

Fraud Risk Management



The best first step to uncover fraud and prevent it from occurring within your organization is to conduct an independent fraud vulnerability assessment.

Despite widespread coverage in the press, and government's and regulators' efforts to reduce fraud, economic crime continues to be a menace to businesses in Canada and around the world. Perpetrators of fraud invariably take great pains to conceal or remove evidence of their crimes. Surprisingly, accident or chance continues to play a significant role in the detection of fraud, with one-fifth of fraud cases in Canada uncovered by accident or chance¹. Clearly, reliance on luck is not a basis for an Anti-fraud Regime. Even when companies have controls in place to detect economic crime, these can often be rendered ineffective by management override or collusion.

Anti-fraud Regime

Companies that are subject to the Sarbanes-Oxley 404 Act and Bill 198: CSA MI 52-109/111, must now implement "anti-fraud programs and controls" that are evaluated and certified. Although most companies have implemented components of an Anti-fraud Regime, such as a code of ethics and conduct, they may need to enhance their programs to meet the requirements of the legislation. Private companies should also have an understanding of effective fraud risk management, particularly if their strategy involves a public debt offering, IPO or sale to a public company. Apart from mitigating legal and regulatory risk, fraud management provides significant cost savings opportunities, which directly affect the bottom line.

Our PricewaterhouseCoopers (PwC) Investigations & Forensic Services team can assist you in implementing an effective Anti-fraud Regime, including:

- Conducting fraud risk assessments;
- Designing and implementing employee awareness testing;
- Reviewing your code of ethics and whistleblower program in relation to best practices;
- Designing an effective intelligence screening process;
- Assisting you with your fraud awareness training;
- Reviewing your incident reporting mechanism for effectiveness; and
- Reviewing your investigation and remediation protocols in relation to best practices.

Our real-life exposure to fraudulent behavior and complicated schemes ensures that you will receive effective and efficient service, and the right solutions. We can help your organization take preventative steps to limit its exposure to fraud, and establish a process to manage such a crisis, should one occur.

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Fraud Risk Management

Fraud Risk Management process

Every organization has unique characteristics and is susceptible to fraudulent behaviour in different ways. In addition to reviewing an organization's Anti-fraud Regime, we can help organizations identify their vulnerability to fraud and reduce the likelihood of these occurrences through conducting a fraud vulnerability assessment. Each assessment is tailored to your organization's characteristics and needs. Together, we will develop strategies and solutions to effectively reduce your organization's exposure to fraudulent behaviour and its related costs.

By combining the skills and attention to detail of accountants with insights into human nature, our investigators not only solve how assets are lost to fraudsters, but also the reasons why. Armed with an understanding of opportunity and motive, we help clients devise effective fraud prevention programs.

Experience: Our experienced financial investigators bring you the right mix of people and tools to solve your problems, no matter how complex they may be.

Minimum disruption: We use the latest data mining techniques to identify transaction patterns normally associated with fraudulent acts, while causing little or no disruption to your operations.

Comprehensive: Whether advising top management on strategies to limit fraud or investigating particular threats, such as procurement fraud, our team can deliver the services that meet your current and future needs.

Coordinated: Together with your senior management and staff, we implement a process that assesses your environment, responds to your needs and provides solutions that your organization will feel comfortable with.

Benefits to you

Our job is to help you safeguard your assets so that you can depend on your systems of control and your people, not blind luck. PwC will help your organization:

- Reduce its exposure to fraudulent acts;
- Create an environment that identifies fraudulent acts more efficiently;
- Identify employees who are "at risk" to commit fraud;
- Reduce the future costs associated with fraud;
- Increase its confidence in its controls and accounting functions;
- Increase its confidence in its operational and financial results;
- Improve employee morale and productivity; and
- Generate financial recoveries through increased efficiencies or insurance claims for stolen funds.

¹ PricewaterhouseCoopers 2003 Global Economic Crime Survey