



UFUK ASSOCIATION FOR RELIEF AND DEVELOPMENT

Policy on Protection from Fraud and Misuse of Funds



1. INTRODUCTION AND PURPOSE

The **UFUK ASSOCIATION FOR RELIEF AND DEVELOPMENT** (hereinafter referred to as the “Association”) is committed to the principles of **integrity, transparency, and accountability** in all its activities. Fraud, corruption, and misuse of funds undermine the Association’s mission and damage donor and public trust.

The purpose of this policy is to:

- **Prevent, detect, and appropriately respond** to fraud, corruption, and misuse of funds in all Association operations,
- Ensure that the Association’s resources are used solely for their **intended, ethical, and lawful purposes**,
- Foster a culture of **ethical behavior and zero tolerance for fraud**,
- Ensure compliance with **national and international regulations**.

The Association adopts a **zero tolerance approach** toward fraud and misuse of funds.

2. SCOPE

This policy applies to:

- Board members,
- Employees,
- Volunteers,
- Project partners,
- Consultants,
- Suppliers and contractors,
- Any individual or entity acting on behalf of the Association.

It covers all **domestic and international operational, financial, and administrative activities** of the Association.

3. CORE PRINCIPLES

- **Zero Tolerance:** No form of fraud, corruption, or misuse of funds is tolerated.
- **Accountability:** Every individual and partner is responsible for the proper and ethical use of the Association’s resources.



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• **Preventive Controls:** Strong internal controls are established to minimize fraud risks.

- **Transparency:** All financial records are kept open and auditable, supporting both internal and external oversight.
- **Continuous Improvement:** Each case of fraud is treated as an opportunity to identify weaknesses and strengthen systems to prevent recurrence.

4. TYPES OF FRAUD AND MISUSE

This policy addresses, but is not limited to, the following activities:

- **Internal Fraud:** Theft, embezzlement, or unauthorized use of funds by staff.
- **External Fraud:** False claims, forged documents, or deception by donors, suppliers, or third parties.
- **Bribery and Corruption:** Offering, soliciting, or accepting unauthorized benefits for personal gain.
- **Conflict of Interest:** Personal interests interfering with the best interests of the Association.
- **Misuse of Assets:** Use of cash, equipment, or property for personal purposes.
- **Forgery and Falsification:** Manipulation of official records, receipts, or financial reports.
- **Diversion of Funds:** Using donations or grants for purposes other than those intended by donors.

5. PREVENTION AND CONTROL MECHANISMS

The Association implements the following measures to protect against fraud and misuse:

- **Segregation of Duties:** Key financial processes (fundraising, approval, payments) are handled by different individuals.
- **Dual Authorization:** Payments or commitments exceeding predefined limits require at least two authorized signatories.
- **Bank Reconciliation:** Bank accounts are reconciled regularly to verify the accuracy of transactions.
- **Procurement Policies:** All purchases follow transparent tendering and contracting procedures.
- **Independent Audit:** Annual financial statements are audited by an external independent auditor.
- **Internal Controls:** Regular risk assessments and monitoring are conducted.



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• **Whistleblower Protection:** Confidential reporting mechanisms are provided, with protection for whistleblowers against retaliation.

6. REPORTING PROCEDURES

- **Reporting Channels:** Any suspected fraud or misuse can be reported through official email, telephone, or written submission.
- **Confidentiality:** Whistleblowers may request anonymity, and their identity will be protected.
- **Responsible Officer:** A designated compliance officer, appointed by the Board, reviews and investigates all reports.
- **Escalation:** Serious cases are immediately reported to the Board of Directors.

7. INVESTIGATION PROCESS AND CONSEQUENCES

- **Preliminary Assessment:** The credibility and content of each report are assessed.
- **Investigation:** If required, a comprehensive investigation is conducted by internal or external auditors, legal advisors, or experts.
- **Reporting:** Findings are documented and submitted to the Board of Directors.
- **Consequences:**
 - Disciplinary action, including termination of employment,
 - Legal action and reporting to relevant authorities,
 - Termination of contracts with suppliers or partners involved in fraud.

8. TRAINING AND AWARENESS

- **Mandatory Training:** All staff and volunteers receive regular training on fraud risks, this policy, and reporting procedures.
- **Code of Conduct:** Staff and volunteers sign an ethical code committing to the responsible use of funds.
- **Transparency Reports:** Donors and the public are informed through regular transparency and accountability reports.

9. REVIEW AND UPDATING

This policy is reviewed and updated **at least once a year**, or whenever necessary, to ensure compliance with changing legal and operational requirements.

Sincerely,

The Board of Directors and Legal Team of UFUK Association for Relief and Development

For detailed questions, please contact,

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