

## **BMRCL FRAUD PREVENTION POLICY**

### **1. PREAMBLE:**

The policy for fraud prevention & detection is established to facilitate the development of control which will aid in the detection and prevention of fraud against the Bangalore Metro Rail Corporation Limited ( hereinafter referred to as 'Company') in order to oversee the best practices of Corporate Governance. It is the intent of the Company to promote consistent organizational behavior by providing guidelines and assigning responsibilities for the development of control and conduct of investigations.

### **2. POLICY OBJECTIVES:**

The "Fraud Prevention Policy" 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. The policy will ensure and provide for the following:

- i. 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 it occurs.
- ii. To provide a clear guidance to employees and others dealing with Company forbidding them from involvement in any fraudulent activity and the action to be taken by them where they suspect any fraudulent activity.
- iii. To conduct investigations into fraudulent activities.
- iv. To provide assurances that any and all suspected fraudulent activity will be fully investigated.
- v. The bidders/sub-contractors/suppliers/consultants, if submit false documents shall also be dealt with under this policy.

### **3. SCOPE OF POLICY**

The policy applies to any fraud, or suspected fraud involving employees of the Company(all full time, part time or employees appointed on adhoc/temporary/ contract /deputation/outsourced basis as well as representatives of vendors, suppliers, contractors, consultants, service providers or any outside agency (ies) doing any type of business with the Company.

#### **4. DEFINITION OF FRAUD**

"Fraud" is a willful act intentionally committed by an individual(s) -by deception, suppression, cheating or any other fraudulent or any other illegal means, thereby, causing wrongful gain(s) to self or any other individual(s) and wrongful loss to other(s). Many a times such acts are undertaken with a view to deceive/mislead others leading them to do or prohibiting them from doing a bonafide act or take bonafide decision which is not based on material facts.

#### **5. ACTS CONSTITUTING FRAUD:**

While fraudulent activity could have a very wide range of coverage, the following are some of the act(s) which constitutes fraud:

- i. Forgery or alteration of any document or account belonging to the Company
- ii. Forgery or alteration of cheque, bank draft or any other financial instrument etc.
- iii. Misappropriation of funds, securities, supplies or other assets by fraudulent means etc.
- iv. Falsifying records such as pay-rolls, removing the documents from files and for replacing it by a fraudulent note etc.
- v. Willful suppression of facts/deception in matters of appointment, placements, submission of reports, tender committee recommendations etc. as a result of which a wrongful gain(s) is made to one and wrongful loss(s) is caused to the others.
- vi. Utilizing Company funds for personal purposes.
- vii. Authorizing or receiving payments for goods not supplied or services not rendered.
- viii. Destruction, disposition, removal of records or any other assets of the Company with an ulterior motive to manipulate and misrepresent the facts so as to create suspicion/suppression/cheating as a result of which objective assessment/decision would not be arrived at.
- ix. Submission of false/forged documents by the tenderers/vendors/suppliers/consultants with their offer for subcontracting.
- x. Any other act that falls under the gamut of fraudulent activity.

The list given above is only illustrative and not exhaustive.

## **6. REPORTING OF FRAUD:**

- i. Any employee full time, part time or employees appointed on adhoc/ temporary/ contract basis, representative of vendors, suppliers, contractors, consultants, service providers or any other agency(ies) doing any type of business with the Company as soon as he / she comes to know of any fraud or suspected fraud or any other fraudulent activity must report such incident(s). Such reporting shall be made to the Chief Vigilance Officer, Bangalore Metro Rail Corporation Limited. The reporting 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 designated by Chief Vigilance 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.
- ii. All reports of fraud or suspected fraud shall be handled with utmost speed and shall be coordinated by Chief Vigilance Officer.
- iii. Chief Vigilance Officer shall ensure that all relevant records/documents and other evidence is being 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.

## **7. INVESTIGATION PROCEDURE**

- i. The Chief Vigilance Officer shall refer the details of the fraud/ suspected fraud to the concerned Director/ Managing Director for further appropriate investigation/ Directions and comments.
- ii. This input would be in addition to the intelligence, information and investigation of cases of fraud being investigated by the Vigilance Division of their own as part of their day to day functioning.
- iii. After completion of the investigation, due & appropriate action, which could include administrative action, disciplinary action, civil or criminal action, imposition of ban or black-listing of the vendors/contractors/suppliers/ consultants/ service providers or any agency (ies) 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. Malicious allegation may result in disciplinary action against the complainant/reporter.
- iv. Vigilance Division shall apprise concerned Director/ Managing Director of the results of the investigation undertaken by them.

**8. RESPONSIBILITY FOR FRAUD PREVENTION**

- i. Every employee(full time, part time, adhoc, temporary, contract, deputation, outsource), representative of vendors, suppliers, contractors, consultants, service providers or any other agency(ies) doing any type of business relationships with the Company, is expected and shall be responsible to ensure that there is no fraudulent act being committed in their areas of responsibility/control. As soon as it is learnt that a fraud or suspected fraud has taken place or is likely to take place they should immediately apprise the same to the concerned as per the procedure.
- ii. 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:
  - a. Familiarize each employee with the types of improprieties that might occur in their area.
  - b. Educate employees about fraud prevention and detection.
  - c. Create a culture whereby employees are encouraged to report any fraud or suspected fraud which comes to their knowledge, without any fear of victimization.
  - d. Promote employee awareness of ethical principles subscribed to by the Company as per the prevailing policy;
- iii. Necessary amendments shall be made in the general conditions of contracts wherein all bidders/service providers/vendors/consultants etc. shall be required to certify that they will adhere to the Fraud Prevention Policy of the Company and not indulge or allow anybody else working in their organization to indulge in fraudulent activities and would immediately apprise the organization of the fraud/suspected fraud as soon as it comes to their notice. These conditions shall form part of documents both at the time of submission of bid and agreement for execution of contract.

**9. ADMINISTRATION AND REVIEW OF THE POLICY**

The Managing Director shall be responsible for the administration, interpretation, application and revision of this policy.

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