

Effective policies are a cornerstone of an effective anti-fraud program. While not a cure-all, an employee handbook can help reduce the risk of fraud because it consolidates all organizational policies, providing staff members with a single point of reference for guidelines and expected procedures. Additionally, several specific policies can help greatly in establishing a culture of fraud prevention. Do you know what to include in the employee handbook to help reduce the risk of fraud? How ready are you to help management set a tone of ethics and transparency, rather than just creating a book that sits on the shelf? Take this quiz to find out.

**1. The foundation of the organization's anti-fraud program is:**



a. The helpline reporting mechanism.



b. The organization's mission statement.



c. The employee training program.



d. Segregation of duties.

**2. Which of the following is NOT a best practice when drafting an employee handbook?**



a. Explicitly state that unethical conduct will not be tolerated.



b. Include a statement for employees to sign acknowledging they have received, read, and agree to comply with the handbook.



c. Avoid using the word *fraud* in favor of softer words such as *noncompliance* and *dishonesty*.



d. List the potential penalties for employee misconduct but include a disclaimer providing management discretion depending on the specific infraction.

3. Elm Co., a privately held medical device manufacturer, is based in the United States but has operations throughout Europe and is considering expanding into several countries in the Asia-Pacific region. Management is reviewing the company employee handbook to ensure its policies are appropriate given the growing global nature of its workforce. As part of this, management wants to add a formal whistleblower policy to its previous reporting

policy. **Which of the following clauses should NOT be included in the whistleblower policy?**



a. Whistleblowers will be provided strict confidentiality; unless confidentiality is waived, no identifying information will be disclosed under any circumstances.



b. Protection against retaliation does not protect the whistleblower from being subject to disciplinary actions for confirmed personal wrongdoing.



c. An employee who intentionally submits a false report of wrongdoing will be subject to disciplinary action.



d. An employee with knowledge of, or a legitimate concern about, illegal, unethical, or fraudulent activity has a responsibility to report the matter to management.

4. Part of an effective anti-fraud program is an open-door policy that facilitates open lines of communication and feedback for employees who wish to discuss questions or concerns. **Which of the following is a best practice regarding an open-door policy?**



a. The policy should be informal and not included in the company handbook so that managers can exercise their discretion in how it is applied.



b. The policy should restrict the taking of concerns to the employee's immediate supervisor and those directly in the reporting line above him or her.



c. As part of the policy, managers should be expected to leave their office door open as much as possible.



d. All the above.

5. Management at Yellow Bird Inc. wants to strengthen the company's employee handbook following some employee misconduct that revealed gray areas in interpreting the current policies' wording. **Which of the following should Yellow Bird's management include in the handbook?**



a. A policy strictly prohibiting all conflicts of interest.



b. A policy requiring all related-party transaction be approved by the company controller.



c. A policy providing the specific investigatory steps that will be taken following an allegation of employee fraud or misconduct.



d. A policy noting that company management routinely monitors employees' use of company-provided technology.