



**CENTRE FOR YOUTH
DEVELOPMENT AND ACTIVITIES
(CYDA)**

Fraud Prevention Policy 2024.

1. Background:

Centre for Youth Development and Activities (CYDA) is a voluntary organization that works with Youth (age group of 13-29 yrs.) to provide them a space to grow as responsible, healthy, productive and independent adults. CYDA believes in building capacities of young people and developing a forum of young people centered around the values of gender equity, respect, diversity, plurality, integrity and democracy at the same time raise voice against injustice and human rights violations in society.

The CYDA Fraud Prevention Policy is prepared to facilitate the development of controls that will aid in the detection and prevention of fraud against CYDA and its partner organisations. Fraudulent and corrupt practices can also seriously damage CYDA's reputation and reduce donors' trust, in its ability to deliver results in an accountable manner. Furthermore, it may affect staff and personnel effectiveness, motivation, morale and will have an impact on the Organization's ability to maintain a talented work force.

2. Objectives/purpose of the Policy

- Promote an ethical and fraud-free environment at CYDA.
- Create a culture at CYDA that promotes fraud prevention by all stakeholders; including senior management, employees, associates, vendors and others dealing with CYDA.
- Create awareness among senior management, employees, associates, vendors and others dealing with CYDA, about their responsibilities for prevention, detection and reporting of fraud and for establishing controls and procedures for identification, prevention and detection of fraud.
- To safeguard the credibility and financial viability of CYDA through improved management of fraud risks
- To undertake appropriate measures to prevent or minimize the risk of fraud.

3. Scope of the Policy

This policy applies to any suspected or detected fraud involving senior management and employees of CYDA and others. The policy would also apply to persons appointed on temporary/contract basis, trainees, consultant as well as vendors. The policy is intended to cover both internal and external fraud. This "Fraud Prevention Policy" applies to all units and offices of CYDA. CYDA has zero tolerance for fraud and corruption, which means, CYDA staff members, non-staff personnel, vendors, implementing partners and responsible parties should not engage in any kind of fraud or corrupt practices. If anyone found guilty of committing fraud, CYDA will initiate strict disciplinary against the committer(s) of fraud, including recovery of financial loss suffered by CYDA.

4. Definition of Fraud

The following definitions shall apply in the context of this Policy:

"Fraud is defined as an act of deception with the intention of obtaining an advantage for himself or herself or for a third party or to avoid any commitment, or causing loss to another party."

5. Types of the Fraud

a) **Internal fraud:** Fraud committed directly against CYDA by staff members of CYDA.

- Misuse of funds, supplies or other assets.
- Any undesired changes made in document, record or account belonging to CYDA.
- Without proper approval, modifying cheque, bank draft, account or any other financial instrument.
- Fake financial reporting.
- Misutilization of CYDA funds for personal purposes.
- Unauthorised damage, removal or inappropriate use of records or assets.
- Abuse of position as a result of insider knowledge of CYDA activities.
- Disclosing confidential information to unauthorised parties.
- Producing / providing fake data or report about program.
- Without following proper tendering process, releasing order/ contract to close associates or relatives, leading to conflict of interest.

b) **External Fraud:** The fraud committed against CYDA by external party e.g., Employees of partner organisations or vendors

- Following corrupt practices and accepting commission from third party.
- Accepting or seeking bribe or anything of material value from contractors, vendors, or persons providing services/materials to CYDA.

6. How fraud Occurs

Frauds arise because of lack of proper internal control policies and procedures, failure by staff to observe internal controls, carelessness in carrying out checks, or inadequate distribution of duties / responsibilities. Four basic elements are usually present when fraud occurs:

1. **Individual(s)** responsible for carrying out the fraud – could be from within or outside the organisation,
2. **Misappropriation** of finances or the Assets,
3. There is an **intent** to commit the fraud,
4. There is an **opportunity** to commit the fraud.

Concerned authority must ensure that all the above elements are minimized by:

- Introducing sound systems of internal control.
- Blocking all the opportunities or loop-holes that may lead to committing fraud..

7. Fraud Reporting and Investigation

a) **Fraud Reporting:**

Any employee or vendor or contractor or any other third party associated with CYDA or those who provide services to CYDA must :

1. Report to the Centre Head or Director as soon as s/he comes to know of any suspected fraud or fraudulent activity.
2. If the suspect is a part of the Senior Management, then the concerned person should directly report about the suspected fraud or fraudulent activity to the Board member(s).
3. The staff can also report about the suspected fraudulent activity, with proper evidence or proof, over email especially created for the purpose. The e-mail id is fraudmitigationpolicy@gmail.com. *(I feel the e-mail id should be CYDAfraudprevention@gmail.com)*
4. The confidentiality of the person reporting about the fraud will be strictly maintained.

b) Fraud investigation process:

Whenever a complaint of Fraud is received then director/head of the centre will appoint fact finding team for fraud. Based on the fact finding committee report, if it is a minor fraud then the director/ head of the centre will take action with help of Board member(s). If it is a major fraud then CYDA will appoint external committee for investigation. This External Investigation Committee will undertake a detailed investigation and submit its report to CYDA within a maximum of 15 days.

Whistleblower → Centre Head / Director → Formation of Committee → Investigation of Fraud → Suitable action initiated against the fraudster.

1. **Whistle blower** : Is the person who has identified the fraud or have suspected some fraudulent activity, should report immediately to the Centre Head or the CYDA Director as the case may be.
2. **Center Head / CYDA Director:** Depending upon the seriousness and the scale of the fraud will immediately constitute a team to investigate the fraud.
3. **Formation of Committee:** The team would comprise of CYDA Director, Finance In-charge and one Board Member.
4. **Investigation of Fraud:** The committee would initiate the process of investigation and would submit its report to the President and the Secretary of the organisation within seven working days. The Committee would also recommend suitable action to be taken against the fraudster and for recovery of the loss due to the fraud.
5. **Action against Fraudster:** The Secretary and the President would finally approve the action to be initiated against the fraudster and the loss recovery process.
6. **Fraud Committed at the Senior Management level:** In case the fraud is committed by the Senior Management then the whistle blower should directly inform about the fraud to any of the Board Members or the president or to the Secretary of CYDA.
7. Depending upon the seriousness and the scale of the fraud, the Secretary will form a three member committee comprising himself, of one Board Member and the President and follow the next steps or may appoint an external committee for investigation.

The entire process of investigation and taking suitable action against the fraudster shall be completed within a maximum period of 30 day.

c) Anonymous reports:

Individuals wishing to protect their identity may report fraud anonymously. For anonymous reports, a report number and code are used to allow the individual making a complaint to follow up and to check if the centre head has requested for further information.

8. Responsibility for Fraud prevention:

Every employee full time, part time, temporary, contract, ex-employee, advisor, representative of vendors, suppliers, contractors, consultants, service providers or any other associated with CYDA, is expected to ensure that:

1. No fraudulent act is committed by them while performing any work/ transaction with CYDA.
2. As soon as it is learnt that a fraud or suspected fraud has taken or is likely to take place the concerned member should immediately apprise the Centre Head / Director about it to the respective member as per the procedure.

9. Awareness/integrity pledge /induction

- a. The Fraud Prevention Policy shall be put up on the CYDA website
- b. Every employee shall give an undertaking not to indulge in any fraudulent activity and will follow the CYDA Fraud Prevention Policy.
- c. Will take "Fraud Prevention Pledge" that s/he would follow the Fraud Prevention Policy of CYDA and shall not allow others to get indulged in fraudulent activities.
- d. S/he would immediately bring to the notice of CYDA authorities as per the procedure, of any fraud/suspected fraud as soon as s/he learns about it.
- e. The concerned authority will take necessary action in this regard.

10. Confidentiality

CYDA will treat all information received as part of a complaint or as a part of investigation procedure, with full confidentiality. The nature of a report or investigation details shall not be disclosed, other than to those who need to know, for the purpose of investigation or for dealing with the matter.

11. Action

- a. Action will be taken as per the fact finding report or external investigation committee report.
- b. If there is minor fraud centre head/ director have right to decide action with the help of CYDA Board members. (e.g., giving a memo to the person)
- c. If there is major fraud then centre head/ director after discussion with the Secretary and the President, will appoint an external investigation committee for further process.
- d. Depending upon the nature of fraud the committee may recommend the case to be pursued by the Police Department which may take action under section 420 of the Indian Penal Code.

12. Termination

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by CYDA senior management team and, if necessary, by outside

committee, before any such action is taken. The Unit does not have the authority to terminate an employee. The decision to terminate an employee is made by the employee's management. Should the Unit believe the management decision inappropriate for the facts presented, the facts will be presented to Board members for a decision.

13. Administration

The fraud prevention policy team of CYDA is responsible for the administration, revision, interpretation and application of this policy. The policy will be reviewed annually and revised as needed.

Approval



P L Mathew
Chief Functionary
CYDA Pune

