

FACS FRAUD FINDER



With stories of employee theft, embezzlement, and other white collar crimes continuing to fill daily media reports, many firms are feeling more susceptible. According to the 2010 Report to the Nation on Occupational Fraud & Abuse by the Association of Certified Fraud Examiners, annual external audits discover less than 5 percent of employee defalcations. Elaborate internal controls can be ineffective when the fraud is perpetrated by a manager or senior accountant, or when there is collusion, either amongst employees or with an outside vendor or customer. Direct fraud loss can be compounded by consequential impacts, such as possible regulatory fines, legal and investigative costs, and increased insurance premiums. Organizations need effective options when looking to prevent or identify transactions of this nature.

If management has a “sense” that something may be wrong or wishes to add a more rigorous step to its fraud detection processes, Marsh Risk Consulting’s (MRC) Forensic Accounting and Claims Services (FACS) Practice can provide the expertise to help uncover potential fraud at the suspect location(s) with essential investigative and forensic accounting analyses, enabling organizations to take decisive action, recover more quickly, and safeguard their bottom lines and reputations.

SERVICE HIGHLIGHTS

MRC’s FACS Fraud Finder service provides unique forensic financial analytics and on-site investigation to identify and confirm fraud at specific locations as identified by management. To determine whether fraud is occurring and who is responsible and/or to resolve specific suspicions with sufficient predication, FACS conducts nonrecurring and unannounced assessments of areas with a high frequency of fraud.

Who it’s for:

- Multinational companies and large organizations
- Executive/risk management who have a “sense” that fraud may be occurring
- Board of Directors concerned with maintaining corporate governance standards and ensuring regulatory compliance

What you get:

- Forensic financial analytics and on-site investigation to identify, confirm, and/or prevent fraud
- Cessation of ongoing fraud, as well as financial recovery through FACS’ insurance claim preparation service
- The ability to take decisive action against occurrences of fraud or peace-of-mind that fraud has not occurred when suspicions exist
- Enhanced reputation with stakeholders regarding Board of Director and executive management oversight of fraud

Many multinational companies and other large organizations experience a higher frequency of fraud that commonly occurs in subsidiary locations outside the scope of the annual audit—largely due to issues of materiality or cost. With Marsh offices located in all major cities worldwide, we have instant infrastructure and support for global reach to any geography where the suspicion of fraud exists.

The FACS Fraud Finder team consists of CPAs and Certified Fraud Examiners, many of whom also have FCPA and CFF forensic certifications, who have been reviewing fidelity losses and acts of fraud for over 25 years. Our team's experience covers a wide range of forensic examinations including collusion investigation, financial transaction fraud, embezzlement, employee theft of inventory, and Ponzi schemes. FACS' fraud examiners approach the resolution of a fraud by attempting to establish sufficient proof to support or refute an act of fraud.

For a relatively small fee (in comparison to Big 4 annual audit and Sarbanes-Oxley costs), FACS Fraud Finder serves as a preventive measure against future fraud occurrences. Similar to a bank audit, the analyses occur with minimal advance notice in order to prevent reaction time by managers and accounting personnel, since they are involved with 47 percent of all employee defalcations.

Unlike scheduled annual audits, FACS Fraud Finder is not an audit of financial information, but rather a detailed execution of our forensic investigation process to respond to management's concern about location(s) where fraud potentially exists. The investigation typically includes a three day on-site review focusing on the five "hot bed" financial areas where fraud typically occurs:

- Revenue cycle (including cash receipts/accounts receivable/income streams)
- Purchasing cycle (including cash disbursements/accounts payable/expense tracking)

- Payroll cycle
- Inventory cycle
- Cash and investments cycle

FACS Fraud Finder provides management with:

- instant notification once fraud is identified;
- a technical report of detailed findings;
- overall fraud "rating", identifying potential for fraud utilizing our security level grading system;
- recommendations to enhance controls and reduce the potential for future fraud; and
- computer fraud analytics, background checks, and determination of substance abuse, when warranted.

If fraud is discovered, FACS claim specialists can help your organization with its insurance claim preparation and recovery under fidelity coverage(s). Our forensic accountants and certified fraud examiners are experienced in preserving and recovering evidence and interviewing employees, basing our investigations on our knowledge of the potential questions that must be answered to satisfy insurers. We work with law enforcement and regulatory agencies and will testify under oath as required as expert and fact witnesses.

We also work with colleagues in our Financial and Professional (FINPRO) Practice to assist with preparation of the proof-of-loss and coordinate with insurers to help maximize insurance recovery. Involving FACS from the inception of the investigation can help enhance the credibility of an insurance claim and maximize the likelihood of full insurance recovery, including, where applicable, recovery of investigative costs.

For more information on these and other solutions from Marsh Risk Consulting, visit www.marshriskconsulting.com or contact your local MRC or Marsh representative.

Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer, and Oliver Wyman.

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