

# Fraud & corruption threats have changed, has your response?

Australian businesses report being more vulnerable to fraud and corruption than they were before the pandemic and there is no indication the risk is subsiding. However, technology could be the answer.

In early 2021, KPMG surveyed over 70 senior executives to explore the impact COVID-19 had on the fraud and corruption risk faced by Australian organisations both here and abroad. The research was undertaken twelve months after KPMG initially consulted executives from ASX200 companies and government agencies.

“We were surprised to find that many businesses think the worst may still be to come in terms of fraud, given that widespread remote working may start to ease during 2021. Experience has shown that many internal controls don’t travel well which would explain most finding the risks were higher last year.”  
Dean Mitchell, KPMG Forensic Partner

## Assess



65%

Increased fraud or corruption risk due to working from home

- Have you formally assessed how remote working impacts both your risks and controls?
- Has your Audit Committee & Executive accepted the new risk profile?



72%

COVID-19 has increased the fraud and corruption risk

- Have you onboarded new suppliers or sourced from new markets to address supply chain issues? Has proper due diligence been undertaken?
- Have you looked back at the past 12 months to understand what lessons have been learnt that could prevent fraud or corruption in the future?
- How prepared are you to mitigate fraud and corruption risks if there’s a new wave?

## Prevent & Detect



67%

Uncertain whether their organisation detected fraud or corruption that was occurring during COVID-19

- Given controls weren’t operating as intended, have you analysed higher risk transactions over the past year?
- Have you implemented new controls reflecting the new risk profile faced in 2021?

The following presented a significant fraud and corruption risk during the pandemic

Suppliers

41%

Employees

60%

Contractors

34%

- How have you satisfied yourself there has been a reasonable level of compliance in major contracts?
- Have you audited third parties to ensure they have complied from both a financial and governance perspective not exposing you to unknown liability?

## Respond



51%

Ability to investigate suspected fraud or corruption during COVID-19 was inhibited

- Have you reviewed and adjusted your procedures for how investigations will be undertaken in the new context?
- Have you built in a technology capability (remote imaging, review, document exchange) for future matters?

The following controls were implemented to detect and prevent fraud and corruption

Data analytics

38%

Enhanced transaction monitoring

34%

Third party screening or due diligence

25%

- What ongoing analytics and transactional monitoring is in place to help you respond to fraud and corruption threats and regulator expectations?
- What assurance do you have that related third parties aren’t exposing you to risk?



## More information



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