

The importance of a robust 'Fraud Response Plan'

The extent of fraudulent activity within UK organisations can only be estimated as many incidents go unreported or fail to reach court because of a lack of quality evidence, however the majority of surveys indicate that fraud is on the increase. Evidence of fraud is often concealed within the ever increasing volume of data transactions and electronic activity that is common to most businesses. All too often, organisations consider that their information security measures will protect them from both internal and external fraud threats and are therefore taken by surprise when they fall victim to a fraud and have no incident plan in place to prevent further damage, determine the extent of the fraud or recover losses.

Successful fraud prevention planning should make frauds more difficult to perpetrate, deter the opportunist from committing fraud and assist with the early detection of any frauds that are already underway. An essential element of prevention planning is the development of a robust Fraud Response Plan. The first few hours following the discovery of a fraud are the most important because vital decisions are taken, procedures are implemented and evidence is collected. It is therefore essential that a predetermined plan is followed by all but the most experienced investigator.

A Fraud Response Plan will be unique to each organisation but all plans will enable internal staff to ensure that evidence is preserved and that the reputations of both the organisation and innocent staff are not undermined by inappropriate or rash actions. Inexperience and pressure in the heat of the moment, prior to the involvement of properly trained investigators or the police, may result in a tribunal case being brought and the loss of forensically admissible electronic evidence.

A Fraud Response Plan needs to:

- Identify what happens to staff and equipment at each stage of the investigation
- Specify how evidence is to be collected and stored
- Highlight who is responsible for collecting and storing evidence

Additionally, the plan outlines how the organisation should mitigate further losses and, when necessary, deal with an adverse staff reaction. The plan should be repeatedly tested, reviewed and enhanced in line with legislation and should also contain a historical report recording the category of fraud, investigation details and the fraud resolution outcome for all prior incidents.

There are many vital elements to successful fraud prevention planning, however, any organisation working with a limited budget or resources should prioritise a Fraud Response Plan as one of the most essential.

For further details about developing a Fraud Response Plan and wider fraud prevention planning techniques, contact Dalecourt Limited on 0844 800 1618 or go to www.dalecourt.co.uk