

# Fraud Risk Assessment

## Understand and Proactively Combat Your Risks in the COVID-19 Landscape

COVID-19 has created unprecedented opportunities for fraud across federal, state and local agencies. Estimating that approximately \$18 billion in fraud will occur in the next year on the Paycheck Protection Program alone<sup>1</sup> – the total fraud losses across the board will be staggering.

You can work to combat those losses by taking action through a fraud risk assessment. Proactively identifying the risks this new environment creates and assessing the strength of controls is vital to stemming the rise in fraud from COVID-19.

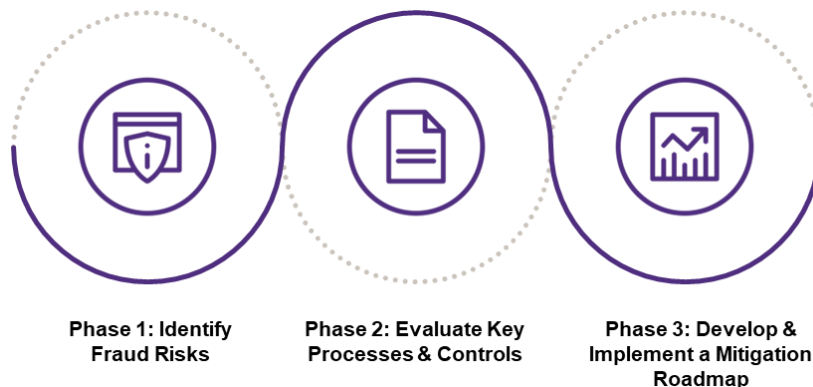
### Our Approach

Grant Thornton's Fraud Risk Assessment is tailored for the unique risk landscape that COVID-19 creates, focusing on understanding and identifying risks quickly and developing a roadmap to close gaps proactively. Our methodology takes a three-phased approach, detailed below.

### Phase 1: Identify Fraud Risks

The fraud risk universe during the COVID-19 landscape continues to evolve and shift – making it more important than ever to understand what your top risks are. We begin this process by evaluating your organization's core functions, and identifying any changes to controls or processes due to the COVID-19 crisis. For example, **if your organization has received funding through the CARES Act or shifted employees to telework**. These types of changes affect where your organization may be most vulnerable to fraud. Further, we are seeing a rise in **cyber crime and social engineering attempts** as a result of COVID-19 – we will leverage these known trends and insights to identify the fraud risks most relevant for your organization. Example fraud risks include:

- **Loan Fraud:** Fraudster poses as a small business owner to defraud the Small Business Administration (SBA)
- **Beneficiary Fraud:** Legitimate beneficiary double dips on their share of the stimulus by falsifying information
- **Brandjacking / Imposter Scam:** Scammer impersonates an agency offering a loan/benefit through a series of social engineering schemes, with the intent of obtaining beneficiary bank account information
- **Loan Fraud:** Legitimate business beneficiary submits misrepresented applications to obtain additional funds



<sup>1</sup>Source: <https://frankonfraud.com/fraud-trends/fraudsters-set-their-sights-on-small-business-loans/>



The end result of this process will be a **Fraud Risk Map** that your organization can continue to refine and use to ideate on emerging and evolving fraud risks going forward.

### Phase 2: Evaluate Key Processes & Controls

Following the development of the fraud risk map, we will **evaluate current processes and controls for key fraud risks identified**. This evaluation may include interviews with key process owners or cross-functional fraud risk workshops. We have found that conducting cross-functional workshops are the most effective way to identify and collect detail related to fraud risks and provide more reliable results than a self-assessment process.

As noted, a key element of our approach is focusing on understanding and identifying risks quickly and developing a roadmap to close gaps proactively. The objective of this evaluation process will be to understand where those gaps may exist. For example, with **cyber crime and social engineering on the rise your organizations digital footprint is more important now than ever**. For this reason, we will assess **your organizations digital footprint** as part of the evaluation phase leveraging our cyber threat intelligence partnership with GroupSense. GroupSense is a digital threat intelligence company, and our alliance with them provides an expanded digital risk management solution to help your organization proactively identify and address cyber crime risks.

### Phase 3: Develop & Implement a Mitigation Roadmap

Following the evaluation phase, we will leverage the outputs to develop a mitigation roadmap with prioritized actions your organization can take in the short-term to close immediate gaps and address key fraud risks. Further, this roadmap will detail medium- and long- term activities that your organization can take to proactively combat evolving and emerging fraud risks throughout and after the crisis.

This roadmap will be **tailored to your organizations specific fraud risk and processes**, ensuring that you have the tools you need to combat fraud, protect both your organization and safeguard taxpayer resources to ensure that funds get into the hands of those that need it most.

## Why Grant Thornton?

Grant Thornton leads the industry in fraud risk management. Our Fraud Risk Management & Analytics (FRM&A) practice lead, a former GAO executive was the principal author of GAO's Fraud Framework, and she played an instrumental role in FRDAA. Our FRM&A Practice helps agencies identify and mitigate their highest priority fraud risks through the development of antifraud strategies, the design and implementation of tailored approaches to fraud risk assessment and analytics-driven solutions. We have assisted agencies with varying missions and sizes, in the development of robust antifraud programs. Further, we supported Fiscal Service and collaborated with the OMB and GAO to develop and publish the Program Integrity: The Antifraud Playbook (Antifraud Playbook).

Our unique insights into the GAO's Fraud Framework and the Antifraud Playbook, and our experience developing and implementing antifraud programs across various agencies provide a rich set of leading practices we can apply to support your agency's antifraud program.

## Contact



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