

Amendments in ‘Annexure-1’ (Instructions on Fraud Risk Management)

The details of amendments in the ‘Annexure-1’ (Instructions on Fraud Risk Management) of the Circular are below:

(i) First paragraph of the heading ‘Quarterly Review of Frauds’ shall be replaced as under:

Existing Instruction	Revised Instruction
The quarterly report on frauds/ forgeries/ dacoities shall be placed before the Board’s Risk Management Committee during the month following the quarter to which it pertains. The quarterly report shall be accompanied by supplementary materials such as trend analysis based on Nature/ Event type category of fraud, Business Lines/ Area of operations, Nature of severity and Individual involved etc. The Board’s Risk Management Committee shall monitor all the cases of frauds/ forgeries/ dacoities in order to:	A summary of quarterly report on frauds/ forgeries/ dacoities shall be placed before the Board’s Risk Management Committee (BRMC)/ Board’s Audit Committee (BAC) in the next meeting following the quarter end. The summary of quarterly report shall be accompanied by supplementary materials such as trend analysis based on Nature/ Event type category of fraud, Business Lines/ Area of operations, Nature of severity and Individual involved etc. Moreover, the BRMC/ BAC shall be responsible to:

(ii) “Point # 3” of the heading ‘Quarterly Review of Frauds’ shall be replaced as under:

Existing Instruction	Revised Instruction
<ul style="list-style-type: none">Monitor progress of investigations, court cases and recoveries position.	<ul style="list-style-type: none">Monitor progress of investigations, court cases and recoveries position of cases of Rs. 0.5 million and above.

(iii) Last paragraph of the heading ‘Quarterly Review of Frauds’ shall be replaced as under:

Existing Instruction	Revised Instruction
Moreover, banks/ MFBs/ DFIs shall delineate, in fraud prevention policy document, the processes for implementation of the Board Risk Management Committee’s directions and the officials/ unit responsible to implement the directions in this regard.	Moreover, banks/ MFBs/ DFIs shall delineate, in fraud prevention policy document, the processes for implementation of the BRMC’s/ BAC’s directions and the officials/ unit responsible to implement the directions in this regard.

(iv) “Point # 7” of the heading ‘Annual Review of Frauds’ shall be replaced as under:

Existing Instruction	Revised Instruction
<ul style="list-style-type: none"> Progress report of the outstanding cases of frauds/ forgeries/ dacoities detected during the year. 	<ul style="list-style-type: none"> Progress report of the outstanding cases of frauds/ forgeries/ dacoities of Rs. 0.5 million and above detected during the year.

(v) The instructions under the heading ‘Whistle Blowing Policy’ shall be replaced as under:

Existing Instruction	Revised Instruction
<p>In this regard, whistle blowing unit may be formed under supervision of Audit Committee of the Board for receiving, handling and monitoring allegations and concerns raised by the whistle blower.</p>	<p>In this regard, whistle blowing unit or a management committee may be formed under supervision of Board’s Audit Committee. However, the bank’s policy document must clearly indicate the official(s) responsible for receiving, handling and monitoring whistle blow complaints. Moreover, the names of the responsible official(s) should be reviewed periodically by the Board’s Risk Management Committee/ Board’s Audit Committee and minutes of the meeting be preserved for verification by SBP inspection team.</p>
