The business risks of fraud

[Law](Law)

For instance, and organization that found out fraudulent payments were being paid out put in place measures to detect and account for payments not made within the accounting system, such as petty cash and manual checks. This response was in recognition that adequate internal controls and auditing were key elements in fraud deterrence initiatives and that upper management and accounting personnel committed 50 percent of the occupational fraud. Apart from an enterprise resource planning application for detection on a large scale, the fraud risk management program included written policies on what was expected of senior management by the board of directors regarding fraud risk.

The organization also undertook to assess fraud risk exposure periodically to uncover potential schemes. Such structured responses are designed to minimize the chances of alerting the fraudsters and are supplemented by reporting process aimed at soliciting input on probable fraud (Cohen, 2006). This way, it was possible to detect curious payment patterns and missing or altered documents, such as backdating and inconsistent invoice serialization and amounts under specifically approved thresholds.