

# A Snapshot of Workplace Fraud

The 2010 *Report to the Nations on Occupational Fraud and Abuse* takes a comprehensive look at workplace schemes, their perpetrators, how the crimes were ultimately detected and their estimated cost.

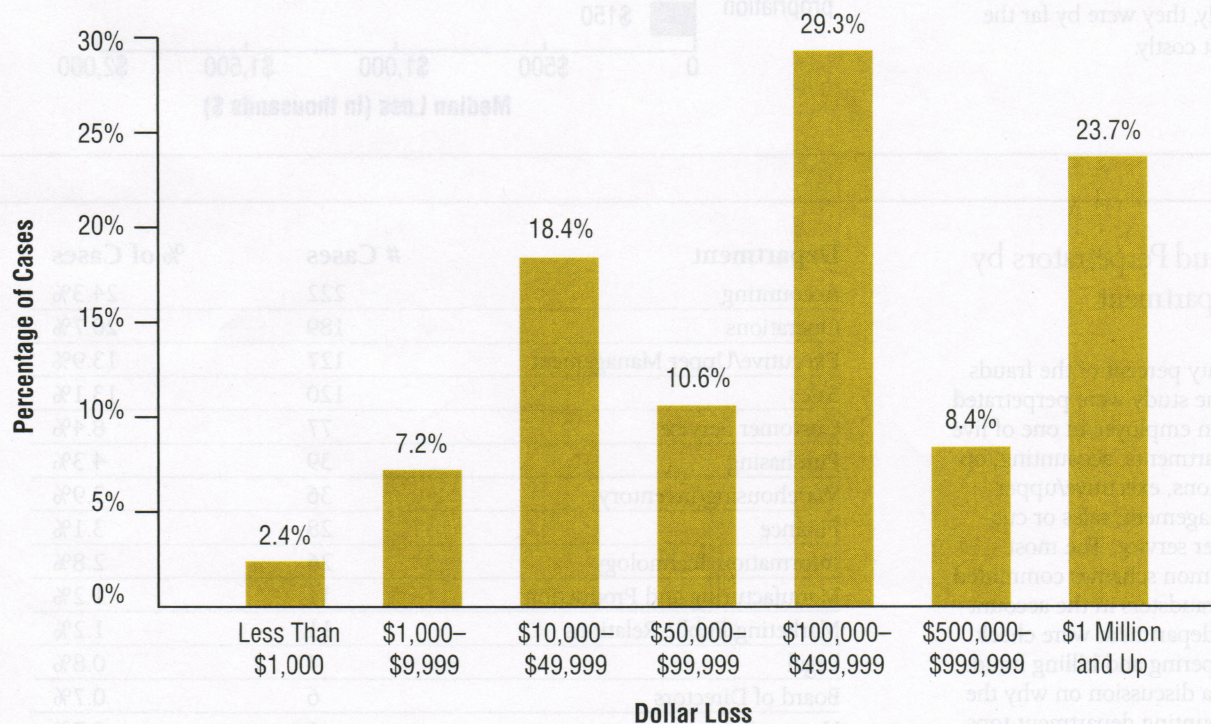
The report, released this month by the Association of Certified Fraud Examiners, is based on data compiled from a study of 1,843 cases of occupational fraud that occurred worldwide between January 2008 and December 2009. All information was provided by the Certified Fraud Examiners who investigated the

cases. The study examines a wide range of misconduct by employees, managers and executives. "Occupational fraud schemes can be as simple as pilferage of company supplies or as complex as sophisticated financial statement frauds," the report says.

For the first time, the ACFE expanded the study to include cases from countries outside the U.S. The findings include feedback from 106 countries, with more than 40% of the cases happening outside the U.S.

The charts and graphs featured here, which are global in scope unless otherwise indicated, are just a slice of the overall results. To read the full report, available June 2, go to [acfe.com/rtnn](http://acfe.com/rtnn).

## Distribution of Dollar Loss

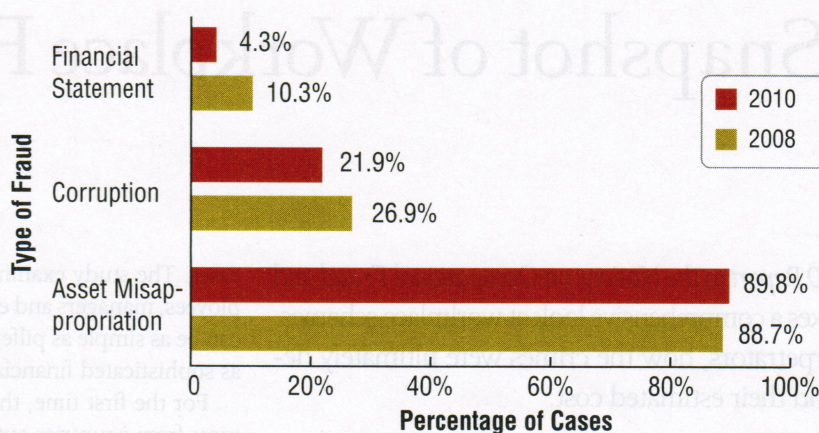


The financial toll occupational fraud takes on businesses is tough to pinpoint. According to the ACFE report, the median loss caused by the occupational fraud cases in the study was \$160,000.



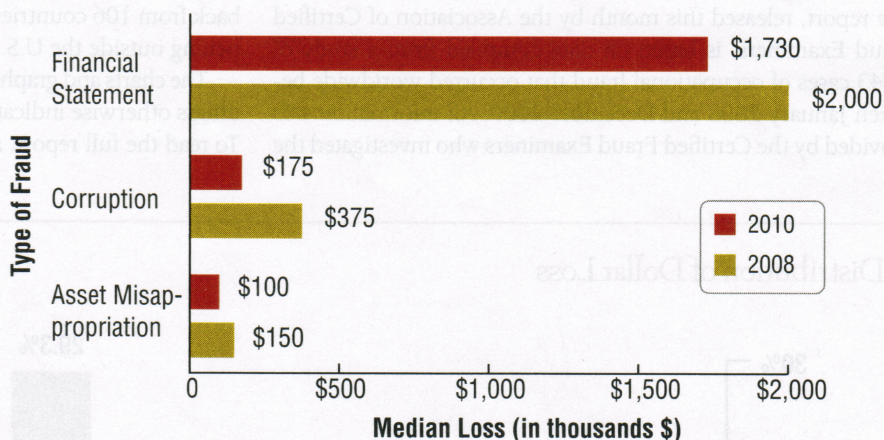
### Occupational Frauds by Category (U.S. only)—Frequency

Asset misappropriation schemes represented the most common form of fraud in the study by a wide margin, representing roughly 90% of cases, though they were the least costly form of fraud, according to the study.



### Occupational Frauds by Category (U.S. only) —Median Loss

While financial statement fraud schemes made up less than 5% of the frauds in the study, they were by far the most costly.



### Fraud Perpetrators by Department

Eighty percent of the frauds in the study were perpetrated by an employee in one of five departments: accounting, operations, executive/upper management, sales or customer service. The most common schemes committed by fraudsters in the accounting department were check tampering and billing fraud. For a discussion on why the accounting department tops this list, see page 20.

Department	# Cases	% of Cases
Accounting	222	24.3%
Operations	189	20.7%
Executive/Upper Management	127	13.9%
Sales	120	13.1%
Customer Service	77	8.4%
Purchasing	39	4.3%
Warehousing/Inventory	36	3.9%
Finance	28	3.1%
Information Technology	26	2.8%
Manufacturing and Production	11	1.2%
Marketing/Public Relations	11	1.2%
Legal	7	0.8%
Board of Directors	6	0.7%
Human Resources	6	0.7%
Research and Development	6	0.7%
Internal Audit	2	0.2%



### Initial Detection of Occupational Frauds

Tips were, by far, the biggest source of fraud detection. Employees were the most common source of those tips. However, customers, vendors, competitors and other noncompany sources provided at least 34% of fraud tips, which suggests that fraud-reporting programs should be publicized to customers, vendors and other external stakeholders, not just employees, the ACFE says.

