



EXACTECH

Fraud Prevention Solutions



FRAUD PREVENTION NEWSLETTER

Sept. 2009

Editorial...

Welcome to the 2009 Spring issue!

“While everybody could guess in hard economic times fraud was going to go up, what struck me as unusual about the findings was that, despite the number of respondents who say fraud has increased, most don’t intend to spend more on fraud prevention, - to me, that’s wishful thinking!”

- *ACFE president, James Ratley*

In the last two issues of our newsletter we sounded alarm bells about the predicted rise of fraud. We are pleased to say that some organisations have taken the threat seriously and have started to implement the nine fraud prevention building blocks.

However, the majority of organisations that we have met with since September 2008 have remained complacent. Most say they have no budget (one lost nearly R50 million to fraud incidents in the last financial year and another lost over R60 million in one incident and both have decided to **not** implement an anti-fraud program). I wonder if these company directors would be so slow to react if it was their personal funds that were being defrauded? I suppose it’s easy to ignore such huge fraud losses when there is a lack of accountability and audit committees, in these complacent organisations, seem to tolerate fraud losses.

We found that in the past many company directors played Russian roulette when it came to fraud but with the current recession these complacent directors are playing with five barrels loaded, not just one. They cannot win and when the trigger is pulled they may be at the helm of another Enron.

In the 2008 issues we discussed the 9 building blocks of a leading practice fraud prevention programme, of which the two cornerstones are Ethics and Fraud Awareness Training.

If staff members do not know how the organisation wants them to act, what the consequences are of acting unethically and how fraud losses impact their salaries, bonuses and jobs, they will continue to tolerate fraud and theft. Regular fraud awareness initiatives will ensure that these issues are top of mind.

Some people have asked why fraud prevention is getting so much attention lately. Well, it’s simple – preventing fraud saves jobs and in this current recession **job preservation** should be a top priority! Keep in mind that over 30% of bankruptcies are directly attributed to fraud. In addition, employees are being retrenched, and get fired when frauds are eventually discovered so there are many good reasons to ensure that your organisation has implemented a best practice fraud prevention program. In previous issues we also discussed how to get Returns On your fraud prevention Investments of up to 30:1

In the past 12 months Antonio and I have presented training courses in Botswana, Zambia, Tanzania, the UAE & of course South Africa. This demonstrates the need for organisations to find suitable solutions to their fraud and corruption problems.

In the remaining few months of this year we will be delivering fraud prevention courses in Gauteng, Durban, & Windhoek, Namibia. Please see the last 2 pages for details.

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When the economy turns down, fraud turns up

by Mario Fazekas, CFE

Intense financial pressures during the current economic crisis have led to an increase of fraud, according to a survey of fraud experts conducted by the ACFE (Association of Certified Fraud Examiners). Results of the survey, published in the new ACFE report "Occupational Fraud: A Study of the Impact of an Economic Recession," also found that staff layoffs are pervasive and are leaving holes in organizations' internal control systems.

While it's not surprising that the majority of experts say the economic crunch has led to an increase in occupational fraud, what is amazing is that some companies are contributing to or even creating their current high fraud risk and are not doing enough to address this increased risk. As ACFE president James Ratley says...

"While everybody could guess in hard economic times fraud was going to go up, what struck me as unusual about the findings was that, despite the number of respondents who say fraud has increased, most don't intend to spend more on fraud prevention, - to me, that's wishful thinking!"

Here are some of the key findings:

- More than half (**55.4%**) of respondents said that the **level of fraud has increased** (slightly or significantly) in the previous 12 months compared to the level of fraud they investigated or observed in years prior. In addition, 49% observed an increase in the dollar amount lost to fraud during the same period. We have seen increases in fraud in countries such as Botswana and Namibia, who traditionally had low levels of fraud and crime syndicate activity. Our predications are that fraud in Southern Africa will get far worse, especially with the 2010 Soccer World Cup that is estimated will attract about 500 000 visitors. Obviously criminals will be amongst these soccer fans as they know that they will have some nice opportunities to do their dirty deeds under cover of the excitement of the soccer fever.

- About half (**49.1%**) of respondents cited **increased financial pressure** as the biggest factor contributing to the increase in fraud, compared to increased opportunity (27.1 %) and increased rationalization (23.7%). These are the three elements making up the 'fraud triangle'.
- **Employees pose the greatest fraud threat** in the current economy. Many organisations, however, focus on the external threat (customers, vendors, organized crime syndicates) and assume that their staff members are all honest. This is a big mistake as most fraud is perpetrated by 'trusted employees'. Please keep in mind that fraud is a crime of **deception** so if you do not trust someone they cannot defraud you can they?
- When asked which, if any, of several categories of fraud increased during the previous 12 months, the largest number of survey respondents (**48%**) indicated that **embezzlement was on the rise**. For those of you that don't know what the word embezzlement means here is the definition: **Theft of money, under that employee's control, from an employer by an employee using false entries in accounting records to cover up the crime. An embezzler is typically an accountant, bookkeeper or manager who is able to divert income and then cover it up.** Most frauds are detected only after 2 – 3 years of embezzlement so think how much money you could lose if you have an embezzler in your organisation! How will you know – well he or she won't put up their hand if you pose this question at the next staff meeting – you have to look for the symptoms of embezzlement using data analytical tools as an example, which will then lead you to the embezzler. It's like going to the doctor for an annual check-up and he tests your blood pressure, takes blood samples, listens to your heart-beat etc. In the same way you need to check your business for symptoms of fraud at least every year. Fraud, like cancer, does not

want to be found but if you find it soon enough you can prevent it spreading.

- Additionally, **37%** say frauds by **unrelated third parties have increased** and roughly 20% indicate frauds by vendors, financial statement fraud, and corruption have increased.
- Layoffs are leaving holes in organizations' internal control systems. Nearly **60%** of CFEs who work as in-house fraud examiners reported that their companies had experienced layoffs during the past year. Among those who had experienced layoffs, almost **35%** said their company had **eliminated some controls**, while 44.2% said the layoffs had no effect on controls and only 3.2% said their company had increased controls. By retrenching employees segregation of duties, a critical internal control, is affected. If one person is responsible for numerous functions this hugely increases the risk of fraud occurring. And if some controls are totally eliminated then the organisation is looking for trouble – it's like a person who has not had a vehicle accident in the last year saying that they will now remove some of their air-bags and take out the ABS brakes in order to make the car lighter. All they have done is make themselves more vulnerable to injury should they have an accident - it's the difference of a minor or fatal accident.
- Fraud levels are expected to continue rising. Almost **90%** of respondents said they expect **fraud to continue to increase during the next 12 months**. Additionally, the fraud most expected to increase is embezzlement. Well of course fraud levels will rise – the victims are making sure of this by eliminating controls, laying off staff members, and not providing budget for an anti-fraud program. When the economy is down is when an organisation most needs proper fraud prevention procedures!

In a high-risk fraud environment — which some organisations may have created inadvertently through layoffs and other cuts — they need to increase both their fraud prevention and their detection techniques. Of the two, James Ratley says, prevention is the bigger issue. ***"It's such an uncomfortable topic; people are hesitant to address it."***

The current recessionary economy will most probably be with us for the rest of 2009 and maybe even into 2010 so it's crucial that organisations start implementing fraud prevention programs or evaluating whether their existing fraud prevention program elements are working properly. Keep in mind that it's not a recession for criminals – they are more active now than ever!

"The message is simple: Desperate people do desperate things," said ACFE President James Ratley.

"Loyal employees have bills to pay and families to feed. In a good economy, they would never think of committing fraud against their employers. But especially now, organizations must be vigilant during these turbulent times by ensuring proper fraud prevention procedures are in place."

Source: ACFE

The full survey can be downloaded here:

<http://www.acfe.com/documents/occupational-fraud.pdf>

"Anyone who stops learning is old, whether at twenty or eighty. Anyone who keeps learning stays young."

-Henry Ford

New Survey Reveals Impact of Economy on the Global Internal Audit Profession

Auditors react to new risks, respond to financial crisis

The results of a new survey have revealed perspectives on the cause and effects of the financial meltdown, as well as the views of internal auditors regarding how they are responding to the new economic and business environment. Speaking to a gathering of more than 2,000 internal auditors from around the world at The Institute of Internal Auditors' (IIA's) international conference held in mid-May in Johannesburg, South Africa, IIA President Richard Chambers, CIA, shared key results from the survey which reflected responses from 1,665 internal auditors in 57 countries.

"This survey data gives us a global snapshot of how internal auditors view what has happened and how they are dealing with it," said Chambers. "It also tells The IIA what we should look at closer for more in-depth analysis and development of new guidance."

Three major areas of realization emerged from the survey results.

- Internal auditors' views are split on whether risk management could have played a mitigating role in the financial crisis, and a majority felt there were more things internal audit activities could have done soften its impact.
- Organizations are redirecting their internal audit resources to cover recession-related risks. And within organizations receiving stimulus or rescue funds, more than a third of internal audit activities have not addressed risks related to the funding.
- The recession has had a trickle-down effect that has impacted the resources of internal audit functions.

Views on the Crisis' Prevention

Some of the views on how the financial crisis might have been prevented are somewhat evenly split. A slightly higher number of respondents disagreed (36 percent) than agreed (34 percent) that their organization's current financial situation could have been prevented with better risk management. However, a much higher number of respondents agreed (53 percent) than disagreed (23 percent) that internal auditing could have helped identify key risks to mitigate some of the current economic impacts their organization is facing. Possible reasons why risk management and internal auditing did not prevent the financial crisis were discussed at a recent roundtable meeting of chief audit executives (CAEs) from Fortune 100 companies in the U.S.

"Some CAEs said many of the risks in their specific organizations were rated with extremely low probability, and they were triggered by circumstances that could not have been anticipated – calling the crisis comparable to a 100-year-flood," stated Chambers in referencing the roundtable discussion held with U.S. Fortune 100 companies. "Many are now contemplating new approaches to risk assessment, and looking closer at factors such as probability, possible impacts of risks, and their organization's preparedness for these risks."

Read more about the roundtable discussions with the CAEs from U.S. Fortune 100 companies at

<http://www.theiia.org/theiia/newsroom/news-releases/index.cfm?i=9461> that has a link to the resulting IIA whitepaper titled,

["A World in Economic Crisis: Key Themes for Refocusing Audit Strategy"](#)

The Changing Environment

In response to the recession over the past year, 46 percent of the respondents have increased their focus on cost containment and expense reduction, 46 percent have increased their coverage of operational risks, and 41 percent have increased their coverage of the

assessment of the effectiveness of risk management. Compliance and credit risks have also experienced additional scrutiny, as well as liquidity risks and risks associated with third parties in financial distress. The survey confirmed that internal auditors will continue to focus on almost all of these risk areas over the next 12 months while giving even more attention to operational risks, the effectiveness of risk management, and compliance.

“The fact that organizations have been shifting their internal audit resources to cover these emerging risks is certainly good news,” commented Chambers. “And it’s better news that they’ll devote even more resources to these risks in the coming year. This tells us that organizations are becoming keenly aware of the value risk-based internal auditing.”

Internal Auditing and the Stimulus / Rescue Funds

Of the small percentage of respondents (7%) whose organizations had received stimulus or rescue money from the government, 34% of the internal audit activities have not addressed related risks. Of those organizations that have addressed risks related to this type of funding, 28 percent are focusing on the related compliance risks.

Impact of the Economy on Internal Audit Capabilities

The recession has had a trickle-down effect on many business functions, including internal audit capabilities.

Eighty-three percent of the respondents reported their companies have been negatively impacted by the economy. As a result, a significant percentage the respondents’ internal audit activities (43 percent) have experienced a decrease in their internal audit budgets.

The most common ways to accommodate those budget cuts have been to limit travel and training, as well as freezing or reducing compensation expenses.

The IIA’s whitepaper titled, “[A World in Economic Crisis: Key Themes for Refocusing Audit Strategy](#)” has listed seven recession-related areas susceptible to fraud:

1. Corporate procurement cards.
2. Sales commissions and bonuses.
3. Payroll.
4. Overtime.
5. Expense reports.
6. Inventory.
7. Accounts payable.

The above seven fraud types are relatively easy to detect – if there is active monitoring, but in most organisations people are ‘too busy’ doing their job to monitor transactions for fraud. How do we know this? Well how about these examples:

- The employee who bought \$4000,00 worth of Victoria’s Secret items on his corporate card.
- An employee paying for a \$40 000,00 Mediterranean cruise for him and his family on his corporate procurement card!
- The employee who downloaded \$100 000,00 worth of music and movies and paid for these with his corporate credit card. (Check out more outrageous frauds at <http://www.fraudies.com/>).

We are not amazed that these people did these things because that’s what some people do. We are amazed that they were detected by accident months after the first purchase had been made!

This is where CCM (Continuous Controls Monitoring) plays a huge role. As we mentioned in a previous newsletter article, CCM is the equivalent to having your controls monitoring on auto-pilot. All you need is a product such as ACL, we then can write the scripts that are most appropriate for your business and you sit back and receive daily or weekly reports of anomalies in each business function. Not just fraud but other anomalies that impact efficiency as well.

For more information on CCM please contact Antonio Pooe on antonio@exactech.co.za or Cell: 072 781 4157 ■

Unsung Fraud-Fighters: Your Accounts Payable Team

By Peter Goldmann

I recently returned from the annual convention of the International Accounts Payable Professionals (IAPP). Though the absence of the word "association" or "society" or "institute" behind its title doesn't readily indicate that it is a professional group, the IAPP has been exactly that for about 17 years. It has about 5,000 members and just one overseas (London) chapter, so it's no ACFE or AICPA or IIA for that matter.

Yet in its own modest way, the IAPP gets the job done for its members who are for the most part exactly what the name of the organization says they are: accounts payable professionals.

Why all of this background about a small, relatively obscure trade association? Because these folks represent a potentially critical collective impediment to dozens of types of fraud.

They sit at the frontlines of any organization's financial systems and what they do impacts the efficiency -- or lack thereof in the case of "old school" financial executives -- of purchasing and procurement, supply chain operations, manufacturing operations, financial operations, legal, human resources, compliance and, of course, payments and disbursements.

Thus, when the AP function runs smoothly, virtually every other function in the organization does as well. More importantly from an anti-fraud perspective, if your AP team is trained in the numerous types of fraud that can occur in these functions, they are able to detect and often prevent many of these crimes.

The problem: AP, while critical to the anti-fraud defenses of the organization, is on no one's radar. They're just there in the back office doing their thing -- processing invoices and paying the vendors.

Now, however, thanks to the efforts of the IAPP, this stigma of second-class corporate citizenship may be starting to change. And today's growing risks of fraud have a lot to do with it.

THE AP FRAUD FACTOR

As mentioned above, because they are located at the epicenter of everything financial, it stands to reason that AP employees are in positions to detect and prevent any number of potential frauds. Let's count the ways. Having direct impact on the AP process, you've got:

- Internally perpetrated billing schemes
- Externally perpetrated billing schemes
- Tampering with the Vendor Master File to add phony vendors, change legitimate vendors' addresses, alter vendor bank account information, etc.
- T&E fraud
- Purchasing card (P-card) fraud (Remember Tom Coughlin, the former Wal-Mart co-chairman who charged \$500,000 of personal expenses including a \$5,000 pair of alligator cowboy boots to his corporate P-card?)
- Payroll fraud (the good-old "ghost" employee scheme comes readily to mind)
- Check fraud (Where to start: Stealing blank company checks? Forging endorsements? Forging signatures? Counterfeiting your organization's checks? The list goes on and on)

And then you've got a whole slew of collusive AP-related frauds like kickback schemes and bribery. Now, you may say that AP staffers can't or aren't in a position to take bribes or kickbacks. And in some -- undoubtedly too few -- organizations, the segregation of duties to prevent this are well in place. But what about the procurement guys? When a vendor pays off a purchasing manager to award him a piece of business he might otherwise not get or to submit invoices with prices in excess of what he'd normally charge, who ends up processing the payments? Right. AP.

Then we have the external AP fraud threat. While businesses need every customer they can get in these difficult economic times, management must not lose sight of the forest for the trees. Not all customers are perfect models of integrity. Applying the Fraud Triangle theory in

this economy -- whether it's a retail or a commercial customer -- given the financial pressure they're under, if given an opportunity to scam, chances are they'll find a way to rationalize doing it.

As recommended by The Accounts Payable Network, organizations should be sure that they have adequate segregation of duties in place for processing customer refunds. That means refunds should not be processed by anyone who is involved with customer data input or billing activities. And, of course, before issuing any customer refund checks ensure that 1) the customer is legitimate; and 2) all supporting documentation on the reason for the refund is valid and accurate.

AP FRAUD AT THE TOP

On a more costly and disturbing note, management's authority to override AP anti-fraud controls can be abused to commit crimes that are far costlier than those committed by lower level employees, but are also abusive and unethical from a management point of view. I call this "fraud by intimidation."

For example: a senior executive instructs an AP manager to cut a check made out to cash or to "XYZ Corporation" for a significant six-figure amount. The rules say that any check request for more than \$10,000 requires the written approval of two senior managers as well as full documentation of the payment (an invoice, purchase order, charitable gift documentation, etc.). The AP manager, concerned about being hauled on the carpet for insubordination musters the courage to meekly inform the executive that the rules require documentation prior to cutting the check. Unsurprisingly, the executive barks at the AP manager to mind his own business and just cut the check and deliver it to his desk within an hour.

At the IAPP conference I asked a veteran AP manager how she had dealt with this problem in the past. Her response: "What could I do? I needed my job."

THE BOTTOM LINE

This particular AP manager may have had the courage required to refuse the intimidating executive's request for the check if the rest of the management team -- and the Board for that matter -- realized how critical AP is to the fraud prevention process and implemented policies encouraging AP staff to blow the whistle on incidents of management override, and had repeatedly emphasized that doing so would in no way jeopardize the whistleblower's job security.

AP managers and staff are skilled professionals in key positions to detect, prevent and report a wide variety of internal, external and collusive frauds. Top management must begin to realize this by:

- Paying them at a rate commensurate with the significant responsibility they have for maintaining the organization's financial security.
- **Training them in the many types of fraud that they may encounter in their day-to-day duties.**
- Incorporating into the organization's Tone at the Top the message that Accounts Payable is among the organization's most critical centers of corporate ethics and integrity and must be treated with the same respect that operations, finance, purchasing and human resources are.

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Peter Goldmann is author of the just-released book, "Detection and Prevention of Accounts Payable Fraud," available in the [ACFE Bookstore](#).

He is also the Editor and Publisher of the monthly newsletter, White-Collar Crime Fighter, <http://www.wccfighter.com>. ■

Fraud and Corruption in Southern Africa

For the past 12 years Antonio and I have been delivering presentations on fraud prevention in Southern and East African countries. Each country is obviously unique but we found that we could divide them into two primary groups:

Tanzania, Malawi, Zambia, Zimbabwe, Mozambique, Swaziland, South Africa and Lesotho had an attitude that fraud was a problem that needed to be dealt with. Most victim organisations, however, did not have budget to take the appropriate anti-fraud actions.

Botswana, Mauritius and Namibia, felt that fraud was minimal in their respective countries. In 2002 we were training the Mauritius Economic Crime Office (ECO) in fraud & corruption prevention and the general consensus from the audience was that corruption did not exist in Mauritius. Within the next few months, however, the ECO office was closed down, apparently by a politician that they were investigating for corruption!

Botswana and Namibia have also not fared much better - how could they remain unaffected being neighbors to South Africa! In Botswana the types of headlines we are seeing now are: ***'Police chiefs warn of spiraling crime in Gaborone'***, and ***'Botswana in multi-billion Pula fraud'***.

In Namibia, there is a publication called Insight Corruption Tracker, which publishes statistics, based on corruption cases that have featured in the GraftWatch column, appearing each month in insight magazine since July 2005. The current issue – July 2009 – lists 244 cases being recorded to date with only 36 having been resolved. That means 87% remain unresolved. Based on those statistics, there are on average five new corruption cases each month.

In a 2007 global white-collar crime survey, it was found that South Africa had the worst white-collar crime rate in the world.

In the 2008 ACFE fraud survey it was found that the average organisation loses 7% of its annual turnover to fraud and that 30% of all bankruptcies can be attributed to fraud.

In June 2009, Moneyweb was quoted as saying 'Fraud is now the leading illegal money-spinner in the world, exceeding drug running'.

No longer can any country or organisation deny that fraud and corruption are huge problems yet complacency still endures. Why you may ask? I think it's summed up best in the latest Fraud Advisory panel annual review:

Why does much of business still not treat it as a major risk?

Is it because fraud is still considered a victimless crime? Or a crime that only affects well-off people whose folly merits little sympathy? Although there is an increasing awareness of the devastating human, social and economic impact that fraud can have at local, national and international level, more must be done.

"Step changes in corporate fraud management depend on scandals shocking firms into action. That's often true of government as well. In the absence of an Enron-type crisis it's never going to be easy to get dramatic changes – you just have to keep chipping away."

Panel Trustee Ken Farrow (a former Head of the City of London Police Economic Crime Department) highlights the problem of **"control delusion"** in large parts of business. ***"Many executives like to think of themselves as 'big picture people' and don't know why fraud happens or how controls are made effective. They take a passive approach and see fraud prevention as just another overhead."***

Martin Robinson agrees. "Risk management falls down when it's too reliant on box ticking rather than evaluating individual functions and root causes."

The full report can be downloaded here:

http://www.fraudadvisorypanel.org/newsite/pdf_show.php?id=82

Upcoming Fraud Training Courses:



1-day Fraud & Corruption Risk Management Workshop.

The Secret to Fraud Risk Management in
an economic downturn:

“If you were to ask a group of typical accountants what deters fraud, they would respond in unison: ‘Internal control!’

Using this logic, companies with adequate controls would not have fraud. But they do, time & again”

– Joe Wells, founder of the Association of
Certified Fraud Examiners

Course Outline

Fraud is a serious risk that every organisation needs to manage yet despite the ongoing global focus on corporate governance and risk management, we are still seeing major organisations falling victim to fraud.

The success of a fraud risk management program relies on an organisation implementing a holistic anti-fraud strategy that is dynamic and sustainable.

In this CIMA MasterClass, presented by Mario Fazekas, the following questions will be answered:

- How does the current economic recession affect fraud?
- How can organisations prevent & detect fraud in this era of ‘Budget Cuts’?
- What is current global leading practice that can assist accountants and auditors to deter frauds?
- How can the CFO be convinced to invest in such a program?

Keep in mind that fraudsters don’t slowdown their activities during an economic recession – they step up their pace and you need to be more vigilant now than ever before.

Date and venue:

Windhoek: 29 September 2009

**Windhoek Country Club, Pioneers Park,
Windhoek, Namibia**

Cost: N\$1200.00 (handouts, refreshments
and lunch included)

Time: 8.30am- Registration

9.00am - Workshop starts

4.30pm - workshop ends

Book now! Contact us for more information:

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This course was run in Johannesburg on 3 Sept. 2009, here are some delegate comments:

- *Made me aware of the fraud risks to my clients and myself.*
- *I definitely enjoyed every minute and it was a big eye opener.*
- *Thank you for an excellent course - I was so impressed by your knowledge, presentation skills and enthusiasm.*
- *I am now able to go back to my company and plug the gaps.*
- *Made me realise that fraud is possible even if there are internal controls.*
- *It created a strong awareness in me on how to prevent and detect fraud.*
- *Mario has inspired me to go back and enhance our anti-fraud initiatives.*
- *Integrity and values must be the cornerstones to any organisation.*
- *The seminar was excellent, and I greatly enjoyed the examples you provided of moral relativism, as well as the areas of vulnerability.*



4-day 'How to Prevent & Detect Fraud':

➤ 23 - 26 November 2009

Presented by **Mario Fazekas**

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SAICA Fraud Prevention and Cyber-Crime Workshop

Presenters: **Mario Fazekas & Antonio Poee**

12 October 2009 – Durban (morning)

Sun Coast Casino [Reserve a seat](#)

For further information, please e-mail:
marciam@saica.co.za



Antonio presenting to 150 SAICA delegates in Sandton – 17 August 2009.

HR's role in Fraud Prevention

At our various fraud awareness workshops we ask the audience what course of action they would take with an ethical dilemma. The dilemma has four possible answers, the correct one being **'Ask HR to look into the situation'**, yet the majority of delegates say they would not choose this option as their HR department **'has no teeth'** and does not stick up for staff.

HR obviously has to walk a fine line between loyalty to the management team it reports to and is paid by – and loyalty to employees who expect support and honest advice. HR needs to fulfill both obligations and should not be seen simply as puppets of management.

Out of the recommended nine building blocks HR can own or be involved with at least the following six:

- **Code of Ethics**
- **Recruitment**
- **Training & Awareness**
- **Policy**
- **Whistle-blowing mechanism**
- **Accountability**

In the current environment where the ethics of organisations & their directors are being questioned, HR leaders face new challenges in the counsel they provide the Board and management on issues of legal compliance, whistle blowing and ethics. If ever HR wanted to be at the management table to influence decisions and the direction of the business, fraud prevention could be their opportunity, positioning HR as not just an admin function but as a strategic partner.

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