Detecting Thunder Before the Storm:
Effective Antifraud, Compliance, and Ethics Functions
Effectiveness

- **Effectiveness** is getting the job done

- **Effectiveness** is the capability of producing a desired result

- The level of quality with which a task or process is carried out that ultimately leads to higher overall **business** performance
KEY STRATEGIC PARTNERSHIPS

- COMPLIANCE AND ETHICS
- INTERNAL AUDIT
- EXTERNAL AUDIT
- ERM
- REGULATORS
- INFORMATION SECURITY
- OTHER PARTNERS
Integration and collaboration between Internal audit, Fraud, Compliance and ethics function

3 Ways for Integration
Holistic View
Enterprise Engagement and Collaboration
Optimized with Automation
What risks will each partner be responsible for monitoring and/or owning?

Will they be functioning independently and objectively?

What are the reporting responsibilities?
Can this structure maintain the necessary lines of separation?

How will the changes be communicated to impacted stakeholders?
Developing Program

Understand: Understand the expectations of the company and practice them every day

Recognize: Recognize unacceptable behavior and encourage that action be taken

Prioritize: Prioritize fraud risks and determine those risks that warrant attention

Install: Install controls to mitigate identified risks or suspected fraud risks

Formulate: Formulate actions to take once fraud is detected

Ensure: Ensure that these actions are followed if an investigation begins

Share: Share leading practices across business functions and segments
Key ELEMENTS OF AN “EFFECTIVE” PROGRAM
Tone at the TOP
Code of Ethics and Anti-Fraud Policies
Vehicles for Reporting Suspected Misconduct or Noncompliance
Adequate Risk Assessment

Risk Management

- Identify
- Assess
- Analyze
- Reduce
- Control
- Transfer
Standardized Case Investigation, Management, and Disposition
Evaluation and Validation (Monitoring)
Thank you