FRAUD & RISK MITIGATION POLICY

PALLI CHETANA

(An Organization for Social Development)
Jordia, Bangdaha
Satkhira

FRAUD AND RISKS MITIGATION POLICY

POLICY TITLE	:	**Fraud and Risks Mitigation Policy**
WRITTEN BY	:	**Its senior management team**
REVIEWER	:	**Director, Palli Chetana**
APPROVING	:	**Members of Governing Board** **Syed Hasan Mahmood** **President, Executive Committee and** **Md. Anisur Rahman** **Secretary, Executive Committee**
DATE OF APPROVAL	:	**July 25, 2020**
DATE OF EFFECTIVENESS	:	**July 25, 2020**
ATTESTATION SIGNATURE	:	**Signature** **Md. Anisur Rahman** **Director, Palli Chetana** DIRECTOR PALLI CHETANA ordia. Bangdaha, Satkhira

List of Abbreviation

SL	-	Serial
NGO	-	Non-governmental Organization
ToR	-	Terms of Reference
ID	-	Identity
REF	-	Reference
CEO	-	Chief Executive Officer
DFID	-	Department for International Development
PO	-	Project Officer
MJF	-	Manusher Jonno Foundation
IGA	-	Income Generating Activities

Table of Contents

APPROVED

President
PALLI CHETANA
Jordia, Bangdaha, Satkhira.

DIRECTOR
PALLI CHETANA
Jordia. Bangdaha, Satkhira

01 About Palli Chetana

01.01 Circumstantial of The Organization: Initially ***Palli Chetana*** was a local club for organizing the social and cultural activities, sports and other generous activities. It was developed by some young and educated social volunteers in Jordia village of Satkhira district. After end of *eighth decade*, environmental calamities and different social crisis increased in the south west coastal region of Bangladesh. With this changing situation the local club turned in a local NGO named ***Palli Chetana*** *(An Organization for Social Development)*. As a local NGO, ***Palli Chetana*** established in 1992 at Jordia Village in Bnagdaha under Satkhira District of Bangladesh. In the year 1996, it was registered by the Department of Youth Development. In 2000 a devastating flood occurred in the south west region of Bangladesh where huge damage to the people. Crop filed, homestead, school, college, market everything was submerged under water. Near about half million people fall into distressed condition. In this situation workers of ***Palli Chetana*** extended their cordial support to the distressed people and carried out massive relief and rehabilitation activities. After the relief and rehabilitation activities ***Palli Chetana*** come to know about the socio-economic crisis of the society and decided to work for sustainable development of the society. Initially they organize poor male and female members into different homogeneous groups. Organized group members are using these groups for their social planning and development. Health, nutrition, primary education, water and sanitation, environmental conservation, income generating activities, savings, gender equalities etc. are the main development issues of those groups. ***Palli Chetana*** playing a vital role of a facilitator and they are providing training, credit support and issue based social awareness. With their previous activities recently ***Palli Chetana*** has been addressing hardcore poor issue and also working for land rights for the landless poor peoples. As a local organization ***Palli Chetana*** prepare its development plan for addressing the local issue. Local people also consider it as their own organization. ***Palli Chetana*** is a social development Organization has been providing such as khas land, Khas water body processing support, different skills & social sector training with IGA support, Water & Sanitation, among the landless poor since 2004 to promote human rights and good governance. Through human rights and governance program, ***Palli Chetana*** contributes towards poverty reduction aiming to bringing change in the lives of most marginalized people. Since the beginning, ***Palli Chetana*** has been receiving fund as a partners of Uttaran which fund provided by the DFID & supported by MJF to implement human rights and governance program. ***Palli Chetana*** also received funding support from other donors like concern worldwide, unicef, brac, Practical Action, NGO Forum, DFID-*shiree* & some others NGOs to accelerate the human rights program.

01.02 Vision: A gender, Caste and Class equal society where people live in dignity

01.03 Mission: Strengthening capacity of the resource poor peoples (rural & urban) and empowered establishing self-managed institution for using locally available environment friendly agro-based resources to improve livelihood

02 Frauds

Fraud is usually taken to mean the gaining of an illicit advantage through deception and in particular the manipulation of financial information or accounting records. The word "fraud" has been used for many years in this context, but an exact internationally recognized definition is less easy to determine.

It also includes the following actions:

- False representation;
- Failing to disclose information;
- Abuse of position and;
- Many other offences relating beyond the purview;

03 Palli Chetana Policies towards Irregularities

Palli Chetana maintains "***Palli Chetana*** Policy towards Irregularities" in regard to financial and programming irregularities. This policy is in line with the true spirit of partnering, which is based on mutual trust, accountability and transparency. Financial and programming irregularities, also known in ***Palli Chetana*** as "defalcation" or "misappropriation", refer, but are not limited to:

- Any dishonest or fraudulent act or violation of clause/clauses in the signed Agreement;
- Forgery or alteration of any document or account (including but not limited to timesheet, payroll and associated leave records and accounts, travel and expense reports, advance reports and account, procurement documents, inventory records);
- Forgery or alteration of a check, bank draft or any other financial documents;
- Misappropriation of funds, commodities, supplies, spare parts, project materials and equipment, or other assets:
- Impropriety in the handling or reporting of money, financial transactions, or bidding procedures:
- Accepting or seeking anything above nominal material value from vendors or persons providing services/materials (this does not apply to calendars, agendas, etc);
- Destruction or misappropriation of records, furniture, fixtures, or equipment;
- Diversion, alteration, or mismanagement of documents or information, and/or any similar or related irregularity.
- Unauthorized deduction or underhand dealing with any party.

If it is revealed that the any organization providing less salary than what is charging to ***Palli Chetana*** Project or realizing any money from the salary of any staff or deducting any non-refundable salary, ***Palli Chetana*** may terminate the partnership immediately.

If any complain received in writing from any person/s in employment or ex-employment in PO, that the said PO is (was) providing less salary than what is (was) charging and/or realizing any money by the PO from the staff in underhand dealing, the issue shall be dealt with the Policy Towards Irregularities and if it is apparent or proved, the partnership shall be terminated instantly and will be blacklisted in the ***Palli Chetana*** Database.

It is impossible to build a successful partnership when either of the two organizations allows or routinely practices the above acts. Therefore, ***Palli Chetana***'s "Policy towards Irregularities" will apply to any partner or sub-partner that has been judged to have committed any of these actions consciously, purposefully, and with the knowledge of the organization's Executive Staff. Once such acts have been detected and verified, the partnership in question will be summarily terminated and all ties with the organization will be severed.

However, if the nature of the defalcation is such that the partnership is not terminated, a plan to rectify the irregularities must be developed by the organization. This plan will then be approved and monitored by ***Palli Chetana*** Senior Management. Then, if the monitoring process indicates that the plan has not been implemented properly or within the stated time frame, the partnership will be terminated at that point.

Palli Chetana encourages all of its partners to seek to detect and deal with financial irregularities internally, before they are identified by an external auditor. Such efforts will be supported by special coaching and on-the-job training provided by ***Palli Chetana***.

Palli Chetana
Jordia, Bangdaha, Satkhira
SAMPLE FRAUD REGISTER

Fraud no…………

SL#	Particulars with steps and actions	Results and Remarks
01	Name, address & telephone no. of the person/organization against the fraud raised	
02	Particulars of complaint relating to fraud with receiving date	
03	Name & address of the informer/finder/anonymous	
04	Name of the person with position who bring the issue to the fraud management committee/Senior Management	
05	Discussion and decision about the fraud by the Fraud management committee/Senior Management with date	
06	The decision of the Fraud management Committee/ senior management team with action plan	
07	Name of the investigation team member (if needed) with their responsibility (ToR) with last date of reporting	
08	The summary of the investigation team report with the date of submission	
09	The decision of the Fraud management committee/ Senior management team based on the report with date	

10	Action implemented/not with date (if not what are the reason/s)	
11	Final settlement of the fraud with date	
12	Decision of Fraud management Committee/Senior management team about reporting or not reporting to ***Palli Chetana*** Donors with justification and date	
13	Follow up action if any:	

If necessary separate sheet/s may be used to write the results/actions or any other information

04 Risks

Risk is the negative risk of an event affecting life, property or the environment. In a word, risk is the potential loss of any danger. When people fear a danger, that is the risk for them. Past experience and his knowledge behind the creation of this fear affects him.

Proper risk identification and its management is an important issue for any organization or organization to manage. This is a part of the increased appropriate qualification. These strategies need to be determined according to the type and nature of the risk involved. One of these is the creation and review of the risk list or registrar and its activities; Such as - training of staff, encouragement (warning) of advance notice to your employees in case of any risk related issue and taking action accordingly.

In general, in the case of an organization, the risk factors may be institutional and staff (officer-employee). Such as - bribery and corruption, abuse of power, misconduct, child or adult abuse, sexual harassment, etc.

All risks can be divided based on their importance and characteristics. It must be relevant to the standards set out in the safety policy. It can be used to determine the likelihood of harm in any one subject, its extent and the effect is serious or minor.

05 Palli Chetana Risk Assessment Matrix Guidelines

Risks are an inevitable part of business or service provision or managing project. However, the success of smooth functioning of an organization depends on the ability to manage and respond to risks properly. Thus ***Palli Chetana*** has developed collected, reviewed and compiled this risk assessment matrix that will help ***Palli Chetana***

1. Evaluate risks based on the severity of their impact
2. Prioritize risks based on frequency of events or anticipation of events or trends
3. Likelihood to occur of the relevant risks
4. Help organization plan for potential risks, and respond appropriately when they occur

06 Palli Chetana Risk Assessment Matrix: A useful tool to assess risks

The ***Palli Chetana*** risk assessment matrix is a chart that plots the severity of an event occurring on one axis, and the probability of it occurring on the other. This can also be used as a table, where the risk likelihood and impact are columns and the risks are listed in rows. By visualizing existing and potential risks in this way, impact of risks can be assessed and also identify which ones are highest-priority. From there, ***Palli Chetana*** can create a plan for responding to the risks that need the most attention.

This risk matrix chart will be used based on the information available from risk assessment forms, which is often part of the risk management process. These forms are to be rationally used for identifying risks, gathering background data, calculating their likelihood and severity, and outlining risk prevention and management strategies.
The matrix will focus on two aspects:

- ***Severity:*** The impact of a risk and the negative consequences that would result
- ***Likelihood:*** The probability of the risk occurring

To place a risk in the risk assessment matrix, a rating will be assigned based on severity and likelihood. Then it has to be plotted in the appropriate position by chart. The typical classifications used are:

Severity: *listed in rows*

- Insignificant: Risks that bring no real negative consequences or pose no significant threat to the organization or project.
- Minor: Risks that have a small potential for negative consequences, but will not significantly impact overall success.
- Moderate: Risks that could potentially bring negative consequences, posing a moderate threat to the project or organization.
- Critical: Risks with substantial negative consequences that will seriously impact the success of the organization or project.
- Catastrophic: Risks with extreme negative consequences that could cause the entire project to fail or severely impact daily operations of the organization. These are the highest-priority risks to address.

Likelihood: *used in columns*

- Unlikely: Extremely rare risks, with almost no probability of occurring.
- Seldom: Risks that are relatively uncommon but have a small chance of manifesting.
- Occasional: Risks that is more typical, with about a 50/50 chance of taking place.
- Likely: Risks that is highly likely to occur.
- Definite: Risks that is almost certain to manifest. Address these risks first.

After placing each risk in the matrix, it will be given an overall "risk ranking." Risks that have severe negative consequences and are highly likely to occur receive the highest rank;

risks with both low impact and low likelihood receive the lowest rank. Risk rankings combine impact and likelihood ratings to help identify which risks pose the greatest overall threats (and therefore are the top priority to address).

In addition on a routine assessment process, ***Palli Chetana*** will use a numeric scale to assign more specific risk rankings. However, most rankings will fall into a few broad categories, which are often color-coded:

- ***Low:*** the consequences of the risk are minor and it is unlikely to occur. These types of risks are generally ignored and often color-coded green.
- ***Medium:*** Somewhat likely to occur, these risks come with slightly more serious consequences, to take steps to prevent medium risks from occurring, but to remember they are not high-priority and should not significantly affect organization or project success. These risks are often color-coded yellow.
- ***High:*** These are serious risks that both have significant consequences, and are likely to occur. Prioritize and respond to these risks in the near term. They are often color-coded orange.

Once ranked, a risk response plan is developed to prevent or address those that are "high" or "extreme." There may not be a need to respond to risks ranked "low" or "medium" before work begins.

Sample of Risk Assessment Matrix

Possibility of recurrence	High	3	6	9
	Medium	2	4	6
	Low	1	2	3
		Low	Medium	High
Level of damage / impact				

07 How to choose safety issues-

- Use a risk assessment matrix to verify all security risks; Such as any kind of physical, mental, economic exploitation, oppression, neglect or discrimination and institutional abuse.
- Determine the type of damage; Such as- Low, medium and high.
- Determine the probability of loss; Such as- Low, medium and high.
- Re-evaluate the probability of recurrence of damage in terms of safety standards. For example, if the level of damage is 2, then the probability of recurrence is 2, which is moderate. In that case the level of risk will be 4.

- Calculate the risk against each type of abuse. Strategies need to be adjusted based on an abuse risk score of 3 or higher. If the score is 2 or below, then it has to be resolved through the internal caution and procedure of the concerned organization
- The Human Resources and Development Department of the concerned organization should look into any such matter under its Institutional Misconduct Procedure, Complaint Management and Code of Conduct. The Sexual Harassment Prevention Committee will also look at some of the issues, such as the overall impact of the identified risk and its score, and the information that is constantly being obtained. In this case, the basic position of the organization should be taken into consideration.
- In this case, considering the relevant activities and activities, the security officer will provide assistance and guidance to the members of the risk assessment committee.

08 What to do:

Here are some samples and examples to help with this type of activity. However, it must be acknowledged that the rate of damage to a potential event may not always be the same. In this case, the risk assessment committee has to do fact findings.

Possibility of recurrence	Low	Medium	High
	May not happen / may not happen again, but is likely to happen	May occur or may occur again	The possibility of recurrence

Some of the abuses and the extent of their harm / effects are mentioned below as examples; however, this list is not complete by itself. This is just a sample to assist the concerned security officers.

Type of abuse	RISK TABLE - EXAMPLES OF LEVELS OF HARM		
	Low Level	Significant Level	High Level
Physical			
Sexual			
Psychological/ Emotional			
Financial			
Neglect			
Discriminatory			
Institutional			

Type	Materials	Risk Types
Political	Relationship with the government Questioning about accountability	Disruption in activities Institutional reputation

	and good governance of Palli Chetana • Tied to the activities of the partner organization • Tied to the activities of Palli Chetana • Government obstruction in the work of NGOs • Political instability	• Regulatory
Delivery of Results	• Insufficient funds • Sexual harassment and bullying at the social level • Child abuse • Natural disasters	• Financial • Harassment • Institutional reputation • Regulatory
Management	• Allegations of corruption against the staff of Palli Chetana • Complaints of sexual harassment	• Financial • Harassment • Institutional reputation • Regulatory

Some examples of risks are described in the table below:

Risk Types	Risk factors	Those who are at risk	Recurrence rate (1-3)	Risk / Loss Level (1-3)	Steps
Physical	accident (Road, sea, airway), electric devices, etc.	Employees, officers, general public of the organization	Potential levels	Potential levels	Awareness, training, safety equipment, lock book maintenance, helmet use, various orientations, policy messing, life jacket use, etc.
Mental	Overwork, non-cooperation, misconduct, inaction, disobedience to the chain of cannon, use of child language, being illegal, etc.	Staff, beneficiaries, organization	Potential levels	Potential levels	Proper distribution of work, explanation of responsibilities, formulation of proper planning, formulation of code of conduct and proper implementation etc.
Sexual harassment	Keeping the workplace and	Women and children,	Potential	Potential	Development and strict

	environment clean, distorted mentality, lack of awareness, abuse of power, not knowing the code of conduct	workers, beneficiaries, community people, volunteers	levels	levels	implementation of security policy, introduction and implementation of beneficiary feedback mechanism, monthly coordination body, early warning notice etc.
Financial	Corruption, funding crisis, fund closure, untimely funding, forged signatures. Irregularities in cash distribution, influence of local representatives, corruption in procurement, agreements with vendors, formation of fund raising team	Companies, Beneficiaries, Employees, Vendors, Stakeholders	Potential levels	Potential levels	Development and implementation of EDD, DDA and policy, enhancing financial viability of the organization, strengthening monitoring and audit team, involving more than one person in cash distribution, informing local government representatives at project awareness meetings, increasing early warning activities, etc.
Political	Political instability, party influence, non-cooperation of the administration	Agencies, employees, beneficiaries	Potential levels	Potential levels	Establish good relations with all political parties, organize NGO coordination meetings, increase friendship with party workers, maintain more contact with people in the administration, etc.
Natural disasters	Epidemics, droughts,	Agencies, employees, beneficiaries	Potential levels	Potential levels	Provide more training, conduct mock drills, create

	floods, cyclones, earthquakes, tsunamis, thunderstorms, etc.				awareness, form disaster management committees, formulate alternative plans, etc.

09 Conclusions

A risk register is an important component of the overall risk management framework. The risk register database records all identified risks in the project. It also drives the other risk processes like Perform Qualitative Risk Analysis, Perform Quantitative Risk Analysis, Plan Risk Responses, and Monitor and Control Risks.

APPROVED

President
PALLI CHETANA
Jordia,Bangdaha,Satkhira.

DIRECTOR
PALLI CHETANA
Jordia. Bangdaha, Satkhira