

Introduction to Fraud and Fraud Prevention

It's estimated that the cost of fraud to UK businesses could be as high as £190 billion each year, with over 70 per cent of fraud occurring in the private sector and over 20 per cent in the public sector.

An increasing number of companies are experiencing fraud, or finding they need to invest more to prevent it. Ensuring your organisation understands the different types of fraud and how to prevent it is vital, and will help you protect your business and employees from the serious consequences fraud can result in.

The Course

The Highfield e-learning Introduction to Fraud and Fraud Prevention Short Course is designed to help your organisation understand the nature of fraud, how you may be vulnerable and its effects. It will give you the knowledge needed to reduce risk within your organisation and implement anti-fraud policies.

The course forms part of a suite of short e-learning course that focus on different types of economic crime and is ideal for employees in busy workplaces who need to understand the issues around fraud.

Areas Covered

- The definition of fraud
- Different types of fraud
- Legislation relevant to fraud
- The consequences of fraud for individuals, businesses, and organisations
- The facts that explain how and why fraud occurs
- Circumstances that increase the likelihood of fraud occurring
- Fraud risk management
- Creating a zero-tolerance culture
- Anti-fraud policies
- Preventing and detecting fraud
- Fraud investigation

Who Is It Aimed At?

Any employee who may be in a position where fraud is a potential risk, as well as their managers. It can also be used as a stand-alone module by anyone interested in finding out more about economic crime and the legislative requirements placed on individuals and businesses to combat it.

Prerequisites

No prior knowledge needed.

Duration

20 to 40 minutes.

Fraud risk management

The implementation of risk management procedures can help to reduce the risk of fraud occurring. Risk management is a systematic and ongoing process of identifying risks, assessing the potential impact of them, identifying and implementing measures to control and reduce risks, and monitoring the success of the controls.

Click on the stages of the fraud risk management process to find out more.

Monitor, review and refine

Organisations must monitor activities, risks and the effectiveness of control measures on an ongoing basis. Corrective action should be taken to rectify any weaknesses or failings identified.

Each element of the fraud risk management cycle should be reviewed to ensure that, as business activities change, any new risks are identified and addressed.

Fraud risk management cycle:

- 01 Identify areas of risk
- 02 Assess the impact of risk
- 03 Identify measures to manage risk
- 04 Implement the strategy
- 05 Monitor, review and refine

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Developing a zero-tolerance culture

Organisations should work to develop a culture of zero-tolerance to fraud.

Core values of honesty, integrity and openness must be evident at all levels of the organisation, from senior management down.

There must be clear communication of what is expected from employees including anti-fraud policies, procedures and training.

Developing an effective counter-fraud culture is reliant on all employees understanding that they have a responsibility to act ethically and are accountable for fraud detection.

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Discovering and reporting fraud

Figures provided by the Association of Certified Fraud Examiners identify the ways in which occupational fraud is initially detected.

Drag the detection methods into what you think is the correct order, with the most common at the top of the list, then click 'check answer' to find out if you are correct.

Detection Method	Percentage
Management review	42%
IT controls	16%
Tip off	4%
Surveillance/monitoring	2.8%
Document examination	1%

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Preventing fraud

When considering measures to prevent fraud, it can be helpful to refer back to the 3 enabling factors identified in the fraud triangle: motivation, opportunity and rationalisation.

Click on the elements in the fraud triangle to find out more.

Opportunity

Opportunity is the element that an organisation has the most control over. Organisations should implement working practices, policies and procedures that limit opportunities to commit fraud.

Outlining the consequences of committing fraud can make the risks for an individual more real, reducing the likelihood of them acting fraudulently.

Measures taken to detect fraud can also act as a deterrent when individuals understand that they are unlikely to get away with criminal activity.

Fraud Triangle: Motivation, Opportunity, Rationalisation

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