

## **SAMPLE FRAUD REPORTING POLICY**

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

### Policy Statement

As referenced in the fraud policy of {Company Name}, the {responsible parties} have established this policy to provide a framework for reporting suspicions of fraud. {Company Name} commits to properly addressing the concerns of employees as submitted in accordance with the provisions of this policy.

### Scope

It is understood that employees, directors, vendors, and other outside agencies may make a report of suspicions of fraud under this policy. It is also understood that the scope of this policy can include the reporting of suspicions of fraudulent activity allegedly performed by employees, directors, vendors, or other outside agencies, against the organization.

### Reportable Actions Constituting Fraud

The terms fraud, misappropriation, and irregularities are synonymous terms commonly used to refer to occupational or internal fraud. There are three types of fraud: Asset Misappropriation (the taking of company assets), Corruption (collusion between at least two parties to gain personally while causing a loss to the company), and Financial Statement Fraud (misrepresenting the financial position and/or results of operations).

Fraud can include, but is not limited to any dishonest act, misapplication of funds or assets, profiting on insider knowledge, destruction of records or assets, disclosure of confidential information, forgery or alteration of documents, impropriety in reporting transactions, gifts from vendors (outside of limits), disappearance of records or assets, and/or any similar or related irregularity.

### Predication (Reasonable Cause)

The Company has implemented this policy to encourage the reporting of suspicions that fraud is occurring or has been perpetrated against the organization. It is understood that in making a report in accordance with this policy, proof positive evidence is not necessary. The potential reporter does not have to be right. The potential reporter should simply consider what predication, or reasonable cause, exists to make a report.

Accordingly, those considering making a report under this policy should provide some type of documentation that a fraud may have been committed or at least indicate that the specific issue may appear to be fraudulent in nature. It is the responsibility of the investigators to form the conclusion that presentable fraud has occurred. Maliciously false or frivolous reports made under this policy will be dealt with in accordance with the provisions noted in the Fraud Policy.

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### Reporting Mechanism

The {board of directors}, {owners} 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. The reporting process is as follows: {the remainder of this section will provide the details of the selected processes of reporting}

Notifications made in accordance with this policy will be handled according to the provisions of the Company's separate Fraud Policy.

### Acknowledgement and Signature

I have read and understand the contents of this fraud reporting policy.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date