

# Forensic Fraud Risk Management.

**Prevent, detect, and respond.**

Using strategic resources, innovative tools, thinking and frameworks, KPMG can help clients prevent, detect, and respond appropriately to risks of fraud and misconduct.

Learn more at  
**[kpmg.co.za](http://kpmg.co.za)**



# Relevance of Fraud Risk Management



In the wake of high-profile corporate scandals, and in light of new laws and regulations, executives are increasingly aware of the need to create policies, programs, and controls to address fraud and misconduct.

Fraud Risk Management services are aimed at helping clients prevent, detect, and respond appropriately to risks of fraud and misconduct. We do this by bringing strategic resources to work with clients to design, implement, and evaluate antifraud programs and controls.

## Why companies need to manage the risk of fraud



Corporate fraud and misconduct remain a constant threat to public trust and confidence in markets.

**As organisations do their best to achieve compliance with new laws and regulations, their agenda for doing so increasingly centers on management's ability to:**

- Understand the fraud and misconduct risks that can undermine increasingly complex and global business objectives
- Reduce exposure to corporate liability, sanctions, and litigation; and
- Achieve high levels of business integrity through sound corporate governance, internal control, and transparency.

**An effective, business-driven fraud risk management approach encompasses controls that have three objectives:**

- Prevent: Reduce the risk of fraud or misconduct from occurring;
- Detect: Discover fraud or misconduct when it occurs; and
- Respond: Take corrective action and remedy the harm caused by fraud or misconduct

# Principles of Fraud Risk Management

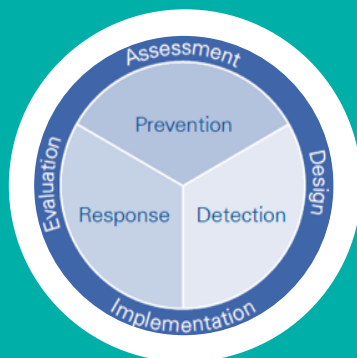


**Effective fraud risk management provides an organisation with tools to manage risk in a manner consistent with regulatory requirements as well as the entity's business needs and marketplace expectations. Such an approach has four phases:**

- Assessment of Organisational needs based upon the nature of fraud and misconduct risks and existing antifraud programs and controls
- Design of programs and controls in a manner consistent with legal and regulatory criteria as well as industry practices that companies have generally found to be effective
- Implementation of programs and controls through the assignment of roles, building of internal competencies, and deployment of resources; and
- Evaluation of program and control design, implementation, and operational effectiveness.

**The challenge for companies is to develop a comprehensive strategy that helps them:**

- Understand the various regulatory and evaluative frameworks that apply to them
- Ensure that controls such as risk assessments, codes of conduct, and whistle-blower mechanisms are in place and supported by management
- Create a detailed ethics and compliance program that manages and integrates fraud prevention, detection, and response efforts.



# Overview of Service Offering



- Increases stakeholder and investor confidence
- Assists the organisation to align its corporate values and performance as well as protect assets
- Protection of Revenue and Reputation

## Introduction

KPMG Forensic's Fraud Risk Management service line is one of South Africa's leading service providers in the field of fraud risk management.

KPMG Forensic can help identify and mitigate threats before they become a real problem. We have the experience, people, tools and technology to help prevent, detect and respond to fraud and misconduct.

## Fraud Risk Management Services



KPMG Forensic takes a holistic position with regards to fraud risk management and this is reflected in the depth of the service offerings listed below:

1. Developing or updating of anti-fraud guiding documents

Developing and/ or reviewing and updating of anti-fraud guiding documents i.e. Anti-Fraud and Corruption Strategies, Fraud Prevention and Response Plans etc.

2. Fraud & Ethics Awareness training workshops

Educating staff on fraud, corruption and other misconduct and their role in assisting the organisation in preventing and detecting fraud. Training is tailored to organisations needs

3. Fraud Risk Management Strategy Gap

Assessment of an organisations fraud risk management strategy and initiatives benchmarked against better practice

4. Fraud Risk Assessments

- Assisting organisations to identify fraud risks that could potentially prevent them from achieving their business objectives  
- Assist with action plans for mitigation of fraud risks

5. Forensic Data Analysis

Conducting of data analytics to identify fraud risks/ anomalies/ red flags in large volumes of data (financial and non-financial)

6. Benchmarking of Forensic Function or Fraud Risk Governance assessments

Review and benchmarking of an organisations forensic function capabilities and governance structure

7. On-line Fraud Risk Management Strategy Assessment Tool

High level assessment of organisations fraud risk management strategy via a survey that is sent out to employees and management in an organisation. Survey looks into amongst others the participants awareness to policies and procedures, whistleblowing hotline, ethical culture in the organisation and participants awareness to certain fraud modus operandi in the organisation

8. Whistleblowing hotline

Provision of Whistleblowing hotline services to organisations. Facility is available 24/7 in all the official languages

## Benefits of Fraud Risk Management



- Identify areas of vulnerability
- Helps prevent fraud, facilitates early detection, ensures structured way of responding to fraud
- Provides tangible evidence of a culture of integrity i.e. sets the right tone

## Contacts



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"Companies have to design anti-fraud mechanisms that look both ways, inside and outside. And they need to be aware of possibility that alone, inside fraudster may be working with a sizable group of people on the outside. There are many permutations organisations must guard against

"Source: Global Profiles of the Fraudster, KPMG International, 2016