



General Fraud Risk Assessment Template

C.S. Morgan and Roiters / 18 May 2023 / Russel Nielson

Complete

Score	31 / 37 (83.78%)	Flagged items	6	Actions	0
Site conducted	Unanswered				
Client / Site	C.S. Morgan and Roiters				
Location	1470 US-281, St Paul, NE 68873, USA				
Conducted on	18 May 2023 17:10 PST				
Prepared by	Russel Nielson				

Flagged items

6 flagged

Audit / Fraud Risk Assessment

Do employees know where to seek advice when faced with uncertain ethical decisions, and do they believe that they can speak freely?

No

Some employees were not informed about their right and responsibility to speak freely about their thoughts on any act of fraud or misconduct in the organization. Some of them just did not care at all. Some are afraid to speak.

Audit / Fraud Risk Assessment

Has a policy of zero-tolerance for fraud been communicated to employees through words and actions?

No

There was no document about the organization's policy about zero-tolerance of fraud. This needs to be communicated with the HR team.

Audit / Fraud Risk Assessment

Is an effective fraud reporting mechanism in place?

No

There was lack of audits and documentation of implementation of internal controls.

Audit / Fraud Risk Assessment

Proper separation of duties

No

Audit / Fraud Risk Assessment

Job rotations

No

Audit / Fraud Risk Assessment

Are anonymous surveys conducted to assess employee morale?

No

Audit	6 flagged, 31 / 37 (83.78%)
Fraud Risk Assessment	6 flagged, 31 / 37 (83.78%)
Is ongoing anti-fraud training provided to all employees of the organization?	Yes
Do employees understand what constitutes fraud?	Yes
Have the costs of fraud to the company and everyone in it — including lost profits, adverse publicity, job loss and decreased morale and productivity — been made clear to employees?	Yes
Do employees know where to seek advice when faced with uncertain ethical decisions, and do they believe that they can speak freely?	No
Some employees were not informed about their right and responsibility to speak freely about their thoughts on any act of fraud or misconduct in the organization. Some of them just did not care at all. Some are afraid to speak.	
Has a policy of zero-tolerance for fraud been communicated to employees through words and actions?	No
There was no document about the organization's policy about zero-tolerance of fraud. This needs to be communicated with the HR team.	
Is an effective fraud reporting mechanism in place?	No
There was lack of audits and documentation of implementation of internal controls.	
Have employees been taught how to communicate concerns about known or potential wrongdoing?	Yes
Is there an anonymous reporting channel available to employees, such as a third-party hotline?	Yes
Do employees trust that they can report suspicious activity anonymously and/or confidentially and without fear of reprisal?	Yes
Has it been made clear to employees that reports of suspicious activity will be promptly and thoroughly evaluated?	Yes
Do reporting policies and mechanisms extend to vendors, customers and other outside parties?	Yes
To increase employees' perception of detection, are the following proactive measures taken and publicized to employees?	Yes

Is possible fraudulent conduct aggressively sought out, rather than dealt with passively?	Yes
Does the organization send the message that it actively seeks out fraudulent conduct through fraud assessment questioning by auditors?	Yes
Are surprise fraud audits performed in addition to regularly scheduled audits?	Yes
Is continuous auditing software used to detect fraud and, if so, has the use of such software been made known throughout the organization?	Yes
Is the management climate/tone at the top one of honesty and integrity?	Yes
Are employees surveyed to determine the extent to which they believe management acts with honesty and integrity?	Yes
Are performance goals realistic?	Yes
Have fraud prevention goals been incorporated into the performance measures against which managers are evaluated and which are used to determine performance-related compensation?	Yes
Has the organization established, implemented and tested a process for oversight of fraud risks by the board of directors or others charged with governance (e.g., the audit committee)?	Yes
Are fraud risk assessments performed to proactively identify and mitigate the company's vulnerabilities to internal and external fraud?	Yes

Are strong anti-fraud controls in place and operating effectively, including the following?

Proper separation of duties	No
Use of authorizations	Yes
Physical safeguards	Yes
Job rotations	No
Mandatory vacations	Yes
Does the internal audit department, if one exists, have adequate resources and authority to operate effectively and without undue influence from senior management?	Yes

Does the hiring policy include the following (where permitted by law)?

Past employment verification	Yes
Criminal and civil background checks	Yes
Credit checks	Yes
Drug screening	Yes
Education verification	Yes
References check	Yes
Are employee support programs in place to assist employees struggling with addictions, mental/ emotional health, family or financial problems?	Yes
Is an open-door policy in place that allows employees to speak freely about pressures, providing management the opportunity to alleviate such pressures before they become acute?	Yes
Are anonymous surveys conducted to assess employee morale?	No

Completion

Name and Signature of Risk Manager or Compliance Manager



Russel Nielson
18 May 2023 17:14 PST