

A dark blue world map is visible in the background, centered behind the text.

LIVE

READ THE HEADLINE

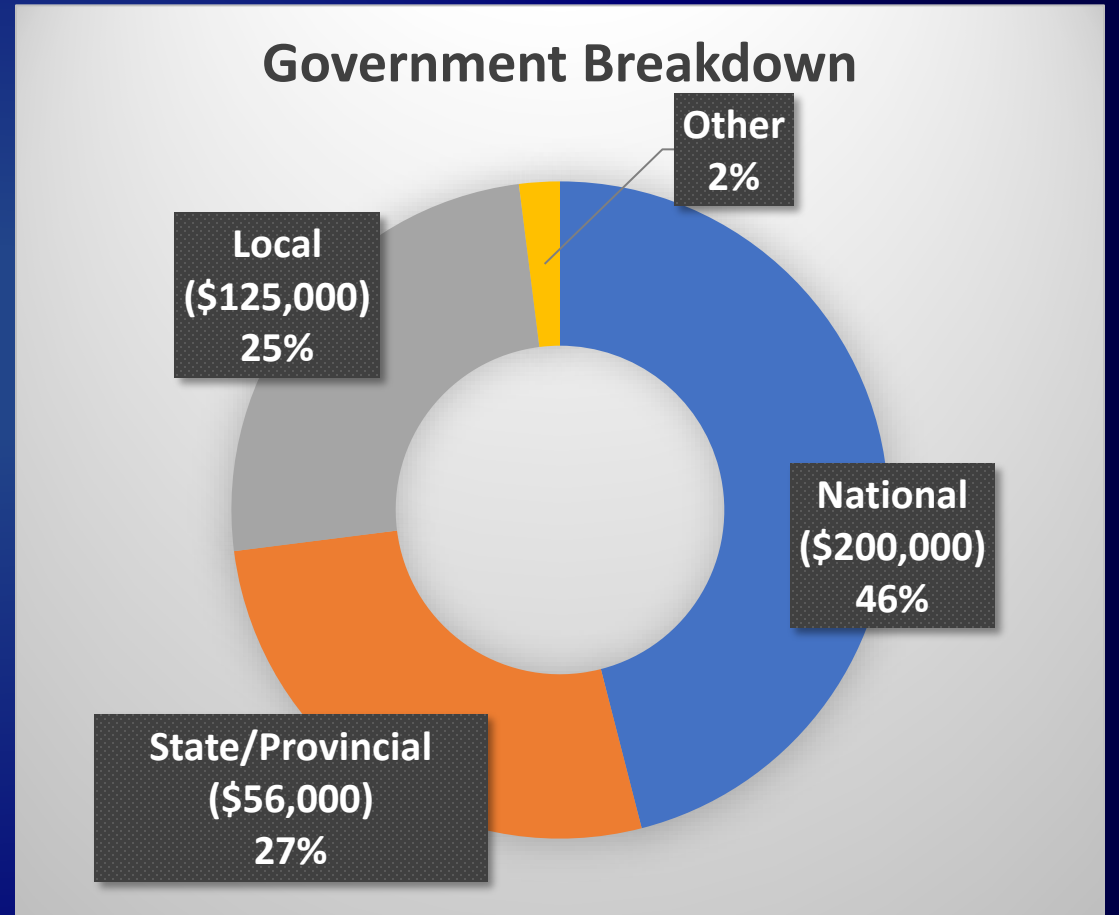
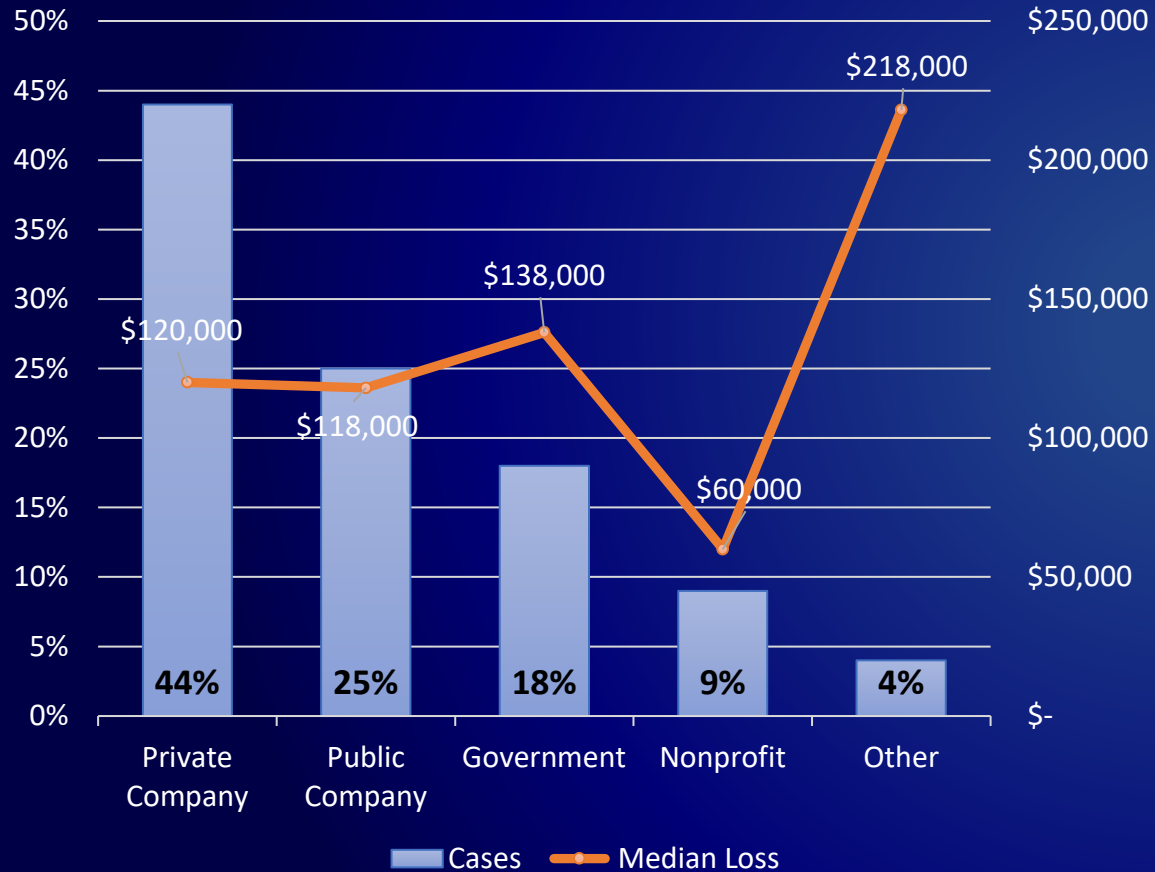
DON'T BE THE HEADLINE

OCCUPATIONAL FRAUD 2022: A REPORT TO THE NATIONS

Association of Certified Fraud Examiners

<https://rb.gy/lbga>

VICTIM ORGANIZATIONS - TYPES



MOST COMMON OCCUPATIONAL FRAUD SCHEMES FOR GOVERNMENT

	Cases	Billing	Cash Larceny	Cash on Hand	Check & Payment Tampering	Corruption	Expense Reimbursements	Financial Statement Fraud	Noncash	Payroll	Register Disbursements	Skimming
Government & Public Administration	198	21%	8%	7%	9%	57%	12%	8%	16%	16%	3%	8%

Where does Fraud Happen?

<https://icma.org/articles/pm-magazine/fraud-and-embezzlement-local-government>

- Fuel Use Management
- Procurement/purchasing functions
- IT and cybersecurity
- Utility operations and utility billing functions
- Grant Management, including ARPA funding
- HR operations
- Permitting operations
- Inventory management
- Payroll management, including overtime use
- Accounts payable and accounts receivable
- Cash handling throughout all departments
- Scheduled drug management (fire/EMS) or Evidence Handling (Police)

Why does Fraud Happen?

<https://www.acfe.com/fraud-resources/fraud-101>



The Fraud Triangle hypothesizes that if all three components are present — unshareable financial need, perceived opportunity and rationalization — a person is highly likely to pursue fraudulent activities.

CORRUPTION!

**LA CITY COUNCIL MEMBER INDICTED ON
FEDERAL BRIBERY CHARGES**

**MUNICIPAL EMPLOYEE PLEADS GUILTY TO WIRE
FRAUD CONSPIRACY**

**SEC CHARGES LOUISIANA TOWN AND FORMER
MAYOR WITH FRAUD IN TWO MUNICIPAL BOND DEALS**

**ALABAMA TOWN'S TRAFFIC TICKETING SCANDAL
LEADS TO POLICE CHIEF'S RESIGNATION**

SKIMMING!/ INVENTORY MISUSE!

INVENTORY MISUSE!

**COURT CLERK STOLE COURT PAYMENTS; WROTE
CHECKS TO CODEFENDANTS**

**EXECUTIVE DIRECTOR OF OREGON LIQUOR AGENCY
RESIGNS AMID SCANDAL OVER RARE BOURBONS**

**DALLAS COUNTY SHERIFF'S OFFICE EMPLOYEE
BILKED \$250,000 FROM JAIL COMMISSARY FUND**

FRAUDULENT DISBURSEMENTS!

**TWO GRAPEVINE CITY DIRECTORS SPENT THOUSANDS
IN PUBLIC MONEY ON SHOPPING, TRAVEL**

**CITY OF DOTHAN EMPLOYEE FIRED AMID FEEDING
SCANDAL, ARRESTS POSSIBLE**

**FORMER ASSISTANT CITY CLERK PLEADS GUILTY TO
STEALING \$160,000 FROM SMALL COMMUNITY**

FAKE COMPANIES!

**A SUSPICIOUS FIRE, A FAKE AUDITOR, AND \$656,90 STOLEN
IN WISE COUNTY TOWN KNOWN FOR ALIEN LANDING**

**FORMER JOHNSON CITY EMPLOYEE PLEADS GUILTY TO THEFT
OF MORE THAN \$1M**

COVID FUNDS!

MAYOR OF STONECREST AND BOOKKEEPER ARRAIGNED ON FEDERAL CHARGES RELATING TO THEFT OF COVID-10 RELIEF FUNDS

FORMER STATE REP, WEST HAVEN CITY EMPLOYEE PLEADS GUILTY TO STEALING FEDERAL COVID FUNDS

EVERYTHING!

**FORMER BARDSTOWN CHIEF FINANCIAL OFFICER SENTENCED TO
35 MONTHS IN FEDERAL PRISON FOR EMBEZZLING CITY FUNDS**

WHAT WERE THEY THINKING!

**TOWN IN JAPAN BUILDS GIANT SQUID WITH
COVID RELIEF FUNDS**

**LEGEND OF THE WORLD'S LITTLEST
SKYSCRAPER**

**BIZARRE! SPAIN SPENDS \$276 MILLION ON TRAINS
THAT TURNED OUT TO BE TOO BIG FOR ITS TUNNELS**

ORGANIZATIONAL LESSONS

The presence of anti-fraud controls is associated with



AND



LOWER
fraud losses

QUICKER
fraud detection

Nearly **HALF** of cases occurred due to:

Lack of internal controls

OR

Override of existing controls

29%

20%



81% of victim organizations **MODIFIED** their anti-fraud controls following the fraud.

75%

Increased management review procedures

64%

Increased use of proactive data monitoring/analysis

ACTIONS TO TAKE

- Complete a comprehensive fraud risk assessment throughout all levels of your organization – not just finance.
- Ensure you have an updated and modernized cybersecurity incident response plan in place.
- Make certain you have correctly implemented multifactor authentication (MFA) for a variety of functions, including employee password resets, changing vendor banking information, etc.

QUESTIONS?



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