

## SAMPLE FRAUD POLICY

**SHOULD NOT BE ADOPTED UNTIL REVIEWED AND APPROVED  
BY CORPORATE LEGAL COUNSEL**

### Policy Statement

The {Board of Directors / Owners} of \_\_\_\_\_ are responsible for the prevention and detection of fraud. All parties should be familiar with the types of fraud that might occur and should be alert for any indication of fraud.

### Scope

This policy applies equally to any fraudulent activity involving not only employees but also directors, vendors, outside agencies, and/or unknown parties; without regard to length of service, title/position, or relationship.

### Actions Constituting Fraud

The terms fraud, misappropriation and irregularities refer to, but are not limited to:

Any dishonest or fraudulent act	Forgery or alteration of documents
Misapplication of funds or assets	Impropriety in reporting transactions
Profiting on insider knowledge	Gifts from vendors (outside of limits)
Destruction of records or assets	Disappearance of records or assets
Disclosure of confidential information	Any similar of related irregularity

### Non-fraud Irregularities

Identification or allegations of personal improprieties or irregularities whether moral or behavioral, should be resolved by departmental management, executive management, and/or the human resources department, rather than audit related departments or agencies.

### Reporting Structure (Tailor to your organization, i.e. Committee Reporting, External Fraud Hotline)

The {board of directors}, of the organization have established a formal reporting mechanism whereby any individual who has knowledge of any suspected fraudulent activity can anonymously report these suspicions. Please reference the {Company Name} "Fraud Reporting Policy" for the proper reporting of suspicions. Any individual making a notification in accordance with the "Fraud Reporting Policy" is protected by the whistleblower protection provisions of this fraud policy. In no circumstance should an individual confront the fraud suspect or attempt his/her own investigation.

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### Investigation Responsibilities

Upon receipt of the notification of alleged fraudulent activities, the {responsible parties as defined in the Fraud Reporting Policy} must investigate the specific allegations utilizing available internal and/or external resources. The {responsible parties} shall retain in its possession all documentation regarding the nature of the allegations, the date the allegations were received, the resolution of the allegations, and the date resolved. Decisions to refer investigation results to the appropriate authorities for prosecution will be made in conjunction with legal counsel, the board of directors, and senior management.

### Authorization for Investigation

Those individuals or agencies assigned the responsibility for investigation may take control of and gain full access to the organization's records and premises without prior consent of any individual who may have custody of any such records or facilities.

### Acting in Good Faith

Any individual reporting any irregularity in accordance with the Fraud Reporting Policy must be acting in good faith and have reasonable grounds for believing the information provided. Allegations made maliciously or with knowledge of their falsity will not be tolerated. Individuals making such allegations may be subject to organizational disciplinary action and/or legal actions by the individuals accused of fraudulent conduct.

### Whistleblower Protection

Employees may not retaliate against a whistleblower for reporting an activity which that person believes to be fraudulent or dishonest. Retaliation can be evidenced by the intent of adversely affecting the terms or conditions of employment (including, but not limited to, threats of physical harm, dismissal, transfer to an undesirable job assignment, demotion, suspension, or impact on salary or wages). The whistleblower is defined as an employee who reports allegations of fraud in accordance with the provisions of the Fraud Reporting Policy. Whistleblowers who believe that they have been retaliated against may file a written complaint with {responsible party such as corporate legal counsel}. Any complaint of retaliation will be promptly investigated by the {responsible party} and appropriate measures will be taken if allegations of retaliation are proven. This protection from retaliation is not intended to prohibit managers or supervisors from taking action, including disciplinary action, in the usual scope of their duties and based on valid performance-related factors.

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### Suspension/Termination

During an investigation, the suspected individual may be suspended with pay. Based upon the results of the investigation, the individual will either be reinstated or terminated under the direction of organizational legal counsel. Fraudulent activities will be prosecuted to the fullest extent of the law.

### Acknowledgement and Signature

I have read the contents of this fraud policy. I understand that management will not tolerate fraudulent or dishonest activities of any kind and that I am not to engage in such acts while employed by

\_\_\_\_\_.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date