

APPENDIX F1: SAMPLE FRAUD CONTROL POLICY FRAMEWORK

The information in this appendix can serve as an outline of the key elements to be considered in drafting a fraud control policy.

1. Policy Statement
 - A. Management's statement regarding fraud tolerance or attitude about fraud
 - B. Management's commitment to ethical business practices
2. Definitions
 - A. Definition of fraud
 - B. Definitions of other referenced terms
3. Fraud Control Strategy
 - A. Roles and responsibilities
 - i. Board of Directors
 - ii. Executive or Senior Management
 - a. Fraud Control Officer
 - iii. Legal Department
 - iv. Human Resources Department
 - v. Internal Audit Department
 - vi. Other management and employees
 - B. Elements of management's fraud risk management program
 - i. Fraud risk governance
 - ii. Fraud risk assessment
 - iii. Fraud prevention and detection
 - iv. Fraud investigations and corrective action
 - v. Fraud monitoring
 - C. Relationship to Code of Business Conduct and other relevant corporate policies (i.e., employee handbook, conflicts of interests, FCPA / anti-corruption compliance policy, expense reimbursements, etc.)
4. Fraud Risk Assessment
 - A. Fraud risk assessment objectives
 - B. Fraud risk assessment methodology
 - C. Fraud risk assessment participants
 - D. Management's response to fraud risk assessment results
5. Fraud Prevention and Detection Controls
 - A. Business process control activities
 - B. Physical access control activities
 - C. Logical access control activities
 - D. Transaction control activities
 - E. Technological control activities

- F. Conflicts of Interest
 - G. Human Resource procedures
 - i. Pre-employment screening
 - ii. Periodic screening activities
 - iii. Compensation and performance measures
 - iv. Training
 - v. Exit interviews
 - H. Segregation of duties
 - I. Authority and responsibility limits
 - J. Fraud Detection procedures
 - i. Data analytics
 - ii. Whistleblower systems
6. Fraud Reporting
- A. Reporting requirements for management and employees
 - i. Examples of types of issues to be reported
 - B. Channels for reporting concerns, complaints or violations
 - i. Hotline
 - ii. Website
 - iii. Electronic mail ("email") address
 - iv. Letters to board of directors or designated personnel
 - v. Chain-of-command
 - vi. Open door policy
 - C. Anonymous reporting vs. confidentiality reporting
 - D. Anti-retaliation or whistleblower protection statement for personnel who report concerns, complaints or violations of fraud
 - E. Reporting by third parties
7. Fraud Investigation Procedures
- A. Evaluation of reports
 - B. Escalation of reports
 - C. Retention of reports
 - D. Investigation resources
 - E. Investigation protocols
 - F. Communicating investigation results
 - G. Disciplinary action
 - H. Corrective action
 - I. Recovery and restitution
 - J. Evaluation of investigation performance
8. Fraud Monitoring Activity
- A. Areas of fraud monitoring evaluation
 - B. Scope and frequency of fraud monitoring evaluation activities
 - C. Fraud monitoring evaluation criteria

- D. Sources of information (or “data inputs”) for fraud monitoring evaluation activities
- E. Communicating results of fraud monitoring evaluation activities