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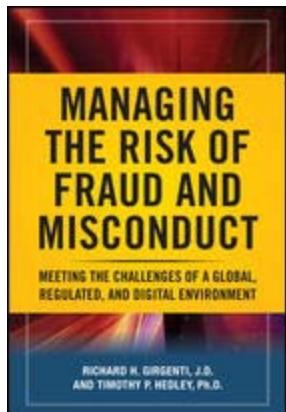
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MANAGING THE RISK OF FRAUD AND MISCONDUCT

Meeting the Challenges of a Global, Regulated and Digital Environment

By Richard H. Girgenti and Timothy P. Hedley

A comprehensive “C-level” guide to preventing, detecting
and responding to business fraud and misconduct



“The book ... is bristling with the kind of detail this field truly needs. Written by leading pros at the top of their game, its soup-to-nuts advice matches solutions to problems. Read it once to gain broad insight; come back again and again to manage particular risks.”

—Thomas Donaldson, professor of Legal Studies and Business Ethics, Wharton School of the University of Pennsylvania

Executives, corporate directors, government officials and anti-fraud professionals face new and daily challenges to ensure their organization's integrity in an ever-changing and complex operating environment. In their new book, **Managing the Risk of Fraud and Misconduct (McGraw-Hill Professional; March 2011; HC, \$50.00)**, Richard H. Girgenti, a former senior prosecutor and leader of Forensic Services for KPMG LLP, and Timothy P. Hedley, who heads KPMG's Fraud Risk Management Services, combine their vast experiences in the public and private sector to analyze some of the most potent threats facing business and governments today.

Business leaders now have a guide to help set their organizations on the right path, whether evaluating a global acquisition in an atmosphere of increased multi-national enforcement of anti-corruption laws or simply trying to implement an anti-fraud program throughout the enterprise. The book discusses strategies to help organizations navigate challenges ranging from the financial reporting fraud scandals of a decade ago, the implications of the more recent massive Madoff and Stanford Ponzi schemes, and investigations of insider trading in the hedge fund industry. While trying to keep one eye on fast-paced economic and regulatory changes, business leaders must also be attentive to risks of fraud and misconduct that can jeopardize both their bottom line and business reputation.

Girgenti and Hedley provide thoughtful guidance on developing comprehensive approaches that can be integrated with an organization's strategy and operations to prevent, detect and respond to these threats, offering well-established solutions as well as an outline of a practical framework to build a culture of integrity within an organization.

"Leading high-performing companies must make integrity a core business imperative. Organizations not only need to adopt risk controls and standards of ethical conduct, but, just as importantly, they need to work at creating a culture of integrity in which there is mutual trust among employees and management to raise issues and to do the right thing in the right way," says Girgenti.

Hedley adds, "When there is pressure to perform and weak controls, there is almost always someone who will commit fraud or engage in other misconduct. An organization's first line of defense is its own employees. Therefore, it is imperative that employees understand their affirmative obligation to report wrongdoing and must truly believe that management will respond appropriately and protect whistleblowers from retaliation. The result will be a more sustainable organizational culture where doing the right thing is top of mind."

Fraud and misconduct remain front and center in this era of increased globalization, regulation and digitalization. The recent fiscal crisis and its fallout had shaken investor confidence and spawned new laws, increased regulatory oversight, and heightened criminal enforcement, even on the heels of landmark legislation like the sweeping reforms of the Sarbanes-Oxley Act, as well as amendments to the Federal Sentencing Guidelines.

Girgenti and Hedley provide insights on how to:

- Assess an organization's vulnerability to fraud and misconduct, and design and implement controls to prevent, detect and respond to these threats
- Address increased regulatory enforcement and government scrutiny
- Preserve and create value from corporate governance and compliance programs
- Use technology and data analytics to mitigate fraud and misconduct risks
- Evaluate the ongoing effectiveness of an organization's compliance program

Managing the Risk of Fraud and Misconduct will inform and change the dialogue in C-suites, the boardroom and indeed among all of those who are concerned about the risk of fraud and misconduct within their organizations.

About the Authors: *Richard H. Girgenti, J.D.*, a former New York City and State prosecutor specializing in business fraud, is the U.S. and Americas leader for Forensic Services at KPMG LLP. *Timothy P. Hedley, Ph.D.* is a KPMG Forensic partner who leads the national Fraud Risk Management Services network.

A survey of subscribers to OpRisk and Regulation Magazine in 2010 ranked KPMG No. 1 for its anti-money laundering consulting service, and second for its fraud/financial crime prevention consulting services.

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Suggested Interview Questions for Richard Grgenti and Timothy Hedley:

1. What are the common causes of misconduct in the workplace today? How can organizations effectively prevent, detect and respond to the threats that face them today?
2. What changes in the workforce currently make fraud risk management such a business imperative?
3. In a digital age, how have the tools and strategies for combatting fraud and misconduct developed?
4. How can business executives and government leaders shape, implement, and drive an organization's compliance programs? How do these initiatives affect managers and their relationships with their direct reports?
5. What are some of the common mistakes that organizations make when implementing corporate compliance programs?
6. In managing an effective response to fraud and misconduct, what is the role of the Board, top management, the human resources department, internal audit, the compliance officer and legal department?
7. What tools and methodologies can leaders use to improve compliance and better business ethics in the office?
8. As a manager, how can one assess fraud risk and utilize this information to drive results? What red flags should one look for?
9. What are the common types of corporate misconduct that plague organizations?
10. What can we look for in the future in the management of corporate misconduct?

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Praise for ***MANAGING THE RISK OF FRAUD AND MISCONDUCT***