



JULY28

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High fraud and risk, High expectations

Helping the accountants deliver under pressure

High Fraud

Fraud:

A continuing threat with climbing costs





Some interesting 2020 stats

on Fraud across 5000 respondents over 99 territories (PWC)

6 is the average number of frauds reported per company

Only 56% conducted an investigation into their worst incident. And barely one-third reported it to the board.

US\$42bn is the total fraud losses reported by respondents



Understanding the triggers of Fraud



What is Risk?



What is Risk Continued



Global Fraud and Risk

Business Risk Mitigation - pre-digital, pre-global age

- Always relied on knowledge of markets and counterparties
- Fairly well-established pools of referrals and contacts.
- Gaining such knowledge was made easier by implicit boundaries that governed the way most organizations conducted business.

Global Fraud and Risk

Business Risk Mitigation - in the digital and global age

- Information asymmetries have greatly lessened
- New business models are scrambling the traditional definitions of industries and sectors.

WHICH INCIDENTS HAVE SIGNIFICANTLY AFFECTED ORGANIZATIONS IN THE LAST YEAR?



Leaks of internal information		0%
Data theft		0%
Reputational damage due to third-party relationships		0%
Fraud by external parties		0%
Fraud by internal parties		0%
Disruption due to sanctions, tariffs, etc.		0%
Adversarial social media activity		0%
IP theft		0%
Bribery and corruption		0%
Counterfeiting or gray market activity		0%
Money laundering		0%

Source: 2019 Forrester Consulting survey
commissioned by Kroll of 588 global senior executives

WHICH RISKS ARE PRIORITIES FOR RESPONDENTS?



Source: 2019 Forrester Consulting survey
commissioned by Kroll of 588 global senior
executives

**Misappropriation of
Assets**

Types of Fraud

**Healthcare,
insurance, and
banking**

Financial statement fraud

Consumer fraud

False Documentation

High Expectations of the Accountants!

How often do you feel like this?





How to respond..... Working Smart to Manage Fraud and Risk

Technology remains the game changer

How others have responded

Current challenges deserve time appropriate responses. How some organizations have responded.

Fraud detection - How machine learning systems help reveal scams

Highmark Inc.  \$250 million savings in 2019 related to fraud, waste and abuse

Microsoft  is spending 33% of its annual revenue each year to protect cloud storage from any sort of fraud  as a result 45% profitability added annually

How should we respond

Data Analytics to Manage Risk

The old was risk management

The new is a shift to a risk enabled performance management system

How should we respond

How to use Data Analytics to Manage Risk

- Risk identification
- Risk assessment and prioritization
- Risk response and mitigation
- Risk monitoring
- Risk reporting

How should we respond

Reduction of manual processes in tasks

How can RPA be used to fight fraud?

- Presents and opportunity to reassess processes
- Lessening human interaction
- Searching for anomalies

How should we respond

Reduction of manual processes in tasks

Electronic bank confirmations to manage your risk as an assurance provider or a party to the confirmation process.

Fraud Risk



PFG Best (USA)

USD 200 million cash misstatement Fraud discovered through use of Confirmation



Wirecard (Germany)

USD 2.1 billion cash misstatement



Parmalat

Europe's Largest Fraud of \$4.9 Billion



Cadbury (Nigeria)

USD 34 million financial statement fraud



The liability associated with fraud includes:

- lawsuits
- loss of reputation
- financial exposure

How should we respond!

Reduction of manual processes in tasks

Automated audit platforms

- Audit Trail
- Effective Collaboration
- Audit Visualization
- Smarter Audit

How should we respond!

Reduction of manual processes in tasks

Automated Financial Reporting

- Highly Customisable
- Reporting Library
- Integrated Automation
- Flow through changes

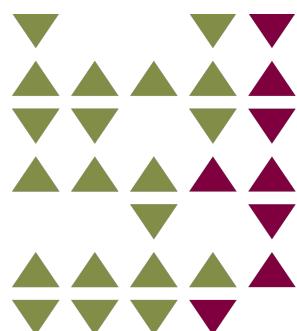


In conclusion

**We are living in the 4th Industrial Revolution but
are you?**

Thank You

Do you have any questions
for me?



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