

FRAUD RISK ASSESSMENT GUIDELINES

It is the policy of the _____ Foundation Board of Directors and management to develop and implement programs, controls and measures that prevent, deter and detect fraud and ensure a culture and environment that promotes honesty and ethical behavior.

It is the responsibility of management to be proactive in eliminating or reducing fraud opportunities by a) identifying and measuring fraud risks, and b) implementing and monitoring appropriate preventive and detective internal controls and other deterrent measures.

1. Identifying and Measuring Fraud Risks

It is the responsibility of Foundation to establish and monitor all aspects of the Foundation's fraud risk assessment and prevention activities. The fraud risk-assessment process shall consider the vulnerability of the Foundation to fraudulent activity (such as fraudulent financial reporting and misappropriation of assets) and whether any of those exposures could result in a material misstatement of the financial statements or material loss to the Foundation.

2. Implementing and Monitoring Appropriate Internal Controls

Foundation management shall ensure that appropriate internal controls, policies, procedures, systems and processes are in place and functioning appropriately in order to eliminate or reduce opportunities for fraud.

It is the responsibility of management to develop and maintain an appropriate oversight function. The oversight function of the Foundation shall include Foundation management, the Audit Committee and the Foundation's independent auditor.

The management and Board of Directors responsibilities of oversight for fraud risk are detailed in the Vice-President Finance job description and the Audit Committee charter.

The implemented measures and controls are documented in the Accounting Policy and Procedure manual.

DISCLAIMER--This document provides one example of such a policy. Other approaches are possible and may be advisable for your organization. **Organizations should seek their own legal counsel before adopting any policy statement or procedure regarding this matter. NICF makes no legal opinion as to the validity of this document.**

A whistleblower policy has been established and approved by the Foundation Board of Directors to enable all employees to communicate, without retaliation, any known or suspected wrongdoing to the appropriate person(s).

Foundation management meets annually to identify potential fraud risk, develop controls where needed, to test the effectiveness of controls in place and to document the results.

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