

Occupational Fraud and Abuse Statistics

Only **12%** of frauds are committed by previous fraudsters. Most frauds are committed by apparently honest employees.

The median recovery cost among victim organizations is only **20%** of the original loss. Almost **40%** of victims recover nothing.

Fraud is committed:

- ✦ 41.8% in private companies
- ✦ 30.3% in public companies
- ✦ 15.8% in government
- ✦ 12.2% in not for profit organizations

46% of frauds committed are towards small companies that employ **fewer** than **100** people.

Typical US organization loses **6%** of its annual revenue to fraud

Initial Fraud Detection

- ✦ Tip – 39.6%
- ✦ Internal Audit – 23.8%
- ✦ By Accident – 21.3%
- ✦ Internal Controls – 18.4%
- ✦ External Audit – 10.9%
- ✦ Notified by the police – 0.9%

Tips

- ✦ 60% from employees
- ✦ 20% from customers
- ✦ 16% from vendors
- ✦ 13% from anonymous sources

3 Major Categories

- ✦ 92.7% - **Asset Misappropriation** – involves the theft or misuse of an organization's assets
- ✦ 30.1% - **Corruption** – procuring a benefit for themselves or another person, contrary to their duty to their employer or the rights of others
- ✦ 7.9% - **Fraudulent schemes** – falsification of an organization's financial statements

Cash Fraud

- ✦ 74.1% **Fraudulent disbursements** – false invoices, forging cheques
- ✦ 28.2% **Skimming** – cash is stolen before it is recorded on the books
- ✦ 23.9% **Cash Larceny** – cash is stolen after it is recorded

Age = Fraud

- ✦ >60 – 2%
- ✦ 51-60 – 15.1%
- ✦ 41-50 – 32.0%
- ✦ 36-40 – 16.2%
- ✦ 31-35 – 18.0%
- ✦ 26-30 – 10.7%
- ✦ <26 – 5.9%

Education = Fraud

- ✦ High School or less – 49.5%
- ✦ Bachelor Degree – 41.5%
- ✦ Postgraduate – 9.1%

of Perpetrators

- ✦ One – 65.1%
- ✦ Two or more – 34.9%

Source: ACFE Report to the Nation on Occupational Fraud and Abuse