

GROUP: PERSONNEL & ADMINISTRATION	POLICY NO 45
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	Issue Date : September 12, 2012
TITLE: FRAUD PREVENTION POLICY	Effective Date: September 12, 2012
POLICY OBJECTIVES:	
<p>The 'Fraud prevention Policy of MFL – 2012' has been framed to provide a system for detection and prevention of fraud, reporting of any fraud that is detected or suspected and fair dealing of matters pertaining to fraud.</p> <p>The policy will ensure and provide for the following:-</p> <ol style="list-style-type: none"> 1. To ensure that management is aware of its responsibilities for detection and prevention of fraud and for establishing procedures for preventing fraud and/or detecting fraud when or occurs. 2. To provide a clear guidance to employees and others dealing with MFL, forbidding them from involving themselves in any fraudulent activity and the action to be taken by them whenever fraudulent activity is suspected 3. To conduct investigations into fraudulent activities. 4. To provide assurances that all suspected fraudulent activities will be fully investigated. <p>SCOPE OF THE POLICY:</p> <p>This policy applies to any fraud, or suspected fraud, involving employees of MFL (all full time, part time or employees appointed on adhoc/temporary/contract basis, probationers and trainees) as well as representatives of vendors, suppliers, contractors, consultants, service providers or any outside agency(ies) doing any type of business with MFL.</p> <p>DEFINITION OF FRAUD:</p> <p>"Fraud" is a wilful act of commission or omission, intentionally committed by an individual either acting independently or in group(s) – by deception, connivance, suppression, cheating or any other fraudulent or illegal means, thereby, causing wrongful gain(s) to self or any other individual(s) and/ or wrongful loss to MFL and others. This also includes abetment of any act mentioned above. Many a time, such acts are undertaken with a view to deceiving/misleading others, leading them to do a mala fide act or prohibiting them from doing a bonafide act or take bonafide decision which is not based on material facts.</p> <p>ACTIONS CONSTITUTING FRAUD:</p> <p>While fraudulent activity could have a very wide range of coverage, following are some of the act(s) which constitute fraud.</p>	

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<p>The list given below is only illustrative and not exhaustive:</p> <ol style="list-style-type: none"> 1. Forgery or alteration of any document or account 2. Forgery or alteration of cheque, bank draft or any other financial instrument etc. 3. Misappropriation or embezzlement of funds , securities, supplies or others assets by fraudulent means etc. 4. Falsifying records, removing the documents from files and /or replacing it by a fraudulent note etc. 5. Wilful suppression, alteration or manipulation of facts or deception in matters of appointment, placements, submission of reports, tender committee recommendation, sales records etc . 6. Utilizing or receiving payments of specified goods not supplied or services not rendered or for inferior goods and services which are not as per specified quality or quantity. 7. Authorizing or receiving payments for specified goods not supplied or services not rendered or for inferior goods and services which are not as per the specified quality or quantity. 8. Destruction, disposition, removal of records or any other assets of the company with an ulterior motive to manipulate and misrepresent the facts as a result of which objective assessment/ decision is hampered. 9. Manipulation or unauthorized interference with the electronic records, or electronic data processing system in any way. 10. Irregularity or recording and reporting financial transactions. 11. Irregularities or deliberate inaccuracies in any kind of report, which may lead to distortion of facts and adversely affect the process of decision making. 12. Wilfully causing loss of revenue of reputation of the company in any manner. 13. Any other act that falls under the gamut of fraudulent activity and considered as such by the management <p>REPORTING OF FRAUD:</p> <ol style="list-style-type: none"> 1. Any employees (full time, part time or employees appointed on adhoc/temporary/contract basis, probationers and trainees), representative of vendors, suppliers, contractors, consultants, service providers or any other agency(ies) doing any type of business with MFL as soon as he / she comes to know of any fraud or suspected fraud or any other fraudulent activity must report such incident(s) to the designated Nodal Officer(S). The Manager shall appoint Nodal Officers for each Group / Dept. if, however, there is shortage of time, such report should be made to the immediate controlling officer/ Vigilance dept. whose duty shall be to ensure that input received is immediately communicated to the Nodal Officer. The reporting of the fraud normally should be in writing. In case the reporter is not willing 	

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<p>of the fraud normally should be in writing. In case the reporter is not willing To furnish a written statement of fraud but is in a position to give sequential and specific transaction of fraud/suspected fraud, then the officer receiving the information/Nodal Officer should record such details in writing as narrated by the reporter and also maintain the details about the identity of the official / employee / other person reporting such incident. Reports can be made in confidence and the person to whom the fraud or suspected fraud has been reported must maintain the confidentiality with respect to the reporter and such matter should, under no circumstances, be discussed with any unauthorized person.</p> <ol style="list-style-type: none"> 1. All reports of fraud or suspected fraud shall be handled with utmost speed and shall be coordinated by Nodal Officer(S) to be nominated. 2. The Vigilance Department should get regular updates from the Nodal Officer. 3. Officer receiving input about any suspected fraud, Nodal Officer(S) shall ensure that all relevant records documents and the evidence is immediately taken into custody and protected from being tampered with, destroyed or removed by suspected perpetrators of fraud or by any other official under his influence. <p>INVESTIGATION PROCEDURE:</p> <ol style="list-style-type: none"> 1. The "Nodal Officer" shall, refer the details of the Fraud/suspected fraud to the Vigilance Department of MFL, for further appropriate investigation and needful action. 2. This input would be in addition to the intelligence, information and investigation of cases of fraud being investigated by the Vigilance Department of their own, as part of their day-to-day functioning. 3. After completion of the investigation, due and appropriate action (which could include administrative action, disciplinary action, civil or criminal action or closure of the matter-if it is proved that fraud is not committed etc.- depending upon the outcome of the investigation) shall be undertaken by the Competent Authority. <p>RESPONSIBILITY FOR FRAUD PREVENTION:</p> <ol style="list-style-type: none"> 1. Every employee (full time ,part time, adhoc, temporary, contract, probationers and trainees), representative of vendors, suppliers, contractors, consultants, service providers or any other agency(ies) doing any type of business with MFL , are expected and shall be responsible to ensure that is no fraudulent act being committed in his /her areas of responsibility / control. As soon as it is learnt that a fraud or suspected has taken place or is likely to take place they should immediately apprise the same to the concerned as per the procedure. 	

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2. All controlling officers shall share the responsibility of prevention and detection of fraud and for implementing the Fraud prevention policy of the Company. It is the responsibility of all controlling officers to ensure that there are mechanisms in place within their area of control to:-

- Familiarize all employees with the types of improprieties that might occur in their area.
- Educate employees about fraud prevention and detection.
- Create a culture whereby employees are encouraged to report any fraud or suspected fraud which comes to their knowledge, without any fear of victimization.
- Promote amongst employees, awareness of ethical principles subscribed to by the company.
- Evolve adequate mechanism to prevent fraud in their respective areas of operation. Adequate and timely action should be initiated if a fraud is likely to be committed or has already been committed.
- Regularly monitor all systems and procedures in their respective areas of operation to ensure that the possibility of fraud is eliminated.

3. Necessary amendments shall be made in the general conditions of contracts of the organization wherein all bidders/service providers/vendors/consultants etc. shall be required to certify that they would adhere to the Fraud prevention policy of MFL. These conditions shall form part of documents both at the time of submission of bid and agreement of execution of contract.

ADMINISTRATION AND REVIEW OF THE POLICY:

The Board shall review the implementation of this policy from time to time and amend the policy as and when required.

CMD shall be responsible for the administration of the policy.