

# The Impact of ANTI-FRAUD CONTROLS

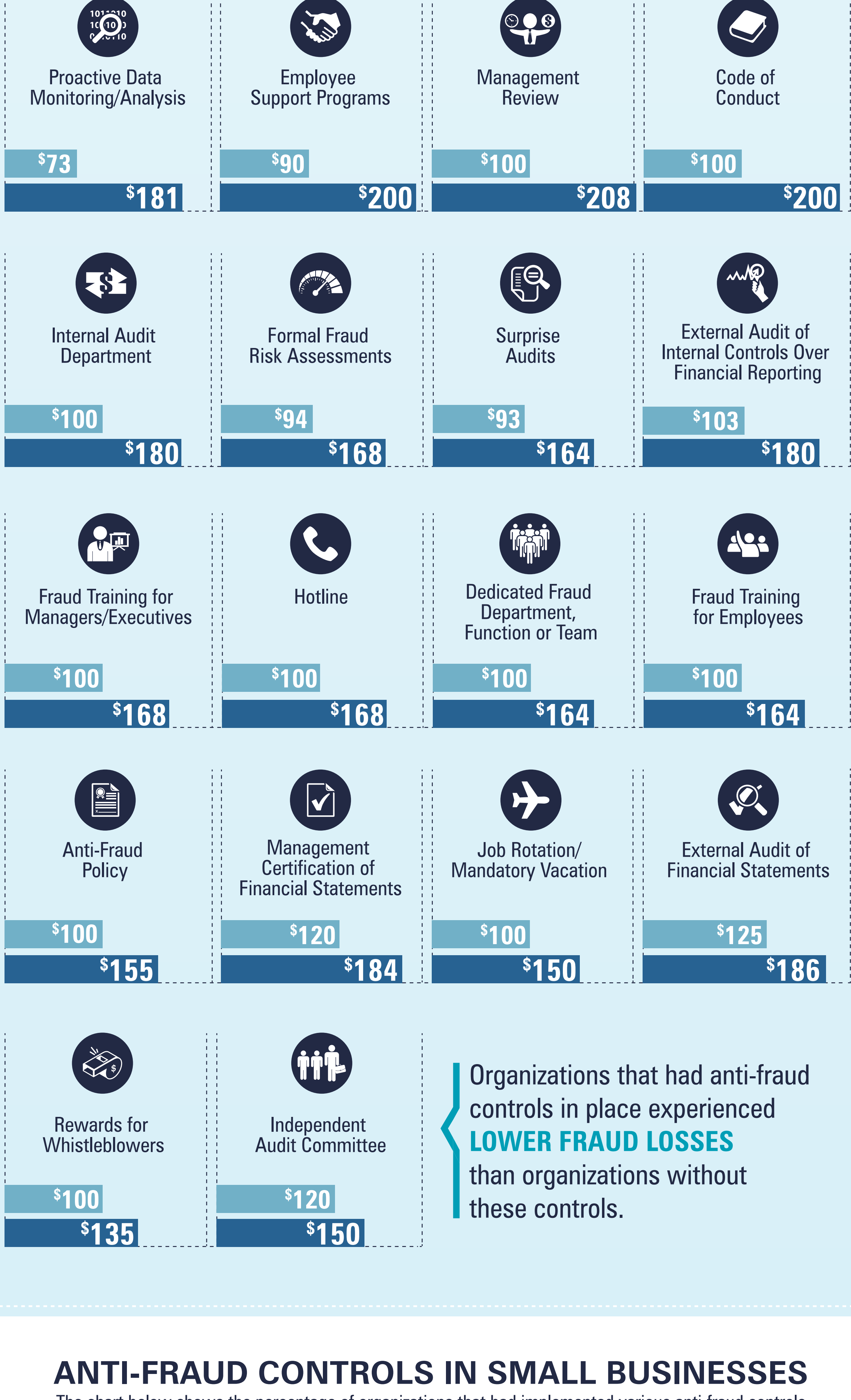
Data from the ACFE's 2014 Global Fraud Study, *Report to Nations on Occupational Fraud and Abuse*.

Download the full Report and view interactive graphs at [ACFE.com/RTTN](http://ACFE.com/RTTN).

Our study includes an analysis of the fraud prevention and detection **CONTROLS** that organizations had in place at the time they were victimized by fraud.

## EFFECTIVENESS OF ANTI-FRAUD CONTROLS

■ MEDIAN LOSS WITH CONTROL (IN THOUSANDS) ■ MEDIAN LOSS WITHOUT CONTROL (IN THOUSANDS)

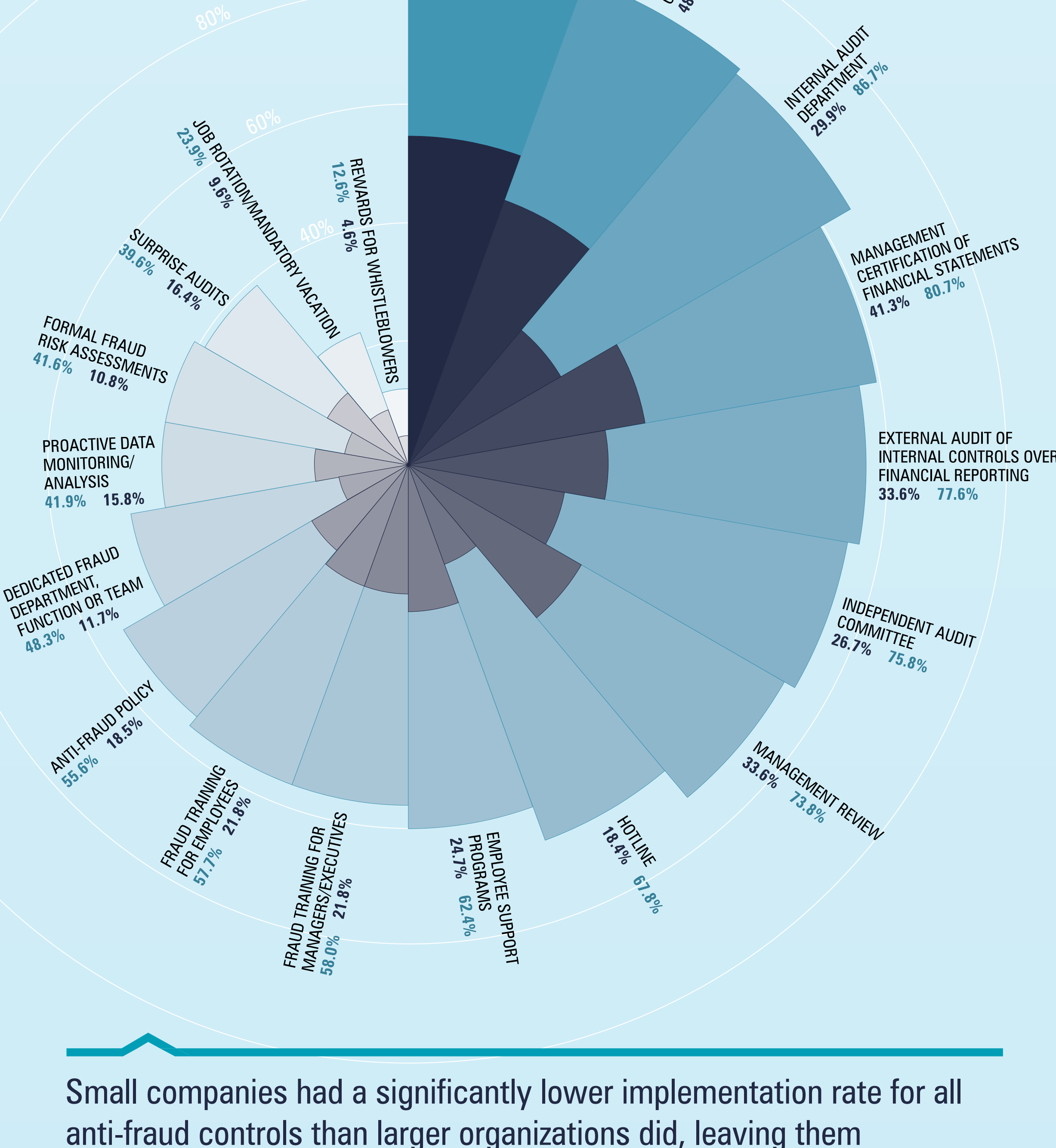


Organizations that had anti-fraud controls in place experienced **LOWER FRAUD LOSSES** than organizations without these controls.

## ANTI-FRAUD CONTROLS IN SMALL BUSINESSES

The chart below shows the percentage of organizations that had implemented various anti-fraud controls

■ ORGANIZATIONS WITH <100 EMPLOYEES ■ ORGANIZATIONS WITH 100+ EMPLOYEES



Small companies had a significantly lower implementation rate for all anti-fraud controls than larger organizations did, leaving them **PARTICULARLY VULNERABLE TO FRAUD**.

## IMPORTANCE OF HOTLINES

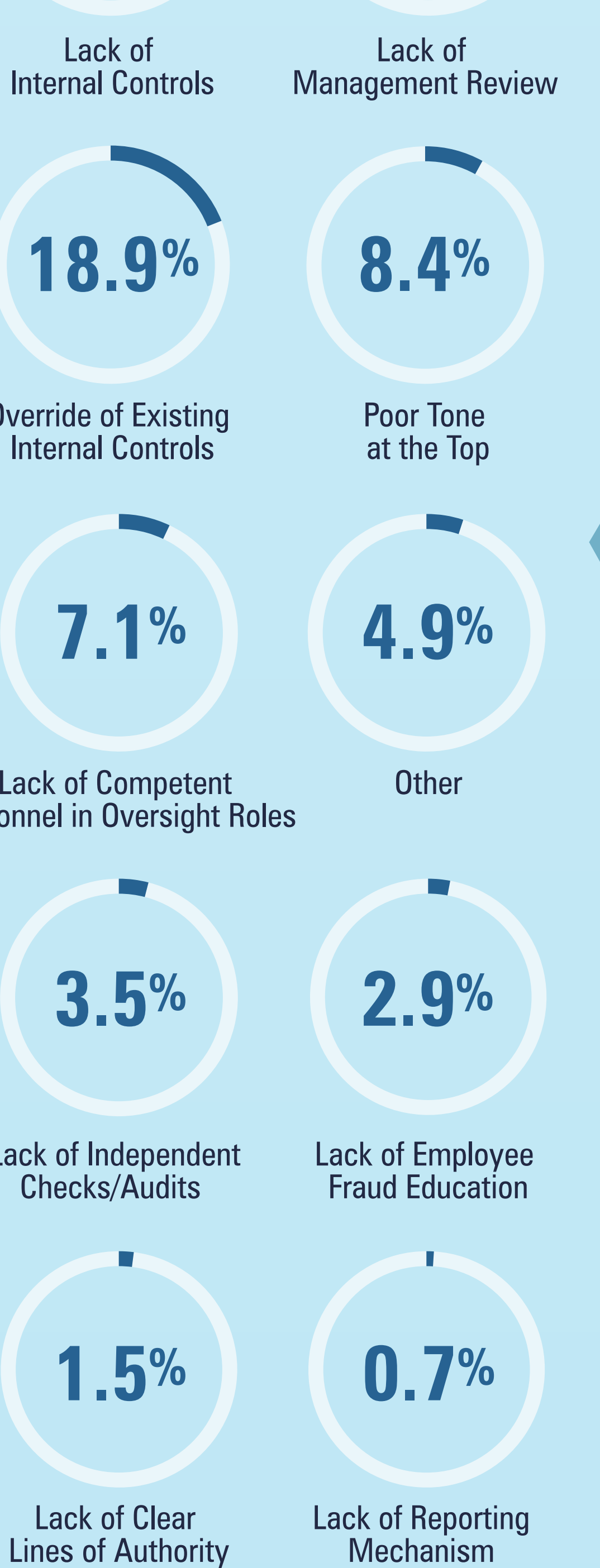
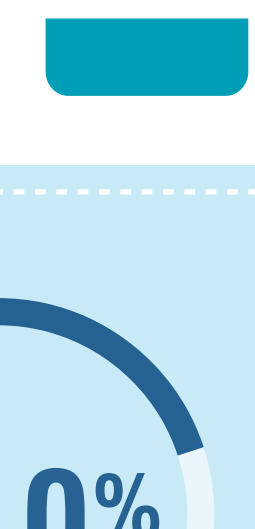


**54** PERCENT OF ORGANIZATIONS HAD HOTLINES

**42** PERCENT OF FRAUDS WERE DETECTED BY TIP

**TIPS ARE THE MOST COMMON MEANS BY WHICH FRAUDS ARE DETECTED**, but only 54% of victim organizations had a formal reporting mechanism in place.

## CONTROL WEAKNESSES CONTRIBUTING TO FRAUD



## RELIANCE ON EXTERNAL AUDITS



**81** PERCENT OF ORGANIZATIONS HAD EXTERNAL AUDITS OF THEIR FINANCIAL STATEMENTS

**3** PERCENT OF FRAUDS WERE DETECTED BY EXTERNAL AUDITS

External financial statement audits serve many useful purposes and were the most common control implemented by victim organizations. However, they were responsible for uncovering **ONLY 3% OF FRAUDS** in our study.

**CFEs cited the lack of effective internal controls as the primary contributing factor in nearly 1/3 of fraud cases.**

