



National Bank of Moldova

APPROVED BY:
The Decision of Council of administration
of the National Bank of Moldova
No. 23 from February 3, 2010

ANTI-FRAUD POLICY
OF THE NATIONAL BANK OF MOLDOVA

Chisinau 2010

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REVIEWS

Version	Approved by	Date of approval	Document
1.0	Council of administration of NBM	February 03, 2010	Decision No.23 from February 03, 2010
1.1	Council of administration of NBM	August 04, 2011	Decision No.170 from August 04, 2011

I. POLICY PURPOSE

1. Anti-fraud policy is established:
 - a) to facilitate the amplification of controls to help detect and prevent the fraud and other illegal activities detrimental to the financial interests or duties of the National Bank of Moldova (NBM);
 - b) to clearly present to employees / partners / Bank counterparties that any illegal activity is prohibited, including fraud to the NBM benefit obtained illegally or immorally;
 - c) to provide a suitable environment to employees / persons from exterior to report / communicate suspect problems with fraudulent, corrupt, criminal behaviour;
 - d) to make sure that all suspected fraudulent activities will be fully investigated.
(Point 1 amended by the NBM Dec. No.170 of 04.08.2011)
2. The primary purpose of the policy is to develop corporate culture and to create an environment that inhibits the fraud. It is the responsibility of all staff of the National Bank of Moldova to help create such an environment that will help rise the awareness of the risks and the consequences of fraud.

II. SCOPE

3. This policy applies to all fraud or suspected fraud involving the National Bank of Moldova employees, including in relation to other financial institutions, contractors, consultants and other parties in financial or other relationships with the National Bank of Moldova. The investigation of fraud / suspected fraud shall be made regardless of the involved risk, held position / status, or counterparty relationship with NBM.

III. TERMS AND DEFINITIONS

4. **Fraud** is any illegal act characterized by deceit, dissimulation and betrayal of trust committed by persons and entities to obtain money, goods or services, payment avoidance or to provide a personal or business advantage. The fraud also assumes obtaining at the moment or the challenge of future benefits or undue advantages as a result of fraudulent financial reporting, asset misappropriation, corruption, indiscipline against regulations and laws, and non-protection of the image and reputation of NBM.
5. Fraud can be classified as "internal", "external", or combined. Internal fraud involves both the fraud committed by employees of the NBM and the fraud committed by employees working together with external accomplices (banks, foreign exchange offices, partners, etc.). Fraud committed by foreign authors is classified as external fraud.
6. **Fraud risk development factors** - events or conditions involving financial incentives or pressures to commit fraud.

There are three clearly defined elements that constitute the so-called **triangle of fraud**:

- **Motivation** – obtaining money, services, benefits etc.
- **Opportunity** – element on which the person is clearly in control. A poorly supervised activity will determine the possibility of fraud easier.

- **Awareness** – awareness of the consequences of fraud is generally characterized by the abnormal item (contrary to the established rules).

A good struggle against fraud is possible through continuous monitoring of the above elements.

(Point 6 amended by the NBM Dec. No.170 of 04.08.2011)

7. **Abuse** – intended, improper or inadequate use of goods, equipment, NBM resources, including the case when employees exceed the powers established by the institution in order to obtain material benefits. Abuse is considered fraud in the context of this policy.
8. **Corruption** - any illegal use by an employee of his position for receipt of material / non-material goods or an undue advantage, for himself or for another person or the illegal granting of material / non-material goods or other undue advantages to another person, such as giving and taking bribes, influence peddling, obtaining / offering unduly goods / services.

IV. ANTI-FRAUD POLICY AND CULTURE

9. *Council of administration of NBM* promotes a zero tolerance policy in relation to fraud and mobilizes all Bank staff to act always honestly, with integrity and dignity, to protect all entrusted resources, not to abuse of their position.
10. Anti-fraud policy and culture is promoted by the Council, by the following:
 - a) any fraud alert anonymously or otherwise, shall be investigated if it contains sufficient evidence or details of the fraud committed or assumed;
 - b) considering whether there were errors in supervision (control), and if they occurred, the disciplinary measures will be applied on those responsible;
 - c) making efforts to recover any losses arising from fraud, if necessary by a civil action;
 - d) assuring the transparency of anti-fraud policy, with its placement on the NBM's internal/external Web page, with unrestricted access;
 - e) all fraud / suspected fraud, in the meaning of this policy, shall be reported to the Council of Administration of the National Bank of Moldova and to the Internal Audit Department, using the full spectrum of communication channels specified in Chapter VII of this Policy."

(Point 10 amended by the NBM Dec. No.170 of 04.08.2011).

V. CONCEPT AND EVALUATION OF FRAUD AND CORUPTION RISKS

11. According to the competences established by the *Law on the National Bank*, NBM shall license, supervise and regulate the activity of the financial institutions. In addition, teams of NBM's specialists shall carry out complex and thematic controls on activities of licensed banks from RM, and foreign exchange entities. NBM also makes a series of transactions with financial impact. NBM employees should avoid conflict of their own interests with the performed duties, whether the conflicts are real, potential or likely to occur. Fraud may cause financial loss, disruption of Bank activity and reputational risk. In order to properly manage these risks, it is important and necessary to consolidate the activity processes, applicable procedures and existent internal control systems. In taking any decision, every employee of the Bank must take into account the potential operational and reputational risks associated with the respective transaction / activity.
12. National Bank outsources some activities auxiliary to the exercised basic activities. *NBM IT services* that can not be produced with own resources, or that can be provided by foreign suppliers at a higher quality level and in terms of reducing / optimizing the resources allocated for this purpose by the NBM, are outsourced. Risk that can arise in this context is the risk of access by third parties to data and information systems of the NBM, which creates opportunity for abuse by employees of service provider.
Other outsourced services by NBM are the *physical security* and *security of banknotes and coins transport from the manufacturer*. The potential of fraud in these areas is indirect and

direct: external staff that provides these services is in a position to obtain and provide information to third parties on internal activity processes, security measures applied by the Bank. There is also a risk that the external security personnel to be involved in the robbery schemes.

NBM responsible subdivisions need to continuously identify and assess all risks associated with outsourced services by external suppliers, with their appropriate management.

13. Preventing fraud is possible but is not comprehensive. There are inherent risks that can not be removed and may lead to fraud. Prevention objective is to strike a balance between processes flexibility and established control procedures, so that the Bank could work dynamically, appropriately controlling risks.

See to the present policy:

- **Annex Nr.1** *The fraud and corruption risks, as well as the elements of fraud and corruption prevention.*
- **Annex Nr.2** *Fraud Indicators.*

(Point 13 amended by the NBM Dec. No. 170 of 04.08.2011)

VI. EFFECTIVE INTERNAL CONTROL SYSTEMS

14. The existence of an effective internal control system, incorporating specific measures for early prevention and detection of fraud, is a key role in mitigating the internal and external fraud risks. The responsible subdivisions must develop and implement appropriate control procedures for all relevant processes. An important factor contributing to the likelihood that an employee will perform an illegal act of fraud is the *opportunity*. The responsible subdivisions must continuously analyze and identify the opportunities that employees might have in order to commit fraud, and to take measures to reduce or diminish them.

VII. FRAUD REPORTING AND COMMUNICATION

(Name of Chapter VII amended by the NBM Dec. No 170 of 04.08.2011)

15. Any fraud that is detected or suspected must be reported immediately to the NBM's Management and to the Internal Audit Department. In case there will be fraud / suspected fraud reports, the Internal Audit Department will submit an information note to the NBM Governor, reporting the issue to the Council of Administration at the first ordinary meeting. Therefore, in order to initiate the investigation process, a working group containing at least three persons from the Internal Audit Department, Legal Department and Guard and Security Service will be established. Representatives of other relevant subdivisions could be included in the working group in case of necessity. The nominal composition of the working group for investigation and limits of authority are established by the Order of the Governor of the National Bank of Moldova.

(Point 15 amended by the NBM Dec. No 170 of 04.08.2011)

- 15¹ The most important way to report fraud / suspected fraud is the opening of communication channels: phone lines, the official website of the NBM, e-mail, for the NBM employees and counterparties that have reason to refer suspected fraud. Official web page address of the NBM, with contact numbers of the "green line", telephone of confidence, complaints towards exchange offices and the possibility of accessing the link "Message on-line" is <http://www.bnm.md> and is a public platform through which any aspect of fraud or corruption can be communicated.

(Point15¹ introduced by the NBM Dec. No.170 of 04/08/2011)

16. In order to effectively implement the policy and to facilitate the investigation process, NBM staff is encouraged to report fraud / suspected fraud, if they have such information, indicating the personal data (name, phone, subdivision). Alarm-messages on the fraud / suspected fraud shall be submitted for investigations **by the mailbox available at the NBM headquarters.**

17. The frequency and procedure for accessing information from the mailbox fraud / suspected fraud alert will be established in working order by the Internal Audit Department in common with the Guard and Security Service.
18. The employee who reported the fraud / suspected fraud is entitled to remain anonymous. It is important that accurate information is reported, with detailed references such as: (i) the involved person(s); the fraud / suspected fraud committed / possible to be committed; the place / time and other useful information.
19. Unjustified information, without precise data and objective proofs - will not be subject to investigation.
20. If the investigation results prove or do not prove that fraudulent activities have occurred, the Internal Audit Department will submit a corresponding report to the Council of administration of NBM.
21. Decisions on proper implementation of legislation in force or initiating a criminal prosecution shall be taken by the Council of Administration of the NBM with the assistance of the Legal Department.
(Point 21 amended by the NBM Dec. No. 170 of 04.08.2011)

VIII. PRIVACY

22. Confidentiality of information relating to reported fraudulent acts is important to avoid damaging the reputation of persons suspected but subsequently found innocent.
23. All information received / known about the fraud / suspected fraud will be treated confidentially. The results of investigations shall not be disclosed or discussed with people who do not have the competency.

IX. RESPONSIBILITIES

Management of National Bank of Moldova

24. *NBM Management* is responsible for establishing and maintaining an adequate internal control system (ICS) that ensures the implementation of the policies and decisions of the Council of Administration, Monetary Committee, Investment Committee, Bank's objectives and tasks. Internal control system is based on a continuous process designed to identify activity risks, to assess the nature and extent of these risks and to manage them effectively. The procedure of development, implementation, maintenance and management of ICS is described in the *Regulation on Internal Control System within the National Bank*.

Management of the structural subdivisions of the NBM

25. *Heads of structural subdivisions of the National Bank* will provide in their internal control systems designed and implemented on the base of *Regulation on internal control system within the National Bank of Moldova*:
 - a) Identification and assessment of fraud risk as part of operational risk;
 - b) Development and testing of controls to prevent and detect frauds;(Point 25 amended by the NBM Dec. no. 170 of 04.08.2011)

Executive Staff

26. Staff at all levels have a duty to participate effectively in protecting assets, providing rational and efficient use of resources in relation to the established liabilities, to develop and maintain the reputation of the National Bank.
27. If the NBM employee has received or been offered gifts or benefits of any nature from third-party and their giving / granting is related directly or indirectly to the fulfillment of the duties,

the employee must immediately inform the management, considering the *Code of conduct of National Bank of Moldova employee*.

Internal Audit Department's Role

28. In the context of anti-fraud policy, the Internal Audit Department's role is:

- a) Contributing to discourage and prevent the fraud by examining and assessing, during the audit missions, the effectiveness of internal control;
- b) To issue and submit to the Council of administration reports on the results of investigations of reported and confirmed frauds/ suspected frauds.
- c) To keep a record of committed and reported fraud at the NBM level.

(Point 28 amended by the NBM Dec. No. 170 of 04.08.2011)

28¹. As described in the International Standards for the Practice of Internal Auditing, *AS 1210.A2 Identify fraud indicators*, internal auditors must acquire and continuously develop sufficient knowledge to assess the risk of fraud and how it is managed by the Bank. Internal audit is an essential element of the assessment process of fraud and corruption risk in this respect, it must have the necessary means, to take into account the highest hierarchical level and be supported by the Council of administration.

(Point 28¹ was introduced by the NBM Dec. No. 170 of 04.08.2011)

28². To keep up with international standards and proper functionality, the audit activity should facilitate the use of modern technological tools for analysis, providing high functionality for sampling, testing data integrity, effectiveness of applications controls, fraud indicators etc.

(Point 28² was introduced by the NBM Dec. No. 170 of 04.08.2011)

X. POLICY REVIEW

(Name of Chapter X amended by the NBM Dec. No 170 of 04.08.2011)

29. In order to maintain best practices, the Policy will be reviewed annually and updated as necessary.

(Point 29 amended by the NBM Dec. No. 170 of 04.08.2011)

XI. FINAL PROVISIONS

30. This anti-fraud policy enters into force upon approval.

31. The current version of *Anti-fraud policy of the NBM* is placed on the internal Web page and the official web-site of NBM, with unrestricted access for the general public.

(Point 31 amended by the NBM Dec. No. 170 of 04.08.2011)

Fraud and corruption risks, as well as the elements of fraud and corruption prevention
(non-exhaustive list)

Risks of fraud, computer crime and corruption	Elements of fraud prevention, computer crime and corruption
<ul style="list-style-type: none"> ○ Carrying-out of external cyber attacks in order to affect the availability of information services of the institution or flow / handling of their data. ○ Manipulating information systems, including the non-authorized but intentional input, change or removal of data. ○ Manipulating indicators, data or financial and accounting documents. ○ Avoiding or manipulating the security measures. Penetration of computer systems in order to overcome the technical security difficulties. Disclosure of confidential and proprietary information to third parties. ○ Unauthorized access/use of computer systems and computer services. ○ Theft of relevant information / data of the bank, including misappropriation of funds, securities, goods or other assets. ○ Unjustified / unsubstantiated payments. ○ Forgery and counterfeit of the accounting entries, including indecency in the handling or reporting of financial means. ○ Counterfeiting banknotes. ○ Risk of inaccuracy in the cash amounts received or issued. ○ The risk of receiving a document on the issue of cash that was not issued by authorized persons of licensed banks. ○ Risk of money laundering via cash. ○ Counterfeited invoices of fictitious economic agents. Double payment of bills. ○ Abuse of social goods, equipment and furniture, including hardware. ○ Theft at different cashiers. ○ Irregularities in assumption of the expenses. ○ Corruption with banks / suppliers, including secret agreements between staff and suppliers; accepting from financial institutions, contractors or service 	<ul style="list-style-type: none"> ○ To establish a suitable, objective and fair recruitment system. ○ To promote ethics, to affirm the values, to formalize the rules of conduct. ○ New employee guidance and continuous education of all staff regarding the Code of Conduct, the existing policy in the risk of fraud domain. ○ To implement and develop effective internal control systems. ○ To optimize the existing controls, in particular, the risk management techniques that favor the prevention, detection and protection measures. ○ Technical and organizational implementation measures ("border services", responsibilities, etc.) as to ensure an adequate level of IS protection from threats / external cyber attacks. ○ To assure that valuables are kept safely, for this purpose using access controls, blocking systems, video surveillance, alarm systems, cabinets and safes. ○ Provide and maintain an efficient cooperation with the authorities and raising public awareness in order to prevent fraud, as well as the problems of combating counterfeiting of money. ○ To assure that activity processes are properly documented and that the functions are expressly set. ○ Clear policy of Authorization - authorization limits. ○ To establish rotations of risky jobs or to highlight the particular cautions for specialized positions for which choices are limited. ○ Segregation of duties, physical and logical access and strengthening the surveillance of activities involving major risks. ○ To develop models to identify and manage the fraud risks. ○ To have effective procedures for public

<p>providers various benefits, material goods or money.</p> <ul style="list-style-type: none"> ○ Recruiting of employees as "new coin" (individual employment contracts for periods of 2-3 months). ○ Obtaining approval for cash transfer. ○ His own place in the institution (conflict of interest). ○ Favoritism, influence peddling. ○ Internal / external violations / deviations in all forms. ○ Hiding deprivation / loss, or other important information by manipulating the data / information / documents / assets / accounts. ○ Blackmail or constraints for decision making using held position. ○ Unprofitable / risky investment that may result in loss / theft of funds. ○ Fictitious investments or settlement accounts. ○ Inadequate investment, errors in classification or in unrealized investment record, depreciation in fair value of investments or overvaluation of them. ○ Discrediting the image of the institution, or specific functions within the institution through unauthorized disclosure of information. ○ Occurrence of conflicts of interest between the employee and the banks / exchange offices. ○ Other illegal activities, including a result of abuse (excess) of power. <p>Exception: gifts, decorations and fees as specified in the <i>Code of Conduct of National Bank of Moldova employee</i>.</p>	<p>acquisitions.</p> <ul style="list-style-type: none"> ○ Application of sanctions and operative communications systems on all committed fraud. ○ To analyze the impact of fraud on reporting. ○ To affirm the leading role of the executive body in the fight against fraud by highlighting an effective supervision of the conducted activities, a transparency of decisions and an exemplary behavior. ○ Declaring the conflict of interest related to employee on relations with licensed banks / exchange offices.
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(Annex Nr.1 in the wording of the NBM Dec. No. 170 of 04.08.2011)

Fraud indicators

This list provides examples of fraud indicators and is not a complete list. The mere occurrence of these indicators does not mean that there is a fraud, but that there are conditions for fraud occurrence.

No.	Fraud indicators
<i>I. Personnel fraud indicators</i>	
1.	Deficiencies in the recruitment procedure and verification of new employees.
2.	Retention of management in realizing and act against illegal activities.
3.	Frequent changes of advisors: lawyers or external / internal auditors.
4.	Unusual behavior of workers: refusal to take vacation leave or absence of vacation leaves during long periods, excessive working over-program, refusal of promotion or transfer to another position / function.
5.	A sudden change in lifestyle or the expensive lifestyle of an employee (luxury cars, travel, etc.).
6.	Personal problems (alcohol, gambling, drugs, debt, etc.).
<i>II. Cash operations, including the destruction of unfit banknotes / Vault</i>	
7.	Not assuring adequate conditions for safekeeping of cash and careless handling of it.
8.	Predictability of inventories, controls, cash checks / way to preserve it or sloppy documentation (vague) of the results of those checks. Superficial nature of cash controls. Detention notification for detected fraud.
9.	Lack of staff rotations (both in inventory and destruction of cash committees and substitution for cash managers).
10.	Formal character (superficial fulfillment of duties, insufficient attention being paid to non-standard situations, etc.) of the work of Commission on destruction of currency unfit for circulation.
11.	Inadequate condition of security systems, video surveillance or poor lighting of treasures, other risky rooms.
12.	The possibility of individual staff access to excess funds.
13.	Not assuring adequate conditions to keep cash for destruction.
14.	The possibility of unsupervised intervention to the destruction of banknotes machine.
15.	The finding of excessively frequent shortages of cash in envelopes processed by the cashier staff.
16.	Record cash payments without supporting documentation.
17.	Lack of procedures for limited access to the workstations of individuals with the right of authorization.

No.	Fraud indicators
18.	Cashing to unauthorized persons.
19.	Not assuring adequate conditions in the transportation of cash.
20.	Insufficient attention paid to the qualitative factor and knowledge of candidates in the employment to activities related to cash transactions.
21.	Fraudulent agreement between the responsible persons for cash management.
22.	Providing confidential information related to cash activity.
<i>III. Supervision of banks and exchange offices (EO)</i>	
23.	Predictability of checks.
24.	Constant composition of the control team (no rotation in the team composition).
25.	Request / insistence of employee participation in checks for the existence of conflict of interest between the employee and the bank / EO that is controlled.
26.	Superficial nature of the controls or control results.
27.	Radical change of conclusions on the checks.
28.	Delayed or unusual nature of the quickly issue of checks results.
29.	Complaints concerning the operation of controls or regarding the behavior of control team.
30.	Negligent character of the documentation control.
31.	The existence of debts to financial institutions (loans, credits) at rates lower than market average or continuous extension of these or other unusual privilege (applicable for area <i>Approval / licensing of banks / EO and confirmation of bank managers (any other action of authorization)</i>).
32.	Frequent unjustified visits, of the NBM employees by representatives of financial institutions or EO.
<i>IV. Authorization / licensing of banks / EO and confirmation of bank managers (any other action of authorization)</i>	
33.	Superficial nature of the examination of made documentation.
34.	Delaying the release / examination process of the document set or an unusually fast character of the process.
35.	Lack of effective procedures of secure storage, recording and control of forms of licenses, permits, documents with permissive character or their careless handling.
36.	Request / insistence of examining the set of documents in case of conflict of interest between the employee and the bank / exchange office.
37.	Collusion between individuals - authorization applicants for removing money from RM and staff responsible for drawing / issue of authorizations in the institution.
<i>V. International Reserve Management</i>	
38.	Unauthorized information shared with counterparties on rates/ prices / acceptable limits of the institution.
39.	Payment of unusual fees / taxes.
40.	Lack of prompt means for reporting deviations from internal standards.

No.	Fraud indicators
41.	Excessive access to funds.
42.	Unlimited access to dealers' office.
43.	Accessing information systems outside normal working hours or outside working place.
44.	Actions that aim to prevent the possibility of making further checks on the correctness of transactions performed.
45.	Lack of procedures for reconciling account balances held with counterparties.
46.	Significant pressure to obtain additional profits.
47.	Unexplained frequent changes (excessive fluctuations) of profitability indicators.
48.	Transactions in foreign currency performed with unauthorized counterparties.
49.	Gaps in the system for authorizing the transmission / receiving messages through SWIFT.
50.	The existence of modified, retained, undelivered SWIFT messages etc.
51.	Excessive payments for SWIFT services.
52.	Unjustified use of alternative sources (e.g. telephone) of training / transmission of information to the counterparties.
53.	Eliminating or omitting records or documents on the outcome of transactions.
54.	Unusual transactions, particularly towards the end of the reporting year or the beginning of the next reporting year, which have a significant impact on profits.
55.	Lack or poor segregation of duties in the subdivision managing foreign exchange reserves.
56.	Collusion between staff managing foreign exchange reserves.
57.	Conflict of interest created by own investments and investment activity at work.
<i>VI. Fraudulent external reporting (including Web)</i>	
58.	Lack of effective procedures for selecting the external audit company based on the principle of cost-effectiveness.
59.	Adverse opinion (negative) of the external audit company or refusal to carry out external audit of financial statements.
60.	Disclosure (notes) of inadequate or vague financial statements.
61.	Mismatch of elements of electronic databases and the data contained in financial reports.
62.	Unexplained delay of the issuing and / or publication process of annual reports.
63.	Checking reports from the time of writing to the issue / publication by the same person.
64.	The lack of deviation or the existence of significant deviations compared with previous reporting periods data.
65.	Little attention paid to normative acts in force related to reporting.
66.	The existence of interest for practicing inappropriate means to minimize the results reported for tax purposes.
67.	Commitment to the third parties to achieve a result that was forecasted unduly aggressive or clearly unrealistic.

No.	Fraud indicators
<i>VII. Indicators of fraud relating to procurement</i>	
68.	Selecting the same suppliers or requesting offers from the same potential suppliers.
69.	There is a significant gap between winning bid and other bids.
70.	Lack of adequate monitoring of contract performance (without an adequate control or through collusion, contractors can be paid in excess compared with provided work / goods).
71.	The same person empowered to make ordering and receiving goods or services (the person who controls both functions of ordering and delivery can create instances of diversion of goods or services for personal interest or authorization of "ghosts" delivery, incomplete or technically lower for some money or favors from the contractor).
72.	Frequent complaints from users of goods or services (the common complaints about goods or services delivered under a contract may indicate that contractors offer something inferior than that for what is paid. The cause may be an inadequate contract, incorrect contract management or even fraud, which includes both contractors and employees).
73.	Apparent connections between bidders, such as addresses, employees or common phone numbers , etc.
74.	Influence peddling: biased selection, for example unjustified purchases from a single source (there may be several contracts awarded under the ceiling for public acquisitions, excessive unjustified prices, excessive products purchased, acceptance of low quality and delay or lack of supplies).
75.	There are no formal agreements or contracts; however, big sums are paid for "rendered services" based on invoices that contain insufficient data.
76.	Significant differences between estimated and actual costs of materials.
77.	Abnormal increase in fuel consumption or property (may indicate that goods could be diverted for personal use or sold).
78.	Multiple changes of contract conditions.
<i>VIII. Indicators of fraud related to accounting anomalies</i>	
79.	Record of significant unforeseen expenses in the budget.
80.	Lack of procedures for reconciling accounting balances or there is no reconciliation with counterparty Bank for long periods of time.
81.	Low levels of authorization of accounting documents.
82.	Lack of inventory property, or unexplained differences between the results of the inventory and accounting records.
83.	Unrecorded transactions, records lost or accounting records without confirmation documents.
84.	Inappropriate explanations on losses and unpaid claims.
85.	Operations with significant amounts recorded in the category "pending clarification" or "other assets" / "other liabilities".
86.	Registered operations that are not related to the Bank's activity.
87.	Transfers of funds in bank accounts in offshore areas.
88.	Dubious accounting records made at the end or near the end of the reporting period or

No.	Fraud indicators
	cancellation of accounting records at the beginning of period.
89.	Intentional misapplication, of accounting policies for submission of financial statements in order to mislead users.
<i>IX. Indicators of fraud related to internal control system</i>	
90.	Absence, insufficient or ineffective regulations in the area.
91.	Tolerant internal controls, ineffective or nonexistent.
92.	Disinterest in complying with internal control rules and in particular with function separation.
93.	The lack of a normal fluctuation of staff (both excessive fluctuations of personal staff and lack of personal staff fluctuations may indicate fraudulent activities).
94.	Lack of appropriate levels of authorization of transactions, or control or audit logs are switched off.
95.	Lack of functional testing of control procedures (e.g. testing of plans on assuring continuous functioning of activity).
96.	Transactions with third parties conducted unusually or with a high frequency.
97.	Adjustment / frequent correction of operational and accounting records (indicating insufficient or ineffective control procedures applied before the entry, there may be fraudulent activities).
98.	Existence of cases where people from lower hierarchical level take over the responsibilities of the higher level having no written authority to do so.
99.	The permanent ignoring of recommendations for correction of significant deficiencies in internal control, where such corrections are relevant.
100.	A significant number of changes in the computer system that is not documented / approved / tested.

(Annex Nr. 2 in the wording of the NMB Dec No. 170 of 04.08.2011)