

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. ACTIONS 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 others assets by fraudulent means etc.*
- iv. Falsifying records such as pay-rolls, removing the documents from files and /or 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 wrong DPR, design/drawings, estimates etc., submission of false soil test report etc. by consultant(s).*
- x. Recommendation for payment of bill(s) of consultant(s) for wrong DPR, design/drawings, estimates etc., and false/fake soil test report etc. related to scheme(s) executed being executed by BSBCCL as mentioned in the clause (ix) above.*
- xi. Submission of false/forged documents by the tenderers/vendors/suppliers/consultants with their offer for contracting.*

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- xii. *Submission of false/forged documents for approval of deviation/extra items, time extension for any project(s)/scheme(s).*
 - xiii. *Utilization of substandard materials in the construction of schemes, non-fulfillment of the provisions of Bihar PWD Code, SBD & other Agreement clause(s) etc.*
 - xiv. *Making fake/false entries in Measurement Book, Payment to the contractor(s) on the basis of fake/false measurement of any works related to the project(s)/scheme(s).*
 - xv. *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 designated Nodal Officer(s), nominated in Corporate Office. 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 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.*
- ii. *All reports of fraud or suspected fraud shall be handled with utmost speed and shall be coordinated by Nodal Officer(s) to be nominated.*
- iii. *Officer receiving input about any suspected fraud/nodal officer(s) 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.*

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7. INVESTIGATION PROCEDURE

- i. The "Nodal Officer" shall, refer the details of the fraud/suspected fraud to the Chief Vigilance Officer of the Company, for further appropriate investigation and needful action.*
- 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 "Nodal Officer" of the results of the investigation undertaken by them.*

8. RESPONSIBILITY FOR FRAUD PREVENTION

- i. Every employee (full time, part time, adhoc, temporary, contract), representative of vendors, suppliers, contractors, consultants, service providers or any other agency(ies) doing any type of business 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 or is likely to take place they should immediately apprise the same to the concerned as per the procedure.
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;*

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- ii. *Due 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 would 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 of execution of contract.*

9. PROTECTION OF INFORMANT

The informant of fraud etc. as mentioned in clause (6) above shall be protected under 'Whistle Blower Policy of BSBCCCL'.

10. ADMINISTRATION AND REVIEW OF THE POLICY

The Managing Director shall be the competent authority for the administration, interpretation and application of this policy. Any revision in the policy shall be done with approval of Board of Directors of the Corporation (BSBCCCL)"

**Duly approved by Board of Directors of
Bihar State Building Construction Corporation Ltd.
in its Meeting held on dtd. 31.05.2019 and applicable
w.e.f. 27.06.2019 (i.e. the date of finalising the Minutes)**

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