



## Developing a Fraud Response Plan

by [Louise Henry](#)

As fraudsters continue to perpetrate fraud and losses continue to grow, it is no longer a question of *if* fraud will occur, but rather *when* it will occur at an organization. According to the Association of Certified Fraud Examiners ([ACFE](#)), a typical organization loses 5% of its revenue annually due to fraud. Is your organization ready to respond to a fraud event? When fraud is suspected or confirmed as occurring, it can be a very chaotic time, so having an established plan can reduce some of the stress and confusion typically associated with fraud.

As part of a [layered anti-fraud approach](#), developing a response plan may often be neglected because organizations don't want to accept that fraud may occur. While the best way to mitigate fraud is to have strong internal controls specific to your organization, having a response plan is also a priority. The following are some considerations when developing a fraud response plan:

- Develop and document specific pre-arranged plans for the resolution of different types of fraud identified in the [fraud risk assessment process](#).
- Identify who should be notified such as human resource personnel, general counsel, internal auditors, or fraud specialists.
- Identify who can speak to the public or media on behalf of the organization.
- Consider developing a plan to notify your board of directors, audit committee, regulators and independent auditors, as needed.
- Prepare the internal messaging to your employees regarding the fraud event, as applicable.

While no one wants fraud to happen, having a fraud response plan will position your organization to take immediate action to address fraud when it occurs.

Do you need assistance evaluating your fraud risks and corresponding response plans? P&N has a depth of resources to help prevent, investigate, and analyze fraud perpetration. [Contact us today](#) to find out how we can assist.

