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eNewsletter

Fraud "super cases" keep fraud at an all time high

The average value of large fraud cases remains well above \$2 million, despite the total value of large frauds decreasing over the past six months, according to recent research from KPMG.

It found that commercial businesses continue to be hardest hit by fraud, while the majority of fraud is committed particularly by managers and directors.

The findings, which take into account fraud committed before and during the worst of the global financial crisis, indicate that opportunistic staff continue to be the single largest threat to organisations, according to Gary Gill, head of KPMG forensic.

A surge in "super cases" has provided the second highest average fraud result since the inception of the KPMG research, he said.

The half year findings include super cases such as a \$27 million accounting fraud case in South Australia, a \$15 million forgery case and a \$27 million tax evasion case in Western Australia.

While the number of fraud cases decreased from 81 to 56, Gill pointed that the average value of each fraud perpetrated remains well over \$2 million.

"As the economic crisis deepened, fraudsters began stealing more money in each case. Given the current level of economic uncertainty, fraud will continue to weaken businesses with poor internal controls," warned Gill.

In analysing the types of large frauds occurring, the KPMG "Fraud Barometer" places accounting fraud at the top of the list, valued at \$41 million of large fraud losses.

"Long-term and often high value frauds, as seen in these super cases, are typically committed by management level staff," said Gill.

"They more commonly have a good understanding of internal controls, how they can be overridden, and how this can be disguised."

Financial institutions were the most common victim of organised crime syndicates, with more than \$30 million of fraud cases prosecuted over the last six months.

"Fraudsters will seek out any weakness in a business undergoing change. Businesses experiencing growth, or indeed downsizing, should focus on testing the adequacy of their internal business controls to mitigate fraud risk," said Gill.

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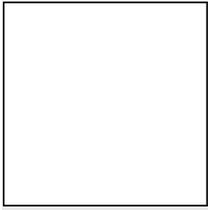
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