

Be a Fraud Fighter – Identifying Fraud



Why Do People Commit Fraud?

PRESSURE

Pressure to commit fraud typically stems from a financial in nature. Examples of these types of pressures include a gambling or drug habit, personal debt or poor credit, a significant financial loss, or peer or family pressure to succeed. They might believe fraud is the only solution for a variety of reasons, such as shame, pride or a desire to prove oneself.

OPPORTUNITY

This refers to the perceived ability to commit fraud. An employee must perceive that they have the opportunity to execute their scheme successfully. This opportunity could present itself as a lack in anti-fraud controls, like having no separation of duties, that they have discovered.

RATIONALISATION

Offenders use rationalisation to justify or excuse their criminal behaviour and to maintain a positive image of themselves. People are often unwilling to view their behaviour as bad or morally questionable. To keep a positive self-image, offenders rationalise their fraudulent actions in a variety of ways. They might tell themselves that they're only "borrowing" the money and will repay it at the first chance they get, or they could believe they're underpaid for their work and therefore deserve extra compensation.

Red Flags of Possible Fraud

LIVING BEYOND MEANS

Big spending is often an indicator of fraudulent behaviour, especially if an employee's salary does not line up with their lifestyle.

FINANCIAL DIFFICULTIES

Financial problems are often cited as a motivation by those who commit fraud. Examples include high student loan debt, car/home loans, taxes or high credit card debt.

A CLOSE PERSONAL RELATIONSHIP WITH VENDORS OR CUSTOMERS

This might indicate a conflict of interest or collusion between an employee and a vendor or customer.

CONTROL ISSUES OR AN UNWILLINGNESS TO SHARE DUTIES

Fraudsters might fear that they will be caught if they share their job duties with another employee. They may not use their allotted time off, or they might come up with excuses to gatekeep information from their colleagues.

IRRITABILITY, SUSPICIOUSNESS OR DEFENSIVENESS

Fraudsters may act unusually paranoid or harsh with colleagues in order to project suspicion onto others or to discourage questions.

Resources: <https://www.fraudweek.com/>



UJ Whistleblowing Hotline:

Free Call : 0800 872 846
Email : UJ@tip-offs.com
UJ Website : <https://www.uj.ac.za/uj-ethics-hotline/>