

## 1. PURPOSE

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Successful transition of leadership to an individual who is tasked with building a Fraud Operations (“FraudOps”) group is essential to business continuity and innovation. Understanding the operational and strategic needs, as well as pain points, will allow the new leadership to thrive and ensure scalability for the future. As such, one of the main elements of this undertaking is meeting with key stakeholders to understand the deliverables, pain points, and visions for the future to guide the leader to make important and impactful decisions. Thus, pointed questions and conversations should occur with those who have historically conducted internal/external fraud investigations, Engineering, Product & Customer Service & HR, Sr. Management, and Legal to start.

## 2. DEPARTMENT SPECIFIC INSIGHTS

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### **General Questions (Posed to Each Group)**

*What areas have you identified as fraud risk areas within your line of business? How do you feel fraud is being handled in its current state by FraudOps? Do you have a vision on how FraudOps can be effective for the company? How do you engage FraudOps if you feel you have found, or know of, a fraud issue?*

The purpose of these questions is to 1) identify areas of opportunity for FraudOps to find areas of risk that may have gone unnoticed, 2) understand how FraudOps is seen from different perspectives, and 3) gauge how each department assess what FraudOps can best do to tackle concerns. These questions will also help provide insight into how each group feels communication and transparency should be handled from FraudOps to the different departments. Finally, 4) as 42% of frauds are detected by tips, with more than ½ of those coming from employees<sup>1</sup>, does the company have an appropriate way to get concerns of fraud to anyone in a timely and headache-free manner, and do they have the tools needed to detect things within their space? (Also touches on FraudOps’ organization and case management systems)

### **FraudOps**

*Each member is asked: What is your biggest strength that you bring to the team and what area would you like to learn more about? Do you have the right tools to do your job effectively? Do you feel secure and fulfilled in your role and do you feel you are achieving your career goals? Name 3 pain points holding back the team from reaching that next level (eg- processes, technology, staffing, etc.)? How can I help the team raise “the bar” (improve output, higher productivity, morale)? How do you investigate the different types of fraud?*

The purpose of these questions is to 1) engage with members of FraudOps to understand what each of them loves about their roles and areas they want to explore to further their knowledge. This will allow us to place individuals in areas of the business where they will thrive and innovate while investing in their future. 2) Determine where the team is struggling in which a leader can help try and remove obstacles or improve performance. This can include investing in technology, processes, and people. Lastly, 3) to learn what types of fraud threats impact the business, how they are detected, how they are investigated, and what tools are used to do so. It also helps identify any gaps and ensure appropriate feedback loops are present to remedy fraud going forward.

### **Engineering**

*What fraud prevention and detection methods have been systematically implemented in the past, and what was the outcome? Were there any unsuccessful attempts and, if so, what were the learnings? Are there any additional fraud prevention and detection implementations on the coming roadmap? Do you feel the implementations are working, scalable, and cutting edge? Buy vs Build?*

The main purpose of all these questions is to identify what fraud prevention and detection methods are currently being used and their applicable return on investment (ROI), while also peeking around the corner to see what is on the roadmap to improve. It is important to determine if these additions are simple band-aids or are truly scalable to follow the business as it grows. Also, it helps us determine if machine learning/artificial intelligence is being used to our

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<sup>1</sup> ACFE 2022 Report to the Nations

advantage while also determining where Engineering feels resources should be placed to scale (build internal functions or buy 3<sup>rd</sup> party technology services).

### **Product, Customer Service, & HR**

*As the heaviest users and the first line of defense, what anecdotes do you have which may shed light on friction caused by fraud processes? Do you feel you are receiving adequate training on fraud prevention and detection? What would be the easiest way to commit fraud internally?*

As they are truly the first line of defense, they often will receive direct comments on friction points. This question can give insight into fraud prevention and detection methods that cause friction in the process and help identify if there are ways to reduce, rework, or even eliminate some of that to provide a better employee/customer experience. It is also prudent to verify they are getting adequate training on fraud awareness as it increases the likelihood of detection by 45% and increases tip submission by 58%<sup>2</sup>. The last question helps identify the most vulnerable areas of internal fraud risk to ensure FraudOps begins closing gaps in those areas first.

### **Senior Management**

*What goals do you have for FraudOps in the coming quarters? What, in the fraud realm, keeps you up at night? Where do you feel FraudOps is doing a great job and where could they improve? Are there any business expansions or new offerings coming within the next few years? What KPIs are most important and how do you feel they should be shared?*

The main goals of these questions are to determine the immediate needs of the business as well as future needs so FraudOps can create a roadmap for goals going out multiple years. Understanding where the business is going will allow FraudOps to anticipate needs and develop strategies to be ready day one. It also helps see where the business leaders' fears lay within the fraud realm and how FraudOps can help alleviate that. Transparency is key with leadership so providing clear roadmaps, strategies, and innovative ideas are what will increase trust, while also providing them data/KPIs to solidify the strategy is working.

### **Legal**

*How are relevant law changes relayed to needed departments? Are policies and procedures reviewed on a regular basis? How do we update policies and procedures to improve how we prevent and detect fraud?*

As fraud is organic and ever changing, so are the laws which the company operates. Ensuring that FraudOps has the most relevant laws that could dictate what is/isn't allowed will be vital to ensure compliant and ethical investigations. With that, FraudOps must have well defined and established policies and procedures to ensure they are operating as expected and know they are evaluated often. As FraudOps identifies new fraud trends, they will also need to understand how to update policies and procedures to be able to hold fraudsters accountable.

## **3. CONCLUSION**

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With all the questions being asked, the new leader of FraudOps should have a much better understanding of where the business is and where it intends to go. They will also have insight into how everyone engages with their team and where things can be improved or changed. In closing, the new leader will have the vision needed to create and innovate within FraudOps to make it scalable and ready for all future business needs!

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<sup>2</sup> ACFE 2022 Report to the Nations