



Association of Certified Fraud Examiners

ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

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Five Ways Your Business Can Prevent Fraud Losses

AUSTIN, Texas--Organizations around the world lose an estimated five percent of their annual revenues to fraud, according to a survey of Certified Fraud Examiners (CFEs) who investigated cases between January 2010 and December 2011. Applied to the estimated 2011 Gross World Product, this figure translates to a potential total fraud loss of more than \$3.5 trillion.

The Association of Certified Fraud Examiners (ACFE) published the results of the survey in its highly-anticipated *2012 Report to the Nations on Occupational Fraud & Abuse*. The Report includes global data among the 1,388 cases of fraud that were studied.

Information from CFEs in nearly 100 countries was compiled to develop the benchmarking statistics on occupational fraud losses, detection methods and perpetrators. Since 2002, the biannual Report has evolved and been modified to continue to draw more meaningful information from the experiences of CFEs and the frauds they encounter.

“Fraud knows no boundaries, and anti-fraud professionals worldwide face more challenges than ever in detecting and combating it,” said ACFE President James D. Ratley, CFE. “Expanding our Report to include global data allows the ACFE to provide a more accurate picture of the nature of fraud and the level to which it impacts organizations around the world.”

Combating Fraud

There are some simple steps any organization can take to identify and effectively manage potentially costly fraud losses:

- 1. Be proactive.**

Establish and maintain internal controls specifically designed to prevent and detect fraud. Adopt a code of ethics for management and employees. Set a tone at the top that the company will not tolerate any unethical behavior.

- 2. Establish hiring procedures.**

Every company, regardless of size, can benefit from formal employment guidelines. When hiring staff, conduct thorough background investigations. Check educational, credit and employment history, as well as references. After hiring, incorporate evaluation of the employee's compliance with company ethics and antifraud programs into regular performance reviews.

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3. Train employees in fraud prevention.

Once carefully-screened employees are on the job, they should be trained in fraud prevention. Are employees aware of procedures for reporting suspicious activity by customers or co-workers? Do workers know the warning signs of fraud? Ensure that staff know at least some basic fraud prevention techniques.

4. Conduct regular audits.

High risk areas, such as financial or inventory departments, are obvious targets for routine audits. Surprise audits of those and all parts of the business are crucial. A good starting point in identifying fraud risks and establishing a strategy to prevent such losses is ACFE's Fraud Prevention Check-up (PDF): ACFE.com/fraud-prevention-checkup.aspx.

5. Call in an expert.

For most firms, fraud examination is not a core business component. That's why, when fraud is suspected or discovered, it is imperative to enlist the anti-fraud expertise of a Certified Fraud Examiner (CFE). The CFE credential is recognized by businesses and governments worldwide as the standard for fraud prevention and detection.

Special note for editors and reporters:

ACFE's *2012 Report to the Nations on Occupational Fraud and Abuse* is available online at ACFE.com/RTTN

Contact the ACFE

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About the Association of Certified Fraud Examiners:

The Association of Certified Fraud Examiners (ACFE) is the leading anti-fraud association in the world, providing knowledge and training used to reduce the occurrence of corporate fraud. Together with more than 75,000 members, the ACFE is reducing fraud and inspiring public confidence in the integrity and objectivity within the profession. In addition, the ACFE offers its members the unique opportunity for professional certification with the Certified Fraud Examiner (CFE) credential.