**ACC 451**

**Case 5 – Fraud Risk Assessment Tool**

Fraud professionals can use the Fraud Risk Assessment to assist organizations in identifying fraud risks and developing a fraud risk assessment. The Fraud Risk Assessment consists of 15 modules, each containing a series of questions designed to help organizations zoom in on areas of risk. The fraud professional and the client or employer should begin the risk assessment process by working together to answer the questions in each module. It is important that the client or employer select people within the organization who have extensive knowledge of company operations, such as managers and internal auditors, to work with the fraud professional. Upon completion of all of the questions, the fraud professional should review the results of the assessment with the client or employer in order to:

* Identify the potential inherent fraud risks.
* Assess the likelihood and significance of occurrence of the identified fraud risks.
* Evaluate which people and departments are most likely to commit fraud and identify the methods they are likely to use.
* Identify and map existing preventive and detective controls to the relevant fraud risks.
* Evaluate whether the identified controls are operating effectively and efficiently.
* Identify and evaluate residual fraud risks resulting from ineffective or nonexistent controls.
* Respond to residual fraud risks.

The Fraud Risk Assessment may reveal certain residual fraud risks that have not been adequately mitigated due to lack of, or non-compliance with, appropriate preventive and detective controls. The fraud professional should work with the client to develop mitigation strategies for any residual risks with an unacceptably high likelihood or significance of occurrence. Responses should be evaluated in terms of their costs versus benefits and in light of the organization's level of risk tolerance.

Be aware, however, that this assessment only provides a snapshot of a particular point in time. The dynamic nature of organizations requires routine monitoring and updating of their financial risk assessment processes in order for them to remain effective.

**Assignment**

1. Review the 15 [Fraud Risk Assessment Tool Modules](https://drive.google.com/drive/folders/1IcY8_A4gi64047gmBKS8qLiP6V5oc4_D?usp=sharing)
2. Write a two page reaction paper discussing how companies can use the fraud risk assessment to prevent fraud.

**Submission Requirements**

* Your report must be saved to the Google Drive you are using for this class by the end of the day on May 16, 2021