

OUTLIERS INTERNAL CONTROL CENTRE™

Fraud Controls Toolkit™

Prevent, detect and respond to fraud

Management / Risk / Internal Audit · Flagship Edition 2026

Outliers Professionals Ltd — Internal Control Centre Resource Library

1. Executive Overview

This toolkit helps prevent, detect and respond to fraud — through fraud-risk assessment, preventive and detective controls, whistleblowing and investigation.

This toolkit is part of the Outliers Internal Control Centre™ and is anchored to COSO, the IIA Standards and the Three Lines Model (by name). It gives boards, management and assurance providers an applied, end-to-end kit to design, operate, test and report controls in this domain.

2. Objectives

The control objectives this toolkit helps you achieve:

- Assess fraud risks and schemes
- Operate preventive anti-fraud controls
- Operate detective controls and analytics
- Provide safe whistleblowing channels
- Investigate and respond effectively

3. Governance

Fraud controls are owned by management, supported by the second line, assured by internal audit and overseen by the audit committee:

Line	Role
Board / Audit Committee	Oversees the control environment and assurance
First line (management)	Owns and operates controls
Second line (risk/compliance)	Sets policy, monitors and supports
Third line (internal audit)	Provides independent assurance

4. Control Framework

The framework follows fraud-risk assessment, preventive and detective controls, whistleblowing and investigation/response — aligned to COSO fraud-risk principles (by name).

Maturity model

L1 Initial	L2 Developing	L3 Defined	L4 Managed	L5 Optimised
Informal / unreliable	Basic, inconsistent	Documented & standardised	Monitored & tested	Automated & value-creating

5. Roles & Responsibilities

Role	Responsibility
Management	Owns fraud risk and preventive controls
Risk / compliance (2nd line)	Facilitates fraud risk assessment and analytics
Whistleblowing officer	Operates the confidential channel
Internal audit	Assures anti-fraud controls
Audit committee	Oversees fraud risk and investigations

6. Risk-Control Matrix (sample)

Illustrative risk-control matrix. The full working version ships as an editable XLSX with risk owner, control owner, frequency, type, design & operating effectiveness, status, due date and RAG.

Ref	Risk	Control Activity	Owner	Freq	Type
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FR-01	Payment diversion	Dual authorisation; bank-detail verification	Treasury	Daily	Preventive
FR-02	Kickbacks / fictitious vendors	Vendor due diligence; SoD; three-way match	Procurement	Event	Preventive
FR-03	Ghost employees	Master-data controls; reconciliation	HR/Finance	Monthly	Detective
FR-05	Financial statement fraud	Review controls; oversight; whistleblowing	CFO/Audit Cttee	Quarterly	Detective

7. Sample Controls

- Fraud risk assessment covering key schemes
- Preventive controls (authorisation, SoD, verification)
- Detective controls and data analytics
- Whistleblowing policy and confidential channel
- Investigation protocol and response plan

8. Control Testing Approach

Test design first (is the control capable of mitigating the risk?), then operating effectiveness (did it operate over the period?). Use the assessment scale: Effective / Partially effective / Ineffective.

Control	Test procedure	Sample basis	Frequency
Preventive controls	Re-perform authorisation/SoD checks on a sample	Sample	Quarterly
Detective controls	Review analytics output and exceptions	Sample	Monthly
Whistleblowing	Review case log and resolution timeliness	Full population	Quarterly

Record results in the Control Testing Workpaper and log gaps in the Control Deficiency Tracker (both ship as editable files).

9. Implementation Roadmap

Phase	Focus	Outcome
Phase 1	Assess fraud risks and schemes	Fraud risk register
Phase 2	Implement preventive controls and SoD	Operating preventive controls
Phase 3	Add detective controls and analytics	Detection capability
Phase 4	Embed whistleblowing and response	Assured anti-fraud system

10. Templates

This toolkit is supported by the following editable templates and working files in the Resource Library:

- Fraud Risk Register (XLSX)
- Fraud Controls Matrix
- Whistleblowing Policy & Register
- Fraud Investigation SOP
- Control Testing Workpaper Template

11. Checklists

- Fraud risk assessment completed

- Fraud risks mapped to controls
- Preventive controls operating
- Detective controls and analytics operating
- Whistleblowing channel live and monitored
- Investigation protocol documented
- Cases tracked and resolved in SLA
- Lessons learned fed back into controls

12. Board Reporting Examples

Standard control report: executive summary · control effectiveness (RAG) · key metrics · deficiencies & remediation · decisions sought.

Metric	Current	Target	RAG	Action
Fraud controls effective	90%	≥95%	Amber	Strengthen
Whistleblowing in SLA	85%	≥90%	Amber	Improve handling
Detected fraud losses	Low	Reducing	Green	Maintain
Fraud risk assessment	Current	Annual	Green	Maintain

13. Audit Committee Reporting

Illustrative one-page summary for the audit committee (replace with live data):

Item	Status	Commentary
Fraud controls	Amber	Operating; preventive controls strengthening
Whistleblowing	Amber	Channel live; handling improving
Exposure	Amber	Within tolerance; monitored
Decisions sought	—	Approve fraud-analytics investment

14. RAG Examples

How to read the RAG status used across this toolkit and its workbooks:

RAG	Meaning	Control interpretation	Action
Green	Effective	Design and operating effectiveness both effective	Maintain and monitor
Amber	Partially effective	Design or operating effectiveness only partially effective	Improve and re-test
Red	Ineffective	Design or operating effectiveness ineffective; or critical deficiency	Escalate and remediate

Notes & Disclaimer

This resource is a professional internal-control template, not assurance, audit, legal or regulatory advice. It is anchored to COSO, COSO ERM, the IIA Standards, the Three Lines Model, ISO 31000, ISO 37301, ISO 9001 and COBIT, and to FRCN, NCCG 2018, SEC, CBN and NAICOM requirements — referenced by name only, with no copyrighted framework content reproduced. Calibrate control objectives, controls, owners, frequencies and thresholds to your organisation and confirm requirements against the current standards and applicable regulation. Bracketed fields [like this] and sample entries are editable, illustrative placeholders.