Fraud Control Plan

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### 1. Introduction

#### 1.1 Commitment to fraud control

Forest Lake Education Center (FLEC) recognizes that it has a responsibility to develop, encourage and implement sound financial, legal, and ethical decision-making and organizational practices. This Fraud Control Plan represents FLEC's commitment to effective fraud risk management and prevention.

#### 1.2 Application of Fraud Control Plan

This Fraud Control Plan represents FLEC's commitment to the management and prevention of fraud and consist of three major components:

\* Prevention - initiatives to deter and minimize the opportunities for fraud.

\* Detection - initiatives to detect fraud as soon as possible after it occurs; and

\* Response - initiatives to deal with detected or suspected fraud.

#### 1.3 Statement of attitude to fraud

Fraud has the potential to damage the reputation of FLEC and have a detrimental effect on the resources available to promote FLEC's objectives. Accordingly, FLEC has adopted a zero tolerance to fraud and is committed to minimizing the incidence of fraud through the development, implementation and regular review of fraud prevention, detection, and response strategies. Each strategy contributes to an environment where risk is managed, through sound internal controls, and ethical practices.

### 2. Prevention

#### 2.1 Integrity framework

A fundamental strategy in controlling the risk of fraud is the development and maintenance of sound ethical culture, underpinned by effective and continuous communication and example-setting by management.

#### 2.2 Fraud control planning

To maintain better practice in its fraud risk management practices, FLEC is committed to communicate regularly to all staff promoting compliance and adherence to the Fraud Control Policy.

#### 2.3 Internal control

Internal controls are often the first line of defense against fraud. FLEC will ensure the maintenance of a strong internal control system and the promotion and monitoring of robust internal control culture.

2.4 Pre-employment screening

Pre-employment screening is an effective means of preventing fraud, such as falsifying qualifications or employment history. It can also identify previous criminal convictions for offences of dishonesty.

### 3. Detection

FLEC recognizes that, despite a comprehensive fraud control program, it is possible that fraud may occur. Accordingly, FLEC has adopted a program aimed at detecting fraud as soon as possible after it has occurred.

#### 3.1 Identification of early warning signs

Identification and acting on early warning signs of fraudulent activity is an important part of early fraud detection. All staff should be aware of their responsibility to remain vigilant to identify and report any suspected fraudulent activity.

#### 3.2 Reporting instances of fraud by employees

Staff who become aware of suspected fraudulent conduct are required to report the matter in accordance with this procedure. Staff are also required to maintain strict confidentiality on any suspected fraud matter of which they have knowledge. In the event of the allegation involving any of the following positions the matter should be referred directly to the principal.

### 4. Response

#### 4.1 Reviewing systems and procedures (post fraud)

In each instance where fraud is detected, FLEC will reassess the adequacy of the internal control environment (particularly those controls directly impacting on the fraud incident and potentially allowing it to occur), prepare an action plan and implement improvements where required. Where improvements are required, they will be implemented as soon as practicable.

#### 4.2 Communication protocol

Should fraud against FLEC be detected the following protocols must be applied. The principal will make all decisions on the appropriate communications protocol to be adopted.