

Outline  
Georgia Society of CPAs  
Fraud Presentation  
1 hour presentation

- Types of Fraud and Recent Cases
  - Chris Grippa (404-817-5945) FIDS Senior Manager with Ernst & Young LLP
    - Works with clients to investigate allegations of fraud and resolve disputes
  - Brian Lay (404-817-4935)
    - BRS Senior Manager with Ernst & Young LLP, focused on ERM and Controls
    - Extensive experience providing risk services to large global and national clients
- Types of Fraud and Recent Cases
  - Assessing the True Risk of Fraud - Breaking through common Myths and Misconceptions
  - Setting the proper Tone at the Top and throughout the Organization
  - Understanding the Limits of Internal Control
  - Being Proactive about Fraud Risk Management
  - Knowing When and how to Respond to Allegations
- There is a lot of anecdotal information circulating about fraud and fraud risk management many of it based on common misconceptions including...
- *Here are some statistics:*
- *These statistics underlie some basic facts about fraud:*
- So how do we develop an effective anti-fraud program that mitigates the risk of fraud in our organizations? We begin with a clear understanding of why fraud occurs...
- How can management and the internal auditor affect the elements of the triangle?
- By...
- If effective fraud risk management begins at the top, what should be there?
- Benefits of an Anti-Fraud Program
  - Provides tangible evidence of a culture of integrity
  - Helps to prevent fraud and facilitates early detection
  - Safeguards the assets and reputation of the company

- Limits unpleasant surprises that can distract management
- Addresses concerns of external auditor and board of directors
- Limits potential for class action lawsuits
  
- What should an effective anti-fraud program include?
  
- A comprehensive Assessment of Fraud Risk to focus anti-fraud efforts going forward
- Company Level Anti-fraud controls (“tone at the top” policies and controls)
- Process and transaction level Anti-fraud Controls
- Specific pro-active Fraud Detection Procedures
- Monitoring of anti-fraud controls and fraud detection efforts
- A comprehensive and consistent Fraud Response Program
  
- Elements of a Fraud Risk Management Program
  
- Purpose
- Escalate concerns appropriately
- Assign responsibility for investigating fraud
- Develop and initiate disciplinary actions
- Maintain mechanism to record reported fraud
  
- Detection and Action Taken
- Action plan upon the detection of suspected fraud
  
- Prevention of Further Loss
- Validate that discipline is applied consistently
- Ensure assets or information within the organization are not destroyed