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BY DYLAN LOH



File photo of workers in the financial sector

SINGAPORE: Experts say stringent enforcement and communication of anti-fraud policies to staff are key areas companies should improve on, to reduce corporate fraud.

A recent survey by auditor KPMG and the Singapore Management University shows that fraud incidents committed by employees have been on the rise in Singapore. They accounted for 58 per cent of all corporate fraud cases over the past year, up from 47 per cent three years ago.

The survey covered about 100 firms across various industries, which are listed on the Singapore Exchange. Experts say many firms have anti-fraud measures in place, but it's the implementation that needs work.

Mr Owen Hawkes, Partner, Forensic at KPMG Advisory says that while management has "zero-tolerance" for fraud, they do not take preventive measures to tackle the problem

"Companies will sometimes put in place a risk management framework, but after drawing up and assessing the need for the framework, they put it in a drawer somewhere, let it gather dust and consider the job done."

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Therefore, for anti-fraud policies to bite, experts say, there has to be consistent follow-up, though corporate culture also plays a part.

Experts agree that companies need to emphasise business ethics, from senior management all the way to ground-level staff, which can help reduce the propensity for dishonest practices to occur in the first place. This emphasis can be communicated through training courses to raise fraud awareness.

According to experts, this should go hand-in-hand with whistle-blowing policies that help employees feel safe should they need to report suspicious activity.

Associate Professor Mak Yuen Teen from the Department of Accounting in the Business School at the National University of Singapore said: "Even if what they report turns out to be wrong, they need some assurance that they're not going to be punished as long as it was not malicious - they didn't do it because they didn't like somebody, for example."

Experts say ideally, firms should have an independently-managed whistle-blowing hotline, and it will be good practice for firms to review their anti-fraud measures every two to three years, as business practices change.