

## **PROCEDURES TO PREVENT FRAUD IN ORGANIZATIONS**

### **DEFINITIONS**

**What is fraud?** Fraud is a deliberate act of deception by whatever means aimed at personal gain, material or otherwise at the expense of the victim.

**What is detection?** Fraud or corruption detection refers to the discovery of the ongoing wrong doing. To detect also means to uncover or reveal the fraudulent or corruption laden transactions or dealings.

**What is strategy?** In the context of fraud or corruption control or fighting, strategy is an approach deliberately designed to deal with the fraud or corruption problem. Strategy refers to all systems and or policies/procedures put in place to fight fraud and corruption in an organization. Fraud detection strategies are as many as human ingenuity and creativity can design.

Fraudsters are opportunistic, creative and innovative. Quick to identify new targets and to adopt new tools and techniques.

Awareness is the best defense against fraud.

The following procedures can help in fraud management an organization

- I. Proportionate procedures**-anti fraud procedures should be proportionate to the risk faced by the nature and complexity of organizations activities.

- II. **Top management commitments**-senior management must be committed to active in preventing fraud, working to foster a culture in which the practice is never acceptable.
- III. **Risk analysis**-the organization makes regular well informed and clearly documented assessment of internal and external fraudulent activities and the risk it faces.
- IV. **Due diligence**-the organization applies due diligence who will offer services on its behalf as a means of mitigating and confronting identified risk.
- V. **Effective communication**-through internal and external communication and training management seeks to ensure that prevention is emended and understood clearly throughout the organization.
- VI. **Monitoring and review**-anti fraud procedures must be monitored and reviewed so that they can be improved where necessary.

❖ **NOTE- How a fraudster thinks.**

Fraudsters think seven times a day whereas the average manager or staff of an organization or government thinks rarely or none at all. A fraudster thinks of a fraudulent scheme or strategy when he wakes in the morning, at mid-day he or she thinks of another strategy, at evening he or she thinks and designs yet another strategy, at around 11.00pm just before he or she goes to sleep he or she thinks about another strategy, at around three he wakes up and thinks about two strategies and prays for their success and at dawn he or she thinks about the final strategy for that day just before he wakes up for breakfast!!!!!! During all this time, the managers and other staff including the common man are totally asleep!!!!!! Can such people match fraudsters or win against them? Never! This is why fraudsters are always ahead. They strike many times before the people who think not wake to find that it is too late!