

# Seven Elements of an Effective Anti-Fraud Program

## Code of ethics

- Promote honest and ethical conduct
- Provide full, fair, accurate, timely and understandable disclosure in reports and documents
- Comply with applicable governmental laws, rules and regulations
- Report internal violations of the code promptly
- Be accountable for adherence to the code and the sanctions to be imposed

## Fraud prevention policies

- Be specific to the individual organization and its operations
- Guide employees through complex issues
- Provide a channel for employees or third parties to report fraud
- Establish procedures to govern the escalation of fraud allegations, guiding important resource decisions
- Provide support and protection for whistleblowers

## Communication and training

- Educate employees regarding the organization's code of ethics
- Understand the protocols for reporting suspicious activity
- Communicate the disciplinary actions that may be taken in the event of fraud
- Raise awareness of fraud schemes and scenarios that are specific to the company

## Fraud risk assessment

- Identify common types of fraud schemes that could occur within any organization
- Specify fraud schemes that are industry- and sector-specific as well as geographic
- Create a road map for future areas to analyze with analytics and determine if controls are sufficient to mitigate
- Provide annual and real-time updates to fraud risk assessment work plan to address change in business environment, acquisitions, current issues, etc.

## Controls monitoring

- Rank fraud schemes identified within the risk assessment
- Develop action plans to assess, improve, and/or monitor the controls associated with the risks identified
- Report the results of the action plans to executive management and/or the audit committee
- Challenge prior year controls and analytics protocols to update with current state issues and effective use of technology

## Fraud response plan

- Establish investigation protocols
- Coordinate remediation action steps across business units
- Maintain consistent disciplinary procedures
- Help "set the tone" within the organization with respect to fraud
- Develop investigation protocols for internal and external resources

Ownership