

Sample Fraud Policy

Background	The corporate fraud policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against ABC Corporation. It is the intent of ABC Corporation to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.
Scope of Policy	This policy applies to any irregularity, or suspected irregularity, involving employees as well as shareholders, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or other parties with a business relationship with ABC Corporation (also called the Company).
Policy	Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation, or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity. Any irregularity that is detected or suspected must be reported immediately to the Director of _____, who coordinates all investigations with the Legal Department and other affected areas, both internal and external.
Actions Consulting Fraud	<p>The terms defalcation, misappropriation and other fiscal irregularities refer to, but are not limited to:</p> <ul style="list-style-type: none">• Any dishonest or fraudulent act.• Misappropriation of funds, investments, supplies or other assets.• Impropriety in the handling or reporting of money or financial transactions.• Profiteering as a result of insider knowledge of company activities.• Disclosing confidential and propriety information to outside parties.• Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Company. Exception: Gifts less than \$50 in value.• Destruction, removal or inappropriate use of records, furniture, fixtures and equipment; and/or• Any similar or related irregularity.
Other Irregularities	<p>Irregularities concerning an employee's moral, ethical or behavioral conduct should be resolved by management and Human Resources.</p> <p>If there are any questions as to whether an action constitutes fraud, contact the Director of _____ for guidance.</p>

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Investigations Responsibilities

_____ has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, _____ will issue reports to appropriate designated personnel and, if appropriate, to the Board through the Audit Committee.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final decisions on disposition of the case.

Confidentiality

_____ treats all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify _____ immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see Reporting Procedure section below).

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Company from potential civil liability.

Authorization for Investigating Suspected Fraud

Members of _____ will have:

- Free and unrestricted access to all Company records and premises, whether owned or rented; and
- The authority to examine, copy and /or remove all or any portion of the contents of files, desks, cabinets and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

Reporting Procedures

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or altering suspected individuals that an investigation is underway.

An employee who discovers or suspects fraudulent activity will contact _____ immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to _____. No information concerning the status of an investigation will be given out. The proper response to any inquiries is, "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation" or any other specific reference.

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Reporting Procedures Continued

The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions or allegations with anyone unless specifically asked to do so by _____.

Termination

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the designated representatives from Human Resources and, if necessary, by outside counsel, before any such action is taken. _____ does not have the authority to terminate an employee. The decision to terminate an employee is made by the employee's management. Should _____ believe the management decision inappropriate for the facts presented, the facts will be presented to executive level management for a decision.

Administration

The Director of _____ is responsible for the administration, revision, interpretation and application of this policy. The policy will be reviewed annually and revised as needed.

Approval

CEO/Senior Vice President/Executive

Date