# RISK I.Q.

## Internal Questionnaire

***Employee Fraud. Embezzlement. Workplace harassment or injury.***

*These unfortunate events are costly for financial institutions – both reputationally and financially. Internal fraud can cost a financial institution thousands or millions of dollars, along with damaged brand reputation. Claims and lawsuits are damaging to the bottom line, tainting culture and diverting morale.*

*Financial institutions that maintain proper controls can go a long way to reduce claims and losses, while maintaining a positive work culture and reducing vulnerability to misuse of organizational data and funds.*

*Answer the following questions to help you better understand any areas of vulnerability related to internal fraud.*

## POLICY & COMPLIANCE OVERSIGHT

Focus: Legal guidance, regulatory adherence, and organizational policy setting

***Does your financial institution...***

| | | | |
|---|---|---|---|
| Consult with legal counsel for strategic but compliant surveillance camera placement? | ☐ Yes | ☐ No | ☐ Unsure |
| Regularly meet with internal and external auditors to review controls and anti-fraud measures? | ☐ Yes | ☐ No | ☐ Unsure |
| Know your states' stances on cannabis-related products and clearly define employee usage policies? | ☐ Yes | ☐ No | ☐ Unsure |
| Work with legal advisors to provide a comprehensive definition of discrimination? | ☐ Yes | ☐ No | ☐ Unsure |
| Ensure your harassment policies identify all groups protected under applicable state and local laws? | ☐ Yes | ☐ No | ☐ Unsure |
| Require that legal advisors review any policy addressing harassment and discrimination before distribution? | ☐ Yes | ☐ No | ☐ Unsure |
| Use a third party to perform: | | | |
| • Criminal background checks | ☐ Yes | ☐ No | ☐ Unsure |
| • Credit checks | ☐ Yes | ☐ No | ☐ Unsure |
| • Work and education verification | ☐ Yes | ☐ No | ☐ Unsure |
| • Drug testing for all new hires | ☐ Yes | ☐ No | ☐ Unsure |

# RISK I.Q.
Internal Questionnaire

## PEOPLE & WORKPLACE SAFETY

Focus: Harassment prevention, workplace injury, and cultural reinforcement

***Does your financial institution...***

| | | | |
|---|---|---|---|
| Proactively encourage safe work habits to reduce workers' compensation claims? | ☐ Yes | ☐ No | ☐ Unsure |
| Establish a plan to provide prompt medical attention in case of injury? | ☐ Yes | ☐ No | ☐ Unsure |
| Identify patterns in workers' compensation claims to target high-risk areas? | ☐ Yes | ☐ No | ☐ Unsure |
| Work with injured employees to facilitate a timely return-to-work (e.g., transitional duties)? | ☐ Yes | ☐ No | ☐ Unsure |
| Frequently remind employees to report harassment they observe or experience? | ☐ Yes | ☐ No | ☐ Unsure |
| Provide clear, easy-to-understand instructions for harassment reporting, free of retaliation? | ☐ Yes | ☐ No | ☐ Unsure |
| Offer regular training on harassment and discrimination policies for: | | | |
| • Employees? | ☐ Yes | ☐ No | ☐ Unsure |
| • Volunteers? | ☐ Yes | ☐ No | ☐ Unsure |
| • Committee members? | ☐ Yes | ☐ No | ☐ Unsure |
| • Board of directors? | ☐ Yes | ☐ No | ☐ Unsure |

## FRAUD PREVENTION CONTROLS

Focus: Operational practices to deter, detect, and respond to internal fraud and embezzlement

***Does your financial institution...***

| | | | |
|---|---|---|---|
| Conduct surprise cash counts for teller drawers? | ☐ Yes | ☐ No | ☐ Unsure |
| Practice dual control for currency shipments and vault cash access? | ☐ Yes | ☐ No | ☐ Unsure |
| Apply FIFO (First-In, First-Out) practices for vault inventory? | ☐ Yes | ☐ No | ☐ Unsure |
| Prohibit drawer keys from being left in the building overnight? | ☐ Yes | ☐ No | ☐ Unsure |
| Replenish teller drawers and ATMs under dual control? | ☐ Yes | ☐ No | ☐ Unsure |
| Segregate duties such as: | | | |
| • Balancing and replenishing? | ☐ Yes | ☐ No | ☐ Unsure |
| • Loan approval and disbursement? | ☐ Yes | ☐ No | ☐ Unsure |
| Frequently inventory blank card stock? | ☐ Yes | ☐ No | ☐ Unsure |
| Audit and maintain oversight of: | | | |
| • Dormant accounts? | ☐ Yes | ☐ No | ☐ Unsure |
| • Blank card stock (credit, debit, ATM, prepaid)? | ☐ Yes | ☐ No | ☐ Unsure |
| Rotate duties to prevent cover-ups of fraudulent activity? | ☐ Yes | ☐ No | ☐ Unsure |

# RISK I.Q.

Internal Questionnaire

## FRAUD PREVENTION CONTROLS *continued*

Focus: Operational practices to deter, detect, and respond to internal fraud and embezzlement

***Does your financial institution...***

| | | | |
|---|---|---|---|
| Maintain clear policies for: | | | |
| • Use of corporate credit cards? | ☐ Yes | ☐ No | ☐ Unsure |
| • Reimbursement of out-of-pocket expenses? | ☐ Yes | ☐ No | ☐ Unsure |
| Reconcile the corporate check account monthly? | ☐ Yes | ☐ No | ☐ Unsure |
| Verify new vendors monthly and retain supporting invoices to deter fraudulent payments? | ☐ Yes | ☐ No | ☐ Unsure |
| Provide employees with resources to report fraud or theft? | ☐ Yes | ☐ No | ☐ Unsure |
| Investigate accountholder complaints about suspicious employee behavior promptly? | ☐ Yes | ☐ No | ☐ Unsure |
| Provide annual fraud training for: | | | |
| • Employees? | ☐ Yes | ☐ No | ☐ Unsure |
| • Management? | ☐ Yes | ☐ No | ☐ Unsure |
| • Board members? | ☐ Yes | ☐ No | ☐ Unsure |

## TECHNOLOGY & ACCESS SECURITY

Focus: System-level controls and digital safeguards to prevent unauthorized access and manipulation

***Does your financial institution...***

| | | | |
|---|---|---|---|
| Require complex passwords and multi-factor authentication (MFA) for system access? | ☐ Yes | ☐ No | ☐ Unsure |
| Combine dual control key systems with biometric access for teller drawers? | ☐ Yes | ☐ No | ☐ Unsure |
| Audit system logs regularly for unauthorized access attempts? | ☐ Yes | ☐ No | ☐ Unsure |
| Patch and update systems on a regular schedule? | ☐ Yes | ☐ No | ☐ Unsure |
| Monitor employee access to sensitive systems and data? | ☐ Yes | ☐ No | ☐ Unsure |

Review your responses to identify areas of confidence and those needing further investigation.

*For more risk education, sign up for Allied Insights at:* alliedsolutions.net/subscribe