAT. Corrupt practices take many forms, including but not limited to financial and non-financial gains such as procurement fraud, nepotism, bribery, embezzlement, theft, among others.
<b>Corruption Perception Index (CPI)</b>	The CPI scores and ranks countries/territories based on how corrupt a country's public sector is perceived to be by experts and business executives. Published by Transparency International, it is a widely used indicator of corruption worldwide.
<b>COSO</b>	The Committee of Sponsoring Organizations of the Treadway Commission. COSO has published a Fraud Risk Management Guide intended to be supportive of and consistent with the 2013 Internal Controls Framework and serve as best practice guidance for organizations to follow in addressing fraud risks.
<b>Disciplinary Action</b>	Any action that can be taken on the completion of/ during the investigation proceedings including but not limited to a warning, imposition of fine, and suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter, in accordance with applicable policies and procedures at ICRISAT.
<b>Ethics Committee</b>	It is an internal committee of ICRISAT responsible for implementation and monitoring of this Policy and fraud management framework, including but not limited to, periodic review of the effectiveness of the fraud reporting mechanism.
<b>External stakeholder</b>	Suppliers, project partners and donors engaging directly or indirectly with ICRISAT

<b>Extortion</b>	Extortion means to directly or indirectly demand or accept a bribe, facilitation payment or kickback.
<b>Fraud or Fraudulent Activity</b>	<p>Any act characterized by deceit, or concealment. These acts are not dependent upon the threat of violence or physical force. Frauds are perpetrated by parties and organizations to obtain money, property or services; to avoid payment or loss of services; or to secure personal or business advantage. This also includes any act or omission or attempt to mislead a party to obtain any financial or other benefit or to avoid any obligation.</p> <p><b>Fraudulent practices may include, but are not limited to:</b></p> <ul style="list-style-type: none"> <li>• Forging documents, preparing false entries in official records including electronic systems or making false statements to obtain a financial or other benefit for oneself or another/ others;</li> <li>• Collusion or other anti-competitive scheme between suppliers/vendors during a procurement process;</li> <li>• Providing information in relation to insurance claim or another entitlement that the claimant knows to be false;</li> <li>• Forging the signature of a staff member or forging a document purporting to be from the Institute to induce an outsider to act;</li> <li>• Using another’s Information Technology (IT) identity or password, or creating false identities/passwords, without consent or authority to manipulate institutional processes or cause the approval or denial of actions;</li> <li>• Money Laundering: transactions and activities to generate money from criminal activity, illicit means, drug trafficking, terrorist funding, or illegitimate source;</li> <li>• Any misrepresentation to obtain a benefit from a public or private sector entity;</li> <li>• Making misrepresentations, including educational credentials or professional qualifications, in the context of a job application; and</li> <li>• Falsifying documents, making false statements, preparing false entries in official systems or other deceptive acts to the detriment of those someone seeks to disfavor, or to discredit a person or the Institute.</li> </ul>
<b>Global Corruption Index (GCI)</b>	The Global Corruption Index (GCI) is an index used for measuring corruption as well as other white collar crimes, such as money laundering and terrorism financing issues.
<b>Institute</b>	International Crops Research Institute for the Semi-Arid Tropics (ICRISAT)
<b>Internal stakeholder</b>	Members of the ICRISAT workforce including staff members, consultant, project staff, researchers, students, interns/trainee, visiting scholars/staff, field labors, members on secondment, and human resources provided by external agencies and working at/for ICRISAT.
<b>Kickbacks</b>	Kickback refers to transfer of funds that enriches a person of power or influence who uses the power or influence to make a different individual, organization, or entity richer through corrupt practice. Kickbacks include

	<p>payment of any portion of a contract made to workforce or employees of another contracting party or the utilization of other techniques, such as sub-contracts, purchase orders or consulting agreements, to channel payment to employees of any contracting party, or their relatives or associates.</p>
<b>Malicious Reporting</b>	<p>Intentional malicious, false, bogus, misleading and/or unsubstantiated reporting of wrongdoing and transmission or dissemination of rumors without evidence or reasonable suspicions with the intention of harming another person's integrity or reputation amounts to gross misconduct. Following the prima facie review and /or formal investigation, if malicious reporting is established, the individual will be subject to disciplinary action, in accordance with applicable policies and procedures of ICRISAT.</p>
<b>Policy Council</b>	<p>A council consisting of nominated members from the ICRISAT Executive Team, constituted for ensuring compliance with the policy management framework of ICRISAT.</p>
<b>Retaliation</b>	<p>A direct or indirect administrative decision and/or action that adversely affects the employment or working conditions of a Whistle Blower. Such action is taken for the purpose of punishing, intimidating or injuring the Whistle Blower because the Whistle Blower has:</p> <ul style="list-style-type: none"> <li>• Reported suspected wrongdoing that implies a significant risk to the Institute; and/or</li> <li>• Cooperated with a duly authorized audit or an investigation of a report of wrongdoing.</li> </ul> <p><b>Retaliation can include without being limited to:</b></p> <ul style="list-style-type: none"> <li>• Harassment;</li> <li>• Discrimination;</li> <li>• Unsubstantiated negative performance appraisals;</li> <li>• Unjustified contractual changes: termination, demotion, reassignment or transfer;</li> <li>• Unjustified modification of duties;</li> <li>• Unjustified non-authorization of holidays and other leave types;</li> <li>• Unjustified termination or compensation decreases, or poor work assignments or threats of physical harm</li> <li>• Malicious delays in authorizing travel, or the provision of entitlements;</li> <li>• Threat to the Whistle Blower, their family and/or property including threats that may come from outside ICRISAT.</li> </ul> <p>Retaliation will be treated as gross misconduct and is subject to appropriate disciplinary action, in accordance with applicable policies and procedures at ICRISAT.</p>
<b>Risk Management Committee</b>	<p>It is an internal committee under the Institute's Risk Management Framework. It is also responsible for ensuring fraud risk vulnerabilities</p>

	(including bribery and corruption related risks) are taken into consideration as part of risk management activities at the Institute.
<b>Workforce</b>	Refers to particular individuals who have a contractual relationship with ICRISAT such as members of Regular Staff Cadres, members of the Non-Regular Special Assignments category, members of Short-term contracts, members of Job-contracts, Learner-Participants and Third-party contractors; regardless of their position, type of employment, or location.

#### 4.2. Reference Documents/ links

- A. Whistle Blowing and Protection from Retaliation Policy
- B. Policy for Ethics in Research
- C. Risk Management Policy
- D. Conflict of Interest Policy
- E. TOR – Ethics Committee
- F. Concern Resolution Procedure