

ESDO-Counter-Fraud & Anti-Corruption Policy

Revised on 1st July 2025



Eco-Social Development Organization (ESDO)

Head Office

Collegepara (Gobindanagar)
Thakurgaon-5100
Bangladesh



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MD. SHAFIQUL ISLAM
Chairman
Executive Committee
ESDO



1.0 About ESDO- Eco- Social Development Organization

1.1 Historical Background of ESDO

A group of young social workforce of Thakurgaon District initiated ESDO primarily in order to support the 1988 flood victims. Afterwards the close association and involvement with the community especially with the disadvantaged section of the society inspired them to feel and realize that a planned and organized effort is imperative to change the fate of landless and the poorest people in general and the women in particular. Out of the urge and their heart-felt realization, ESDO emerged as a Social Institution of Bangladesh.

1.2 Vision

ESDO seeks an equitable society free from all discriminations.

1.3 Mission

Reduction in income poverty and human poverty of the people in ESDO's working area through undertaking massive income generation activities, literacy program, nutrition and health program, human rights and good governance program giving proper importance to environmental protection and regeneration. ESDO firmly believes and is actively involved in promoting human rights, dignity and gender equality through people's social, economical, political and human capacity building. Women in general and children are the core and central focus of its activities. Strengthening the organizational capacity carries importance to ensure quality of its services. Extending its services to the ultra poor is its main manifesto.

2.0 Introduction to the Counter-Fraud & Anti-Corruption Policy

The Eco-Social Development Organization (ESDO) is a leading national-level NGO in Bangladesh, dedicated to enhancing the lives of marginalized communities through a wide range of development programs. ESDO's initiatives in education, healthcare, microfinance, and social welfare aim to drive sustainable development and alleviate poverty. At the heart of ESDO's mission is a firm commitment to upholding the highest standards of honesty, integrity, and ethical conduct, as these values are vital to achieving its objectives and sustaining the long-term impact of its work.

Fraud, corruption, and unethical behavior pose significant risks to ESDO's mission, potentially jeopardizing the trust of its donors, beneficiaries, and stakeholders. To mitigate these risks, ESDO has instituted a Counter-Fraud & Anti-Corruption Policy that enforces a zero-tolerance approach toward any form of misconduct. This policy, in alignment with international best practices, establishes a comprehensive framework for preventing, detecting, and addressing fraud and corruption within the organization. By fostering a culture of integrity and enhancing internal controls, ESDO is committed to safeguarding its operations, ensuring transparency and accountability, and reinforcing the success of its programs in support of vulnerable populations.

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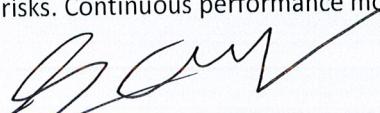
3.0 Purpose of the policy

- **Ensuring integrity and ethical conduct:** The purpose of this policy is to provide a comprehensive framework that ensures the integrity and ethical conduct of ESDO's operations, protecting the organization from the risks associated with fraud and corruption. It outlines steps to prevent, detect, report, and manage such issues effectively, maintaining trust with donors, beneficiaries, and stakeholders.
- **Promoting a culture of transparency and accountability:** The policy aims to foster a strong culture of transparency, accountability, and ethical behavior across all levels of the organization. It ensures that staff, partners, and stakeholders understand their roles in safeguarding ESDO's assets and upholding its reputation. Ethical conduct is prioritized, with clear procedures for addressing any fraud or corruption.
- **Protecting resources and enhancing governance:** This policy also protects ESDO's resources, ensuring they are used efficiently and responsibly to fulfill its mission of supporting marginalized communities. By establishing clear guidelines for managing fraud and corruption, ESDO reinforces its commitment to good governance, ensuring the long-term success and impact of its programs.

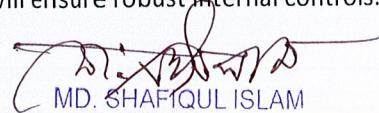
4.0 Scope of the Counter-Fraud & Anti-Corruption Policy of ESDO

The Counter-Fraud & Anti-Corruption Policy of ESDO applies to all aspects of its operations, ensuring that all individuals and entities associated with the organization are aware of their responsibilities in preventing, detecting, and reporting fraud and corruption.

- **Applicability:** This policy applies to all ESDO employees (full-time, part-time, and contractual), volunteers, consultants, board members, executives, partners, contractors, donors, and beneficiaries. Everyone involved must adhere to the highest ethical standards in their roles.
- **Operational Coverage:** It covers program activities (education, healthcare, and microfinance), financial transactions (procurement, payroll), procurement processes, asset management, and third-party collaborations. The policy ensures transparency and ethical conduct across all these areas.
- **Risk Areas:** The policy addresses potential fraud and corruption areas, such as financial fraud, procurement fraud, bribery, conflict of interest, misrepresentation, and abuse of position.
- **Geographical Scope:** It applies uniformly to all ESDO operations, including the head office, regional offices, District Offices, Upazila Offices and Branch/Project Offices locations across Bangladesh.
- **Enforcement and Accountability:** Regular internal audits will assess compliance. ESDO has the authority to investigate suspected fraud or corruption, with disciplinary measures ranging from termination to legal action.
- **Reporting and Whistleblowing:** Secure and confidential channels, including an anonymous whistleblowing system, allow reporting of fraudulent activities. Whistleblowers are protected from retaliation.
- **Monitoring and Review:** The policy will be regularly reviewed and updated to remain effective in mitigating risks. Continuous performance monitoring will ensure robust internal controls.



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5.0 Relevant Definitions

- **Fraud:** Fraud refers to the deliberate deception or manipulation of information, assets, or records by individuals or entities, whether internal or external to the organization, with the intent to deceive and gain an unlawful advantage. It includes acts designed to conceal the misappropriation of assets, financial gain, or personal benefit. Common forms of fraud include:
 - ✓ **False representation:** Providing inaccurate or misleading information to deceive others.
 - ✓ **Concealment of information:** Withholding critical information to gain an advantage or hide illicit activities.
- Fraud can undermine the financial integrity and operational transparency of the organization, leading to significant harm to stakeholders.
- **Corruption:** Corruption involves the misuse of entrusted power or position for personal gain or unethical advantage. It encompasses any act of offering, receiving, or soliciting improper benefits or rewards that influence the decisions or actions of individuals in authority. Corruption is linked to a variety of unethical behaviors, including:
 - ✓ **Conflict of interest:** Failing to disclose personal interests that may affect decision-making.
 - ✓ **Fraudulent commission:** Earning commissions or fees based on dishonest practices.
 - ✓ **Undeclared gifts:** Accepting or offering gifts without proper disclosure that may influence decisions.
 - ✓ **Bribery:** Offering or accepting money, gifts, or favors to alter the outcome of decisions.
 - ✓ **Misappropriation of funds:** Using organizational resources for personal or unauthorized purposes.
 - ✓ **Abuse of authority:** Misusing one's position of power for personal or financial benefit.
 - ✓ **Undeclared nepotism and favoritism:** Showing favoritism towards family members or associates without proper disclosure.

Both fraud and corruption pose serious threats to ESDO's mission of integrity, accountability, and transparency, and the organization maintains strict policies to prevent, detect, and address these unethical practices.

6.0 Management Responsibilities for Counter-Fraud & Anti-Corruption

6.1 Responsible Officer – Finance Controller of ESDO: The Finance Controller of ESDO serves as the designated Responsible Officer for the organization's Counter-Fraud & Anti-Corruption Policy. This role involves ensuring that robust control systems and measures are in place to effectively prevent, detect, and address fraud and corruption across ESDO's operations. Key responsibilities include:

- Developing and overseeing the anti-corruption policy and strategy to safeguard organizational integrity.
- Ensuring the implementation of strong internal controls and procedures to mitigate fraud risks.
- Maintaining an effective system of internal audit to monitor ESDO's financial records and control systems.
- Exercising statutory rights of access to relevant documents, records, and information necessary to carry out these responsibilities.
- Regularly reviewing and updating fraud prevention measures to align with evolving risks.

The Finance Controller plays a pivotal role in ensuring ESDO's financial systems are transparent, accountable, and protected from fraud and corruption.



6.2 Role of The Senior Management Team (SMT): The Senior Management Team (SMT) of ESDO, as delegated by the Executive Board, is responsible for coordinating, monitoring, and assessing the effectiveness of the Counter-Fraud & Anti-Corruption Policy. The SMT is tasked with ensuring the ongoing relevance and enforcement of the policy across all levels of the organization. Their key responsibilities include:

- Taking ownership of the maintenance and operational oversight of the policy.
- Keeping detailed records of financial malpractice, including concerns, allegations, audit findings, investigations, and outcomes.
- Ensuring that all cases of suspected fraud or corruption are thoroughly investigated and documented.
- Reporting findings and significant developments to the ESDO Governing Board as necessary, ensuring transparency and accountability.

The SMT is instrumental in fostering a culture of ethical conduct within the organization, ensuring that all instances of fraud and corruption are promptly addressed, and lessons learned are incorporated into ongoing practices. This collaborative oversight ensures that ESDO remains vigilant in protecting its resources and reputation.

7.0 ESDO's Commitment to Ethical Practices and Fraud Prevention

At ESDO, fostering a culture that actively prevents and combats fraud and corruption is central to its mission, strategy, and operational integrity. ESDO's constitution, internal control mechanisms, and this Counter-Fraud & Anti-Corruption Policy form the cornerstone of these efforts. The responsibility for cultivating this culture lies with everyone—from leadership to employees—ensuring that ethical behavior permeates every aspect of the organization's activities.

ESDO is committed to protecting its operations from both internal and external fraud and corruption. All employees and management are expected to lead by example, adhering to legal, regulatory, and ethical standards in all their dealings. By reinforcing strong governance practices, ESDO ensures that its resources are used transparently and responsibly, safeguarding the trust of its stakeholders.

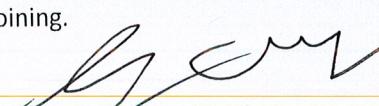
7.1 Involvement of all: ESDO's anti-fraud culture is a shared responsibility. Management at all levels is tasked with implementing practices that minimize opportunities for fraud and corruption. They are accountable for assessing the risks posed to the organization's activities and resources and are supported by specialized teams that advise on risk management and internal controls.

The involvement of all teams and departments ensures:

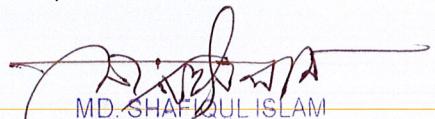
- Comprehensive risk evaluation and effective internal controls.
- Coordinated implementation of fraud prevention programs and measures.
- Efficient management of fraud monitoring tools and incident reporting.
- Staff awareness and commitment to fraud prevention within ESDO's framework.

7.2 Employee Screening: Effective recruitment practices play a vital role in fraud prevention. ESDO implements stringent screening processes to assess the honesty and integrity of potential employees before hiring.

- Written references and qualification verification are mandatory during recruitment.
- Criminal records are considered if relevant to the position.
- Employees are required to inform their managers of any new criminal convictions after joining.



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This approach ensures that ESDO recruits staff who uphold the organization's values and reduce the risk of fraud.

7.3 Expectations from Employees: All employees of ESDO are expected to act with the highest levels of integrity and professionalism. Their duties include:

- Acting honestly and ethically in all dealings as ESDO representatives.
- Working in the best interest of ESDO, avoiding any situations that may lead to personal gain for themselves, their families, or friends.
- Recognizing the risks of internal and external fraud and complying with all prevention systems and procedures.
- Safeguarding passwords, information, documents, and assets to prevent their misuse for fraudulent purposes.

Employees are also encouraged to raise concerns about potential fraud, and ESDO provides clear reporting channels for such cases.

7.4 Internal Audit: ESDO's internal audit team plays a critical role in assessing and reviewing the adequacy of fraud prevention controls. They evaluate internal systems and governance processes, identifying and reporting on any weaknesses or risks that could lead to fraud. Their oversight ensures continuous improvement in internal fraud prevention measures.

7.5 External Audit: ESDO's external auditors are responsible for ensuring that the organization has appropriate measures in place to prevent and detect fraud. They independently assess the robustness of ESDO's anti-fraud systems and can receive and investigate reports of fraud or corruption directly, ensuring transparency and accountability.

Together, ESDO's internal and external audit functions ensure a comprehensive, independent review of financial practices and a strong defense against fraud and corruption.

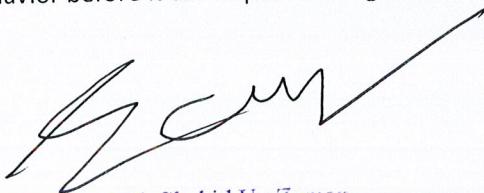
8.0 ESDO's programmatic approach to preventing fraud and corruption

8.1 Tailored Risk Assessment and Mitigation Strategies

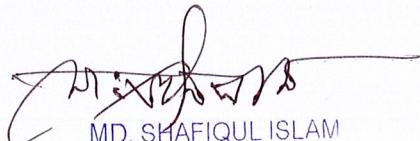
ESDO adopts a comprehensive and proactive approach to combat fraud and corruption, tailoring its strategies to the unique risks posed by its operations. This approach is built on a thorough analysis that identifies:

- **Vendor and supplier risks:** Evaluating potential vulnerabilities in the procurement process and relationships with external partners.
- **Employee-related risks:** Assessing the responsibilities and exposure of each role within the organization to potential fraud.
- **Sector-specific risks:** Understanding the challenges and risks inherent in each of ESDO's areas of intervention, such as microfinance, education, healthcare, and social welfare.

To effectively mitigate these risks, ESDO deploys a range of internal tools, monitoring systems, and control mechanisms designed to detect and prevent fraudulent or corrupt behavior before it can impact the organization or its beneficiaries.



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8.2 Application of Best Practices

As a leading NGO, ESDO is deeply committed to maintaining the highest ethical standards across its operations. The organization continuously strives to adopt and implement best practices in fraud and corruption prevention, recognizing that these risks evolve over time. ESDO's commitment includes:

- **Ethical leadership:** Upholding professional ethics within the NGO sector and ensuring that integrity is at the core of all decision-making processes.
- **Continuous improvement:** Regularly reviewing and updating its fraud and corruption controls to align with global best practices and adapt to new threats.
- **Capacity building:** Ensuring that staff, vendors, and partners are well-informed about the latest anti-fraud techniques and procedures, promoting vigilance and accountability at every level.

By integrating these best practices into its operations, ESDO not only protects its resources but also ensures that it continues to serve the most vulnerable communities with transparency, trust, and effectiveness.

9.0 Raising alerts on fraud and corruption

While this policy primarily addresses fraud and corruption, it also encompasses all forms of financial malpractice. This includes a wide array of irregularities such as theft of assets and cash, false accounting, deception for financial gain, computer-related offenses, and bribery.

9.1 Importance of Employee Vigilance: Employees at ESDO play a crucial role in upholding the organization's commitment to combating fraud and corruption. They are strongly encouraged to voice any concerns related to fraudulent activities or unethical behavior encountered during their work at ESDO.

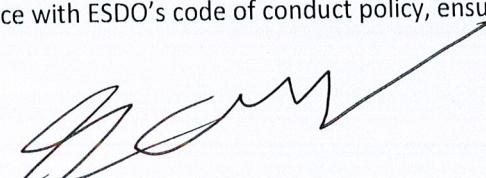
9.2 Reporting Procedures: Typically, employees should report concerns to their immediate manager. However, ESDO recognizes that some situations may deter employees from doing so. In such cases, employees are encouraged to escalate their concerns to higher management, including the Finance Controller or the Executive Director.

9.3 Guidance and Support for Reporting: ESDO provides clear guidance on the process for raising concerns and offers support to individuals who come forward. The organization is committed to ensuring that anyone raising concerns feels safe and protected.

9.4 Confidentiality and Fair Investigation: All reported concerns will be treated confidentially and will be investigated thoroughly and impartially. ESDO is dedicated to addressing all allegations of fraud and corruption seriously.

9.5 Misuse of Reporting Mechanisms: It is essential to prevent the misuse of the reporting process. Therefore, any instances of malicious or frivolous allegations may result in disciplinary action.

9.6 Disciplinary Measures: Disciplinary actions regarding fraud and corruption will be conducted in accordance with ESDO's code of conduct policy, ensuring a fair and just response to any breaches.



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10.0 Fraud detection procedure

ESDO recognizes that effective fraud detection is essential for maintaining operational integrity and ensuring resources are utilized effectively. To proactively combat fraud, ESDO employs a comprehensive strategy that includes regular audits, continuous monitoring and reporting, and advanced data analytics.

10.1 Regular Audits: Regular audits form a cornerstone of ESDO's fraud detection strategy, assessing both financial and operational aspects:

- **Internal Audits:** ESDO conducts systematic internal audits to evaluate compliance with policies and regulations. These audits identify control weaknesses, helping to strengthen processes and mitigate fraud risks. Internal auditors review financial transactions and operational efficiencies, producing reports that highlight discrepancies and improvement areas.
- **External Audits:** Independent external auditors assess ESDO's financial practices, providing an objective evaluation of its integrity and transparency. They review financial statements and internal controls, offering insights that inform ESDO's financial management decisions.
- **Risk Assessment:** Auditors conduct risk assessments to identify areas prone to fraud, enabling ESDO to focus its efforts on high-risk sectors.

10.2 Monitoring & Reporting: ESDO enhances fraud detection through comprehensive monitoring and reporting systems:

- **Continuous Financial Monitoring:** Ongoing reviews of financial transactions in real-time allow for immediate detection of unusual patterns that may suggest fraud. Regular account reconciliation addresses discrepancies promptly.
- **Operational Reviews:** Regular evaluations of programs assess compliance and identify irregularities that may signal fraudulent behavior. These reviews help detect inefficiencies and anomalies needing further investigation.
- **Incident Reporting Mechanisms:** ESDO encourages employees and stakeholders to report suspicious activities through clear mechanisms, including anonymous whistleblowing channels. This promotes a culture of transparency and accountability.

10.3 Data Analytics: ESDO utilizes advanced data analytics tools to enhance fraud detection:

- **Pattern Recognition and Anomaly Detection:** Data analytics helps ESDO analyze financial and operational data to identify fraud indicators. By establishing baseline behavior metrics, anomalies such as unexpected transaction spikes can trigger alerts for investigation.
- **Predictive Analytics:** By analyzing historical data trends, ESDO can anticipate potential fraud risks and adjust controls accordingly.
- **Data Visualization Tools:** ESDO uses visualization techniques to present complex data in an accessible format, aiding management in identifying trends and anomalies quickly.

11.0 Reporting Fraud and Corruption

11.1 Reporting Channels: ESDO encourages employees and stakeholders to report suspected fraud or corruption through designated channels, including a dedicated email (e.g., fraudreport@esdo.org) and a toll-free anonymous hotline. Reports should include detailed information, such as dates, times, and involved individuals.

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11.2 Confidentiality: All reports will be treated confidentially, with ESDO committed to protecting whistleblower identities unless disclosure is required by law. Information will only be shared with those directly involved in the investigation.

11.3 Non-Retaliation: ESDO prohibits retaliation against anyone reporting fraud or corruption in good faith. Employees retaliating against whistleblowers will face disciplinary actions, up to and including termination, promoting a culture of transparency.

12.0 Investigation Procedures

12.1 Investigation Process: The Internal Audit & Compliance Unit will conduct thorough investigations upon receiving reports of fraud. This includes:

- **Preliminary Assessment:** Evaluating the credibility of the report.
- **Interviews:** Gathering facts through discussions with relevant individuals.
- **Document Reviews:** Analyzing financial records and compliance documents.
- **Forensic Audits:** Utilizing forensic expertise for complex cases.

12.2 Disciplinary Actions: Confirmed fraudulent activities will lead to disciplinary measures, including termination, legal action, and recovery of misappropriated assets.

12.3 Referral to Authorities: In cases of criminal fraud, ESDO will report to law enforcement agencies to ensure legal proceedings are followed.

13.0 Risk Management

13.1 Risk Assessments: ESDO will periodically conduct fraud risk assessments to identify vulnerabilities and evaluate existing internal controls.

13.2 Action Plans: Based on assessment findings, ESDO will implement risk mitigation strategies in high-risk areas, including:

- **Procurement:** Enhancing transparency in procurement processes.
- **Financial Management:** Strengthening financial oversight to prevent misappropriation.
- **Microfinance Operations:** Establishing monitoring systems for fraud detection in lending.

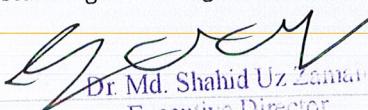
14.0 Monitoring

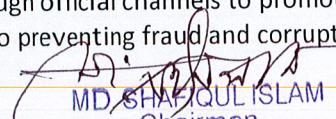
The Internal Audit & Compliance Unit will monitor compliance with the Counter-Fraud and Anti-Corruption Policy, providing regular reports to the Executive Committee on compliance, identified risks, and fraud incidents.

15.0 Authority, Approval and Review of the Policy

15.1 Authority and Responsibility: The Counter-Fraud & Anti-Corruption Policy of ESDO is authorized by the Executive Committee, which holds ultimate responsibility for upholding the principles of integrity, transparency, and accountability within the organization.

15.2 Approval and Communication: Once finalized, the policy is presented to the Executive Committee for approval, becoming effective only after formal endorsement. The finalized policy will be communicated to all employees and stakeholders through official channels to promote awareness and understanding of the organization's commitment to preventing fraud and corruption.


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15.3 Review of the Policy: The policy will be reviewed every two years, or more frequently if new fraud risks or legislative changes arise, ensuring its relevance and effectiveness.

16.0 Disclaimer

The Counter-Fraud & Anti-Corruption Policy of ESDO is intended to provide guidance and establish procedures for preventing and addressing fraud and corruption within the organization. While every effort has been made to ensure the accuracy and completeness of this policy, ESDO disclaims any liability for actions taken or not taken based on the information contained herein. This policy is subject to change and may be amended as necessary to reflect evolving legal standards and organizational needs. Employees and stakeholders are encouraged to seek clarification and report any concerns to the Internal Audit & Compliance Unit.

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