

Reducing the Possibility of Fraud in Your Organization

The annual Report to the Nations by the Association of Certified Fraud Examiners contains sad but true facts about the impact of fraud. This year is no exception, Organizations lose about 5% of revenues to fraud each year, and it is clear that our smaller organizations aren't exempt. In fact, they are the hardest hit - about 30% of the reported cases occurred in firms with fewer than 100 employees. And, the median losses suffered by those firms was \$150,000.

What's different this year is the optimistic news that if your organization takes certain actions, the likelihood of fraud will be reduced by a lot. The main actions that were mentioned in the report were management reviews, fraud training for employees, codes of conduct and antifraud policies, and telephone hotlines.

The study showed that organizations with antifraud controls uncovered frauds in half the time and reduced the fraud loss by more than 50% (the median loss went from \$200,000 down to \$92,000).

Interestingly, three quarters of organizations with over 100 employees have fraud hotlines but only one quarter of organizations with fewer employees do.

Google ACFE Report to the Nations for more information.