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Sample Fraud Policy

A fraud policy heightens employee awareness as to what specific actions constitute fraud, and serves as a prevention device saving a firm significant dollars.

PROCEDURE NAME:	Fraud Prevention and Awareness
APPLIES TO/SCOPE:	AR, AP, Payroll, Treasury, CFO, Board of Directors
SUPERSEDES:	N/A
APPROVAL:	Executive Team
NEXT REVIEW DATE:	January 1,2021
PROCEDURE #:	FRAUD #1
PROCEDURE OWNER:	Treasurer
CREATION DATE:	January 1,2020
EFFECTIVE DATE:	January 1,2020
RELATED PROCEDURE:	SOX Controls

CONTENTS

1.0 PURPOSE

2.0 POLICY

3.0 DEFINITIONS

4.0 RESPONSIBILITIES

5.0 PROCEDURES

6.0 EXCEPTIONS

7.0 RELATED REGULATORY REQUIREMENTS

8.0 RELATED FORMS

01 PURPOSE

Fraud can have a devastating effect on our company because it could result in significant financial loss and other long-term business repercussions. Any allegations of fraud will be taken seriously, with no exceptions. All individuals, regardless of position, title, or tenure with the company are expected to remain vigilant and report any suspicious activity to the compliance hotline.

These procedures promote a culture founded on fraud prevention, awareness, and accountability, and clarify acts that are considered to be suspicious. They support a culture of operating within a comprehensive framework of internal controls, complete with documented and formalized policies, procedures, processes, and other supporting safeguards as needed. The procedures provide guidance to prevent, detect, report, and investigate when fraudulent acts are suspected and subsequently proven.

02 POLICY

The company upholds a zero-tolerance approach regarding fraud and corruption. The company will identify and promptly investigate any suspected fraudulent or related dishonest activity against the company or other parties with whom the organization has dealings. The company will take appropriate disciplinary and legal actions to include the possibility of termination of employment, restitution, and forwarding information to the appropriate authorities for prosecution.

03 DEFINITIONS

3.1 Fraud is any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain. Dishonest or fraudulent activities include, but are not limited to, the following:

- 3.1.1 Forgery or alteration of documents (checks, bank draft, time sheets, invoices, agreements, etc.) or bank accounts belonging to the company or its subsidiaries.
- 3.1.2 Misrepresentation of information on documents.
- 3.1.3 Misappropriation of funds, supplies, or assets.
- 3.1.4 Theft, disappearance, or destruction of assets.
- 3.1.5 Improprieties in the handling or reporting of money or financial transactions.
- 3.1.6 Authorizing or receiving payments for goods not received or services not performed.
- 3.1.7 Authorizing or receiving payment for hours not worked.
- 3.1.8 Inappropriate use of the company's records and disclosing confidential and proprietary information to outside parties.

3.2 Corruption is defined as the offering, giving, soliciting, or acceptance of an inducement or reward that may improperly influence the action of a person or entity. Some examples of corruption include:

- 3.2.1 Bribery
- 3.2.2 Conspiracy
- 3.2.3 Extortion

3.3 Management: For purposes of these procedures, management refers to the President, Vice Presidents, Directors, Managers, Supervisors, or other individuals who manage or supervise funds or other resources, including human resources

0 4 RESPONSIBILITIES

4.1. Management is responsible for the detection and prevention of fraud and misappropriation. Each member of management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indication of irregularity.

4.2. Management is responsible to report any potential instance of fraud or corruption to the Compliance Department, immediately. If the Compliance Department is suspected in the fraud, the notification must then be escalated to the VP of Finance and Operations, EVP of Administration, or the President/CEO.

4.3. Management is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent the reoccurrence of improper actions.

4.4. All employees and the Board of Directors must report concerns they have or information provided to them about the possible fraudulent or corrupt activity of any employee, Board member, contractor, vendor, or any other party with an association with The Company International. Any person who has a reasonable basis for believing fraudulent or corrupt acts have occurred has a responsibility to report the suspected act immediately.

4.5. The Compliance Department is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as necessary.

4.6. The Compliance Department is also responsible to act as the lead during the investigation process in determining if fraudulent activity has taken place and to the lead the review process.

0 5 PROCEDURES

5.1. PREVENTING FRAUD AND CORRUPTION

5.1.1. The company has established internal controls, policies, and procedures to deter, prevent, and detect fraud and corruption.

5.1.2. New employees and contractors will be subject to background investigations, including a criminal background check. If a criminal background check facility is not available, a police

clearance must be obtained. The Company will also verify all applicants' employment history, education, and personal references prior to making an offer of employment.

5.1.3. Vendors, contractors, and suppliers must be active, in good standing, and authorized to transact business in their country. Vendors, contractors, and suppliers are subject to screening, including verification of the individual's or company's status as a suspended or debarred party.

5.1.4. Contractual agreements with the Company will contain a provision prohibiting fraudulent or corruptive acts and will include information about reporting fraud and corruption.

5.1.5. The Company employees will receive fraud and corruption awareness training. New hires will receive the training as part of their orientation at the commencement of employment and will sign a statement acknowledging that they have received and read the Sample Fraud Policy. All employees will receive fraud and corruption awareness training every three years.

5.2. REPORTING FRAUD AND CORRUPTION

5.2.1. Any person who has a reasonable basis for believing fraudulent or corrupt acts have occurred has a responsibility to report the suspected act to the Compliance Department, immediately. Failure to report suspected fraudulent or corrupt activity in a timely manner according to the procedures below will also be subject to disciplinary action. The procedures for doing so anonymously are laid out in the Whistleblower Policy. Alternatively, staff members can report suspected fraudulent or corrupt acts as stated below. In all instances, the suspected fraudulent activity must be escalated to the Director of Compliance. No other actions are to be taken until the Compliance department is aware of the suspicious activity.

5.2.1.1. Headquarters Staff - should report to their respective National Director and/or Regional Director, who will report to the Director of Compliance.

06 EXCEPTIONS

6.1 None

07 RELATED REGULATORY REQUIREMENTS

7.1 U.S. Foreign Corrupt Practices Act and other

8.1 Sample Fraud Policy Acknowledgement

The Company

Sample Fraud Policy

Acknowledgment

My signature acknowledges that I have read the Sample Fraud Policy and that I understand my responsibilities related to the prevention, detection and reporting of suspected fraudulent activities.

Signature: _____

Print Name: _____

Date Signed: _____

Note: Please retain in employee's personnel file.