



FRAUD AWARENESS WEEK

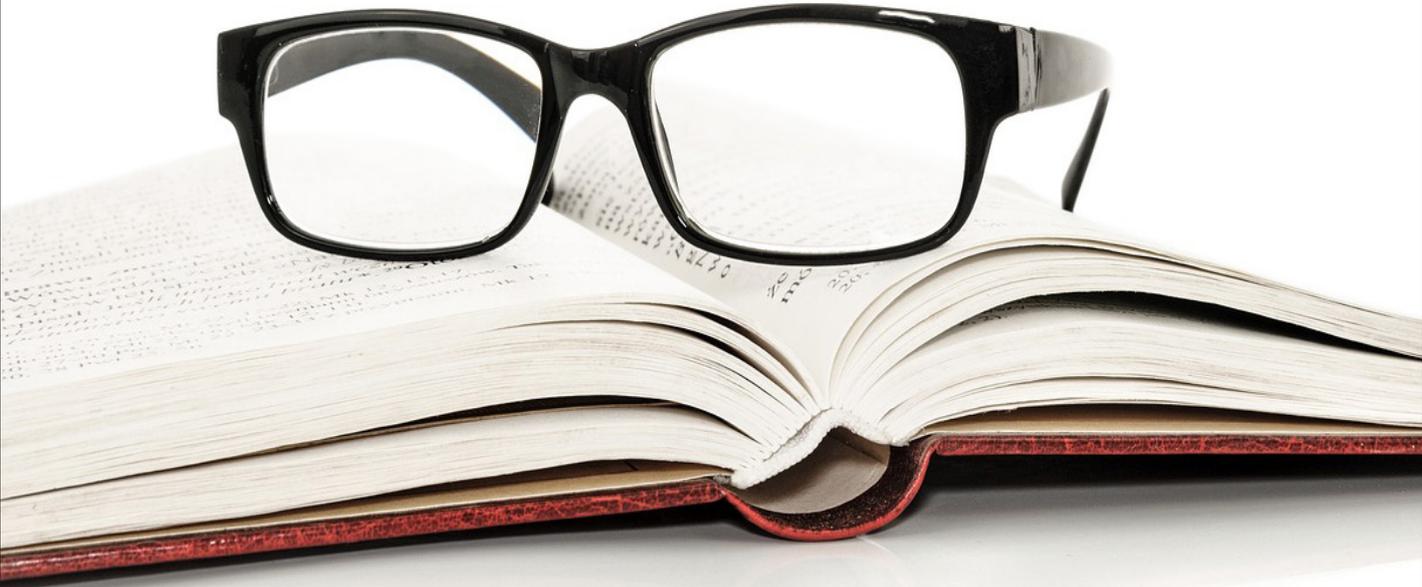
A time for learning, adapting and prevention

RMG Newsletter January 2022

12th edition

CONTENTS

INTRODUCTION	3
WHAT IS THE PURPOSE OF FRAUD AWARENESS WEEK?	3
WHAT CAN A BUSINESS DO TO HELP FRAUD AWARENESS?	4
HOW TO DESIGN AN ANTI-FRAUD TRAINING PROGRAM?	4
CONCLUSION	6



INTRODUCTION

International Fraud Awareness Week, or as it is more informally known, Fraud Week, is a period of time established by the Association of Certified Fraud Examiners (ACFE) in 2000. Fraud has been around since the inception of human history; it is not something that has become a recent phenomenon but with the advent of new technologies on the horizon the threat of fraud has increased proportionally.

A study conducted in a joint paper between the universities of Texas and West Florida stated that the first evidence of online fraud was published in 1996, but within the spectrum of the research paper (1998-2002) there was a significant rise in the use of e-commerce platforms. Currently in 2021 it would be impossible to imagine life without the fixtures and trappings of technology that make up the current business environment.

Due to the current COVID-19 pandemic there has never before been a more insurgent rise of technology in the workplace. Deloitte has publicly stated that the current pandemic is an additional backdoor for fraud to take place. The consumer news and business channel (CNBC) has also raised concerns that because of rushed implementation not all businesses have taken the necessary steps to safeguard themselves from external fraud or harmful third parties. This includes third party tool implementation in terms of IT security or lack of protocol in regard to online work environments. Should there be a breach in a way that the company did not expect, it could prove to have disastrous fallout.

WHAT IS THE PURPOSE OF FRAUD AWARENESS WEEK?

Fraud Awareness Week was first organised by the ACFE, who is the world's largest anti-fraud organisation and the premier provider of anti-fraud training and education in order to proactively fight fraud and corruption in the workplace and help business learn how to safeguard against existing and emerging threats.

The period of fraud awareness week is a time that business and industry leaders can take

a dedicated time to host fraud awareness training not only for their employees, but also for communities to spread the knowledge of specialised fraud as well as the correct moral business practices. Fraud Awareness Week can also be used by businesses as a time to assess the internal fraud knowledge and risk factors within their organisation.

Larger business can raise fraud awareness by teaming up with other businesses and media to highlight fraud in the community and how persons can take care to safeguard themselves against personal and business-related fraud.

Most small businesses are lacking in terms of dedicated anti-fraud controls, which means that fraudulent action for them will be far more disastrous than for their larger counterparts. This is easily avoidable if there is a spotlight time in the year to focus on fraud awareness and anti-fraud controls. This is a key period for new businesses to understand that combatting fraud is a year-round endeavour, but without proper anti-fraud training and education the controls put in place to mitigate fraud will eventually fail.

In 2021 Fraud Awareness Week will be celebrated between 15-21 November. In South Africa alone the ACFE have found that business will lose an estimated 5 percent of their annual revenues to fraud.

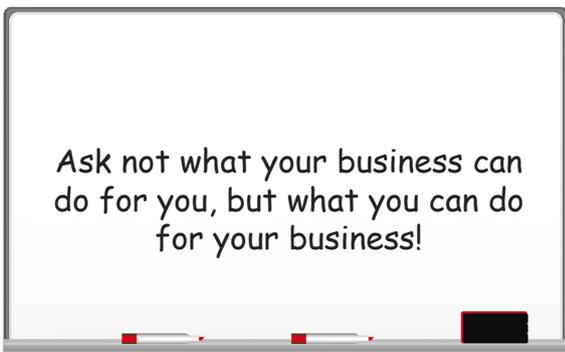
Businesses are encouraged to register as Official Supporters prior to International Fraud Awareness Week. This action of registration at the ACFE will allow business to demonstrate the organisations commitment to preventing and detecting fraud. Once registered a business will have been given access to resources provided by the ACFE to help take a proactive stance against fraud. The usage of these materials provided by the ACFE will be encouraged during fraud week, and the organisation (with a linked website address) will also be posted on the Fraud Week website as an official supporter. The beauty of this enterprise is that it does not cost money to be a supporter of Fraud Week, the ACFE only asks that a business signs up as an official supporter and to help spread fraud awareness and anti-fraud education to the best of their abilities. It is considered best practice to use the ACFE Fraud Prevention Check-up to identify risk areas in your organisation, and to use the ACFE Sample Fraud Policy in turn to develop your own policy as a mechanism to deter fraud.

Employment Screen Resources (ESR) reported that during the 2020 ACFE Fraud Awareness Week they had opportunities for anti-fraud professionals and communities to attend an online event, be quizzed on fraud facts, view a video on identity theft protection and also to find ideas on how individuals and groups in the business world can help spread fraud awareness, learn how to get involved and view anti-fraud resources.

The International Fraud Awareness Week has taken place shortly after the Charity Fraud Awareness Week which had occurred on 18-22 October 2021. The purposes of the Charity Fraud Awareness Week were to raise awareness of fraud and Cybercrime affecting all charities, Non-Government Organisations and Non-Profit Organisations. This week focused mainly on one sector, but it was not only a period during which fraud only affected that sector. Being an organisation with anti-fraud values at heart is a full-time job, one that works all year round. As such, there are various smaller anti-fraud campaigns that occur throughout the year that organisations can take part in, details of which are distributed by relevant channels such as the ACFE.

WHAT CAN A BUSINESS DO TO HELP FRAUD AWARENESS?

To paraphrase John F. Kennedy, "ask not what your business can do for you, but what you can do for your business!" This is evident as the tone at the top gets carried over to the lower levels of the organisation.



Fraudweek has reported that when a business has registered as an Official Supporter, they can do several tasks to help spread fraud awareness without losing major productivity. Just to show support for the movement a business can display the Official Supporter Badge for the 2021 Fraud

Week in their email signature, on the business' website, or on their social media platforms. Businesses can also download and share the fraud week logo on the same channels and platforms. This can be a very beneficial tool that management can use to relay their intentions and views throughout the company, reiterating their stance on commercial crime and fraud.

If a business leader feels that they do not possess the time or knowledge to facilitate the training themselves, they can invite a Certified Fraud Examiner (CFE) to talk to the workforce virtually to learn how to avoid common mistakes when preventing fraud. Alternatively, a business can involve the local chamber of commerce or city council to spread tips on fraud prevention for small and medium businesses. If a business has enough support, they can even encourage the governor to issue a proclamation (.doc) declaring that your state or region supports Fraud Week.

Businesses that have the resources to have a more proactive approach to International Fraud Awareness Week can do their part by hosting seminars and talks with employees, co-workers and communities at large on regularly staying aware of fraud prevention practices. Businesses can then post footage of that event (with consent of the community or employees) on social media to declare the views of the company in the fight against commercial crime and fraud.

Management can also do fraud checks within the business and present the findings to executives, as well as proactive plans that will remedy weak spots in current controls.

HOW TO DESIGN AN ANTI-FRAUD TRAINING PROGRAM?

It is important to note that every employee in the business must be mandated to participate in fraud awareness training. All employees, regardless of their rank, must be provided with an initial orientation and ongoing anti-fraud education. However, there must be additional training given to managers and executives that addresses the added fraud prevention and detection responsibility provided by their positions of authority.

This principle of specialised knowledge must be applied throughout the business, thus executives

must ensure that fraud awareness training in specific sectors of the business is addressed thoroughly and that employees receive full and comprehensive training.

The key to absorption is repetition. As such it is advisable for businesses to have their workforce undergo frequent exposure to anti-fraud topics. This needs to begin as soon as a worker begins working for the company in order to maintain consistency. Employees that have received anti-fraud training previously are advised to undergo a refresher course at least once a year.

Apart from seminars there are several other ways that anti-fraud methods can be taught to employees, this can be achieved with recorded videos and interactive self-study methods that will also help boost employee morale. But most importantly, the training that employees receive need to address the realities of the business and their physical day to day activities instead of generic anti-fraud messages. It is advisable to provide employees with practical knowledge and ideas on how to apply it. Using case studies of commercial crime experienced in your organisation, or in organisations within a similar industry is a useful tool to upskill employees practically.

Within this field of specifics there must be a base of information that must be included in every anti-fraud program. The following topics are the broad spectrum of information that must be presented to subjects of the programme:

⚖️ What is fraud and what is not fraud. Not only fraud but also what behaviour is accepted and expected at the workplace. Because fraud does not always have a clear and definitive motive there should be examples of errors and abuse of company assets to inform employees if a certain practice has been deemed illegal, unethical or no longer acceptable.

⚖️ How fraud has an impact on the business and how it extends to affect all employees in the company should the business be implicated in a scandal or lose financial stability due to asset misappropriation. It is important that employees understand why anti-fraud programmes are as important to their livelihood as it is to the executive.

⚖️ Employees must be introduced to the fraud triangle theory that indicates that anyone

who has the combination of sufficient pressure, adequate opportunity, and an ability to rationalise a dishonest act is at risk of committing fraud. Employees need to understand that there is no formal uniform that fraudsters take on, and that anyone can be guilty of fraud. Anti-fraud training should work to dispel any preconceived notions held by employees regarding what a fraud perpetrator looks like and help employees identify fraudulent red flags in others. Because of employees building relationships they must understand that fraudsters will manipulate them to achieve their goals.

⚖️ Another point that will help employees absorb the conveyed information is to limit the number of statistics so as not to confuse or bore employees, which will render the anti-fraud programme ineffective. If a company does not do any international work and only works within a local area, the importance of international statistics would be lost on low-level employees. The information must be relevant directly to the employee in order to make sure they successfully complete the programme.

⚖️ Use case studies of fraud that had occurred or possible fraud in order to show employees not only how fraud occurs and how to combat it, but also how the business would handle and follow up on fraudulent activity. There is a general outline of how the fraudulent case study can be put forth:

- Type of fraud
- High level details of fraud
- What happened (contributing all 3 pillars of the fraud triangle)
- How did it happen
- Who (generally) committed it (i.e. plant manager, purchasing manager, etc.)
- The length of time and the approximate or known loss and the statistic effect of it
- How the fraud was identified (employee tip, data analytics, manager review, etc.)
- The outcome (termination, prosecution and conviction, XX years in prison, etc.)

 Another key aspect of a fraud awareness programme is to report to employees about ongoing initiatives. This can be done to ensure that previous training programmes are remembered for consistency in terms of training material. This will also confirm clear reporting processes for fraud and whistleblower policies for older employees who may have forgotten the exact processes that the company has deemed accepted

At the same time the management of a company must also follow certain anti-fraud measures. Due to the closeness of the training and that all employees must attend it is an opportunity for management to get to know their employees. This will allow red flags to show if there is a change in behaviour, as this is usually the first indicator of fraudulent actions.

If there is any behaviour that an employee wishes to report on their co-worker without using the internal controls, it can be brought to the attention of higher management for later investigation. This is seen as an open-door policy that management can employ to mitigate fraud risk. If employees are aware of the implications of their actions,

then they are more likely to report fraud. An anonymous reporting system can facilitate this need for the business. It should be communicated to all employees that the organisation complies with transcriptions echoed in South Africa's legislation, such as the Protected Disclosures Act 26 of 2000 (colloquially referred to as the Whistle Blowers Act).

CONCLUSION

A positive environment can actively discourage fraud from taking place as it will help breed employees who are ethically and morally aligned to the accepted practices that are being deployed within the business world. In order to help participate in the global corporate culture a business must adapt to the current economic circumstances, this requires performing internal training in order to strengthen the internal core of the business. Management must also remember that during events employees will be looking towards their leaders and leading by example will always be the best principle.



BIBLIOGRAPHY

Fraudweek
ResearchGate
Deloitte
Ifac
ACFE
gov.za
ESR Check
Fraud Advisory Panel
Gilderlehrman.org
CG Team