



ACFE FRAUD PREVENTION **CHECK-UP**

The Benefits of Taking the ACFE Fraud Prevention Check-Up

- ❑ Since fraud can be a catastrophic risk, taking the ACFE Fraud Prevention Check-Up can save your company from disaster. If you do not proactively identify and manage your fraud risks, they could put you out of business almost overnight. Even if you survive a major fraud, it can damage your reputation so badly that you can no longer succeed independently.
- ❑ The ACFE Fraud Prevention Check-Up can pinpoint opportunities to save you money. Fraud is an expensive drain on a company's financial resources. In today's globally competitive environment, no one can afford to throw away the five percent of revenues that represents the largely hidden cost of fraud. Those businesses that have identified their most significant fraud costs (such as insurance and credit card companies) have made great strides in attacking and reducing those costs. If your organization is not identifying and tackling its fraud costs, it is vulnerable to competitors who lower their costs by doing so.
- ❑ Fraud is a common risk that should not be ignored. Fraud is now so common that its occurrence is no longer remarkable, only its scale. Any organization that fails to protect itself appropriately faces increased vulnerability to fraud.
- ❑ It is the least expensive way to find out your company's vulnerability to fraud. Most organizations score very poorly in initial fraud prevention check-ups because they don't have appropriate anti-fraud controls in place. By finding this out early, they have a chance to fix the problem before becoming a victim of a major fraud. It's like finding out you have seriously high blood pressure. It may be bad news, but not finding out can be a lot worse.
- ❑ It is a great opportunity for your organization to establish a relationship with a Certified Fraud Examiner (CFE) you can call on when fraud questions arise. CFEs are experts in detecting fraud and helping organizations prevent it in the future.
- ❑ Strong fraud prevention processes help increase the confidence investors, regulators, audit committee members and the general public have in the integrity of your company's financial reports. This could help to attract and retain capital.



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Before You Take the ACFE Fraud Prevention Check-Up

- Let your organization's general counsel or outside legal counsel know you plan to take the test. They may want to have you use the test under their direction, to protect your legal rights.
- Do not take the check-up if you plan to ignore the results. If it shows you have poor fraud prevention processes, you need to fix them. Failing to act could cause legal problems.

Who Should Perform the ACFE Fraud Prevention Check-Up?

- The check-up should ideally be a collaboration between objective, independent fraud specialists (such as CFEs) and people within the organization who have extensive knowledge about its operations. To locate a CFE in your area, visit [ACFE.com/FindaCFE](https://www.acfe.com/FindaCFE) or call (800) 245-3321.
- Internal auditors bring extensive knowledge and a valuable perspective to such an evaluation. At the same time, the perspective of an independent and objective outsider is also important, as is the deep knowledge and experience of fraud that full-time fraud specialists provide.
- It is helpful to interview senior members of management as part of the evaluation process. But it is also valuable to interview employees at other levels of the organization, since they may sometimes provide a "reality check" that challenges the rosier view management might present, e.g., about management's commitment to ethical business practices.

How Many Points Should We Award For Each Answer?

- The number of points available is given at the bottom of each question. You can award zero points if your organization has not implemented the recommended processes for that area. You can give the maximum number of points if you have implemented those processes and have had them tested in the past year and found them to be operating effectively. Award no more than half the available points if the recommended process is in place but has not been tested in the past year.
- The purpose of the check-up is to identify major gaps in your fraud prevention processes, as indicated by low point scores in particular areas. Even if you score 80 points out of 100, the missing 20 could be crucial fraud prevention measures that leave you exposed to major fraud. Therefore, there is no passing grade other than 100 points.