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Webinar

***5 Things You Need to Know to
Fight Fraud in Your Organization***

**TUES, MAR 29
10:00AM PST**

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Your Presenter



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Fraud



- Wrongful or criminal deception intended to result in financial or personal gain.
- Occupational fraud generally refers to fraud committed by an organization's employees.



Occupational Fraud

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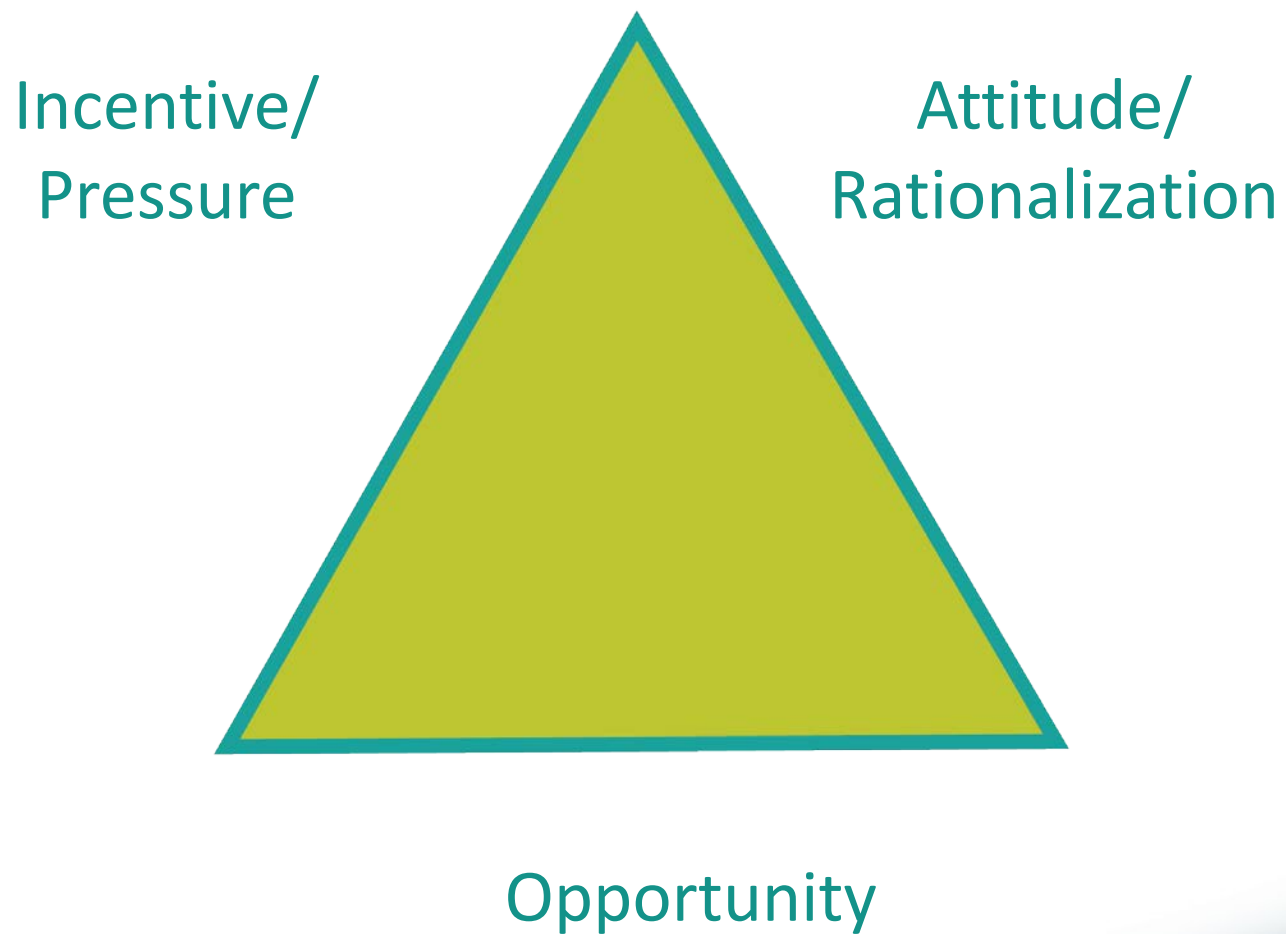
- Asset Misappropriation
- Corruption
- Financial Statement Fraud

Government concept of waste and abuse.



Fraud Triangle

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Warning Signs of Fraudsters



ACFE 2020 Report to the Nations

#1 Red Flag

- 42% Living beyond means

Other Signs

- 26% Financial difficulties
- 19% Unusually close with vendor/customer
- 15% Control issues, unwilling share duties
- 13% Irritability, suspiciousness, defensive
- 13% Wheeler-dealer attitude
- 12% Divorce/family problems



Pierce County Housing Authority, Washington



- Former Finance Director sentenced for embezzlement
- \$7 million over 3-year period through fraudulent disbursements



Fraudsters



ACFE 2020 Report to the Nations

- Men committed 72% of all occupational fraud
- Men caused larger losses than women with \$150,000 median loss to \$85,000
- Top departments where fraud came from include operations, accounting, and upper management
- Executives produced highest dollar losses from fraud



5 Components of Internal Controls



1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring

#1 Control Environment



- Organizational culture
- Tone at top
- Oversight body
- Policies and standards of conduct

#2 Risk Assessment



- Process to identify, analyze, and respond to risks
- Consider fraud
 - Risk factors (internal / external)
 - Types of fraud

City of Stonecrest, Georgia



- Mayor and bookkeeper plead guilty to theft of COVID-19 relief funds
- \$650,000 scheme by diverting funds intended to go to struggling businesses harmed by pandemic



#3 Control Activities



- Preventative: Stop fraud before it happens
- Detective: Be alerted when fraud is taking place
- Examples:
 - Segregation of duties
 - Access restrictions
 - Physical controls

#4 Information & Communication



- Management needs access to relevant and reliable information
- Systems, processes, reporting to provide accurate and timely information
- Communication inside and outside organization and up/down reporting lines
 - Whistleblower and ethics hotline

#5 Monitoring



Help internal control remain aligned with objectives, laws, resources, and risks.

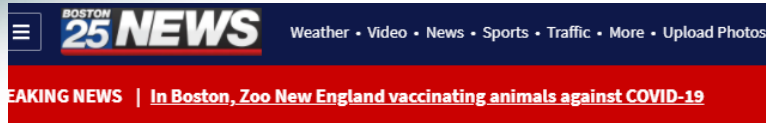
- Ongoing monitoring – built into operations, performed continually
- Separate Evaluations – Periodically used to provide feedback on effectiveness.
 - Self evaluation
 - Audits

City of Bardstown, Kentucky



- Grand Jury charges former CFO with Embezzling City Funds
- \$762,000 stolen between 2013 – 2019





Former Boston police sergeant pleads guilty in overtime fraud scheme

FOR IMMEDIATE RELEASE

Thursday, June 24, 2021

Former Baltimore Department of Public Works Supervisor Sentenced to More Than a Year in Federal Prison for Extortion

Accepted Cash Payments and Caused Private Work to be Performed at Night by DPW Employees

News

Philly Water Department worker charged with stealing \$164,000 worth of equipment

Federal prosecutors said Thomas Staszak, 46, of Philadelphia, sold the stolen equipment to scrapyards in Pennsylvania and New Jersey for his own profit.

LOCAL NEWS

Former NYC buildings inspector pleads guilty to soliciting, accepting bribe

Former Philadelphia Official Leo Dignam Sentenced For Stealing Nearly \$150,000 Meant For Parks And Recreation Department

FOR IMMEDIATE RELEASE

Thursday, May 27, 2021

Former IT Director and Contractor Charged in Federal Court for Roles in Bribery Scheme

Defendants Prosecuted as Part of The Guardians Project, a Federal Law Enforcement Initiative to Combat Corruption, Fraud, and Abuse in South Dakota

CRIME . GOVERNMENT . LAW . NEWS . SAN FRANCISCO

Former building inspector, city commissioner charged with fraud



By Bay City News

Updated on August 21, 2021 . 2 mins read

A Few Fraud Resources



Association of Certified Fraud Examiners Resources page

- <https://www.acfe.com/fraud-resources.aspx>

Federal Green Book

- <https://www.gao.gov/products/gao-14-704g>

FBI News and Press Release relating to Public Corruption

- <https://www.fbi.gov/investigate/public-corruption/news>

Q & A

Thank you from

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