

Monday, 18
November 2024

Fraud Awareness Newsletter

Mthashana TVET College



What is International Fraud Week?

International Fraud Awareness Week (commonly referred to as Fraud Week) is an annual global event aimed at raising awareness about fraud and promoting practices to prevent and detect it. It typically takes place in the third week of November.

The event is spearheaded by the Association of Certified Fraud Examiners (ACFE) and encourages organizations, governments, businesses, and individuals to join forces in educating others about the impact of fraud, its warning signs, and strategies to mitigate risks.

For more, follow this link

https://www.youtube.com/watch?v=g6Ir4bV7t_I

“Corruption has become endemic in South Africa. It undermines democracy and impacts negatively on service delivery, human and socio-economic development, job creation and public trust in government, as well as investor confidence in the country.

Corruption manifests in all spheres of society and occurs in the public sector and in the private sector. Corruption, having permeated key institutions in both the public and private sector, poses a threat to national security, undermines the rule of law and institutions vital to ensuring the centrality of the state as a protector and promoter of the rights of its citizens.”

National Anti-Corruption Strategy 2020 -2030

RECAP! WHAT IS FRAUD ANYWAY? -

“Fraud” is any activity that relies on deception in order to achieve a gain. Fraud becomes a crime when it is a “knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment” (Black’s Law Dictionary). In other words, if you lie in order to deprive a person or organization of their money or property, you’re committing fraud.

KEY WORDS Knowing, Misrepresentation or concealment, Material fact (relevant in decision making), To induce an action, and Detrimental.

WHY DO PEOPLE COMMIT FRAUD?

The most widely accepted explanation for why some people commit fraud is known as the Fraud Triangle. The Fraud Triangle was developed by Dr. Donald Cressey, a criminologist whose research on embezzlers produced the term “trust violators.”



Scan this QR code for more.



International Fraud Awareness Week 2024, November 17-24

The Fraud Triangle Donald Cressey

The fraud triangle serves as a conceptual framework employed by anti-fraud experts to discern the conditions that may drive individuals, corporations, or industries toward fraudulent behaviour. The development of this concept can be attributed to criminologist Donald R. Cressey, who conducted extensive studies on fraudsters, particularly focusing on inmates found guilty of embezzlement.

The fraud triangle is a theory that explains why people commit fraud by identifying three conditions that must be present for fraud to occur.

Pressure: Also known as incentive or motivation, this can include personal situations that create a demand for more money or problems on the job. **Opportunity:** The perception of an opportunity to commit fraud.

Rationalization: Also called justification or attitude, this is when the fraudster concludes that the gain from the fraud outweighs the risk of detection



Photo: Auditor General - New Zealand

Why must we conduct Fraud Awareness Campaigns? See this report from the ACFE...

THE IMPORTANCE OF PROVIDING FRAUD AWARENESS TRAINING

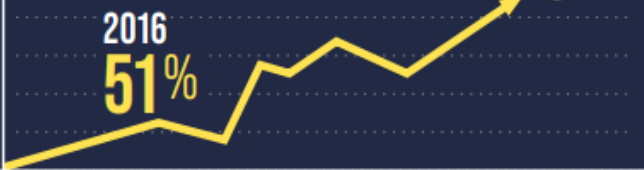
Providing fraud awareness training to staff at all levels of an organization is a vital part of a comprehensive anti-fraud program. Our study shows that training employees, managers, and executives about the risks and costs of fraud can help reduce fraud losses and ensure frauds are caught more quickly.

A GROWING PERCENTAGE OF ORGANIZATIONS ARE PROVIDING FRAUD AWARENESS TRAINING FOR THEIR STAFF

Fraud awareness training for **EMPLOYEES**



Fraud awareness training for **MANAGERS/EXECUTIVES**



Organizations that **DID NOT PROVIDE** fraud awareness training lost nearly **2X MORE.**

TRAINING BOTH employees and managers/executives



TRAINING NEITHER employees nor managers/executives



33% of employee whistleblowers **DID NOT HAVE** fraud awareness training



67% of employee whistleblowers **HAD** fraud awareness training

TIPS ARE TWICE as likely to come from employees who received fraud awareness training as from employees who did not.