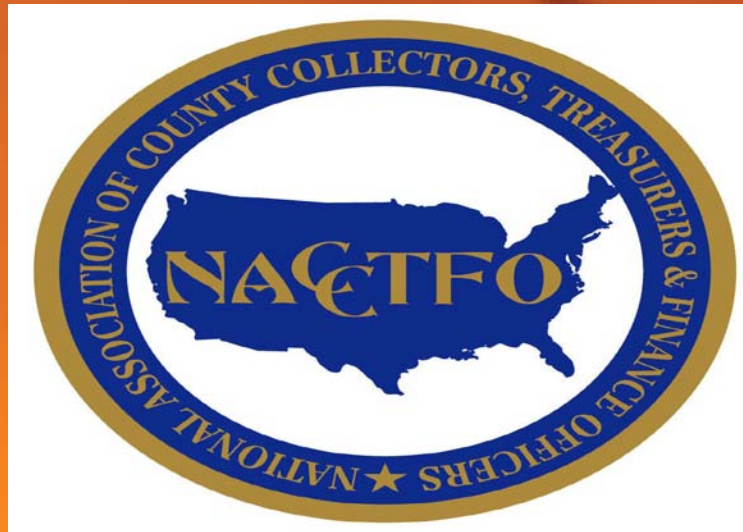


Fraud 101



Prevention & Detection

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Willis

Objectives

- Fraud Facts
- The Cost of Loss
- Risks in the Public Sector
- Mitigation Strategies
- Your Role
- Review



“The law does not define fraud; it needs no definition, it is as old as falsehood and as versatile as human ingenuity”

-Judge Edwin R. Holmes

-Weiss V. United States 1941

What is it?

ACFE defines fraud as;

“The use of one’s occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization’s resources or assets.”



What is it?

All those activities involving dishonesty and deception that can drain resources, assets and value from an organization, directly or indirectly, whether or not there is a personal gain.



Fact or Fiction?

Nearly 1/3 of all bankruptcies are caused by employee theft.

FACT

The opportunity to steal is more important than the need for money.

FACT

Well paid employees are less likely to steal.

FICTION

Employee theft is often detected in its early stages.

FICTION

Newer employees commit most acts of employee theft, while senior employees are less likely to engage in dishonest acts.

FICTION

Most businesses experience some degree of employee dishonesty?

FACT

The Cost of Loss

The typical organization loses 5% of its annual revenue to fraud and acts of employee dishonesty

Applied to the estimated 2009 Gross World Product, this figure translates to a potential total fraud loss of more than \$2.9 trillion.

Most fraud schemes have a median loss amount of at least \$160,000

More than one-quarter of all frauds involve losses of at least \$1 Million

75% of all employee related crimes go unnoticed

The top 3 industries most commonly victimized by fraud; banking/financial services, manufacturing and government/public administration sectors.



Unique Risks

- Corruption Fraud (Conflicts of interest, Sales Schemes, Illegal Gratuities, etc)
- Asset Misappropriation Fraud (Cash, Sales, Deposits, Skimming, etc.)
- Why are we at Risk?
- 10-10-80 Rule
- Financial Loss
- Psychological Damage & Personal Embarrassment
- Loss of Public Trust & Reputational Damage



Fraud Mitigation

- **Deter !**
- **Detect !!**
- **Defend !!!**

Deter

- The Tone at the Top!
- Zero Tolerance
- Communicated & Documented Workplace Dishonesty Policies
- Employee Awareness & Education
- A Process for Reporting Employee Dishonesty
- Random Audits
- Thorough Investigations



Detect

- Complaints From Customers/Taxpayers/Public
- Missing or Altered Documents/E-files
- Living Beyond Financial Means
- Past Financial Difficulties
- Control Issues



Defend

- Perform a Fraud Diagnostic
- Don't Delay
- Investigate, Investigate, Investigate ...
- Immediately Consult with Local Law Enforcement or Outside Professionals to Manage the Process



Your Role

Honored to serve the people of my county, and to be a member of the National Association of County Collectors, Treasurers and Finance Officers, I willingly and voluntarily pledge to uphold the following code of ethics:

As a Leader I will do all I can to train and motivate my staff to provide courteous, efficient, and effective services.

As a Professional I will continue my education in areas such as law, technology, management, and finance in order to improve office efficiency by initiating economical practices and procedures.

As a Citizen of the United States of America and an official of my state and my county, I will endeavor to bear in mind my obligation each day to rededicate my loyalty and allegiance to the people who elected me to a position of leadership and service and to give freely of my time, labor and talents in service to those who come to me for assistance and advice.

I Willingly Acknowledge that when I accepted this office, I ceased to be responsible only to myself but pledged to be a true servant of the people of my county, my state, and my country

Stewards !



In Review

- This Problem is for Real !
- The Tone at the Top
- Strong Workplace Policies & Controls
- Keep your Eyes Open
- Fraud Diagnostic
- Don't Delay
- Be Better Stewards !



Thank You



QUESTIONS ?

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