Memorandum

Student Name

Allied University

Fraud activities in Business

Fraud in the business environment is a common practice that is rippling organizations. Fraudsters are devising new tactics in laundering money from corporate finances (Association of Certiﬁed Fraud Examiners, 2004). Organizations need to come up with strategies that are more defensive in order to counter these fraud activities by becoming more accountable in recoding their financial statements and monitoring inventories. This is essential in protecting the revenue, reputation and long-term health of a business. Corporate can ensure simple things in order to protect their business. The organization need to take time and realize potential loopholes that can encourage fraud risks (Association of Certiﬁed Fraud Examiners, 2004). This is will help in assessing and reducing the level of risk that can take place and control where possible. The organization can also apply some general principles regardless of the type of business the organization is into.

The organization can implement controls that can try to keep individuals from committing fraudulent activities. These will help in minimizing the risk of fraudulent being committed in the organization (Glasbeek, 2005). The organization can consider outsourcing the work of fighting fraud to external auditors who are more aware of the risk and can properly tackle the problem. These strategies are helpful in minimizing the loss associated with fraud activities that is continuously changing the business environment. In the organization and business generally, as long as there is opportunities for businesses to venture, fraudulent activities is likely to take place (Sue, 20017).

The rapidly advancing technologies, which is interconnecting the world, also provides opportunity for fraudsters to commit fraudulent activities (Glasbeek, 2005). Technologies have been the umbrella fraudsters use to disguise their identities and mechanisms in the business environment. This is because technology also provides business an opportunity conduct their operations in the wink of an eye. In return, this also enables fraud to become more sophisticated and pervasive in the business environment making harder to detect. The organization need to take the risk of fraud into consideration because the fraud affects the business operations, stakeholders and the entire economies (Association of Certiﬁed Fraud Examiners, 2004).

Worldwide, the large majority of fraud activities is based on asset misappropriation, which has compromised nearly 85% of the total asset of the company (Association of Certiﬁed Fraud Examiners, 2004). However, 9% represented the financial statement fraud, which is quite rare due to the organization’s thoroughness. This is because of the numerous reported cases, which has cost millions of dollars to many organizations. According to the federal government, two or three types of financial and asset misappropriation fraud have taken place 30% of the time (Association of Certiﬁed Fraud Examiners, 2004).

Generally, there is no one size fit approach in fighting fraud as these depends on the company’s strategic objectives and goals. However, it is crucial to develop a customized approach in combating fraud activities. According to ACFE survey, companies who experienced have failed to recover their losses as a result and 14% of the companies was made a whole (Association of Certiﬁed Fraud Examiners, 2004). This shows the difficulty process that the organization have to undergo in order to recover their losses.

Fraud activities are considered a high risk as the organization can collapse if the fraud activity have been taking place for a long time. In addition, it is also difficult to identify any specific fraudster on a personal level. A company need to come up with anti-fraud measures that takes the organization’s focus off its culture through chasing individual or outsourcing the risk to third parties (Sue, 20017). This will hinder the environment for fraudsters to take root within the organization and thrive. Therefore, the type of environment the organization incorporates to individuals will justify whether the organization offers a fertile ground for fraud risk to thrive.

# References

Association of Certiﬁed Fraud Examiners. (2004). Report to the nations on occupational fraud and abuse. *2014 GLOBAL FRAUD STUDY JOURNAL*.

Glasbeek, L. (2005). *Association of local government auditors*. Retrieved january 2016, from The Fraud Triangle and What Auditors Can Do About It: https://algaonline.org/index.aspx?NID=417

Sue, B. (20017). Guidelines for preventing fraud and abuse. 15-18.