

CHECKLIST: 13 BEST PRACTICES TO FIGHT FRAUD BY USING INTERNAL CONTROLS



Using the best practices outlined below, organizations can benefit by reducing the prevalence of fraud while improving overall auditability of their financial statements. With strong internal controls surrounding financial processes that have been tested and proven reliable, the opportunities for fraud in an organization can be reduced significantly.

- Ensure strict oversight and segregation of duties for tasks and roles that result in an impact to the financial statements.
- Conduct an annual review of controls, guidance, procedural documentation and process maps surrounding transactions that impact the financial statements.
- Ensure strict processes surrounding expenditure authority by designating roles in writing for specific purposes and limited duration. Require that appropriate supporting documentation proving designated authority be provided when conducting transactions.
- Conduct an annual review of policies, procedures and training materials that pertain to internal controls.
- Test controls frequently to ensure they are working as designed and adjust them based on results.
- Educate the workforce about all internal controls that are relevant to their business processes.
- Automate controls when and where possible.
- Enforce an anti-fraud policy that includes:
 - o Strong tone at the top.
 - o Mandatory fraud, ethics and anti-corruption training for employees and managers/executives.
 - o Utilization of an anonymous reporting hotline.
 - o Enforcement of strict consequences for any cases uncovered.
- Ensure everyone takes time off throughout the year to take a “break” from their responsibilities.
- Cross-collaborate and rotate roles to get more eyes on business processes.
- Conduct random internal audit testing and inspections.
- Coordinate with external auditors and take appropriate action based on their findings.
- Conduct a fraud risk assessment while reviewing the relationships involved with structured incentives, financial metrics and executive compensation plans.