The 2021 Fraud Prevention Checklist:
Protecting Your Business in Six Steps

By Rockland Trust - Treasury Management

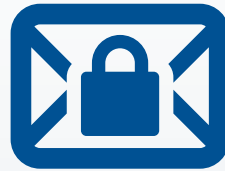ROCKLAND
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Fraud is everywhere; to the point where the word is almost overused. However if anything – fraud is more of a threat than ever. According to the 2020 AFP Payments Fraud and Control Survey, 81% of companies were targets of payments fraud.

Statistics to know
According to recent surveys:

Median loss per business fraud case: $125,000*

75% of organizations experienced Business Email Compromise (BEC)†

74% percent of organizations experienced check fraud in 2019†

What can you do?
Here's the Rockland Trust 2021 Fraud Prevention Checklist to help you better protect your business. We break this into six parts:

- ✓ Check Controls
- ✓ Reconciliation Reminders
- ✓ Online Overview
- ✓ Payment Processing
- ✓ Deposit Diligence
- ✓ Business Basics

*Association of Certified Fraud Examiners 2020 Report to the Nations
†The Association for Financial Professionals, 2020 Payments Fraud and Control Survey Report

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Check Controls

- ☐ **Keep it Safe** – Locking up your checks is the easiest way to secure them.

- ☐ **Have a System** – Who creates them, who signs them, who reorders them. Review this often and ensure the right internal controls are in place.

- ☐ **Get a Style** – If you have multiple accounts, choose a different look for each to limit confusion for your team.

- ☐ **Give Updates** – Be sure to notify your financial institution if you have a change in authorized signers.

- ☐ **Implement Tools** – Most financial institutions have tools that help guard against fraudulent check activity. Positive Pay will compare your issued checks against checks presented for payment, and flag any differences for review. **Click here to view a demo**.

Payment Processing

- ☐ **Securing Bill Payments** – Replicate your internal controls as you would for paper checks. Ask your financial institution if dual approval, user access and limits are available.

- ☐ **ACH Payments** – Practice dual control and verify ACH account information with a pre-note. Always secure recipient authorization for all payment types and be sure to follow **NACHA guidelines**.

- ☐ **ACH Debits** – Use tools such as Positive Pay to filter and/or block unauthorized ACH transactions.

- ☐ **Wires** – Utilize dual control and validate account information before wire payments are sent.

- ☐ **Recipient Data Changes** – Set up a procedure (secret code, verbal confirmation, etc.) with your recipients to validate new account information for all payment types prior to sending the payment.

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Reconciliation Reminders

- ☐ **Do it Daily** – There are several channels that will allow you to review your accounts – text, online, mobile. Try to look at your accounts daily.

- ☐ **Alerts** – **Alerts** are a good way to manage balance, activity, payments and security of your accounts. Create a system that makes it easy for you to monitor your account activity.

- ☐ **Match it up** – Make sure your payments are posted correctly.

- ☐ **Reconciliation Tools** – Generate daily/weekly/monthly reconciliation reports for full account, deposit, and check activity. Contact Rockland Trust to set up Account Reconciliation.

- ☐ **Sound the Alarm** – If something doesn't look right, report it immediately.

Deposit Diligence

- ☐ **Remote Deposit** – By depositing checks directly from your location, you can keep your deposited items secure, save time and avoid employee travel expense and liability.

- ☐ **Consider Lockbox** – Centralize, automate and expedite a secure collection of your receivables with a lockbox service.

- ☐ **Make it Mobile** – Deposit checks directly via your **mobile device**.

- ☐ **Account Segregation** – It is recommended to segregate certain transactions from your operating account, such as credit card processing, payroll and incoming wire activity, to avoid unnecessary fraud exposure.

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Online Overview

❑ **Sharing is Not Caring** – Use strong user credentials that are unique and only available to you.

❑ **Dual Control** – Set up company-wide dual control for ACH and wire transactions, bill payment and Positive Pay services.

❑ **Designate Proper User Authorities** – Assign user access appropriately based on the responsibility of that user. Designate administrator rights wisely, as this user will typically have full rights to add users, send payments and assign other user rights.

❑ **Banking Access Computer** – Designate a secure computer without email, for your financial transactions.

The presence of fraud is increasing year over year. Since many incidents are due to human error, the human element and behavior modification are key factors for keeping your company safe. Ongoing training of every employee and implementing these simple steps can help to better protect your reputation, business and assets.

If you have questions or would like more information, please reach out to us: **RTCCashManagement@RocklandTrust.com**

Business Basics

❑ **Training** – Train all employees on a regular and consistent basis.

❑ **Email Safeguards** – Be aware of emails that note a change of financial data, attachments, links, unusual content and requests. Validate before you act!

❑ **Email Phishing Tests** – Execute simulated phishing tests for an effective tool to train your first line of defense. Your team!

❑ **Incident Response Plan** – Create an incident response plan, train your employees and practice it.

❑ **Internet Usage Policy** – Create a strong Internet usage policy to include social media etiquette and enforce it for all employees from the front desk to the CEO.

❑ **Online Protections** – On any system that has internet connection, be sure that you have up to date firewall protection, malware protection, security patches and virus definitions.

❑ **Data Backups** – Protect yourself from ransomware by having a backup strategy. How much data can you afford to lose? How long can your business continue to function without access to this data?

❑ **Insurance Coverage** – Contact your insurance provider to evaluate options for cyber security coverage.

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