|  |  |  |
| --- | --- | --- |
| |  |  | | --- | --- | | |  | | --- | | https://gallery.mailchimp.com/930bb0fab56bfc2a1e3383126/images/b3d23eea-c2ed-427c-a336-f976d60acf30.png | | |
| |  |  | | --- | --- | | |  | | --- | | Professional Standards Committee Highlights **FRAUD HOTLINES** | |  |  |  | | --- | --- | | |  | | --- | | https://gallery.mailchimp.com/930bb0fab56bfc2a1e3383126/_compresseds/7786da06-204e-439a-b4e6-368c9a5f0905.jpg | |  |  |  | | --- | --- | | |  | | --- | | Did you know that 40% of fraud is initially detected by tips, which is by far the most common means of detection? According to the Association of Certified Fraud Examiner’s (“ACFE”) 2018 Report to the Nations, tips are the most common method for detecting fraud with approximately 53% of tips provided by employees within the organization. With that in mind, a fraud hotline can be an effective facilitator for such reporting by employees.  Based on the ACFE’s findings, corruption is the most prevalent type of fraud in the government sector compared to other types of fraud such as asset misappropriation and financial statement fraud. Corruption schemes such as bribery and bid-rigging typically involve collusion.  Segregation of duties is a key tenant to internal control; however, approximately 49% percent of fraud schemes involve multiple perpetrators. One likely explanation is that many anti-fraud controls work on the principles of segregation of duties. However, when multiple perpetrators conspire in a fraud scheme, they can circumvent the system of internal control.    The Government Finance Officers Association recommends that every government establish practical mechanisms (such as a fraud hotline) to permit the confidential, anonymous reporting of concerns about fraud or abuse. | |  |  |  | | --- | --- | | |  | | --- | | For additional information on this topic, read the GFOA Best Practice on Whistleblowing, which can be found at <https://www.gfoa.org/materials/whistleblowing>.   If you have questions regarding this topic, contact Jason Al-Imam, Chair of the Professional Standards Committee at [standards.chair@csmfo.org](mailto:standards.chair@csmfo.org). | | |