New Report Offers Tools and Techniques to Help Build a Fraud-Resistant Organization

Anti-Fraud Collaboration Report Outlines Roles and Responsibilities in Fight against Financial Reporting Fraud, Examines Special Challenges Global Companies Face in This Effort

Washington, DC – Financial reporting fraud can prove costly for investors and other capital market stakeholders. A new report from the Anti-Fraud Collaboration takes a fresh look at best practices for fraud deterrence and detection, highlighting the critical importance of collaboration on this issue between and among the key players in the financial reporting supply chain.

Drawing on a wealth of recent research, The Fraud-Resistant Organization: Tools, Traits, and Techniques to Deter and Detect Financial Reporting Fraud provides valuable information about the conditions that might make an organization more susceptible to fraud—and how to mitigate those conditions. The report marks the latest effort from the Anti-Fraud Collaboration, an initiative whose members include the Center for Audit Quality (CAQ), Financial Executives International (FEI), The Institute of Internal Auditors (The IIA), and the National Association of Corporate Directors (NACD).

“All players in the financial reporting supply chain must work together to deter and detect financial reporting fraud,” explained CAQ Executive Director and Anti-Fraud Collaboration Co-Chair Cindy Fornelli. “The report highlights vital roles and responsibilities and provides each party with knowledge they can use to reduce the potential for fraud.”

The report identifies three central themes that are critical to fraud deterrence and detection—strong “tone at the top,” skepticism, and robust communications—and explains how financial supply chain participants can incorporate these important traits into their efforts and their organizations.

With the increasingly global nature of our economy and markets, the report also addresses overcoming challenges that multinational companies face in executing effective fraud deterrence and detection programs. These challenges include language barriers, differing cultural norms, and conflicting regulatory requirements.

“Financial reporting fraud can result in a loss of confidence in our capital markets, as well as losses in shareholder value,” said Michele Hooper, Anti-Fraud Collaboration Co-Chair and President and CEO of the Directors’ Council. “This report offers valuable insights that can help companies mitigate those outcomes.”

The report—which defines financial reporting fraud as “a material misrepresentation resulting from an intentional failure to report financial information in accordance with generally accepted accounting
principles”—focuses on financial reporting fraud at publicly traded companies of all sizes. Its scalable recommendations can be tailored to each specific organization.

For more information on fraud deterrence and detection, visit www.antifraudcollaboration.org.

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About the Anti-Fraud Collaboration

The Anti-Fraud Collaboration represents the collaborative efforts of the Center for Audit Quality, Financial Executives International, The Institute of Internal Auditors and the National Association of Corporate Directors, organizations that actively engage in efforts to mitigate the risks of financial reporting fraud. The Collaboration’s goal is to promote the deterrence and detection of financial reporting fraud through the development of thought leadership, awareness programs, educational opportunities, and other related resources specifically targeted to the roles and responsibilities of participants across the financial reporting supply chain.