

Speedy access to comprehensive data essential in fraud investigations

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With fraud representing one of the biggest threats to business, how can organisations best protect themselves and what should they do on discovery of a suspected fraud?



Greg Brown

“Knowledge is your most powerful weapon in the fight against fraud. Organisations need to keep up to date with different types of fraud, which are becoming increasingly sophisticated and complex,” says Greg Brown, Director of LexisNexis Data Services, provider of online search engine Lexis® WinDeed. “They also need to know how to manage the process of gathering evidentiary information in a professional manner and what tools are available to assist in this process.”

Brown says having access to an online platform to source background information that will help an investigator assess whether an allegation or suspicion warrants investigation, is essential. Searching for personal, company and property information need not be complicated – nor time consuming. It is, however, essential that investigators use a reputable and well-established platform that gives access to key information sources such as the Deeds Office, CIPC, TPN and other credit bureaus.

“Tracking information such as past business and property ownership, looking for red flags where directorship is held at different stages at similar businesses and conducting a comprehensive Spider Search on an individual or company will turn up valuable information for investigation,” he says. “Every effort should be made to obtain as much information as possible in a systematic and efficient manner not just to conclude a successful investigation, but to show that the organisation acted in a judicious manner. Timing and confidentiality are extremely important too - to prevent suspected fraudsters from covering their tracks and destroying evidence. It is also vital that information is handled professionally, confidentially and with respect for privacy rights, in line with company policy, code of conduct and relevant laws,” Brown adds.

Brown says that apart from having effective and up-to-date tools to help gather relevant information, other important proactive measures to reduce fraudulent activities include regularly reviewing procedures, devising a fraud response plan and training staff in fraud awareness. He believes that staff need to be encouraged to act when they suspect fraudulent activity, safe in the knowledge that they will be protected should they raise a red flag.

An effective fraud response plan should outline the key responsibilities of managers in collecting data and the process thereafter. A typical fraud response plan includes:

- Purpose of the plan and policy statement;
- Definition of fraud;
- Roles and responsibilities including the fraud response team;
- Process for collection of information and data and preservation of evidence, and
- Objectives including civil and criminal response and reporting of suspicions.

Having a structured response plan in place is essential for timeous action which will impact the outcome of an investigation – with action taken in the first few hours and days considered to have a significant impact on the course and outcome of an investigation. The establishment of a plan will prevent managers from applying inappropriate handling processes that can either destroy the evidentiary value of information or tip off the suspect/s, enabling them to destroy incriminating evidence.

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