

FAI professionals have successfully employed the FRD methodology on billions of dollars in international aid programs



Fraud Risk Diagnostic

Assessing Financial and Corruption Risk in Your Development Program

Does your organization grant or loan funds to developing countries? Do you task NGO's or governmental agencies with implementing specific programs on the ground? Do you worry whether your funds are being fully used for their intended purposes? Are you concerned about the ability of your external and internal audit functions to identify mismanagement or corrupt activities?

The Fraud Risk Diagnostic (FRD) is a break-through process developed by FAI in response to our numerous investigations and fraud audits of large-scale international aid programs including United Nations Oil-for-Food Program and programs funded by the World Bank and others.

Plainly put, a FRD is a proven combination of procedures undertaken by highly experienced forensic experts to diagnose whether a program's three key functional components - *procurement, implementation and*

financial management - exhibit indicators of irregularities or illicit activities.

Using forensic auditing, data mining, interviewing and other forensic investigative techniques, the FRD examines existing financial and operating controls as well as underlying program data for warning signs or "red flags" of misuse or corruption. It also assesses the strength of key components of your program's internal control structure, such as the internal and external audit functions, and recommends steps to improve their focus on fraud detection.

Financial statement audits are not designed to uncover fraud and generic risk reviews are often too high-level and generalized. The FRD fills the gap by providing a meaningful assessment of your program's internal control structure, but also detailed information needed to hone in on fraudulent activities and potential problem areas. FRD recommenda-

tions range from the implementation of new or modified controls to the launching of formal investigations into specific employees or third party vendors.

Private industry, governments and aid organizations alike have identified corruption as one of the greatest obstacles to economic and social development. The FRD is an efficient and cost-effective tool that provides a specialized lens through which to view your program's financial and corruption risk.

For additional information about our firm or about how a FRD might work for your organization, please contact us:

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