

Internal fraud rising in Singapore companies, says survey

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SINGAPORE: More than a quarter of corporate executives in Singapore have witnessed at least one fraud incident within their organisation over the past two years, shows a survey by KPMG.

The survey, by KPMG Singapore released today, concluded that 29 per cent of the respondents cited awareness of at least one fraud incident within their organization over the past two years, up from 22 per cent in 2011.

"Internal fraud has risen since 2011 and remains the most significant threat," said the survey conducted by KPMG with the support of Singapore Management University (SMU).

The survey found that 58 per cent of the fraud incidents reported in 2014 were perpetrated by employees, up from 47 per cent in 2011.

The survey also found that a typical fraudster in Singapore is a male employee between the age of 25 and 40.

Such person would have spent 2-5 years in the company and is paid between SGD 50,000 and SGD 100,000 per annum.

It also disclosed that 17 per cent of the fraud incidents reported in 2014 involved board members and senior company management, unchanged from 2011.

The survey had 53 per cent of respondents saying that fraud occurred to weak or over-ridden internal controls despite most having fraud risk management measures.

Fifty nine per cent of respondents felt that employees were well informed of fraud risks, despite 85 per cent saying that fraud and ethics policies were communicated to all staff.

Only 20 per cent of respondents were completely satisfied with how their organisations were defending against e-crime.

Internal fraud constitutes 75 per cent of fraud cases in 2014, up from 64 per cent from three years' ago, according to the survey.



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"The increase in internal fraud since 2011 suggests that while many companies in Singapore already have anti-fraud controls in place, these controls are often inadequate," said Bob Yap, Head of Advisory at KPMG Singapore.

The survey was conducted in the last quarter of 2013, with questionnaires sent to top companies incorporated in Singapore and those listed on the Singapore Exchange.

The 103 executives who replied to the questionnaire included directors and senior executives across a broad range of industries and companies.

About 85 per cent of respondents said fraud and ethics policies were communicated to employees but only 59 per cent felt employees were well-informed of the risks of fraud.

In terms of managing third-party risks, 91 per cent of respondents said they were concerned about the conduct of external parties but only 41 per cent communicated their fraud and ethic policies to third-parties, the survey stated.