

How to be a

What is fraud?

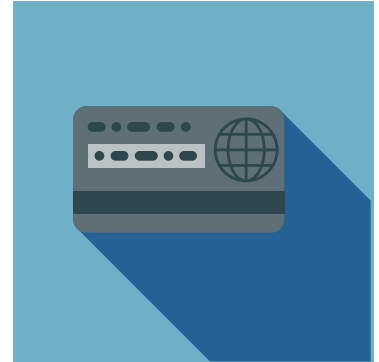
It is a deliberate act, often involving deception, to cause financial loss or gain. It can be defined as the intentional or recklessness misstatement or omission of material facts, which causes or is likely to cause financial loss to another person.

Why should we care about fraud?

Fraud is a serious crime that can cause significant financial damage to individuals and organizations. It is also a major cause of financial loss for businesses and governments. Therefore, it is important to be aware of the signs of fraud and to take steps to prevent it.

Expense reimbursement schemes

The auditor should take care to
 check the accuracy of the
 amounts claimed, and to
 ensure that the expenses are
 properly documented and
 that the reimbursement is
 made in a timely manner.



Payroll schemes

Payroll schemes are a common
 type of fraud where the
 company pays for services
 that were never provided.
 This can be done by
 creating fictitious employees
 or by inflating the hours
 worked by real employees.

Inventory fraud schemes

Inventory fraud schemes
 involve the manipulation of
 inventory records to
 overstate the value of
 the company's assets.
 This can be done by
 recording inventory that
 does not exist or by
 recording inventory at
 a higher value than its
 actual cost.



What are behavioral red flags of fraud?

Fraud can be identified by several behavioral red flags. These include: living beyond means, financial difficulties, a close personal relationship with vendors or customers, control issues or an unwillingness to share duties, irritability, suspiciousness or defensiveness, and a "wheeler-dealer" attitude.

1



Living beyond means

Buying a car, a house, or other expensive items that are not necessary for the job or business.

2



Financial difficulties

Excessive borrowing, late payments, or a history of financial problems.

3



A close personal relationship with vendors or customers

Having a close personal relationship with a vendor or customer, which may lead to favoritism or conflicts of interest.

4



Control issues or an unwillingness to share duties

Exercising excessive control over the business or being unwilling to share duties with others.

5



Irritability, suspiciousness or defensiveness

Showing signs of irritability, suspiciousness, or defensiveness, which may indicate a lack of confidence or a desire to hide something.

6



"Wheeler-dealer" attitude

Acting in a self-serving, opportunistic manner, often at the expense of others.

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**Preventing fraud is not just the responsibility
of management, the board of directors,**

**Be alert to potential fraud and educate your
colleagues on how they can be fraud fighters too.**