

It's not my
responsibility,
it's.....

A mythbusting guide to Fraud: Part 3

FRAUD. FACE UP TO IT

**With the frequency and scale
of fraud occurrences on the rise,
reducing risk now needs to be**

everyone's responsibility.

Unfortunately, this message is rarely acknowledged and many companies fail to push the need for collaboration to increase awareness, surveillance and diligence. Instead, responsibility is often assigned to a single individual or team. This typically narrows a company's ability to deploy the most appropriate and effective preventative methods.

*HR, IT, Finance and the Audit team all need to collaborate
and work together as an effective unit in order to successfully
protect the business.*

Why it's not just a role for the **Finance** team

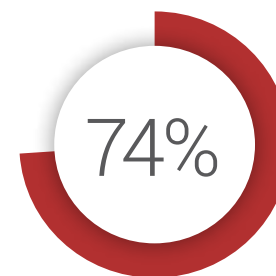
Responsible for the fundamental end to end process of paying and getting paid, the Finance team play a massive role in identifying the different types of fraud risk an organisation may be susceptible to. Their central position and processes extend out into other departments which means they have the opportunity to collaboratively monitor and report on fiscal operations across the business. However, this also puts them at most risk. According to a KPMG survey, the typical fraudster is actually likely to work in Finance and be fully aware of the systems in play. This gives them unparalleled insight and awareness into the biggest loopholes and weak areas to exploit.

Why it's not just a role for the **Audit** team

The Audit team's role is to ensure the business is complying with relevant regulations and legislation. In this position, it has the ideal perspective to evaluate and scrutinise company activity. Of course typically, auditors will only uncover fraud after it has been committed and have little means to prevent it. However, the audit team can play an integral role in both identifying and analysing common targets and trends that have the potential to influence change in areas more commonly at risk.

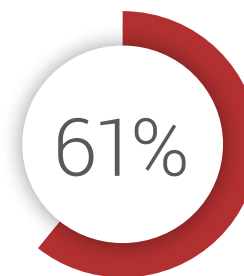
Why it's not just a role for **IT**

Most commonly thought of as the department responsible for providing the defences to the corporate fortress, it is true that the IT team play an essential role in the detection and prevention of fraud – but their scope is limited. While external threats certainly pose a challenge, the biggest threat to any business comes from within. If IT is aligning to old processes, or security and access levels have not been maintained, then departments must work together to strengthen and update workflows and approval processes using modern technology.



of fraud cases involved the exploitation of weak internal controls by fraudsters.

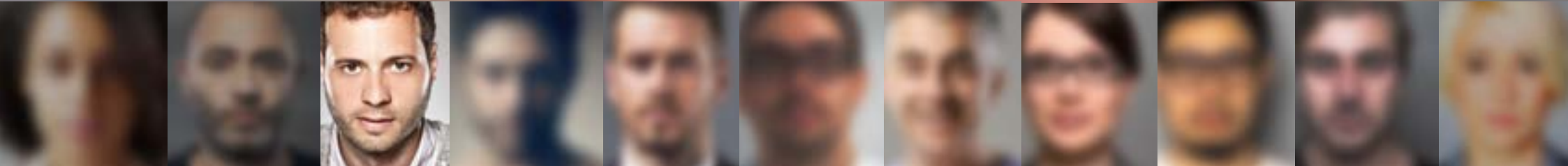
Source: KPMG Report



of CEOs are concerned about cyber security.

Source PWC Report

Why HR needs to be involved?



When operated effectively, Human Resources (HR) can play an integral role in the management and prevention of fraud. To deter internal opportunists, HR should be regularly involved in devising a series of communications which clearly state the processes in place to identify, report and investigate suspicious behaviour and highlight the consequences of such actions. Communication is an essential tool in the fight against internal fraudsters.

1 in 5 employees are not aware of the existence of a formal ethics and compliance programme.

Source PWC Report

Leading by example

Defining where the buck stops on fraud has taken centre-stage in the headlines recently as newly announced government proposals are set to make the boardroom more accountable.

This news will undoubtedly jump start an increase in corporate due diligence and executive teams must now look at the entire organisation to help reduce fraud risk. Implemented correctly, an enhanced culture of corporate vigilance will ensure the responsibility of applying appropriate security and anti-fraud measures extends beyond one team or individual.

Business leaders will also now be forced to balance anti-fraud investment, an item which may have suffered previously as a result of cost cutting. For today's smarter fraudsters, weak controls and fewer resources provide an ideal opportunity for exploitation. If cost cutting really is necessary, then it must be carefully balanced with risk management as short term savings have the potential to expose the business to further risk, resulting in long term losses if not managed effectively.



FRAUD. FACE UP TO IT

Your mythbusting guide to fraud aims to help you dispel the common myths surrounding fraud today and set you on the right path of prevention and detection to safeguard your business.

Read part 4 now: [*I've got a great firewall, its fine.*](#)



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"Bosses could face jail for failure to prevent fraud"

BBC News Reports. Sept 2016

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